

**ESTIMATES COMMITTEE A**

Mr T. Barton (Chair)

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|----------------|-----------------|
| Mr R. Borbidge | Mrs D. McCauley |
| Mr J. Budd     | Mr W. Nunn      |
| Mr K. Davies   | Mrs J. Sheldon  |

**LEGISLATIVE ASSEMBLY (PARLIAMENTARY SERVICE COMMISSION)****IN ATTENDANCE**

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

**The CHAIRMAN:** I declare this meeting of Estimates Committee A now open. This Committee will examine the proposed expenditure contained in the Appropriation (Parliament) Bill 1995 and Appropriation Bill 1995 for the areas set out in the sessional orders.

Before I go to more detail, I would like to make a couple of very brief personal comments. This is the second round of the Estimates Committees' process in this Parliament. The first round last year was certainly, as said at the beginning, a very steep learning curve for all of us and, of course, the process, notwithstanding our experience last year, is still very much in its infancy. This is a multi-party Committee. Estimates had a good spirit of corporation last year overall; I think we had only one minor link-up on the way through. This good spirit has continued at the meetings of the Committee so far this year. I am confident that this spirit of cooperation will continue today and through the remainder of the process for this year.

The Committee has determined that units will be examined in the following order: the Legislative Assembly (Parliamentary Service Commission); the Office of the Governor; the Parliamentary Commissioner for Administrative Investigations; the Queensland Audit Office; the Department of the Premier, Economic and Trade Development; the Queensland Treasury Department; and the Department of Housing, Local Government and Planning.

This Committee has also agreed that it will suspend the hearings for meal breaks from 12.30 p.m. to 2 p.m., and from 7 p.m. to 8 p.m.. A short break will also be taken at 5.30 p.m. for 10 minutes.

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 those time limits. As set out in the sessional orders, the first 20 minutes of questions will be from non-Government members, the next 20 minutes will be 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 a time period has been allotted which is less than 40 minutes that will be shared equally. The end of these time periods will be indicated by three chimes. Responses to questions taken on notice are to be supplied to the Committee by 5 p.m. on Friday, 2 June. For the benefit of Hansard I ask departmental witnesses to identify themselves before they first answer a question.

I now declare the proposed expenditure for the area of the Legislative Assembly (Parliamentary Service Commission) to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

Mr Speaker, do you wish to make a short introductory statement, or do you wish to go directly into proceedings?

**Mr SPEAKER:** I would like to make a statement.

**The CHAIRMAN:** Thank you, Mr Speaker. There will be a time limit of two minutes on that statement.

**Mr SPEAKER:** The Parliamentary Service continues to be pro-active in anticipating and meeting both internal and external demands for change. It has, during the past year, continued to embrace those policies and initiatives which have brought wide-ranging administrative reforms in executive departments. The Parliamentary Service believes its challenge is to further those reforms, to manage the change they bring in a positive way to achieve further improvements in the efficiency and effectiveness of the Parliament and its supporting infrastructure.

Our Strategic Plan has been extensively revised and we now have a clear vision of the changes we need, the direction we will take and our commitment to the future of the Parliamentary Service. Each office within the Parliamentary Service has an operational plan which will enhance accountability and provide greater efficiency in the way resources are utilised. As part of the ongoing aims to improve, six subprograms are in the process of being reviewed and significant changes are expected as a result of these evaluations. During the past year we have focussed on improving services to members, continued improvements in the management of the Parliamentary Service and expanded and improved information available to the public on the role of the Parliament and the parliamentary system.

New initiatives continue to be sought. They include the introduction of the user-pays principle for some services. In addition, a revenue retention agreement has been negotiated and we believe there is potential to market, through computer technologies, information which relates to the proceedings of the Parliament. Administrative reform extends further than the processes by which we work. We believe that a combination of full-time

and sessional staff is highly desirable and that this arrangement will provide opportunities for future cost savings through a more rational utilisation of resources. The sitting pattern of the Parliament, with fewer sitting weeks, provides us with the ideal opportunity to look at more flexible arrangements for the employment of staff on this basis.

With the agreement of staff, longer working hours have been introduced in most areas, resulting in most services now being provided between 8 a.m. and 5 p.m.. Further improvements in services are expected with the finalisation of an enterprise bargaining agreement for the Parliamentary Service.

The application of new technology has already significantly reduced the production cost of a wide range of publications and the potential exists in the future for members, staff and clients to electronically select the information they need. We are also looking at the utilisation of data available via Internet and other electronic information systems to further improve the information resources to members.

In the coming year, our other specific targets include—

- (a) developing a better trained and qualified staff;
- (b) implementing the new committee system;
- (c) promoting and developing parliamentary education;
- (d) implementing a parliamentary internship program in conjunction with all Queensland universities; and
- (e) replacing computers in members' offices so that in the longer term they can access a wide range of information electronically.

The Parliamentary Service has already undergone substantial change resulting in improved services at reduced costs. It will continue to actively seek new ways to further improve performance and to make our parliamentary administration the benchmark for other State Parliaments.

**The CHAIRMAN:** The first period of questions will commence with non-Government members. Mr Borbidge?

**Mr BORBIDGE:** I refer, Mr Speaker, to the fact that in 1994-95, \$2.338m was allocated for committees, including significant new spending, yet only \$1.267m was spent. The allocation, I note, for 1995-96 is still only \$1.477m. What has happened to the \$870,000 allocation? Why has the system not been implemented? Will it ever be implemented and what costs will be associated with the delay?

**Mr SPEAKER:** With regard to the new committee system, I am sure you would be aware, Mr Borbidge, that the Parliamentary Committees Bill is now before the House and I would expect it to be debated and passed. I would think that would then bring in the new committee system.

Certainly, if we look at our reconciliation of the 1994 Budget, there was an underexpenditure of \$874,000. As a result of that, we in fact will end up with an estimated actual expenditure in the 1994-95 budget of \$34.763m. That is after we have been allowed to retain \$421,000 for use as the Commission will see fit. There is no doubt at all that there was an underexpenditure in the budget for committees, because these committees did not eventuate.

Also, there is the fact that some committee members were thinking that their committee was going to be phased out, like PEARC, and in fact slowed down what they were doing. That is the outcome of that. I would hope that all the committees, with the will of the Parliament, will be up and going and that we are going to go on to the new committee system in the next Parliament.

**Mrs SHELDON:** Mr Speaker, why was the promised and asked for review of the Estimates Committee process last year not done by the offices of this Parliament, but by the Office of the Cabinet? Surely that is not a role the Executive Government should be performing?

**Mr SPEAKER:** That may be a question that ought to be asked of the Premier. As Speaker it is my role to institute the will of the Parliament. If the Parliament had decided that there should be a parliamentary review of that committee, it would be undertaken. The Office of the Cabinet did consult with the Table Office, and in particular the Deputy Clerk, with regard to changes. However, I think that it was felt that it is a steep learning curve; it is only the second year of the Estimates process and, with the extra experience and extra knowledge that we will gain this year, the Parliament would be in a far better position to undertake an authoritative review of all aspects of the Estimates process. I would hope that that would happen. If I was asked my view, I would say that it would be best done by the Parliament rather than the Executive.

**Mr BORBIDGE:** So, despite your best endeavours, the Parliament decided not to proceed with a review of the Estimates Committee, and a review of the Estimates process was effectively forced on the Parliament by the Executive, presumably to suit the Executive.

**Mr SPEAKER:** As I said before, as Speaker—as presiding officer—I am aware of your attempts, Mr Borbidge, to bring a notice of motion in the House, and the House did not agree with that. As Speaker, that is as far as I can go.

**Mrs SHELDON:** Do you think it is the role, however, of Parliament to be reviewing those committees and not the Executive arm of Government? I think it is quite a concern to us in Parliament and the public in general that in fact the Office of Cabinet did this review, not the Parliament itself.

**Mr SPEAKER:** I am not sure how wide-ranging the review was. I think the review was a very minor one. I have consulted with some senior Ministers, and I think that a more thorough review would be done after two years' experience of this. I feel reasonably confident—but ultimately it is

up to the House—that that will eventuate in the next Parliament.

**Mrs SHELDON:** If we are doing that, will the officers of the Parliament do that review?

**Mr SPEAKER:** It would be a review by the members. We would hope that would be the way that we would do it—by the members.

**Mrs SHELDON:** I think it is essential that that is the way it is done—not that we hope it is done in that manner.

**Mr FITZGERALD:** Mr Chairman, I seek leave to ask a question.

**The CHAIRMAN:** Certainly.

**Mr FITZGERALD:** In introducing the Appropriation (Parliament) Bill last year, the Treasurer said—

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

This year, in introducing the Bill the Treasurer said—

"Last year was a very significant period, because it established the privacy of Parliament."

That is how it is recorded. I presume the word was "primacy".

**Mr SPEAKER:** I would think so.

**Mr FITZGERALD:** Is the funding approved by the Executive, or does the Committee make up its own mind?

**Mr SPEAKER:** We put up a budget this time as a result of consultations with the Parliamentary Service Commission. The budget was submitted to the Treasurer, and there were some discussions following that. But I would like to assert quite clearly that in fact the wishes of the Parliamentary Service Commission were across-the-board, whereas we did not have a situation where we were told that we should change programs or cut back or whatever. So basically, the budget put forward by the commission, with some changes, was the budget that is now being debated in the Appropriation Bills.

**Mrs McCAULEY:** Last year, a question was asked about the amount of money that your driver received in lieu of overtime. The question was put on notice, and the answer stated that a review was undertaken and that the commission decided that the overtime allowance payable to the Speaker's driver should be increased so that it was equivalent to that paid to the drivers of the Premier and Deputy Premier.

**Mr SPEAKER:** I think you are misrepresenting the situation. What the letter said was that, when I became Speaker, I found, on checking, that my driver was getting the same overtime in lieu allowance as the Premier and Deputy Premier's drivers. That was the status when I became the Speaker. That is what the allowance has been and continues to be.

**Mrs McCAULEY:** That is fine. Also, last year I asked about the Education and Protocol Office.

While I am still unhappy that the funding for that office comes from the Parliamentary Service Commission and not the Education Department, I think it is doing a good job. You can take this on notice, but I would like a list, defined by political parties, of how many outside groups and schools have been through Parliament House and have been helped by this office. I would also like to know how much money has been retained under the revenue retention measures which were to be implemented in the past 12 months.

**Mr SPEAKER:** The amount that we expect under revenue retention from the Education and Protocol Office will be \$6,000. I do not have the statistics of the number of school visits, but certainly it has continued to expand the information services regarding education institutions, students, schools and the general public. I do not have the exact number of schools that came through the Parliament, but I can chase that information up for you.

**Mrs McCAULEY:** I would like those lists done by members of political parties—not the names of the members. Then, when I look at that list, I will be happy to see that it is not a publicity machine for the Government.

**Mr SPEAKER:** I can assure you that the Education and Protocol Office does not function in that way at all.

**Mr BORBIDGE:** I refer the Speaker to the Legislative Assembly program budget and to Committee plans to spend \$96,000 on consultants. I ask Mr Speaker to provide further details of this proposed spending.

**Mr SPEAKER:** It is all with regard to the Committees themselves receiving technical and specialised advice that is not available from the current support mechanisms that the Committees have.

**Mr BORBIDGE:** Such as? What sort of advice?

**Mr SPEAKER:** More often than not it is legal advice, and sometimes it is technical advice, but that is the sort of advice that those consultants are there for. The Deputy Clerk can help with this.

**Ms CORNWELL:** It is often in relation to the submissions that are received, in particular on more specialised and complex inquiries, where you may get a point of view on which the Committee would like to get a further opinion. It is usually short, sharp advice that is required.

**Mr BORBIDGE:** I then refer to the fact that \$60,000 is proposed to be spent on consultants in the Finance section of the Legislative Assembly. Could Mr Speaker provide the Committee with further details of this proposed expenditure?

**Mr SPEAKER:** We are obliged under the Financial Administration and Audit Act to do external and internal audits and, unfortunately, they are very expensive. We are obliged under that Act to do those full audits. That is a requirement that we have.

**Mr BORBIDGE:** Could you provide further

details of an amount of \$50,000 set aside to deal with processing charges for the Queensland Government Financial Management System?

**Mr SPEAKER:** I will refer the matter to Mr Hickey.

**Mr HICKEY:** That cost relates to the processing charges for our major financial management system, which is QGFMS. That system maintains our accounts payable, general ledger and assets system, and those costs are paid to CITEC.

**Mr BORBIDGE:** I also refer to an amount of \$35,000 spent on consultants in Information Technology Services. Could we have further details in respect of this proposed expenditure?

**Mr SPEAKER:** I will ask Mr Fick to answer that.

**Mr FICK:** The consultancy in Information Technology is for the Gartner Group, who provide latest trends and patterns in technological change.

**Mr BORBIDGE:** On what basis are these consultants appointed?

**Mr SPEAKER:** The consultants are normally appointed by the program managers for that relevant area. I think they normally seek expressions of interests, and on that basis they make a decision. It certainly never comes to my office, although I ultimately see the final result of what they do. They seek expressions of interest and then make recommendations to the Clerk. The Clerk then makes the appointment.

**Mr BORBIDGE:** So you do not actually approve that expenditure?

**Mr SPEAKER:** No, I do not.

**Mrs SHELDON:** My next question is about program statements, major program issues, and internal resource and policy changes. You state that we are moving towards more flexible staffing arrangements incorporating temporary and part-time contract employees. Library and Hansard are two examples mentioned. I raise a concern about having temporary staff in the library or Hansard. We in the Opposition rely very heavily on the library. The staff have to be people who are well versed in the library, and if we are going to have part-time staff they must be permanent part-time. Can you give a commitment in that regard?

**Mr SPEAKER:** No. We are saying that, as a major program issue, we are going to look towards more flexible staffing arrangements. If one looks across-the-board in the Parliamentary Service, one finds that that sort of arrangement is applying. For example, the catering division has brought down its costs from \$1.1m in 1989-90 to \$724,000 now—a decrease of 35 per cent. We have had similar savings in the attendants section. We are a sessional Parliament now as we are sitting only four days a week, and the odds are that we will be sitting about 15 weeks a year. In many ways, I think that we must get the staff that have the skills to do the job. But it would give the flexibility to allow fluctuations of workload to be better catered for.

In the last five years, the library has gone from a budget of \$1.4m to \$1.96m—an increase of 40 per

cent. There has been no attempt whatsoever to use any change in the library as a cost-saving measure. It is an attempt to make sure that the library gets better value for money. It is one of the six subprograms that has now been investigated. I have assured library staff that that investigation is not an attempt to put a razor to it and save money; it is so that we can get advice as to whether the resources are being utilised to maximum efficiency; whether we have the right mix between research for members and publication; and whether what we are doing with regard to some of the stuff that we do ourselves in the House can be done better in any other way.

None of this is an attempt to minimise the resources that we provide to the library. It is my view that the library is fundamental to the proper functions of a Parliament, because information is by far the most vital resource that a member gets. In that regard, I very strongly support the library. While we have had large cutbacks in discretionary expenditure in those areas, the library has continued to be funded at an improved rate at all times.

**Mrs SHELDON:** The library does give us very good service. That was not in question. My question was: when we are talking about temporary and part-time employees in a vital service like the library, that they not just be casual employees but permanent part-time employees—people who really know the system there.

**Mr SPEAKER:** Some of the staff are part-time because they themselves wish to job share.

**Mrs SHELDON:** I have no problem with that. I really did emphasise that they not be casual labour but people experienced in the library. If they want to job share, that is fine, but my concern is that we may decrease the efficiency coming from there if we put people in there who are not well skilled with this library and the needs we have.

**Mr SPEAKER:** In the areas of publications and members' research, there are full-time research officers there, and every now and then we get a backlog for our clippings and things like that. So we have to bring people in on contract or on a part-time basis. It is the only flexible way that we can do that, and it is the most cost-efficient way of doing it.

**Mrs SHELDON:** It may be cost-efficient. I think we still have to make sure that we are getting that resource. If you look at page 16, Parliamentary Library staff, it does not look as though there is going to be any category in the Estimate for 1995-96. Is that correct?

**Mr SPEAKER:** No. The number of staff in the library establishment is 32, including 11 in the research section, seven in the publication and resources section, nine in the information management section and three in the information systems section. In the last year in the library, there has been a 9 per cent increase in the comprehensive information requests from members and there has been a 55 per cent increase in research reports. In the last two surveys conducted of members, the level of satisfaction with

presentation of information has risen by 29 percentage points to a 77 per cent level.

The library is like any other area. It has a new operational plan, which is detailed. They redesigned it, they are targeting outcomes and they are setting themselves performance measures to determine the degree of success from these outcomes. Like other areas, the library is doing that. We will be getting a full report, which will be coming to the Parliamentary Service Commission, and these matters will be part of that report. We will not be acting on that report until we have consulted and placed it before the Commission.

**The CHAIRMAN:** The period of time for questions from Opposition members has now concluded. The first question from Government members will be from me. The 1994-95 budget for the Parliamentary Service Commission was set at \$35.914m. The Portfolio Program Statements at page 5 indicate an estimated actual expenditure which is less than that of \$34.763m. Can you reconcile that difference? Can you tell me why it does not appear that we are going to spend the full allocated amount?

**Mr SPEAKER:** As you rightly state, the published budget was \$35.9m. We had a mid-year review and we were allowed to have some variations which related to the stonework for a carryover of \$93,000. There was an electricity allocation, which we were not given—which we are arguing about—and there was also some allocation for payroll tax. That amounted to \$174,000. But then we had some large savings which arose from the special allocation for enterprise bargaining of \$500,000 in the last Budget. As we are still in Stage 1 of enterprise bargaining, we have that saving. We had the large savings from the new committee system. The extensions of the committee system were funded from internal funds, so we had an \$874,000 saving there. We had \$1.34m saved. That was counter-balanced to some small degree because there was a salary increase to members on 12 January which cost \$270,000. The staff got that interim increase of \$8 per week because we have not completed our enterprise bargaining yet.

There was a second parliamentary mission which we had not budgeted for amounting to \$110,000. Now we are being charged audit fees by the Queensland Audit Office—you can ask them when they come here—and that amounted to \$28,000. So overall we have ended up with estimated actual expenditure of \$35.184m. We are going to be able to retain \$421,000, some of which is capital expenditure for stonework, but the other would be able to be used at the discretion of the PSC at a later date, when we know whether that is the exact number. I must stress that this is estimated actual expenditure. We are estimating that that is what the carryover would be, but we have a month to go in this financial year. That seems to be the reconciliation of the Budget. The thing that can be said about that is that we do not go and spend an allocation that we have in the Budget willy-nilly. When we do have savings like that, we treat them responsibly.

**Mr BUDD:** On page 24 of the Program Statements the amount of \$421,000 of carryover

funds is shown. Could you explain to the Committee how this came about and what the Parliamentary Service Commission intends to do with these funds?

**Mr SPEAKER:** The carryover is the amount of funds that is allowed by Treasury. We had negotiated with Treasury. First of all, we had to make an estimate of how much of the current year's budget would be unexpended on 30 June. We have estimated that that would be \$421,000. There is a capital carryover for the stone work of \$128,000. Therefore, we are calling the other a base carryover of \$293,000. We have no choice about the stone work carryover; it is deemed "special" as a capital carryover and must be used for the stone work program. As to the other \$293,000, if that works out to be the amount that we would be carrying over, I would suggest that as early in the new financial year as possible, when we know the exact amount, that that should be taken to the Parliamentary Service Commission and we be given total freedom as to how we spend that money. I think that the computer upgrade that is being carried out at the electorate offices is going to cost more than anticipated because we have decided that we are going provide a better computer system than provided for in the allocation, which is another question. The carryover could be used for that. For some time, the staff in electorate offices have been saying to me that they need new office telephones, because the present telephone system is outdated. The education office may want to put in a bid for it, or whatever.

Ultimately, that is a good position to be in—to be able to have the discretion next financial year as to how to spend the \$293,000. I assure the Committee that it will be decided after consultation and in the interest of providing better service to members.

**Mr DAVIES:** The Portfolio Program Statements relating to the Corporate Services and Members' Support Program indicates that there were unforeseen capital works within the parliamentary precinct. Could you outline to the Committee what those unforeseen capital works were and the budgeted costs related to them?

**Mr SPEAKER:** Three areas required unbudgeted capital works. I presume that "unforeseen" means that it was not included in the previous budget. The major one was the upgrade of the kitchen. Any members who were staying in the premise in the past four or five weeks would have seen the kitchen being turned over. It was finished in time for the parliamentary sittings. That work cost \$303,000. A review of the accommodation needs of the Parliament was carried out and at the same time the PSC received advice from the Clerk that there were aspects of the building infrastructure that did not comply with current legislation and regulations relating to workplace health and safety issues. It was decided that we had to do up the kitchen to meet with those requirements. The Administrative Services Department had some money left over from the Office Accommodation Program so we negotiated that they go halves with us and that we share the

cost of this upgrade. The upgrade of the kitchen is now completed. It has been painted a lighter colour. The kitchen is 17 years old; most kitchens would have been upgraded earlier. That work cost \$151,000.

We needed to upgrade the ventilation system in the Level 1 workshop of the Annexe. That particular workshop was never originally designed to be a workshop facility. It now accommodates five people. The ventilation was not adequate. We have to meet workplace health and safety requirements. The third area was the installation of a water header tank in the Annexe, which cost \$37,000. The current holding tank that provides water for the Annexe is in need of repair. To enable those repairs to take place, we needed a supporting header tank for temporary use during repairs. A substantial amount of money, \$224,000, was used for unbudgeted capital works.

**Mr NUNN:** Information on enterprise bargaining is shown on pages 19 and 25 of the Portfolio Program Statements. The Committee would like to ascertain how much money is allocated in the 1995-96 budget for the Parliamentary Service Commission's enterprise bargain. At what stage is the enterprise bargaining process?

**Mr SPEAKER:** I will answer the first part of the question first. As I said earlier, we paid the staff \$8 per week because an enterprise agreement has not been reached. As to the first stage of our enterprise bargain—the negotiations have been undertaken with the three unions and that would involve a total of \$20, minus the \$8. In the full financial year, the cost would be \$186,000. We have gone through the process of identifying initiatives that the unions and the Commission were prepared to include in the agreement and the structure of the agreement.

A Cabinet submission together with the draft framework—and at this stage I cannot divulge what that framework contains—has been prepared for consideration by Cabinet, so I would think that it is fairly close to implementation. Of course, Stage 2 is to follow, and I do not think it would be appropriate for me to comment on that because that would not be relevant to the 1995-96 Estimates. However, that stage will be relevant to next year's Estimates.

**The CHAIRMAN:** At page 7, the Portfolio Program Statements indicates that, in a key policy change, the Parliamentary Service Commission negotiated a revenue retention agreement with Treasury. Page 14 of the Program Statement shows that the retained revenue amounts to \$39,000. What are the sources of this revenue?

**Mr SPEAKER:** That is a negative allocation of \$39,000 for revenue retained. That is under a section of the Financial Administration and Audit Act. When we negotiated that with Treasury, we were obliged to indicate what we expected to receive through the sales of goods and services by the Parliamentary Service during the next 12 months. The library has indicated that through some sales they would be able to make \$1,500. The Table Office, through the sale of Votes and

Proceedings and Standing Rules and Orders books, will make \$1,400. The education seminars that are carried out by the Education and Protocol Office would show a profit of \$6,000. The major item is that our Hansard reporters are now being contracted out to the State Reporting Bureau, which is expected to make \$30,000 for us. If we overestimated those figures, we would be losers. If we are able to convince Treasury that we have underestimated, we will be winners. The problem is that the figure shown is a negative amount.

The other issue that will be coming up in the future is the gift shop. The gift shop is trading at the moment. The Clerk has approached Treasury seeking permission to retain the profits from that shop. That has not been negotiated. It will be some time before there are any profits because there were substantial setting-up costs and we are going to have to write up those costs because the profits are not going to be a very big item in the next Budget.

**Mr BUDD:** Page 10 of the Program Statement indicates that it is proposed to increase electronic access to *Hansard* by various clients. Will there be any level of savings when this is implemented and what effect have changes in and the restructure of *Hansard* had on the budget of the Parliamentary Service Commission?

**Mr SPEAKER:** With regard to electronic access to *Hansard* by clients, if you all buy photocopy paper you all would have noted the increases in the price of paper. I cannot give you a figure on that, because it would depend on the level of uptake by clients of *Hansard*. It is hoped that we would go right back to *Hansard* in 1990 and put that on CD-ROM. The advice that I have been given is that the cost of providing *Hansard* like that would be about 15 per cent of the current cost of the bound volumes. So there is that prospect, and one of the goals that *Hansard* has set itself in the next 12 months is to do that. Although I am not that computer literate myself, I hope that some members would actually seek to get their *Hansard* in that form. The *Hansard* costs for members is quite a large cost to the Parliament. If the members decided to do that and get something that costs 15 per cent of the other cost, I think that there would be substantial savings there. But the proof of the pudding will be in the eating.

I think *Hansard* really ought to be congratulated. It goes back to, I think, 1988 before the change of Government when they implemented computerisation. If you actually look at the budget for those days, the cost per page then was \$156. For this year, the cost per page for the *Weekly Hansard* is \$35 and the *Daily Hansard* is \$16, and there are a large number of reasons for this. The publication time for *Hansard* has been reduced; the index for the bound volumes was placed in only the last volume, and there was a saving there. We have been charging ministerial offices for their *Hansard*. Camera-ready copy has saved 30 per cent, and there has been a reduction in print size. Just recently, we actually decided to make the conversion to double columns. That meant a saving of \$45,000.

Of course, we have had the restructure of Hansard, which we debated the last time. We have gone from pen writers to machine writers and staff has decreased from 21 to 11. The savings have been quite substantial—from \$1.4m to \$800,000-odd in that time. So I think Hansard should be congratulated for the pro-active way in which it has been doing its work.

**Mr BUDD:** I would like to ask a supplementary question about Hansard. In last year's Estimates, it was mentioned that about seven electorate offices had a computer trial to access *Hansard* electronically from the library. With the new computers that you are talking about putting into electorate offices, will all of those computers have that ability to access *Hansard*, etc.?

**Mr SPEAKER:** Certainly, that is under consideration. The new computers will have the capacity to do that.

**Mr DAVIES:** Still on Corporate Services and Members' Support, at page 20 under "Property Services" it states, "the development of *Electorate Office Guidelines*." Could you just explain why that development was necessary and what has been the impact of the guidelines?

**Mr SPEAKER:** We were put in a difficult position because some members were wanting to shift. We felt that it was proper to be able to make those decisions on the basis of some firm guidelines and without fear or favour. The Parliamentary Service Commission assumed responsibility for electorate offices only in 1992. Before that, they were handled by the ASD. Basically, that was done to ensure that a more equitable arrangement applied to members seeking to be relocated. If you look at the guidelines, you would see that members relocated for a variety of reasons, including public accessibility. People like to be on ground floors; they do not like to be upstairs. Some members' offices had very, very small floor space and they could not have more than one office. Security also has been a very large issue. Quite often—and this is a very obvious one—the lease expires. We have had members who went on a month-to-month leasing arrangements, and then they were asked to vacate. We are now looking at longer-term leasing. It is an area that is costing the Parliamentary Service Commission a lot more money. The leasing costs have actually gone up from \$1.39m when we took over the program to, in this budget, \$1.9m. I think members deserve to have offices that have those facilities.

In 1994-95, we relocated 12 members. I chose those members on the basis of party representation—six Labor, one Liberal and five National. Without saying who they were, I will say that they relocated for reasons of floor space—very small floor space—security, access problems, standard of accommodation and expired tenancies. So that is instructive. Although lease costs are certainly going up, we now have a system that can be applied equitably across-the-board. The officer in charge can come to me and say, "Mr Speaker"—irrespective of the personalities because

the problem around here is that everybody knows everybody—"under the guidelines, I think this member should be relocated." Under these new guidelines, I refused two Ministers' relocation requests.

**The CHAIRMAN:** The time period for Government members' questions has expired.

**Mr BORBIDGE:** I refer the Speaker again to the failure to meet expenditure in respect of the parliamentary committee system which, no doubt, is due to the failure to get committees in place and up and running. I ask Mr Speaker: has the delay been caused by the Government's failure to bring the Parliamentary Committees Bill to the House until last week? Whose fault is it that the committees have not been up and running and that that money has not been utilised as intended?

**Mr SPEAKER:** I do not think that it is my role as Speaker to comment on that question. I am not going to apportion blame or comment on that. I just say briefly that I do not wish to respond to that question, because it is not my role to blame anyone. As I said before, the Parliamentary Committees Bill is now before the House. There could be some logic to that so that the new committee system will function in the new Parliament. That may have been the Government's position on that. They did not consult me on it. It may be that they feel that it is better for this new committee system to be up and going in the next Parliament.

**Mr BORBIDGE:** It is running very late though, is it not?

**Mr SPEAKER:** The Bill is before the House, and I presume the Bill will be passed by the House before the Parliament rises.

**Mr BORBIDGE:** I draw your attention to perhaps one of the most concerning anomalies in this Parliament, and that is the way in which members representing larger electorates are treated, and I ask: has provision been made for additional support for these members in the form of a second electorate office and support facilities?

**Mr SPEAKER:** No. The decision was made that that matter would not be dealt with during this Parliament. That was the view of the Parliamentary Service Commission, and I think that it would be a matter for the new commission to look at in the new Parliament. There is now a six-monthly process where that submission could go to an interdepartmental committee, which is made up of members of the Premier's Department, the Speaker, the Treasury and the Auditor-General, to be looked at and recommendations made. But there is a six-monthly process of having changes made to the members' entitlements handbook. It was decided by the commission that that matter should be left open until the next Parliament, and I think that would be a matter for the next Parliamentary Service Commission.

**Mr BORBIDGE:** Mr Speaker, notwithstanding that, are you aware that several members are privately funding second electorate offices and staff, while Cabinet Ministers are now allocating ministerial staff to their electorate offices?

As this impacts seriously on the effectiveness of non-Government members in the Parliament, will you further consider this matter?

**Mr SPEAKER:** As I said before, there has been a very firm decision by the Commission, which I chair. It is an all-party parliamentary commission.

**Mr BORBIDGE:** Mr Speaker, the decision was on party lines.

**Mr SPEAKER:** The decision was made that it would be looked at in the next Parliament. I do not have anything further to add to that.

**Mr BORBIDGE:** Mr Speaker, can you tell us about an amount of \$1,000 allocated for clothing?

**Mr SPEAKER:** Is that included in the Speaker's expenditure?

**Mr BORBIDGE:** Yes.

**Mr SPEAKER:** Sure, that is fine. That allocation is for dinner shirts and a black suit, something which the Speaker has always been entitled to purchase. As the Speaker, I am quite happy to discuss my expenditure. My expenditure in 1993-94, which was in the last statement that I tabled, was \$34,000. In many ways, my expenditure has been very frugal, whether it be on domestic and overseas travel, motor vehicles, gifts and so on. Without making a virtue out of it, I think that I have been quite frugal. However, it has been the right of Speakers to purchase a uniform for wearing in the Speaker's chair. That has always been something that has come with the job. That allowance has been available to me.

**Mr BORBIDGE:** Do you go through about a suit per year?

**Mr SPEAKER:** Normally, I think that allocation allows for the purchase of a suit, some dinner shirts and a bow tie per year—all of that silly sort of waiter's gear that I wear.

**Mr BORBIDGE:** You look very smart.

**Mrs SHELDON:** Mr Speaker, I refer to the replacement of electorate office computers. On what date will that commence? Will all electorate offices be done at the same time and, if not, in what order will this occur?

**Mr SPEAKER:** Originally, we had a suggestion from Treasury that the replacement would be carried out over three years. I found that suggestion totally unacceptable, because my staff would have been put in the position of having to decide who would get it. My computer is continually packing it in. My secretary is getting extremely frustrated by it.

**Mrs SHELDON:** So is mine.

**Mr SPEAKER:** I went to the Treasurer and suggested that we be given the money in one allocation. We have that allocation. The choices of equipment for electorate offices—my office included—have been looked at as part of the tender process. For example, some members have told me that they want a faster printer. The printer currently in their offices prints only about six pages per minute. Some members would be interested in having one that printed 16 pages per minute, and a

more powerful computer. The tenders are being evaluated. Within a short time, the tendering process will be successfully concluded.

I will have to consult with members about this issue. As we all know, an election campaign is coming up. Some members may not want a you-beaut, powerful computer at this stage. Maybe members might want only new printers in the short term and will wait until after the election for their new computers. When the contract is in place, members will be consulted. I think that all of the equipment will be available for members in July. However, we will need to consult members about whether all of the computers are needed to be installed at that time. Some members have told me that their secretaries do not want a computer that they will not know how to use and for which training is needed when they are quite busy.

**The CHAIRMAN:** That concludes the time for questions from Opposition members. Mr Nunn?

**Mr NUNN:** Mr Speaker, I am sure that all members are aware of reductions in staff numbers within the parliamentary service over recent times. The Committee would be obliged if you could outline the level of this decrease in staff within the establishment and whether this has had any adverse impact on the quality of services to members.

**Mr SPEAKER:** Briefly, one of the reasons that the staff establishment was looked at was that, at that stage, we were forced to save \$1m in each of two successive Budgets—the 1993-94 and 1994-95 Budgets. When we got that bad news, 12 positions were vacant. We abolished those positions. At that time, the Sergeant-at-Arms resigned under job redesign. So 13 positions were abolished in that year. In the next phase, in July 1993, 38 positions were abolished. Most of those were in the catering, the attendants and the security areas. Some staff were redeployed; others took voluntarily early retirement. Since then, five more positions have been abolished. We now have 264 staff in the parliamentary service, which includes 89 electorate officers. If we remove the electorate officers from the equation, 56 positions have been abolished in three years, that is, 25 per cent of the staff within the precinct of the Parliament have gone.

I am sure that some members are critical of those cuts. However, I have been enjoying my meals in the parliamentary dining rooms lately. We halved the number of staff in that area and have been bringing in sessional staff. That has been a success, as have the changes to the attendants. Those changes did result in little blips, about which people were concerned.

As to non-discretionary expenditure—for example, expenditure is outlined in the publication members' entitlements handbook—members are paid salaries, and have allowances for their electorate offices and so on. As to the other areas of discretionary expenditure, including committees, gardening, catering and so on—since 1989-90, there has been a decrease in the amount of money spent on Hansard, catering, corporate

services, information technology, the library and so on as a result of changes in staffing—for example, changes from full-time to sessional employment. We have achieved a 7 per cent decrease over that time. In that time, the parliamentary Budget has gone up only 16 per cent. Although the public might criticise members for their expenditure, I think we have shown extremely good restraint.

**The CHAIRMAN:** The special allocation of \$120,000 for implementing the new parliamentary committee system has already received a little attention this morning. Can you provide the committee with a breakdown of that \$120,000 and how it is intended to spend that amount?

**Mr SPEAKER:** As I said before, we have funded the new space for committees. We have ended up with \$874,000 unexpended. However, in the latest Budget there is an additional \$120,000 for the implementation of the new parliamentary committee system. There will be additional staffing for the Scrutiny of Legislation Committee. That will cost \$67,000. There is additional funding for the salaries of research directors, who have all been upgraded from AO7s to AO8s. That is necessary, because we are really having trouble maintaining the calibre and quality of people whom we want to do those very important jobs. If we look at the Victorian and other Parliaments, we see that our committees are not overstaffed. I support that change, because we do not want public servants producing reports for the Parliament; we want members producing reports for the Parliament. That is very important.

Also, there will be additional expenditure associated with the Chairs and members of the new committees. That will amount to \$32,000. There will be an all-up cost of \$217,000. However,

there have been savings by the Parliamentary Committee for Electoral and Administrative Review of \$78,000. And some savings arose from reclassifying some of the staff. Ultimately, we ended up seeking total funding of \$120,000 for that area.

**Mr BUDD:** Mr Speaker, as recently as last Wednesday, you launched a video titled *Workings of the Queensland Parliament*. Could you indicate to the committee how this video was funded and how it will be distributed?

**Mr SPEAKER:** That is part of a video package which included an earlier video, *Queensland Parliament for the People*. The funding for that project was allocated over three Budgets. It cost \$128,500. We have been able to put together a video package, posters, associated material and so on. For example, we supplied copies of the first video to all schools and so on. I am pleased that you asked the question. Importantly, the second video, *Workings of the Queensland Parliament*, is jointly funded by us and the Department of Education. The member for Callide, Di McCauley, has always said that we should be doing things jointly with the Education Department. Every member will receive two copies. A number of copies will be available at the Queensland Parliament. The idea is that they are used as a library so that they go out there. They will be available for sale at \$75 a copy. That is basically what has happened with that.

**The CHAIRMAN:** I think that we are right at the cusp of the time allocated. The time allotted for the consideration of the estimates of expenditure for the Parliamentary Service Commission has now expired. I certainly want to thank you, Mr Speaker, and your officers for your assistance this morning. I now suspend these sittings until 2 p.m. sharp.

Sitting suspended from 12.31 to 2 p.m.

**OFFICE OF THE GOVERNOR****In Attendance**

Hon. W. K. Goss, Premier

Mr Justin O'Connor, Official Secretary

**The CHAIRMAN:** This sitting of Estimates Committee A is now resumed. The next item for consideration is the Office of the Governor, and the time allotted is 10 minutes. For the information of new witnesses, the time limit for questions is one minute and for answers is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. As set out in the Sessional Orders, equal time is to be given to non-Government members and Government members. 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 first answer a question. I now declare the proposed expenditure for the Office of the Governor to be open for examination. The question before the Chair is—

"That the proposed expenditure be agreed to."

Mr Premier, do you wish to make any comment before proceeding to questions?

**Mr W. K. GOSS:** No.

**The CHAIRMAN:** Thank you, Mr Premier. The first period of questions will commence with non-Government members.

**Mr BORBIDGE:** I refer the Premier to the Program Statements, in particular to page 1-2, which refers to capital expenditure for the Office of the Governor. There is a reference to \$200,000 capital expenditure which has not been spent this financial year and which will be carried over to 1995-96. I ask: what did this involve and why was the money not spent in the financial year allocated?

**Mr W. K. GOSS:** Government House commissioned an independent risk assessment. The result of that was that the greatest risk to both the Governor and Government House was from fire, and capital works funding was thus provided by the Government for existing appliances and hose devices to be supplemented with commercial smoke detectors and 24-hour video surveillance. The \$200,000 was provided in the mid-year review, not at the outset of the budget, and the work will not be undertaken until the new financial year. So it has simply been carried over for that reason. It is a matter that is really within the province, in terms of the timing, of Government House.

**Mr BORBIDGE:** You will note that on page 1-2 for capital works the 1994-95 approved budget was \$258,000 but it is estimated that only \$133,000 of that money will be spent by 30 June, resulting in a shortfall of \$125,000. How then do you arrive at the figure of \$200,000 being the capital works approved in 1994-95 to be carried over to 1995-96?

**Mr W. K. GOSS:** Because there is an additional \$65,000 for minor capital works.

**Mr BORBIDGE:** Such as?

**Mr W. K. GOSS:** I am advised that it is minor capital works that do not have to go before a works committee, such as wheelchair access, adjustments to toilets and so on.

**Mr BORBIDGE:** I refer the Premier to the PSMC's review of Government House and ask: what recommendations have been implemented and what efficiencies have been achieved? When answering this question, could the Premier please also outline recommendations from that review which are still to be implemented?

**Mr W. K. GOSS:** I am advised by Government House that all of the recommendations are implemented in near or full finalisation. The major themes of the recommendations were that a comprehensive audit be performed, including a review of financial activities. As a consequence of that, an audit was undertaken by Ernst and Young in July of last year which reported exemplary accounting practices with no irregularities and misdemeanours. Annual reports will be ongoing. The point there in relation to audits is that they were not previously undertaken, and the Governor felt that there should be an independent audit by external auditors in relation to the expenditure of public moneys at Government House.

The second major theme was a risk assessment to ensure the safeguarding against all reasonable insurance risks. Risk assessments have identified fire as being a potential hazard, and I have referred to that already. The next major element of the recommendations was for the positions of official secretary and comptroller to be evaluated using appropriate methodology by an independent party. An evaluation was undertaken using CED methodology by the HRM branch of the Department of the Premier, with the outcome being reclassification, as a consequence of which the positions were advertised and filled in accordance with public service recruitment and selection standards. The appointments are: Official Secretary, Mr Justin O'Connor, who is present with me at the table; Comptroller, Mr Hill; and Public Affairs Adviser, Mr Bryant. In each of those cases, there was a reclassification of the position upwards.

The next major recommendation was the adoption of public sector human resource management practices, and all positions have as a consequence been aligned with public service levels and recruitment practices have been regularised in terms of merit selection, equal employment opportunity policy and so on. The next major recommendation was financial, administrative and other policies and procedures being documented. That is currently being finalised.

**The CHAIRMAN:** The time for questions from Opposition members has now expired. The first question from Government members is from me. What overseas visits were made by the Governor in 1994-95? What was the purpose of those visits? Could the Premier outline the benefits to the State from that travel?

**Mr W. K. GOSS:** There was only one visit undertaken by Her Excellency overseas, and that was to lead a delegation of 24 business people on a Queensland business mission to our sister province in Central Java in Indonesia in June last year. It was undertaken as an adjunct to Queensland's participation in the major Australia Today exhibition that was held in Jakarta from late June to early July. Fifty-two Queensland firms participated. Apart from giving our mission a very high profile, Her Excellency's presence also helped demonstrate our commitment to the growing bilateral relationship, and that is something on which both Governments place a high store.

One of the consequences of the enhanced relationship was a visit subsequently and in response by the new Central Java leader, Governor Soewardi. He brought a business delegation to Queensland in September, which led to new business in the cattle trade. Governor Soewardi's stay in Brisbane was hosted by the Queensland Governor. That is in some ways an innovative use of the office of Governor but one that Her Excellency was prepared to undertake, and that was certainly appreciated by me and officers of the Trade, Investment and Development Division of my department who were involved in the planning of the exercise.

**Mr BUDD:** I understand that it is this Government's policy to purchase only Australian-made vehicles. Why then does Government House still operate a Rolls Royce?

**Mr W. K. GOSS:** Although we have that policy and although on coming into Government we sold the Mercedes and the Jag and the rest of it and do use only Australian-made vehicles, this one was purchased by the previous Government in the early 1970s. If it were replaced, it would be replaced with an Australian-made vehicle; I assure the Committee of that. The cost of the Rolls Royce has been amortised over many years, and it would not be cost-effective to replace it while it is in good order. It is retained by Government House as a suitable vehicle for special occasions—State or ceremonial occasions.

**Mr BORBIDGE:** I refer the Premier to page 1-4 of the Program Statements and to the claim that—

*"Office of Governor Strategic Plan to be reviewed to incorporate desired outcomes from Enterprise Bargaining."*

Would the Premier be able to elaborate on this for the Committee?

**Mr W. K. GOSS:** The Office of the Governor is not covered by what is known as the core agreement in the Queensland public sector, but in line with the general move to bring it to public sector standards, the Office of the Governor will participate in enterprise bargaining in the 1995-96 financial year. The information that I provide in this regard is predicated upon acceptance of an agency enterprise agreement by staff, and I understand that a single bargaining unit has been formed. The object of the exercise is that enterprise bargaining will minimise wage and budget outlays and produce productivity or work practice benefits in a number of areas, for example, all productivity measures covered in the core agreement, human resource management initiatives, streamlined operational procedures, improved conditions of employment, wider use of information technology and changed work practices generally.

The aim of introducing these measures is to produce productivity improvements. Specific productivity initiatives will include expansion of formal induction training for new staff, rationalisation of the use of external consultants, wide use of time in lieu rather than overtime, bulk purchasing where feasible, rationalisation of external service providers, introduction of more flexible working hours and the increased use of credit card and EFT payment.

**Mr BORBIDGE:** No further questions.

**The CHAIRMAN:** If there are no further questions, that concludes the consideration of the Estimates for the expenditure of the Office of the Governor. I would like to thank all the officers who came with you for that purpose, Mr Premier.

**PARLIAMENTARY COMMISSIONER FOR  
ADMINISTRATIVE INVESTIGATIONS**

**In Attendance**

Hon. W. K. Goss, Premier

Mr Frank King, Deputy Parliamentary  
Commissioner

Mr Michael Schafer, Director, Organisational  
Services

The next item for consideration is the Parliamentary Commission for Administrative Investigations. The time allotted for that is 20 minutes. I now declare the proposed expenditure for the Parliamentary Commissioner for Administrative Investigations to be open for examination. The question before the Chair is—

"That the proposed expenditure be agreed to."

The first 10-minute period of questions will commence with non-Government members.

**Mr BORBIDGE:** I refer the Premier to the Program Statements, and in particular to page 3-1. You refer to key issues facing the office of the Ombudsman and the Information Commissioner as being "the Queensland Government's ongoing commitment to access, equity and accountability." How do you reconcile this statement and the associated expenditure under this program when your Cabinet has done everything in its power to avoid scrutiny? I instance Cabinet's decision to retrospectively amend the Freedom of Information Act as a case in point.

**Mr W. K. GOSS:** The freedom of information legislation is the responsibility of the Minister for Justice and Attorney-General. I invite you to attend his Estimates to pursue the matter further.

**Mr BORBIDGE:** Are complaints to both the Ombudsman and the Information Commissioner increasing and, if so, what is the long-term budgetary impact?

**Mr W. K. GOSS:** The long-term budgetary impact of increasing complaints to the Ombudsman is obviously that more resources will be required. This is an area where the Government obviously has to strike a balance, because to some extent there is an endless supply or demand when it comes to these kinds of services.

The brief, I think, contains some information in relation to the increase. I have some figures here otherwise, which I will rattle through. The number of cases opened to June 1994 was 1,390. For this financial year, the estimated number is 1,600. Clearly there is an increase there. The Government has provided funding for two additional administrative review officers on a temporary basis at a cost of \$120,000 for 1995-96. The Ombudsman has also been pursuing some mechanisms whereby work practices might be reviewed to expedite the processing of complaints and appeals initiatives, such as staff specialising in particular agencies and assisting agencies to cope internally.

**Mr BORBIDGE:** Up until last year's Budget, Mr Premier, the Ombudsman was expressing concern about staffing levels within his office. We note that he was subsequently happy with additional resources granted last year. In the annual report for 1993-94, he has indicated a large increase in the workload. I note that this Budget provision is made for only two temporary positions. Can you assure this Committee that this increase is sufficient to allow the Ombudsman to continue to carry out his important role?

**Mr W. K. GOSS:** I believe it will be, and I have indicated that we will monitor the progress in terms of those two positions. In terms of other activities—the review of work practices, the assistance that the Ombudsman may give to agencies, the introduction of information technology—it is hoped that this will reduce the pressure somewhat, but it will obviously have to be reassessed by the Government and a decision will be made then as to whether the officers are needed on a permanent basis or whether they can be withdrawn.

**Mr BORBIDGE:** In reference to the last question and your answer, I note that as at February 1995 there was a substantial backlog of cases in both offices: 1,546 in the Parliamentary Commissioner's Office and 290 in the Office of the Information Commissioner. Has this backlog been cleared and, if not, will that not place additional pressure on the 1995-96 workload?

**Mr W. K. GOSS:** The backlog is a bit like all backlogs or waiting lists wherever you find them: they are never cleared altogether. There is always a backlog and there is always a waiting list. It is the nature of the business. There is no question of any Government ever completely removing a backlog.

**Mr BORBIDGE:** Has it been reduced then?

**Mr W. K. GOSS:** My advice is that the backlog of cases as at 30 April 1995 was 1,619. I suppose it is depends on how you want to word it. Obviously the backlog has been reduced, but new cases come in. There is always a backlog and that will fluctuate according to the volume of work, the amount of resources and the rate at which particular complaints are resolved.

**Mr BORBIDGE:** Are they coping or are they falling behind?

**Mr W. K. GOSS:** I believe they are coping.

**Mr BORBIDGE:** Mr Premier, the Ombudsman has previously expressed concern about the inability of his office to investigate Government owned enterprises. Have you agreed to change this policy and, as an increasing number of bodies are being corporatised, will you agree that a continuing inability to investigate will impede the objectives of the office?

**Mr W. K. GOSS:** I do not think the objectives of the office will be impeded. I would refer members of the Committee to the lengthy exchange that we had last year in this regard and, without repeating all that again, I would refer to the essential contest here, that is, that the view of the Treasurer, who is responsible for GOCs—which are

ultimately endorsed by Cabinet—is that they should not be subject to unreasonable impediments or burdens that their commercial competitors were not subject to as far as their commercial activities were concerned and that the competing desire of the Ombudsman to have greater scrutiny is a legitimate request or aspiration on his part.

In terms of how things have worked in practice since then, I understand that there have been discussions between representatives of the Ombudsman and Treasury and that agreement was reached to monitor how this worked in practice. In the 12 months or so that have passed, I am advised that Government agencies have not in fact sought to any great extent to interpret the Act so as to exclude the Ombudsman from examining any genuine administrative matters where, hopefully, we would find the basis of agreement that there could be a role for the Ombudsman. Clarification is presently being sought from Treasury regarding jurisdiction in relation to electricity corporations. I am not aware of the latest results of that, but the Treasurer may be able to clarify that when you talk to him.

**Mr BORBIDGE:** I refer to the Program Statements at page 3-4, and to the program goals of the program Complaint Investigation and Resolution, which states—

"To improve the quality of both State and Local Government administration . . ."

May I ask: how do you reconcile this goal with the ever-increasing number of complaints requiring investigation and resolution?

**Mr W. K. GOSS:** Since 1989 and the change of Government, there is a much greater feeling that people have a role and a say and that people are entitled to question Government decisions. We do not have the same climate of fear and intimidation that existed before. I see this as a healthy thing, but I think also the trend right around Australia and the Western World is that people are more inclined to challenge the decisions of large organisations, whether they be Government, public or private. People are more litigious; they are aware of their rights and are inclined to pursue them. I do not think there is anything necessarily unhealthy or worrying in that trend.

**Mr BORBIDGE:** I refer to your comments earlier in respect of Government owned enterprises. I take it that you are unable to give this Committee an assurance that people will be able to lodge complaints with the Ombudsman concerning organisations such as their local electricity supply organisation or Queensland Rail?

**Mr W. K. GOSS:** As I say, that is the subject of discussion with Treasury at the moment. I would invite you to go along to the Treasurer's Estimates this afternoon. He might be able to give you an update on that.

As I said before, there has not been a particular problem here as far as I am aware. We are not seeking to impede the activities of the Ombudsman. The Treasurer, in his responsibility for Government owned corporations, is clearly saying that, as far as commercial activities are concerned,

he does not want to impose a burden that does not operate in the private sector if we are going to have these organisations competing on what is colloquially referred to as the "level playing field".

**Mr BORBIDGE:** Will that be a decision of the Treasurer, or will that matter be referred to you as Minister responsible for the Ombudsman?

**Mr W. K. GOSS:** I would imagine that the Treasurer would be able to resolve this quite satisfactorily. If he does not, and there is a continuing difference of opinion, then I would expect the Treasurer to bring it to me and/or Cabinet.

**The CHAIRMAN:** I think we have reached the end of questions from Opposition members.

**Mr NUNN:** The very nature of the office would indicate that the Ombudsman would get a multitude of complaints. What proportion of the cases received by the Office of the Ombudsman have actually been resolved?

**Mr W. K. GOSS:** I think about 3,550 were resolved in 1994-95. It is expected that about 3,250 will be resolved in 1995-96. In the forthcoming financial year, the commissioner anticipates that Government departments will make recommended changes to their administrative procedures, probably in about 95 per cent of resolved cases. There are two stages to this, of course: the individual dispute and in relation to the individual procedures of particular departments.

**Mr NUNN:** I refer to the Portfolio Program Statements on page 3-4 and note that one of the goals of the Ombudsman's Office is—

"To provide all residents of Queensland with as wide a range of avenues and awareness of and contact with the Offices as possible."

Could you outline what opportunities rural or non-metropolitan areas have had to access the services of the Ombudsman?

**Mr W. K. GOSS:** The Ombudsman is quite diligent in terms of ensuring that his services and he and his staff are available to regional Queensland. I understand that, during 1993-94, over 1,600 interviews were conducted with the public in about 79 regional centres. A number of correctional centres were visited as well. Fifty per cent of the complaints to the office were received during visits to regional Queensland. I understand that the Ombudsman plans a trip program at the beginning of each year and targets those centres which generate the most grievances—obviously, the most populous centres. In the case of major regional centres—visits range up to three times a year and, in the case of smaller centres, on a rotational basis once every three years. The office has programmed considerable travel this year to non-metropolitan areas, with about 278 office-days planned.

Whereas the main purpose of these trips is obviously to interview members of the public, they also provide an opportunity for the Ombudsman and investigative staff to visit Government premises, inspect particular locations, hold

conferences with regional directors, examine agency files in those regions and conduct interviews with the media, which is also important in terms of letting people know what is going on. I have regularly seen interviews with the Ombudsman in regional newspapers advising people that he is coming or advising them generally of the activities and services that are available through the office.

**The CHAIRMAN:** What were the travel costs of the office in 1994-95, and did those travel costs include any overseas trips?

**Mr W. K. GOSS:** The total cost of travel for 1994-95 is estimated at \$45,000; there was no overseas travel. The budget for travel in the forthcoming financial year is about \$48,000. Travel is undertaken only in circumstances where the Ombudsman feels that there is a clear benefit accruing to his office. Generally, there is a pretty strict framework in terms of approval for travel from his office.

**The CHAIRMAN:** We have exhausted questioning, so that completes the examination of the Estimates for the Office of the Ombudsman.

**QUEENSLAND AUDIT OFFICE****In Attendance**

Hon. W. K. Goss, Premier

Mr Barrie Rollason, Auditor-General

Mr Anthony Skippington, Acting Assistant Auditor-General

Mr Keith Alcock, Manager, Finance and Administration

**The CHAIRMAN:** The next item for consideration is the Auditor-General, and the time allotted is 30 minutes. For the information of new witnesses, the time limit for questions is one minute, and for answers it is three minutes. A single chime will give a 15-second warning, and a double chime will sound at the expiration of these time limits. As set out in the sessional orders, equal time is to be afforded to Government and non-Government members. The end of these time periods will be indicated by three chimes.

I now declare that the proposed expenditure for the Auditor-General be opened for examination. The question before the Chair is: that the proposed expenditure be agreed to. The first period of questions will commence from non-Government members.

**Mr BORBIDGE:** On page 170 of Budget Paper No. 2, expenditure for the Queensland Audit Office for 1995-96 is some \$15.117m and is sourced from the Consolidated Fund. Yet the Budget reaffirms the fact that the Queensland Audit Office is moving towards fuller or full user-pays funding. In that regard, it is estimated on page 182 of the same document that these receipts are expected to be \$13m in 1995-96. If this is an adequate or appropriate way of recording these budgetary issues on the basis that, as I understand it, they are based on references in previous Budget papers that user-pays charges are now generally retained by units that impose them, the question is whether the audit fees charged by the Queensland Audit Office against departments and other entities in fact move through the Consolidated Fund in any genuine sense or whether they never leave the accounting mechanisms, so that the reference in the Consolidated Fund is not a transparent way of dealing with this issue.

**Mr W. K. GOSS:** I am not exactly sure what the problem is. Approximately 86 per cent of the total cost of the office is offset by audit fee receipts. I think we also had some discussion on this subject last year. It is levied in accordance with the Government's user-pays policy, which is designed to identify costs and to make all sections of the public service—all agencies—conscious of the true cost of all of their activities.

Audit fees relevant to individual agencies for 1994-95 and 1995-96 are available. For example, in respect of my own department, the figure was \$48,000 in 1994-95. The estimate for 1995-96 is \$89,200. The 1995-96 figure is calculated using the new fee schedule, which was approved by the

Treasurer in January this year and which includes a specific rate for various officers, depending on their seniority. I do not really see a problem with that process. We made it fairly clear that that is the kind of process and accounting that we want to follow. If the question relates to some implication that the Government is seeking to make money out of the Audit Office—I can assure the Committee that that is not the case.

**Mr BORBIDGE:** When do you expect the Audit Office to reach full user-pays funding status?

**Mr W. K. GOSS:** I do not have a timetable for that. I would imagine it may happen as a natural consequence of these measures being implemented, but as far as I am aware we have not set a target. The Auditor-General may be able to assist me. No, what I said is correct. It is moving towards it, but we have not set a timetable.

**Mr BORBIDGE:** So it is not the objective to have the Audit Office making a profit?

**Mr W. K. GOSS:** No.

**Mr BORBIDGE:** What about the future of the Audit Office regarding corporatisation? We see the Audit Office, which we acknowledge is doing a good job, continuing very much as it is at the present time. Might we ultimately, with full user-pays funding, see a substantial expansion of the office? Is it likely that the office may, at some future time, be privatised?

**Mr W. K. GOSS:** I have not even thought about privatising the Auditor-General, but it is tempting. Given the amount of talent that we have in the Auditor-General's Office, I am sure we would get a very good price. I can assure the Committee that there has not been any thought given, on the part of the Government, to privatising the Auditor-General. I do not think that would be appropriate, given the special responsibility that the Auditor-General has to the Parliament. I say for the record again, although I do not think it is necessary, that I am here really in my role as the Minister and with the attendant responsibility that I have. In relation to the financial provision for the office—the actual performance of the duties is a matter entirely for the Auditor-General because of the special nature of his responsibility and is not something which is subject to my direction or influence.

**Mrs SHELDON:** Were there any cases of fraud or misappropriation by the Audit Office in 1994-95?

**Mr W. K. GOSS:** I am not sure what particular cases you are referring to. Obviously the Auditor-General will always identify areas of concern, and the Government seeks to act on those areas of concern. There have been problems, for example, with fuel card operations; there have been some problems with human resource management systems, for example, in the Education Department; there have been problems which have been ongoing for many years in relation to Aboriginal councils. Whether it is a case of fraud or the potential for fraud, what we are mainly concerned about is not so much identifying individual cases, although that is something that needs to be taken into account, but—and this is

what is particularly important—identifying systems and practices and making sure that where concerns are raised by the Auditor-General, those systems and practices are reviewed and reformed.

**Mrs SHELDON:** Could you tell me what part of the Budget for 1995-96 will be consumed by further investigation of any of those cases or cases that may have occurred?

**Mr W. K. GOSS:** Each and every year the Auditor-General rolls on and comes back through these agencies. The best-known example is the ongoing problem with Aboriginal councils where we see from year to year continuing concern registered by the Auditor-General and the Government undertaking a series of measures to improve those things but recognising that, because of the historical problems, this is not something that the Government is able to fix in one particular year. It is on an ongoing challenge. We have, fortunately, seen some improvements in some councils but other councils continue to struggle, and we will continue to struggle to bring them up to an acceptable level of performance.

**Mr BORBIDGE:** It is stated at page 2-3 of the Program Statements that there was a need for additional audits as a result of corporatisation of the electricity industry. Could you provide the Committee with further details of the need for these audits?

**Mr W. K. GOSS:** It was not because of any particular concerns or reports or instances of fraud or wrongdoing; it was just prior to corporatisation. A special audit was undertaken to identify the state of affairs as at that time and the state of affairs from the commencement of corporatisation for ongoing accountability.

**Mr BORBIDGE:** This is a standard procedure with entities that are being corporatised?

**Mr W. K. GOSS:** As I understand it, yes.

**Mr BORBIDGE:** That will obviously place some strain on the resources of the Audit Office?

**Mr W. K. GOSS:** It is extra demand. The demands on the Auditor-General will vary from year to year, depending on activities or particular problems that are identified. We have had a significant increase in the resources of the Auditor-General under this Government. I will see if I can turn that up. For example, in the 1989-90 financial year, when this Government took office, the budget was \$6.7m. In the forthcoming financial year, it will be just over \$15m. There have been additional audits required as a result of legislative changes. There has been a change in the Auditor-General's role, and there has been provision for extra staff for new information technology and for new premises. So the Auditor-General's role has expanded, and that has been accompanied by an increase in resources. We are committed to continuing the increase in those resources as is required to ensure the effective functioning of the office and appropriate accountability for public funds.

**Mr BORBIDGE:** I have no further questions.

**The CHAIRMAN:** What steps, if any, is the Audit Office taking to improve efficiencies through the use of information technology?

**Mr W. K. GOSS:** I did make reference to information technology before. The Audit Office is investing a considerable amount of time in implementing the latest technology. The replacement for the existing computerised audit management system, which was designed and introduced in the early 1980s, is being introduced from this 1995-96 financial year to enhance management information by enabling better job costing. But that will also give us improved monitoring against approved audit plans. The new system will assist the Audit Office in increasing user charging.

I understand that an amount of about \$220,000 for anticipated expenditure on the new financial management system and the new time cost and recording system is provided in this financial year, and an amount of \$145,000 was also approved for the coming financial year as a one-off special payment, so that the office may finalise implementation on both projects in the coming financial year. A further \$100,000 is being provided to cover the ongoing replacement of computer equipment. I further understand that \$110,000 has been provided, as a recoverable funding loan in 1995-96, for office automation facilities such as electronic mail diaries, calendars, integrated word-processing and spread-sheeting software, which hopefully should result not only in efficiencies but also reduce operating costs as well.

**Mr BUDD:** Premier, on page 2-1 of the Program Statement I note that one of the key strategies is the enhancement of existing quality assurance and team management practices. What steps have been taken by the Audit Office to ensure that quality standards are met?

**Mr W. K. GOSS:** A computer-based quality financial audit approach was implemented by the office in the 1992-93 financial year and fully employed in the 1993-94 financial year audits to give cost-effective quality assured audits to the Queensland public sector. The features of this approach are, I am advised, that it ensures that information required for audits is current, it is kept up to date, and the system also conforms with Australian auditing standards and practices. It is oriented towards computerised financial systems and has improved the efficiency of audits, as expected of the public sector auditor. I understand that additional measures for quality assurance such as contract auditor reviews and individual task assessment reports are also in place.

**Mr DAVIES:** On page 2-10, I would like to ask a question in relation to Program Goals. I note that one of the key program goals is to ensure accountability by independently auditing public accounts. My question is: who then audits the Queensland Audit Office?

**Mr W. K. GOSS:** The Audit Office is audited under the Financial Administration and Audit Act by a Mr Bastion, a partner of the firm Ernst & Young, who was appointed external auditor by Governor in

Council in August of last year for the financial years 1993-94 through to 1995-96. The audit for the financial year ended June 1994 revealed no errors or weaknesses in controls. The appointed auditor's report is attached to the Queensland Audit Office's annual report. The internal audit function of the Audit Office is outsourced to a Mr Baker at Price Waterhouse whose three-year contract expires at the end of this financial year. Once again, that internal audit revealed no errors or weaknesses in controls in the Audit Office.

**The CHAIRMAN:** There being no further questions, that means that the examination of the Audit Office is concluded. We have, like last year,

finished a little early. On behalf of the Committee, I would like to thank the Auditor-General and his staff for their attendance and their cooperation. At this point, we were scheduled to go on to the Premier's Department. Premier, in order to avoid what happened last year, we have firmly set that at 3 o'clock.

**Mr W. K. GOSS:** They are all here.

**The CHAIRMAN:** If that is the case, we are only too happy to proceed.

**Mr W. K. GOSS:** We are in your hands. We are ready to go.

**DEPARTMENT OF THE PREMIER, ECONOMIC AND TRADE DEVELOPMENT**

**In Attendance**

Hon. W. K. Goss, Premier  
 Mr Loftus Harris, Acting Director-General  
 Dr Brian Head, Chair, Public Sector Management Commission  
 Dr Glyn Davis, Director-General, Office of the Cabinet  
 Mr Eric Bigby, Executive Director, Government and Corporate Services  
 Mr Terry Leighton, Director, Financial Services

**The CHAIRMAN:** The next item for consideration is the Department of the Premier, Economic and Trade Development. The time allotted is two and a half hours. For the information of new witnesses, I point out that the time limit for questions is one minute, and for answers it is three minutes. A single chime will give a 15-second warning, and a double chime will sound at the expiration of these time limits. As set out in the sessional orders, the first 20 minutes of questions will be from non-Government members, the next 20 minutes from Government members, and so on in rotation. The sessional orders also require equal time to be afforded to Government and non-Government members; therefore, where a time period has been allotted which is less than 40 minutes, that time will be equally shared. The end of those time periods will be indicated by three chimes. I now declare the proposed expenditure for the Department of the Premier, Economic and Trade Development to be open for examination. The question before the Chair is: that the proposed expenditure be agreed to. Mr Premier, if you wish to make a short introductory statement in relation to the elements within your portfolio, that opportunity is available to you now, or do you wish to proceed to questions?

**Mr W. K. GOSS:** No, I am right to go.

**The CHAIRMAN:** The first period of questions will be from non-Government members.

**Mr BORBIDGE:** My first question relates to the variation between the 1994-95 approved Budget and 1994-95 estimated actuals. Could you further explain the basis of the \$2m additional grant made to the South Bank Corporation?

**Mr W. K. GOSS:** You are not talking about the department overall; you are talking just about South Bank Corporation?

**Mr BORBIDGE:** Yes, in this year.

**Mr W. K. GOSS:** In relation to South Bank—in any year, for any section of the department or any agency such as South Bank there will be a variation on the kind of activities that they undertake. Expenditure in 1994-95 is \$15.083m, an increase of \$2.086m. I am advised that that is due principally to changed capital requirements resulting from the loss of sale of land known as site 2A. Furthermore, I understand that litigation is pending in relation to that. In addition,

funding in 1994-95 included \$1.6m for the opening of the Brisbane Convention and Exhibition Centre, which was administered by the corporation.

**Mr BORBIDGE:** I refer to the creation of a Stress Policy Unit within your department at a cost of \$102,000. What is the role of that unit, what policies has it established and why has a unit of this type suddenly become necessary?

**Mr W. K. GOSS:** It comes about as a result of recommendations from the PSMC and the Department of Employment, Vocational Education, Training and Industrial Relations. The Stress Policy Unit is responsible for the formulation and dissemination of policy and guidelines on the prevention of occupational stress in the public sector. It commenced operations in January this year. It paid \$40,000 for the development of a survey instrument that will be used by all Queensland public sector agencies to assess factors in relation to occupational stress. The budget provides for labour costs of three staff and about \$31,000 of non-labour operating costs.

There has been an increase in claims for stress, largely resulting, I think, from changes in relation to workers' compensation entitlements. A decision has been taken by the Minister to amend the definition of "stress" because it was believed that it was too open-ended and was subject to overuse. Perhaps that is the kindest way to put it. The number of claims increased in the 1989-90 to 1993-94 financial years from 84 to 722, with a consequent increase in costs from approximately \$726,000 to just over \$6m. As a result of that, the Act's definition of "injury" was amended to ensure that work is a significant contributing factor. That will continue to be monitored as part of the general ongoing review of the workers' compensation legislation and fund. As we know, there have been increases in premiums and other changes over recent years. There have also been increases in benefits on the statutory side; but real pressure on the fund was coming, in particular, from common law claims.

In relation to stress—it is simply a good management or employment practice to try to reduce the incidence of stress in the public sector by identifying the causes of it, not just improving conditions for employees but reducing costs to the Government and the public resulting from claims.

**Mr BORBIDGE:** In view of the dramatic increase in stress claims, as you pointed out—from 231 claims in 1991-92, costing \$1.8m to 722 claims in 1993-94, costing \$6m—obviously the unit will have to be expanded. What costs will this involve, and what targets have you set so that the effects of the new program can be fully evaluated?

**Mr W. K. GOSS:** At this stage I am not sure that the program will have to be expanded, because we are not looking at handling individual claims so much as identifying systems and the causes of stress and looking for reforms in how agencies manage their affairs so as to reduce the amount of stress. So it is more related to systems and, in my view, management practices within departments; thus, no real increase in that unit is

required at this stage. It may be that, after three years, these functions can be properly left to individual departments rather than requiring any central agency intervention.

**Mr BORBIDGE:** I refer the Premier to the fact that, according to page 4-21 of the Portfolio Program Statements, the Cabinet Office is to be allocated \$7.74m and is to have a staff of 81. Could you provide the Committee with a breakdown of the number of staff employed at each salary level? For example, how many staff are employed at SES levels 1, 2, 3 and 4, AO8, AO7 etc?

**Mr W. K. GOSS:** We are onto the Office of Cabinet now, are we?

**Mr BORBIDGE:** If it is easier, I am happy for the Premier to take the question on notice.

**Mr W. K. GOSS:** I will take it on notice. We have the Office of Director-General and deputies, Cabinet Secretariat and six policy units. Current full-time equivalents involve three SES level one positions, which were created and filled during 1994-95. That is not the information that you want. We will take that question on notice and provide that information tomorrow.

**Mr BORBIDGE:** I refer to proposed expenditure by the Cabinet Office. I also refer to the indication to this Committee earlier today by Mr Speaker that the Cabinet Office undertook a review of this Estimates process. I ask: who authorised the review of the Estimates process of the Parliament? Did that review canvass the views of members of Parliament or merely the views of bureaucrats and members of the Executive?

**Mr W. K. GOSS:** I asked the Office of the Cabinet to have a look at it, but you would not really call it a review. After last year's Estimates, I took the view that, while they did not work perfectly, they got off to a good start. I think that it was always the view of most members of Parliament that it would take a couple of years for members on both sides of the table to settle into the process and make what is quite a new process for the Queensland Parliament work well. I expressed these views to the Office of the Cabinet. As a consequence of the position I took, the consideration of the matter was necessarily limited. That does not mean that there should not be a review or changes down the track. I think a couple of years' experience will certainly generate that. I did ask the Office of the Cabinet to seek views from individual departments as to how they thought the process had gone. Ultimately, there is no substantial change to the exercise, because I took the view—and recommended it to Cabinet—that that was as far as it needed to go at this stage; that we should let the thing run for a couple of years and make some decisions from there.

**Mrs SHELDON:** Mr Premier, surely that should have been a decision of the Parliament, not only of you. Who carried out—

**Mr W. K. GOSS:** Hang on. That is a rhetorical question, and I will answer it.

**Mrs SHELDON:** Feel free.

**Mr W. K. GOSS:** The Speaker might let you get away with that nonsense, but I am not going to let you get away with it, because you are in another place now.

**Mrs SHELDON:** It is not nonsense.

**Mr W. K. GOSS:** Yes, it is; it is nonsense.

**Mrs SHELDON:** It is a legitimate question. If you wish to answer it, do so.

**Mr W. K. GOSS:** The statement was out of order, and you need to be taken up on it.

**Mrs SHELDON:** You just said that you were not going to be the Speaker, and you are now telling me I am out of order.

**Mr W. K. GOSS:** Let me take the rhetorical question in relation to the role of the Parliament. I took a view and made a recommendation as far as the Cabinet is concerned. What the Parliament does, what you do and what the Speaker does is a matter for you. No decision was taken by the Parliament for a review. But if the Parliament wanted to have a review—if they wanted to have an all-party committee—they were welcome to do so. I just happen to think that, last year, all members made a fairly good fist—some less than others—of the Estimates Committee process. I thought that it was worth another whirl because I thought it would take some people a year or two to get into the swing of it. This process is certainly reasonably good, but it will get better; it just takes practice.

**Mrs SHELDON:** Who carried out the review, how many staff were involved and how much did it cost?

**Mr W. K. GOSS:** I would not have a clue because, as I said before, it was not a review in the sense that you or I would understand a review. The process went sufficiently well last year—and it was the beginning of a process—such that it did not require a full review. I am not attempting to say that the process is perfect, or that there will be no need for a review in the forthcoming year or the year after. I think that would, in fact, be healthy. I do not have a concluded view on whether or not the Parliament does that or whether I direct the Office of the Cabinet to do it. Certainly, we may well look at it within the Executive, anyway. What the Parliament does is a matter for it. I understand that apart from what the Office of the Cabinet did at my request—which, as I said, was a fairly limited exercise and what I would not call a review—the Parliamentary Service Commission conducted a separate exercise to gain feedback from members of committees on matters such as the rules for conducting hearings. I think that that is appropriate as far as the Parliamentary Service Commission goes, but when it comes to a fully fledged review by the Parliament—I say again that that is a matter for the Parliament.

**Mr BORBIDGE:** I refer to the review that you requested the Cabinet Office to undertake in respect of the proceedings of this place, and I ask: what were its terms of reference, and will the Office of the Cabinet be conducting another review this year?

**Mr W. K. GOSS:** I have not made up my mind yet. I will see how the Estimates Committee process goes, and then I will ask for such work to be done as I think is necessary from our point of view. As I said, what the Parliament does is a matter for it.

In terms of your reference to the Office of the Cabinet review—I just want to say again for the record that it was not a review in the sense of a formal review or what we would generally understand to be a review; as such, I did not set its terms of reference. I just suggested that they have a look at it in terms of some of the concerns I raised and seek views from departments; that was about it. But there was no strong feeling within the Government that there needed to be a major review or fundamental change. As I said, we believed that it needed a couple of years working through, and from there we could refine it.

**Mr BORBIDGE:** I refer to the fact that the Cabinet Office has six separate policy units, which must—inevitably—duplicate the work carried out by on-line departments. Can you advise this Committee of the role of those units and what processes are in place to avoid duplication with on-line agencies?

**Mr W. K. GOSS:** It is not duplication so much as coordination, particularly with a view to advice to me. We need to understand that there have been significant changes to the role of State Government and the central agency since the change of Government. Some of that is due to the change of Government. As I indicated to you at these proceedings last year, I took the view that there needed to be better coordination of policy and activities of Government and suggested that an Office of the Cabinet was the way to do that. Under the previous Government, we had the absurd practice of submissions having a very limited circulation—sometimes just to the three central agencies—and, therefore, inadequate consultation.

That is why Ministers made mistakes—and heaven knows it is easy enough to make a mistake—but more mistakes and more inadequate decisions were made in those days because you did not have proper circulation and coordination of submissions and input from Ministers. I took the view after a year's experience of Government that we had to improve consultation between portfolios because a lot of portfolios would have interests in the one submission. I looked around for models. I believed that the New South Wales model that had been started by Neville Wran and refined by Nick Greiner was a good model, so I implemented that. So it is not duplication; it is coordination.

The other thing that has changed, which is very important and needs to be understood, is that in previous years Premiers did not have the same responsibility as they have now—and which I have now. We have had a process of ministerial councils for yonks in Australia. The Premiers only ever met at the Premiers Conference for a half-day fight over the cake, when they were played off a break and played off each other by the Prime Minister and the Federal Treasurer. Now, Premiers meet at least

twice a year in COAG—separate from the financial Premiers Conference and away from the Federal Government—because we find that they are an unsettling and destabilising influence. For the record: that is a joke, Mr Keating. We meet separately on issues where we think the Premiers have issues of concerns—common interests—to discuss. So we need a greater level of central agency advice. Of course, COAG, in terms of Hilmer, mutual recognition and all the major reforms that have been driven through the COAG process, also requires that the head of Government of any State, including this one, needs good, solid central agency advice and coordination of advice, particularly when it comes to something like Hilmer, which covers a lot of portfolios. So that is why there is a role. If you want, I can provide a summary of the role of each of them. I will provide that overnight, if that is helpful.

**Mr BORBIDGE:** What is the current role of the former Cabinet Office Director-General, Mr Rudd? What is his salary package? What other benefits does he attract? Where is his office situated, and what are his hours of work?

**Mr W. K. GOSS:** I will just get out the Rudd file, because we all guessed that there was going to be a job done on Mr Rudd.

**Mr BORBIDGE:** No, just some legitimate questions.

**Mr W. K. GOSS:** No, it is part of this campaign. I must say that it has been a feature of this particular member of Parliament that personal smears and attacks have been run on my staff—Mr Rudd, Mr Atkins, Mr Barbagallo—

**Mr BORBIDGE:** Mr Chairman, I take a point of order.

**Mr W. K. GOSS:**—and prominent public servants: Mr O'Regan, Mr O'Sullivan, Mr Tucker, Mr MacFarlane, Mr Richards and Mr Cowley.

**Mrs SHELDON:** Mr Premier, you called me out of order before. I think you are out of order now.

**The CHAIRMAN:** I will make the decision on that. Mr Borbidge, you asked a question about an individual, and I think are getting an answer.

**Mr BORBIDGE:** If that is an answer, it is a novel approach to the Estimates process.

**The CHAIRMAN:** It is a marginal question at best.

**Mr W. K. GOSS:** I can understand that Mr Borbidge is embarrassed by those. If I can talk to Mr Rudd's current role—it is head of the Policy Planning Unit, a unit that did operate before but was re-established. Mr Rudd's qualifications are that he has a Bachelor of Arts (Honours). His experience includes Director-General of the Office of the Cabinet, Principal Policy Adviser to the Premier, and Private Secretary to the Premier as Leader of the Opposition. He served in Foreign Affairs, and was First Secretary to the Australian Embassy in Beijing. Prior to his current position, he was Director-General of the Office of the Cabinet and on a chief executive level of salary. As a

consequence of his endorsement as a candidate in the forthcoming election, his position and conditions were reduced. His remuneration package was reduced from \$115,000 per annum to \$104,000 per annum. He has also lost the privileges of a director-general, with a reduced standard of office accommodation and motor vehicle and reduced numbers of support staff. I think his office is now on the thirteenth floor of the Executive Building.

As to his role as head of the Policy Planning Unit—as senior policy adviser on Commonwealth-State relations, he has particular expertise when it comes to the whole of the COAG agenda. In particular, he played a key role in the negotiation of the final position on the national competition policy and in relation to Queensland's successful campaign to gain a substantial increase in tertiary places for this State.

**Mr BORBIDGE:** Is Mr Rudd entitled to a departmental credit card and is he entitled to dine members of the media?

**Mr W. K. GOSS:** Mr Rudd has the standard entitlements of the level of public service officer to which he has been downgraded as a consequence of his activities separate to his work in the public service. I would make the point that, under the 1988 protocol in relation to political activities by public servants, he is entitled to undertake that activity. I have indicated his salary. With that goes a car, although I think it is a lesser level of car. In terms of any involvement with the media, I would refer the honourable member to the answer that I gave last time, which applies again; that is, while he does not have a role in relation to entertaining or the briefing of members of the media, from time to time people, whether they be representatives of industry organisations or journalists seeking background information on a particular matter, will seek a briefing from a senior public servant, and that will be provided. That is provided by Mr Rudd.

As to a credit card—I understand that he has the standard entitlement of officers of that level to a credit card. However, as to the use of any credit card or any of the other resources of his office—there is a strict protocol or guideline in place to ensure that the use of any such resources is strictly limited to his duties as an officer of the public service and not to any other matters.

**Mr BORBIDGE:** Who reviews and assesses that?

**The CHAIRMAN:** That is the end of the time period for questions by Opposition members. Mr Premier, what steps has the department taken to meet the Government's equal opportunity objectives?

**Mr W. K. GOSS:** In relation to equal opportunity objectives in the department—this is something of which the Government is quite proud and which was long overdue in Queensland. The department has developed an EEO management plan to give effect to the objectives of the legislation passed by this Government in 1992. The objectives of the plan are to promote non-discriminatory and harassment-free workplaces

and employment and career development opportunities for women, people with disabilities, Aboriginal and Islanders and people from non-English-speaking backgrounds. For example, the current annual report shows that women compose just over 57 per cent of all employees in the department. People from non-English-speaking backgrounds compose 8.7 per cent. People with disabilities compose 6.7 per cent, and a small percentage of Aboriginal and Torres Strait Islanders are also employees. The participation rate of women in the work force is high. Generally, that is proceeding well. It obviously has a way to go, but I think the practices and the plan of the department are achieving successes already, and we will continue to pursue those goals.

**Mr NUNN:** I refer to page 4-6 of the Portfolio Program Statements and note that non-labour operating costs for the department are expected to decrease substantially compared with last year. Could you please advise the Committee what steps the Government is taking to reduce those operating costs, especially in the area of electricity charges?

**Mr W. K. GOSS:** Electricity is an area where there are considerable savings to be made by Government. As a community, in the past we have not been sufficiently energy conscious. However, this is something that is increasingly a priority for two reasons—for cost-savings and also out of a concern for the environment. In February of this year, as part of a Government energy efficiency program, at night the lights went off at the Executive Building. That is part of a program that has the potential to save the public more than \$40m in power bills over the next five years, the target being to reduce consumption by 10 per cent by the turn of the century.

Energy audits of buildings have shown that with sensible energy management and investment in energy-saving technology we can reduce our power bill by millions of dollars. A good example of that is the Government office building at 111 George Street that has been constructed using new technology which results in a substantial saving of electricity. In relation to my building, turning off the decorative lights on the outside of it will save enough electricity to run 26 houses all year round. We are conscious of the need to be more responsible, both in terms of cost and the environment. That will be an ongoing program.

**Mr DAVIES:** My question relates to the Legislation Services Program, which is on page 4-8 of the Portfolio Program Statements. Could you outline what steps are being taken to improve the access of clients to Queensland Legislation Services?

**Mr W. K. GOSS:** Since December last year, the office has been providing departments with their legislation on disk, which I think is something sensible given the super-highway that we are all keen to jump onto. Departments have also requested electronic access to legislation that is not administered by them. The office hopes to supply Queensland legislation to the Commonwealth's on-line legal information retrieval service, and in return for that Queensland Government

departments will get access to Commonwealth legislation on the system at a reasonable price. The office is also considering providing private commercial interests with on-line access to its legislation. For example, Computer Law Services, Info-one and Butterworths have all expressed interest in developing CD-ROM packages that include Queensland legislation.

The other thing that I think is important in terms of accessibility is the Plain English Policy Section, which was established to provide research and support for documenting office procedures and developing training and information programs to provide greater access to Queensland legislation.

**Mr BUDD:** My question relates to a topic on page 4-14. It states that one of the issues confronting the Office of the Cabinet is to help business reach standards that are competitive, in particular internationally. What steps were taken by the office during the year to help business improve its competitive position?

**Mr W. K. GOSS:** I suppose a single significant undertaking in which the department was involved was the From Strength to Strength policy document of the Government, which included not just substantial expenditure on infrastructure but also tax relief measures, with an estimated benefit of \$40m to Queensland business over the next three years. The measures addressed payroll tax, land tax and rental duty. In per capita terms, what we seek to do with those measures is increase the competitive advantage that Queensland business has not just within Australia but in the Asia-Pacific region as well. Of course, over the past week we have managed to attract even more attention to ourselves by the decision in relation to share duty which, in reducing Queensland's rate to the Hong Kong rate, has not only boosted our financial services sector with the transfer here of a number of people in the financial services sector, at least from the Australian Stock Exchange, but also will bring back business from offshore. This reduction has since been matched by other mainland States. That will be good for the country as a whole but certainly also good for Queensland business.

**The CHAIRMAN:** I refer to the Portfolio Program Statements, in particular page 4-16 and the role of the Cabinet Secretariat. I understand that the role of the Cabinet Secretariat is to provide support to the Premier, Cabinet and Cabinet committees. Could the Premier give some indication of the amount of work that Cabinet generates?

**Mr W. K. GOSS:** The Cabinet has met 33 times in the nine months to the end of March. The Cabinet Secretariat is responsible for a fairly substantial job behind the scenes in preparing for these meetings and coordinating the circulation of many Cabinet documents involved, and also Cabinet committee meetings, which are a substantial adjunct to the work of the full Cabinet. I indicated before that, unlike the situation with the previous Government, where there was a much more limited circulation of submissions, it is much more substantial now.

As well, the Cabinet Secretariat has additional work in organising regional Cabinet meetings. We have held those in Mount Isa in July, at Tewantin in November, at Townsville in February, on the Gold Coast in April and at Proserpine and Maryborough in May. Those regional Cabinet meetings are proving very worth while for the Cabinet and very worth while for people in those regional communities. In fact, they have been such a success that the last couple have attracted all sorts of people!

**Mr DAVIES:** On the same page, page 4-16—under the Legal and Administrative Policy Unit, I note that in 1994-95 the Office of the Cabinet advised on criminal justice proposals, including the Criminal Justice Act, and that it will contribute to legislation arising from the review of the Criminal Justice Act in 1995-96. I ask: what role does the Office of the Cabinet have in reviewing the Criminal Justice Commission, and why does it have that role?

**Mr W. K. GOSS:** There is no special reason for it; it is just that the Office of the Cabinet plays a general coordinating role in relation to a whole range of issues that will have cross-portfolio implications. Whether it is land rights or national competition policy or whatever, the Office of the Cabinet has a legitimate coordinating role in relation to significant issues such as this. Cabinet established an interdepartmental working group, because there are a number of departments that have an interest in the work of the Criminal Justice Commission, and there was a substantial body of work that needed to be looked at. The reports of the parliamentary committee, in which the member has some involvement and of which he has some knowledge, obviously require substantial consideration and research by us. The particular group is chaired jointly by the Office of the Cabinet and the Department of Justice and Attorney-General. Officers from the PSMC and the Queensland Police Service are also represented. They are currently preparing an options paper for Cabinet's consideration which incorporates recommendations that were included in the PCJC report in February this year. The CJC obviously should be consulted—and it has been consulted—on these matters before the options paper is finalised and certainly before it goes to Cabinet. The CJC's activities, as people appreciate, touch on all departments and give rise as a consequence to issues of a cross-portfolio nature. As I said at the outset, the Office of the Cabinet's involvement is consistent with its general role in terms of significant issues that have cross-portfolio implications.

**Mr NUNN:** I take the Premier back to page 4-14 of the Portfolio Program Statements, where it states that one of the key issues confronting the Office of the Cabinet is the need to further increase economic infrastructure. I ask: what steps were taken by the Office of the Cabinet during the year to facilitate this?

**Mr W. K. GOSS:** I asked the office to involve itself in the development of the economic policy document From Strength to Strength. In

terms of infrastructure—various departments were obviously involved, but I think that some of the significant proposals in there included an electricity infrastructure program of up to \$2.5 billion to ensure ample electricity generating capacity to the year 2006; new gas pipelines, with ultimate expenditure of hundreds of millions of dollars for pipelines from the south west to the east and the north west of the State; a \$600m water infrastructure package; and \$4.5 billion of investment in roads, rail, port and aviation facilities. I think there has been a recognition in policy terms of the way in which infrastructure is essential and underpins economic development and quality of life generally for Queenslanders.

**Mr BUDD:** On page 4-15, I note that one of the roles of the Office of the Cabinet was to help negotiate Queensland's position in relation to national competition policy. Could you inform the Committee what measures were taken to ensure that the implementation of national competition policy is done in a manner which does not disadvantage Queensland? What are the benefits to Queensland from the implementation of the Hilmer report?

**Mr W. K. GOSS:** I think that the general benefit, as is now agreed by everybody who has been involved closely in the process, is a substantial boost to national economic activity of in the order of \$20 billion. That is hard to measure, of course, depending on the economic model that one adopts, but that is the general consensus—a substantial lift in economic activity and GDP and a substantial lift in jobs as a consequence. The Office of the Cabinet was involved, as I indicated in answer to a previous question, because of the cross-portfolio implications, the implications for a wide range of different industries and its impact on not only the State level of Government but local government as well. So there was extensive consultation and research and the obtaining of both industry and legal advice. All of that was coordinated by the Office of the Cabinet, and that was a very substantial role.

The package that was finally agreed on included a number of concessions or elements in which the Office of the Cabinet was key in negotiating—for example, transitional arrangements for State Government businesses and the unincorporated sector; the ability for the State to legislate to exempt activity that would otherwise be in contravention of the Trade Practices Act; and the grandfathering of existing contracts, such as export coal rail freight contracts, and so on. The other important aspect of their work related to the impact on local government. Overall, I think that the Office of the Cabinet has been instrumental—through providing advice and helping through extensive officials meetings and advice to me when attending various COAG meetings—in getting the overall result that we did. We did not get everything we wanted, but we certainly got a fairly good outcome in terms of the way in which this will benefit Queensland. An increase in economic activity in a State that has economic growth that is above the national average is clearly going to benefit us.

**Mr DAVIES:** Following on from Mr Budd's question in relation to national competition policy, but this time in particular in relation to local government—the program statements state that the Office of the Cabinet was involved in negotiating Queensland's position on the national competition policy. I have noted that the Mayor of Townsville has claimed that water rates will increase by as much as 70 per cent. I wonder whether the Premier could advise the Committee what discussions have occurred with local government on that matter and whether the implementation of national competition policy by the State Government will mean that there will be those types of increases in water rates.

**Mr W. K. GOSS:** No, I do not believe that there does need to be any consequence like that in the local government arena. I met with the President of the Local Government Association, Mr Pennell. Mr Mackenroth was also at the meeting, as was Mr Hallam, who is the chief executive officer of the association. It was clear that there is a high level of confusion or even ignorance in relation to what Hilmer means for the economy and what it means for local government. I think that that is understandable, because it is not a straightforward matter. We undertook to sit down and work with local government to identify the implications for them. We have to produce a statement by June 1996—as all States do—in relation to what we are doing, and we said that we would work with local government on that. The Office of the Cabinet will be on that group, as will Treasury and an officer from the Department of Local Government. We have invited a representative from the Local Government Association and also one from the Brisbane City Council. That group will work over the next few months, and I believe that that process will relieve a lot of the concerns that local government have.

There were probably four particular issues raised by local government, one of which you have nominated. I noted with interest that the Mayor of Townsville, your home city, indicated that an ending of cross-subsidisation will result in an increase of 70 per cent in water rates in Townsville. I can assure you that that will not occur, or if it does occur it will not be occurring because of Hilmer; it will be occurring for some other reason that the Mayor of Townsville knows best and we do not know. I have stated to the President of the Local Government Association and every Mayor in the State that the State Government assures them that implementation of national competition policy will not restrict a council's ability to continue to provide cross-subsidies in relation to water activities. In other words, there will be no action taken under national competition policy that will impact on the level of water rates, whether it is in Townsville or Brisbane or wherever.

In terms of the concern of councils that there would be an imposition of tax equivalent payments that might involve a financial transfer from local government to the State Government—we have also given an assurance that we will not seek any financial transfer from local to State Government by

way of tax equivalent payments. They raised a concern about whether the policy would require compulsory competitive tendering. We have given an assurance to every council that it will not. They raised a concern as to whether or not we would be prepared to consider protecting remote local authorities' State road maintenance contract arrangements if necessary, and we have said that we are prepared to consider that. I believe that once local government gets to better understand the Hilmer agenda, they will see that there are benefits in it for the whole of the economy and each level of Government. In relation to the specific concerns that they have raised, I have given them assurances that I think should satisfy them.

**The CHAIRMAN:** I also refer to page 4-15 of the Portfolio Program Statements, where it points out that the Office of the Cabinet has been involved in negotiations in relation to Commonwealth-State services. In that regard, was the office involved in preparing any submissions to the Commonwealth Government on the issue of the number of university places for Queensland, and what was the outcome of those submissions?

**Mr W. K. GOSS:** The Office of the Cabinet was involved in the coordination of two submissions to the Commonwealth. This has been a long struggle. It has taken us three Federal Ministers and two Prime Ministers to at last get some justice when it comes to tertiary places. We very strongly welcome the positive announcement in the Federal Budget earlier this month.

The first submission that the office coordinated presented evidence of the historic undersupply of places to Queensland and identified—in what we thought were indisputable terms—the level of commitment required by the Commonwealth to allocate Queensland its fair share of tertiary places. I stress that we were not looking for special treatment; we were looking for treatment equivalent with that of other States.

The second submission identified the capital requirements of Queensland universities to cater for the increased number of students should we be successful in getting an increase in the number of places. The results of that have been fairly good. As a State Government, of course, we have done our bit in terms of funding 2,300 places and supporting infrastructure development, particularly for regional campuses. However, the Commonwealth has finally decided in its Budget—to which I referred before—to allocate an additional 4,200 tertiary places over the next three years. They will be fully funded by the Commonwealth, including those capital requirements which were the subject of the second Office of the Cabinet submission. In 1996, an extra 1,750 students will be able to commence tertiary studies, compared to the number in 1995. A further 3,250 students will commence in 1997, and a further 4,200 in 1998. These places will mean that an extra 10,000 Queenslanders will be able to undertake tertiary education. It has been a long battle, but it has been a good result. The Office of the Cabinet was one of the agencies that played a key role in delivering that outcome. In particular, Mr Rudd, who

has been the subject of questions already, was one of the key players in coordinating both of those submissions and in direct discussions with Federal Government officers.

**The CHAIRMAN:** That concludes the questioning by Government members.

**Mr BORBIDGE:** I refer the Premier to the Women's Policy Unit, which draws \$1.2m in funding for 1995-96. Can the Premier outline to this Committee the effectiveness of the program, especially when the PSMC has already identified that women make up only 14 per cent of the Government's appointments to the SES?

**Mr W. K. GOSS:** The appointments to the SES are only a small part of the responsibility of the Government to improve the lot of women in this State. As you would be aware, there was no women's policy adviser or Women's Policy Unit prior to this Government being elected. In fact, women's policy issues were either ignored or dealt with by accident or in passing.

In terms of the increase in the number of women in positions in the public service—there has been a good increase, and it has been much better than the increase under the previous Government. As I said, there have been other areas of success as well. Let me refer to some of them, although I am not sure if there will be enough time to deal with all activities.

In the last 12 months, there has been a 500 per cent increase in search requests from the Register of Women, interestingly with 20 per cent coming from the non-Government sector. There has been a significant improvement in the representation of women on Government statutory authorities from 16.8 per cent in April last year to 21.9 per cent in February this year. Guidelines have been developed for the portrayal of women in public sector advertisements and publications. This was endorsed by Cabinet in February this year. Guiding principles have been produced for State Government departments for meeting the needs of women of non-English-speaking backgrounds, and those principles have been translated into four community languages. We have seen the highest number of contacts with Women's Infolink, with nearly 16,500 in the year and 29 per cent of those contacts coming via the free 008 line. That is important, as it shows that women in regional Queensland are accessing the service as well.

The unit coordinated the 1995 International Women's Day events by Infolink across Queensland. This involved the production and distribution of over 250,000 information sheets to women across Queensland. The report of the first Queensland Women's Consultative Council was released in April, with the second council being appointed for a term of two years in January this year. There was general support and servicing for that council and its activities. There was also ongoing policy advice to myself on relevant Cabinet submissions by the unit to ensure that women's interests were taken into account and that cross-portfolio implications in terms of women's interests were brought to the attention of Cabinet by me.

I have just been handed some information. In July 1991, just prior to the introduction of the SES, it was estimated that 7 per cent of senior public servants were women. The SES statistics at 30 June 1994 indicate a significant growth in female representation at senior levels to around 15 per cent, representing a 100 per cent increase over three to four years. I think that is a fairly good measure of success.

**Mr BORBIDGE:** I refer to the development of a system of secondments to and from the Office of the Cabinet, referred to in the Portfolio Program Statements at page 4-19. How many secondments are proposed for 1995-96, and what is to be the cost of this initiative?

**Mr W. K. GOSS:** There should not really be any cost in the sense that the officer is going to be working for the Government—whichever building that person is in—and is still contributing in an area of his expertise. As at 30 June 1995, the office expects to have two officers seconded to it: one at A04 level and one at AO2 level. They have been seconded to provide administrative support to policy officers. The Office of the Cabinet is meeting the cost of those secondments. One of the positions is soon to be made permanent to provide continuing administrative support when other officers are on leave, because the Office of the Cabinet has no excess capacity to meet these situations. The alternative in the past has been to engage temporary staff which, of course, is more costly. Staff from the Office of the Cabinet are currently on secondment to other agencies, and costs associated with the secondments are being met by the host agencies.

In summary, this situation will vary from time to time. Often it is not planned a year ahead; but as an issue which has a particular portfolio implication develops, an officer may be seconded in. There is no targeted number of secondments, but it will relate to the nature and extent of the workload.

**Mr BORBIDGE:** In the Portfolio Program Statements at page 4-19, you refer to a program of evaluation of the Cabinet Office which supposedly found that "the work of the Office has resulted in substantial improvements in policy co-ordination and consultation across government and that representation of a whole-of-Queensland Government perspective at a national level was performed well." Who conducted that review?

**Mr W. K. GOSS:** That is a good question. I misunderstood my advice. It was conducted by the Department of the Prime Minister and Cabinet, the main officer being Heather Williams, with staff seconded from agencies, including the PSMC.

**Mr BORBIDGE:** What criteria and performance standards were used, whose opinions were sought and what dollar savings were identified?

**Mr W. K. GOSS:** I do not have that information here, but I am happy to provide it overnight. If you are interested, I have that classification structure information that you asked for before. It is handwritten. I can read it out and

put it on the record or I can leave it here. What would you prefer?

**Mr BORBIDGE:** We are happy to take it as presented and table it.

**Mr W. K. GOSS:** I will table it.

**Mr BORBIDGE:** I refer to page 4-21 of the Portfolio Program Statements wherein it is stated that an increase in the budget for the Office of the Deputy Directors-General can be put down to the full-year salary costs of additional positions. I also refer to a staffing resource schedule on the same page, which does not indicate any increase in staffing levels for those officers. Are you in a position to clarify this discrepancy?

**Mr W. K. GOSS:** I am told the positions referred to on the bottom half of page 4-21 were created through the year. The cost implications are shown in the chart on the top half of page 4-21, which shows the difference between budget, estimated actuals and the Estimates for next year. I am not sure if that is all the information Mr Borbidge was seeking.

**Mr BORBIDGE:** One does not match the other. It states that an increase in the budget for the office of the deputy directors-general can be put down to four years' salary costs of additional positions, but when we look at the staffing resource schedule on the same page, it does not indicate an increase in staffing levels, which presumably was the justification for what was earlier stated.

**Mr W. K. GOSS:** Can I ask from what page you are reading?

**Mr BORBIDGE:** Page 4-21.

**Mr W. K. GOSS:** I am advised that the section to which you refer is probably poorly worded. If so, I apologise for that. In terms of the budget for this particular activity, it reflects also a range of corporate overheads, and that needs to be taken into account, because included in this budget are corporate service allocations for the entire program of \$900,000, building services and telecommunications charges for the entire program, in this case \$957,000, and labour and operating costs for 13 staff. So I think that is the basis of the discrepancy.

**Mr BORBIDGE:** What entertainment expenditure was incurred by the Office of the Cabinet in 1994-95 and what is allocated for the coming financial year?

**Mr W. K. GOSS:** The budget for hospitality and official functions for the whole department for 1995-96—this is not the Office of the Cabinet but the whole of the department—is \$411,000, which is a decrease of \$154,000. The department has a fairly strict accountability framework for this kind of expenditure and it is kept to a minimum. In relation to the Office of the Cabinet, which I think was the basis of the question, it was \$44,000 for the 1994-95 financial year and \$38,000 is budgeted for the 1995-96 financial year. That would typically include, for example, hospitality or functions associated with the regional Cabinet or with meetings that might be held or coordinated by the Office of the Cabinet that draw in people from

outside, not just other departments but from industry or community organisations. Thirty-eight thousand dollars is probably not a hugely significant budget for a unit that has such a range of activities.

**Mrs SHELDON:** Is it true that funding allocations for the Koala Coast Secretariat came out of the Office of the Cabinet?

**Mr W. K. GOSS:** Not as far as I am aware. No, we do not know anything about it. I think you will have to talk to Mrs Robson about that.

**Mrs SHELDON:** So it did not cost the Office of the Cabinet any money at all?

**Mr W. K. GOSS:** I will check, but I am sure that that secretariat is in the Department of Environment and Heritage. No, it is not in our department.

**Mr BORBIDGE:** I have a question concerning the PSMC. The Budget papers show that for 1995-96 the PSMC has a budget of \$7.163m and 69 staff. I am happy to take this on notice, but could you provide the Committee with a breakdown of the number of staff employed at each salary level; for example, how many staff are employed at SES levels 1, 2, 3 and 4, AO8, AO7, etc.?

**Mr W. K. GOSS:** Yes, we can do that.

**Mr BORBIDGE:** Program statements refer to a planned restructure of the PSMC. Reference is also made to a program review which indicated that the PSMC continue but with a substantially altered structure. What will this involve and what will be the budgetary impact of these changes?

**Mr W. K. GOSS:** The review of the public sector management program evaluation involved a steering committee which included three chief executives, a union representative and a representative of the Office of the Cabinet. The outcomes of that evaluation include the following: the commission to continue as a central agency of Government, taking the leading role in management of the public sector; that future management standards issued by the commission and other reform initiatives include as part of their submission to Cabinet reference to the process requirements involved and quantification of the resource implications of their implementation; that the commission, as a matter of priority, work to resolve sector-wide issues of strategic significance such as establishment management and IR management initiatives; that the current practice of publicly releasing review reports continue; that the review function be maintained, that is, the review function carried on within the PSMC; and that the unit perform reviews with either a whole-of-Government or agency-specific focus as required; that the processes for endorsement of EEO management plans enable their integration into departmental budget cycles; that a human resource management section be established by amalgamation of the existing support systems; that the public sector management course and the Queensland Public Sector Training Council and supplemented additional staffing comprise a section of no more than eight offices; that the SES unit give consideration to conducting a series of

half-day seminars; and a series of other recommendations like that.

As to the cost—I do not know if there was an identified cost, because it involved existing public sector chief executives and an external representative from the ACTU, or the union movement, who was unpaid.

**Mr BORBIDGE:** Are you prepared to make the complete findings available to this Committee?

**Mr W. K. GOSS:** I have a list of material here that I summarised from. I will provide that full list to the Committee overnight.

**Mr BORBIDGE:** What is the total number of consultants employed by the PSMC?

**Mr W. K. GOSS:** Overall, the department only engages consultants for specialist services where it does not have the in-house prerequisite skills or knowledge. The 1994-95 expenditure on consultancies is \$205,500, which includes two main components: design and presentation of professional training course, \$165,500; and development and design survey questionnaire for management of occupational stress, which was referred to before. The 1995-96 budget is, at this stage, for \$130,000, which is primarily designed to allow for the following four consultancies: enterprise bargaining, \$30,000; SES training and management of resources, \$50,000; industry training and curriculum development, \$20,000; and equivalents of qualifications, \$30,000.

**Mr BORBIDGE:** What is the salary package made available to the Chair of the PSMC?

**Mr W. K. GOSS:** The Chair of the PSMC is on the second level of chief executives. It is a fairly standard package. I do not have it with me but we will certainly provide it overnight. It involves the second level salary, car and other bits and pieces. I can provide it.

**Mr BORBIDGE:** What is the cost of producing the magazine *Sector Wide*?

**Mr W. K. GOSS:** We do not fund it. You would have to ask Mr Foley. It is funded from the DEVETIR budget. Mr Head chairs the editorial committee and there are some 10 departmental representatives on it. I do not know because we do not fund it.

**Mr BORBIDGE:** Can you explain to the Committee the major discrepancy between the number of appeals lodged and the number of appeals actually heard?

**Mr W. K. GOSS:** No, I cannot but I am sure that someone can. I am sorry, I will have to take that one overnight. I am told that we can provide an answer overnight.

**Mr BORBIDGE:** It is noted in the program statements that just over \$100,000 was spent on office refurbishment. What exactly did this involve?

**Mr W. K. GOSS:** It was handled by the commission. I do not think I was involved in that, but I will see if I can find out. It has not been spent. It is \$100,000, or thereabouts, which is provided for the purchase of ergonomic office equipment which is required to meet occupational health and safety standards, I am advised.

**Mr BORBIDGE:** In the program statements, provision is made for an increase of \$355,000 in salaries, wages and related components for the PSMC. However, staffing levels drop by four. Can you explain this discrepancy?

**Mr W. K. GOSS:** I understand that it comes about as a result of two factors: firstly, the stress unit that comes on for the second half of the year and, secondly, a number of positions which were the subject of vacancies in the first half of the year but which will be filled and therefore require payment in the second half of the year.

**Mrs SHELDON:** I refer to regular reports by the PSMC on the performance of GOEs in meeting their obligations under the Equal Opportunity and Employment Act. Specifically, I refer to negative PSMC reports on the performance of Suncorp which has a work force of which more than 60 per cent are women, none of whom have risen into the executive ranks. In 1994-95, how much was spent by the PSMC on reports into Suncorp and its failure to meet its own EEO goals, and how much will be spent on similar PSMC reports on Suncorp in 1995-96?

**Mr W. K. GOSS:** With organisations like Suncorp, it is a case of the agency operating basically independently as a Government-owned enterprise. What you have there is self-reporting. The PSMC simply gathers and reports the information as opposed to undertaking any independent evaluation or exercise itself. As for the performance of Suncorp in that particular regard, you would have to talk to the Treasurer in his Estimates later this afternoon.

**The CHAIRMAN:** That concludes the time for this period of Opposition questions.

**Mr BUDD:** I would like to ask a question in relation to the Women's Policy Package that was announced a very short time ago. How can we be sure that it will benefit women throughout the State and not just a small number of women in the Brisbane region?

**Mr W. K. GOSS:** As I indicated before, we have been keen from the outset to place a higher priority on women's policy issues to ensure that it did have a Statewide focus. For example, with Women's Infolink, there is a 008 service provided and, with about 29 per cent of inquiries coming on that 008 number, it indicates a high level of use by women from regional and remote Queensland. Also, in the Women's Policy Package we have new initiatives such as the Women and Information Technology Strategy, which is specifically designed to try to assist women in rural areas. There will be training courses, for example, on how to access this sort of technology.

In relation to rural leadership courses, there is \$300,000 that is specifically provided to find places for women so that they have access to these sorts of services. Similarly, in relation to child care and the community rent scheme, these are funded to apply on a Statewide basis so that women who are in need of either child care or who may be fleeing domestic violence with their children have access to these kinds of facilities. There is particular attention paid to that.

The other thing I would mention in passing is that this package was largely put together as a result of extensive consultation undertaken by the Women's Consultative Council. That council comprises women from regional and remote Queensland. They undertake consultation across the State to get the views and concerns of women on a Statewide basis. Those suggestions and recommendations are then knocked into more detailed and Budget-ready shape by the Women's Policy Unit. Through that consultation process and some of the initiatives that we are delivering, we are making a good fist of delivering it on a Statewide basis and certainly beyond the metropolitan area.

**The CHAIRMAN:** What steps has the Women's Policy Unit within your department taken to increase the number of women in decision making positions on boards in Queensland?

**Mr W. K. GOSS:** The key to this is establishing a register of women. I think people are aware of the way in which that register functions. That was improved in October last year with the development of a new database and an enhanced service. It was also made available free of charge to the private sector. To return to your question in relation to the public sector, there are now about 730 to 750 women registered on the register from a range of backgrounds. It is confidential. The results have been a 500 per cent increase in search requests. That is mainly coming from Government departments and Ministers' offices. That is a big increase in the use of the register. Part of that is due to the fact that at Cabinet meetings when submissions come forward for the nomination of people to these positions that do not include any women—and there is no good reason why they do not include any women—then, on occasions, I have sent the nomination back and told them to consult the register and come forward with women nominees. So, as at February this year, 21.9 per cent of representatives on these kinds of bodies were women. In April of 1994, it was 16.8 per cent. So it represents a substantial increase. There have been probably about 114 new appointments of women on merit in a 10-month period to a range of positions, whether it be the Queensland Motorways Board, Lang Park Trust, QIDC, Eagle Farm Race Trust. Right across the board, there is a substantial increase in the appointment of women.

**Mr NUNN:** The Women's Policy Unit is referred to on page 4-16 of the Portfolio Program Statements. The Committee would like to know if there is still a role for the Women's Policy Unit within the Premier's Department? Are its services still in demand by the public? Specifically, could you outline what it has achieved during the year?

**Mr W. K. GOSS:** I think it will always be in demand from the public. As I was reminded at the annual general meeting of the Queensland Country Women's Association today, they make up more than half of the voting electorate—something I was aware of, but it is important to remind oneself of this in this particular year. The evidence is that women are certainly availing themselves of the kinds of services that have been recommended by the Women's Policy Unit and put in place, such as

Women's Infolink—I will not go through those figures again—and the register of women. There was a substantial increase in the use of that facility. I think as they venture into other areas of concern to women, such as the portrayal of women in State Government advertising, the needs of women from a non-English speaking background, events such as International Women's Day, and the ongoing activities of the Women's Consultative Council, which in this term is going to focus on women and the law, there will be a never ending range of areas where women have an interest in reform or change, and the Women's Policy Unit will continue to play the key role in achieving that. I think it would be a backward step if we let it fall back to mainstream departments and hope that with good luck or goodwill the concerns of women were addressed. I do not think women will accept that in the future and it certainly would not be something we would contemplate.

**Mr DAVIES:** The Parliamentary and Government Services Program is outlined on page 4-22 of the document. On page 4-24, there is a reference to the Protocol Unit. Could you explain how many visits that unit been involved in during the year?

**Mr W. K. GOSS:** The Protocol Unit has been involved in the organisation of 76 official visits of foreign dignitaries to Queensland, which includes 17 Commonwealth guests of Government including three Prime Ministers, 20 heads of foreign diplomatic missions based in Canberra and 39 trade-related groups. Fifty official Government functions have been organised, primarily for foreign Government dignitaries and trade-related groups, and invitees to these functions are targeted by the Protocol Unit, often in consultation with the Trade and Investment Development Division, to try to enhance strategic networks which could prove useful in promoting trade and investment in Queensland. To summarise, apart from carrying out the normal range of protocol duties, the Protocol Unit has also taken on a new focus or emphasis that relates particularly to Queensland's strategic trade and investment interests.

**Mr DAVIES:** My next question relates to the Cape York Peninsula Land Use Study that is outlined on page 4-31 of the Portfolio Program Statements. It states that Stage 1 has been completed. What did that involve? Stage 2 is mentioned on page 4-3 of the document. What does that study involve?

**Mr W. K. GOSS:** Stage 1 was largely about data collection and interpretation about a very important area of Australia containing a very significant area of wilderness that has been insufficiently considered by Governments—Federal and State—in years gone past, and which requires a greater amount of data to be collected so that we can develop an understanding. The output of Stage 1 includes reports which contain that data collection and interpretation and a computerised geographic information system and identification of land use potential, constraints issues and community aspirations, together with specific opportunities for future land use. The total of Stage

1 will be close to \$7.5m, which is being divided between the Commonwealth and State Governments.

Stage 2, which is more to do with formulation of a strategy based on that data and interpretation, will define a further direction for sustainable land use with specific policies and projects to foster employment, infrastructure and services improvement in an ecologically sustainable manner. Stage 2 should commence in June-July of this year. It will take about 12 months to complete. The budget will again be jointly funded by the Commonwealth and Queensland Governments. Our department's funding will be in the order of a quarter of a million dollars.

**Mr NUNN:** On page 4-31 of the Portfolio Program Statements, the Office of the Co-ordinator General states that one of its most significant milestones in 1994-95 was the work done on the natural gas supply strategy. Could the Premier please outline what this strategy is and what has been achieved to date?

**Mr W. K. GOSS:** The strategy is fairly simple in one sense: it is the supply of competitively priced gas from the south-west gas fields to both the south-east corner of the State and the north-west corner of the State. It is something that we would rather see the private sector get off their backsides and do in a rational commercial way, but they have not been able or willing to do that for one reason or another—mainly people looking after their own commercial interests—and there has simply not been a meeting of those commercial interests.

In trying to reach that objective, through the gas committee and through activity coordinated by the Office of the Co-ordinator General, we have carried out a major research and consultation process with private sector operators, potential suppliers, customers, pipeline builders and operators to try to bring various parties together. The result to date is that we are now in a stage of finalising agreement for the construction of two gas pipelines—in the case of the Mount Isa pipeline, with AGL; in the case of the south-east Queensland pipeline, with Tenneco International. The Co-ordinator General advises me that the south-east Queensland pipeline is scheduled to commence construction late this year, to be completed by the middle of 1997.

In addition, a recommendation has come forward and has been approved by the Government for the sale of the State gas pipeline—the idea being, in terms of the overall gas supply strategy, to develop a larger gas-based market, gas-based industries. The view is that a private sector operator would bring the energy, drive and expertise to develop a bigger market, to develop greater use of gas. So we will be proceeding in the course of this year to the sale of the existing State gas pipeline.

**The CHAIRMAN:** I refer to the Co-ordinator General's program on page 4-31 of the Portfolio Program Statements, and I understand that the north-west mineral province has mining projects

which will require investment of around \$2 billion and could result in around 2,000 direct jobs and exports of around \$2.5 billion. What is the Office of the Co-ordinator General doing to facilitate mining developments in this region?

**Mr W. K. GOSS:** That is a very exciting project which I initiated a couple of years ago. We brought together a representative of the Federal Government, who was, if my memory serves me correctly, Mr Lee, and a representative of the Northern Territory Government, Mr Coulter, and senior representatives—in most cases chief executives—of the six major mining companies which operate in that area—companies such as MIM, BHP, Western Mining, CRA and Placer Pacific. I was fortunate in securing the agreement of Mr Ralph Paton to chair the work of that group. Most of the resources and personnel have been supplied by the State Government, but there has been a significant contribution—particularly in expertise from senior people and the sharing of commercially confidential and strategic information by the companies—which has resulted in a better understanding on the part of all parties, and in particular the companies, as to the potential of that region and ways in which infrastructure might be shared or developed that will enable projects to proceed earlier rather than later.

The sorts of projects that we are talking about, in an area that is about the size of France, are projects such as Ernest Henry, which is a copper/gold resource; a silver/lead resource at Cannington; the Century zinc deposit north west of Mount Isa; the Phosphate Hill deposit, which has long been very much on the border of viability but in respect of which gas is key. So the gas pipeline initiative or infrastructure is key to the development of the province as well. A management committee is in place to oversee the project.

Generally, the response that I have had from the studies that we have carried out and the information and cooperation that has been engendered by the cooperative process has been a very positive one from the companies involved. Ultimately, the Government recognises that we cannot deliver it, but what we can do is assist and facilitate, and that seems to have been effective. But, ultimately, they are commercial decisions for the individual companies. Five major mines are committed or likely to commit within the next two years, so I think that the project and the work of the Office of the Co-ordinator General in this regard has been a real success.

**Mr BUDD:** Page 4-30 of the Portfolio Program Statements states that the Office of the Co-ordinator General quite obviously has involvement in many projects, such as the couple you just mentioned, and deals with a large number of businesses in Queensland. How do you assess whether the business community is satisfied with the service provided by the Office of the Co-ordinator General?

**Mr W. K. GOSS:** The Office of the Co-ordinator General deals with a large number of companies. It has a significant number of projects on its books. Some of them may never come off.

Some of them will definitely come off, and others are in that grey area where you hope you can do something to get them across the line. The Co-ordinator General advises me that he recently commissioned a company called Market Share to do a client survey. They surveyed chief executives of about 39 major companies or public sector entities. Of those interviewed, I am told, 80 per cent were satisfied, very satisfied or extremely satisfied with the service that they had from the Co-ordinator General or his staff.

**The CHAIRMAN:** I also refer to the Co-ordinator General's section of the Portfolio Program Statements. I note that work has commenced on the Convention Centre hotel project at Southbank. What other progress was made within the South Bank Corporation's area in 1994-95?

**Mr W. K. GOSS:** In terms of progress, the best measure of progress is whether the people go there—whether the public support it—and certainly the public are supporting it in record numbers. I understand the 1994-95 projections for visitors is five million people, which is great. There is nothing like going over there on weekends and seeing the place chock-a-block with families. I think that is a real test of success. Another measure is the amount of money they spend, and I am told that the expenditure there by visitors in just the nine months to the end of March totalled nearly \$22m. So that is another pretty good measure of success.

Other property developments occurring in the corporation area in the past financial year—the first residential site completed in January and occupancy commenced; construction of the Conservatorium of Music commenced, construction of the convention hotel, Stage 1, commenced in November; the Grey Street reinstatement project was completed and Grey Street reopened; and the northern boulevard Brisbane Convention and Exhibition Centre access is due for completion in April. Of course, the major initiative in the corporation area is the Convention and Exhibition Centre, and that will be opened next week. The Convex company will manage the centre on behalf of the corporation under a commercial management agreement. I understand that the Conservatorium of Music and the South Bank convention hotel will be completed in the forthcoming financial year.

**Mr DAVIES:** Still on the Co-ordinator General's area—and this time particularly in relation to the 1995-96 planned performance—at page 4-32 of the Co-ordinator General's planned performance, it states—

"In addition to new projects which arise during the 1995-96 year, the Office will investigate and plan for the provision of adequately serviced industrial land in the Townsville region."

I just wonder whether you could outline specifically what the Co-ordinator General is doing in relation to that?

**Mr W. K. GOSS:** What the Co-ordinator General is seeking to do is to identify and, more importantly, ultimately secure an area of land that is

capable of accommodating a large number of industrial projects. What industry wants to see when they look at establishing a particular place is that they can get a site and that they are not going to run into objections from residents, or other issues that may be of concern. So if we can identify a substantial tract of land suitable for industrial development, then that will be an important feature in attracting and securing investment. So that is what it is on about. In fact, there is a shortage of suitably zoned land in the Townsville region, so we are not looking at a one-off site. As individual companies come along, we are looking at the long term, and that is what the Co-ordinator General is undertaking this project for. He has allocated an indicative budget of about \$450,000 to achieve this. There is a final report due back to the Government in the first half of 1997, or early 1997, I think. It will involve an extensive study into the social, environment, economic and engineering impacts of industrial development for a number of potential sites. There will be an interdepartmental committee that will oversee it, involving not just Government departments but the two local authorities and the port authority. The outcome may well be, for example, a declaration of a State development area. I think that is something that is timely and I think that it is something that will serve Townsville and also the Townsville port well in the long-term future for industrial development in that area.

**The CHAIRMAN:** The time for this period of Government questions has expired. Mr Borbidge?

**Mr BORBIDGE:** Mr Premier, you claim that the Cabinet Office's role is coordination across various Government agencies. Obviously, this system broke down recently in respect to draft guidelines for tree clearing, and I ask: what role did the Cabinet Office play in the preparation of draft guidelines for tree clearing and what resources are set aside to finalise this issue in the coming financial year?

**Mr W. K. GOSS:** I think that it was in March of this year that Cabinet endorsed draft State guidelines, and I stress that they were only draft; they will not be finalised until there has been an extensive process and further research and consultation. Obviously, a number of departments were involved—the Lands Department, the Primary Industries Department and the Department of Environment and Heritage. The Office of the Cabinet coordinated input from those departments to ensure a balance of agency views and as input into the Queensland Greenhouse Response Strategy. We believe that these draft guidelines present Queensland with an opportunity to avoid serious problems created by overclearing in other States and, importantly, will ensure that we have a defensible tree-clearing regime on leasehold land.

As we know, initially, rural groups misunderstood the draft guidelines as being not drafts, but final. I think that the message has now got through that they are draft and for consultation; they apply only to specific vegetation communities in each zone and not across- the-board. Clearly,

there will have to be local or regional variations. Clearly, factors such as wood growth and woody weed have to be taken into account, but that is going to be a fairly long process and, as I say, will involve not just a lot of consultation but different work in different areas.

Because of some of the concerns that were expressed to me by rural industry leaders, I asked Cabinet to establish a consultative forum to ensure the State's objectives and that the needs of land-holders are reconciled with the least possible adverse impact on land-holders. It is a process that is under way. It has been welcomed by rural leaders that I have spoken to, and it is chaired by Mr Mackenroth.

**Mr BORBIDGE:** On page 438 of the Portfolio Program Statements, the Information Policy Board identifies 10 significant issues with possible savings to Government. Can you advise the committee what are these issues and what savings can be expected?

**Mr W. K. GOSS:** What page was that again?

**Mr BORBIDGE:** 438.

**Mr W. K. GOSS:** They are not in my brief, I am sorry, Mr Borbidge. I am told that we can provide those overnight, though.

**Mr BORBIDGE:** Thank you. Premier, how many staff do you have in your personal office?

**Mr W. K. GOSS:** I think it is about 23 or 24, from memory.

**Mr BORBIDGE:** And how many staff in the Premier's Correspondence Unit?

**Mr W. K. GOSS:** That is in the department. I do not know. If we do not have it, I will provide it overnight. I do not know myself— five, I am told.

**Mr BORBIDGE:** And how many staff are employed in what is called the Speech Unit?

**Mr W. K. GOSS:** I do not know—five.

**Mr BORBIDGE:** Premier, what is the salary package that is provided to your private secretary, your press secretary, the director of your media unit and the deputy director of your media unit?

**Mr W. K. GOSS:** I do not know offhand. I will look into those matters and provide you with an appropriate answer overnight. I think we went through this last year.

**Mr BORBIDGE:** You are not sure how many people work for you and how much you pay them?

**Mr W. K. GOSS:** Yes, I told you before—23 or 24.

**Mr BORBIDGE:** Twenty-three or 24; you are not sure?

**Mr W. K. GOSS:** That is right.

**Mr BORBIDGE:** We will have definite answers overnight?

**Mr W. K. GOSS:** I am told 24. See, I was very close. In terms of the particular individuals you refer to, I will provide you with an appropriate answer overnight. We had this discussion last year.

**Mr BORBIDGE:** It is taxpayers' funds. Will you provide the answer?

**Mr W. K. GOSS:** I will provide you with an appropriate answer overnight.

**Mr BORBIDGE:** You are happy to provide the salary package for the Chairman of the PSMC. Is there some problem with providing the salary package for people within your office?

**Mr W. K. GOSS:** I will provide you with an appropriate answer. The only reservation I have in this regard is the privacy of individuals. I think we have to have some respect or some regard for that.

**Mr BORBIDGE:** Public funds, Mr Premier.

**Mr W. K. GOSS:** I think one of the unfortunate features—

**Mr BORBIDGE:** Public funds.

**Mr W. K. GOSS:** One of the unfortunate features of politics in the last three years is a breach with the convention that staff are not the subject of personal and political attacks.

**Mr BORBIDGE:** It is not something—

**Mr W. K. GOSS:** Because they cannot defend themselves. To see the dishonest and personal smears that have been pursued by you—

**Mr BORBIDGE:** I am just asking how much they are paid.

**Mr W. K. GOSS:** And by people in your office—quite dishonest and defamatory attacks carried out against people like Mr Atkins, Barbagallo and others—is something that concerns me. I think your staff should advise you that this is not a practice that should be encouraged. It is a convention that should be respected because they are people who cannot defend themselves. It is certainly a convention that we have respected in relation to your staff.

**Mr BORBIDGE:** I asked how much they are paid. Are you refusing to provide this committee with how much they are paid? You are happy to provide information relating to the PSMC.

**The CHAIRMAN:** The Premier has indicated that he is prepared to provide you with that information.

**Mr BORBIDGE:** Mr Chairman, he did not say that. He said that he would provide an "appropriate response".

**The CHAIRMAN:** I make the point that this is not question time. This is a public hearing. You have asked the question and I think that you have to let the Premier answer it.

**Mr BORBIDGE:** Mr Chairman, with all due respect, I thought I was being very subdued under provocation.

**The CHAIRMAN:** I do not think that you were being provoked. We are not going to have this discussion any longer. You ask the questions and the Premier answers them.

**Mr BORBIDGE:** The problem is that he has not answered them. I direct a further question to the Premier. I note that you have created a

Communications Coordination Unit, which spent \$178,000 in 1994-95 and which is budgeted to spend \$555,000 in 1995-96. What is the role of this agency? What efficiencies has it achieved, apart from blatantly using taxpayers' money to provide political exposure for your Government?

**Mr W. K. GOSS:** Those remarks are offensive and untrue. If we were in the other Chamber, I would ask you to withdraw them. I place that on the record. This is typical of the nasty and personal smears from the member, and that is why, from time to time, I have to place such matters on the record. I did not create this body. If the member had any understanding or genuine commitment to the Fitzgerald process, something towards which he and his colleagues still have an abiding resentment because of the corrupt practices and colleagues that were exposed, he would know that this is something that was recommended out of the EARC and the Parliamentary Committee for Electoral and Administrative Review process. They recommended it, and it was established as a consequence of those recommendations. It has only three staff; it is hardly *Pravda*.

**Mr BORBIDGE:** Well, \$555,000.

**Mr W. K. GOSS:** Calm down, it is my time still. As to its performance over the current financial year—it was established in July but it did not commence operations until October. As I said, it was formed in response to those reports. It was recommended by all parties. Your representatives on the relevant committee recommended the establishment of the unit. I am implementing their recommendation. Its goals are to improve the coordination of external information dissemination and communication activities of departments, and to achieve economies and expenditure and the greatest cost-effectiveness in the area of external information dissemination.

The present Government disbanded two bodies run by the former Government—the Public Relations and Media Office and the State Advertising Office. Those bodies carried out the sort of objectionable activity that I think the honourable member was referring to before, such as the Queensland Unlimited program, which the former Government used to roadblock across three commercial channels every Sunday night. What a scandal that was. As I said, the unit has only about three people. It has an oversighting role. The 1995-96 Budget provides for \$211,000 for labour and related costs; \$86,000 for non-labour operating costs, including user-pay rent and utility charges of \$30,000; \$250,000 for whole-of-Government advertising; and \$8,000 for minor plant and equipment purchases.

**Mr BORBIDGE:** What salaries are applicable to the staff employed in that unit?

**Mr W. K. GOSS:** I do not have those figures, but I will seek to give you an appropriate answer overnight.

**Mr BORBIDGE:** What is the cost to your department of the master media contract?

**Mr W. K. GOSS:** The master media arrangements are there to maximise the buying

power of the Government to obtain the best possible advantage in securing rates and terms. You may recall that, under the former Government, one agency simply handled all three sections of Government advertising. That was put out to tender to try to get a more competitive arrangement and improve the results for taxpayers, instead of one agency being looked after with some sort of special arrangement. The administrative costs to Government of this arrangement are nil, as it is self-funding through media commissions. As to its performance in 1994-95—the arrangements produced net savings of 20 per cent to 25 per cent, which vary according to the medium employed. The overall group-buying expenditure will exceed \$50m, with expenditure to date of \$39m. Projected savings to the Government exceed \$10m. In excess of 118,000 transactions were managed over the first three quarters. The targets for the next financial year include a review of Government tender advertising, a review of current contract arrangements, retendering the contract with the aim of achieving net savings in excess of 25 per cent, and training and skills transfer to media liaison officers to provide for more effective use of the media.

**Mr BORBIDGE:** What was the cost of the Queensland Government's suite at this year's Gold Coast Indy Grand Prix, including all entertainment expenses? What has been allocated for next year's race?

**Mr W. K. GOSS:** The answer probably is: the same as last year. The cost of the Government suite was \$90,000, the same as in previous years, plus \$3,000 for a meeting room that was used this year for the first time as a venue for business discussions, and also a medical retreat. The total number of invited guests, including the Leader of the Opposition, was 520. The estimated number of drop-ins from other suites was 50. The categories of people invited were the following: Thursday, 140 school captains and principals from the south coast region, plus children from south-east Queensland suffering from cancer; Friday, 120 representatives of indigenous and ethnic organisations from south-east Queensland and community organisations from the Gold Coast; Saturday, 120 business people; Sunday, 140 business leaders from throughout Australia and overseas, and other prominent people, including the Prime Minister of Papua New Guinea, the Vice-Governor of Central Java, two high commissioners and four members of the consular corps. The total cost of hospitality, food and drink for four days was \$24,000. The cost per head was \$46. Overall, from a targeted networking point of view it was a very successful venture. Many letters have been received to support that fact.

**Mr BORBIDGE:** What is the salary package made available to the director-general of your department?

**Mr W. K. GOSS:** The standard salary package for a top level chief executive. I am not aware of that. I will provide it overnight.

**Mr BORBIDGE:** The position of director-general of your department has been

vacant for some time. When is it your intention to fill the position?

**Mr W. K. GOSS:** Applications closed in the past couple of weeks. I have asked the Director-General of the Public Sector Management Commission to schedule interviews over the next week or two.

**Mr BORBIDGE:** How many motor vehicles are allocated to various sections in your department?

**Mr W. K. GOSS:** The department operates a fleet of 70 vehicles, 52 of which are SES related, 14 are assigned to departmental units and four are allocated to the Opposition. The fleet is leased from Q-Fleet on commercial terms and conditions and is managed in accordance with Government policies. SES vehicles are provided under salary sacrifice conditions and are available during working hours to meet the day-to-day operational needs of the department. All vehicles are used extensively by departmental staff for work-related travel. The department's fleet management policies and procedures minimise overheads and maximise operational effectiveness to ensure effective use of vehicles, with pooling as a key future.

The 1995-96 budget for the department for maintaining its fleet is \$600,000. In addition, the fringe benefit tax liability for motor vehicles is \$254,000. Details of the fleet for this financial year are as follows: PSMC, \$85,000; Cabinet, \$75,000; Co-ordinator General, \$130,000; Office of Parliamentary Counsel, \$105,000; Trade Investment Development Division, \$117,000; Parliamentary and Government Services, \$72,000; Corporate Services, \$57,000; and Information Policy Board, \$10,000. The total is \$650,000. The figure for next year is \$600,000.

**Mr BORBIDGE:** In respect of parliamentary and Government services, you state that a comprehensive client survey revealed an overall 85 per cent level of client satisfaction with the performance of the various elements of the program. Who conducted the review and at what cost?

**Mr W. K. GOSS:** That was done by the internal auditor of the department, so there was no cost.

**Mr BORBIDGE:** I note that you plan to prepare a code of conduct for the Premier's portfolio. What exactly is this and what will it seek to achieve?

**Mr W. K. GOSS:** The Public Sector Ethics Act commenced in December last year after consideration of reports from EARC and the parliamentary committee. It provides five ethical principles and obligations. Those enshrined in the Act are: firstly, respect for the law and the system of Government; secondly, respect for the person; thirdly, integrity; fourthly, diligence; and then economy and efficiency. The cornerstone of the Act is the requirement for all public sector entities to develop a code of conduct, so the Premier's Department has a requirement to do the same. We will seek to develop conduct standards in consultation with staff, clients, unions and

professional bodies. Those agency-specific codes—of which we will have one—are designed to better reflect the particular functions and operating circumstances of our particular agency.

We will also seek to emphasise an aspirational approach to setting standards of conduct for officials, and it will not be limited to disciplinary matters. The new codes will provide a more certain basis for disciplinary action in the public sector, and the application of provisions of the Criminal Justice Act to cases of official misconduct will obviously be unaffected. The PSMC will implement the Act through its Public Sector Ethics Unit, which will assist individual agencies with training, education, documentation and advice on code development matters. Specific provisions for officers employed in ministerial offices and the office of the Leader of the Opposition will also be developed.

**Mrs SHELDON:** I refer to page 26 of the 1995-96 capital works estimates. An amount of \$0.26m is mentioned as being allocated for an upgrade of fire control systems in Parliament House, and there is a further \$0.26m for upgrades to Government House. Which Government buildings have already had their fire control systems upgraded? Which Government buildings are due to have their fire control systems upgraded in 1995-96? Which Government buildings still require upgrades of their fire control systems? When are those buildings due to have their fire control systems upgraded? What are the potential consequences should fire occur in those buildings prior to their fire control systems being upgraded?

**Mr W. K. GOSS:** I have no idea, mainly because the Minister for Administrative Services looks after those sorts of things. I do not know when his Estimates are on, but I am sure that you can find out—

**Mrs SHELDON:** These are in the capital works estimates and under policy area 011, Legislative and Executive Services, at page 2-10 in your own document. I think that I am entitled to ask that question.

**Mr W. K. GOSS:** You are entitled to ask it, but the place to ask it is the Estimates of the Administrative Services Department.

**Mrs SHELDON:** It comes under your documentation, not that of Administrative Services.

**Mr W. K. GOSS:** My guess is that even you know that, while I have a responsibility for the expenditure in relation to Government House, for example—which I have already answered in the section of these hearings relating to the Governor's Office—I do not have responsibility for basic works and administrative services of departments. That is why we have an Administrative Services Department.

**Mrs SHELDON:** I did not suggest that you did, but thank you for the patronising answer.

**Mr W. K. GOSS:** The question suggested just that. I am sorry if it was a patronising answer, but it is hard to avoid that when you get such a silly question.

**Mrs SHELDON:** You are always patronising, aren't you?

**Mr W. K. GOSS:** Well, if the quality of the questions—

**Mrs SHELDON:** I refer next to page 27 of the 1995-96 capital works estimates, which state—

"Funding of \$1.3 million is provided in 1995-96 for the planning and design of a gas pipeline from the South-West Queensland gasfields to the South-East and Central Queensland gas markets, as well as for the purchase of infrastructure corridors."

I ask: will this funding be recovered from the private builder, or is the Government fully committed to owning the pipeline?

**Mr W. K. GOSS:** The idea is that it is a private sector pipeline, but it was necessary for the Government to step in and to fund some expenditure so that time was not lost and so that work could commence in the second half of this year in order to see completion by the second half of 1997. For example, rather than have a situation in which work and completion were delayed by having all of the work being carried out by a private sector operator, the Government actually started the work. I understand that there are arrangements to recover some, if not all, of the expenditure from the pipeline operator. We have run out of time, but I will get you more information on that overnight in relation to such things as the acquisition of steel, the acquisition of corridors and certain professional services. I will provide a more detailed conclusion to the answer.

**The CHAIRMAN:** The time for this period of Opposition questions has expired. Has the Information Policy Board, which the Government established shortly after coming to office, delivered any concrete results? Will you provide any relevant detail on its success or otherwise?

**Mr W. K. GOSS:** The establishment of the Information Policy Board was absolutely necessary, because we inherited a Government information system that had grown over time without any coordination whatsoever between departments and with little in the way of clear policy direction or vision. That made Government operations very inefficient and it also resulted in a substantial cost to the taxpayers and business because of the inefficient way in which information services were provided within Government when we came to office. So we established the Information Policy Board and we also established Queensland Telecommunications—or Q-Tel, as it is known for short—to manage whole-of-Government issues in relation to information technology and telecommunications.

The first major achievement on behalf of the taxpayers of this State and on behalf of the public sector was that, through the Information Policy Board and Q-Tel, we reached agreement with Pacific Star Communications for them to manage all of the Government's telecommunications needs and use the Government's purchasing power and our bargaining strength to minimise tariffs. This arrangement was the first of its kind in

Queensland—another example of Queensland under this Government leading the way—and it delivered savings to the Queensland Government of \$14m in 1993-94, and it is expected to provide savings of around \$18m in this financial year.

In addition to that, we have had 300 additional communications jobs created in the telecommunications industry. So we have really moved from the Dark Ages to the IT age. As a leading-edge user of information technology, we can help build our own IT and T base, and we estimate that industry revenues will increase by about 28 per cent alone, while exports have grown by an estimated 70 per cent. There is a lot happening in this area, and the Government—through bodies such as the IPB—has a key role to play by better managing what we do and the resources that we have at our disposal.

**Mr NUNN:** I refer to the Public Sector Management Program at page 4-42 of the Portfolio Program Statements and the reference to initiatives for people with disabilities. What steps has the Government taken to assist people with disabilities to obtain employment in the public sector?

**Mr W. K. GOSS:** We released guidelines on reasonable adjustment in the Queensland public sector in January this year which consider how workplaces are to be made accessible to staff and potential recruits with disabilities. The Public Sector Management Commission is also developing guidelines on the operation of the new supported wages scheme in the public sector, which allows the payment of wages to a level that is consistent with the worker's assessed level of productivity. It is also proposed to extend the employment program for people with intellectual disabilities at present being piloted. These initiatives will clarify the roles and responsibilities of the various State and Commonwealth agencies to allow a more comprehensive approach to the employment and career development of people with disabilities.

**Mr NUNN:** On pages 4-41 to 4-48, it is stated that the Public Sector Management Commission has served a very useful role over the past five years. Given the extensive review process that has now occurred, does it still have a role?

**Mr W. K. GOSS:** The extensive review process that it initially undertook was a very important part of the transition to a new Government and a new approach or era in terms of public administration in this State, which is to modernise the public sector and in some cases just bring it up to date with things that had happened in other public sectors years before. But there is a greater role for the Public Sector Management Commission beyond the mere initial review role. I think that is reflected by the fact that every jurisdiction has such an agency. At the State level, they are usually attached to the Premier's portfolio, as it is here. Sometimes they are called a commission; sometimes they are called an office. At the Federal level, it is called the Public Service Commission. Queensland itself had a Public Service Board until 1987, then it had an Office of Public Sector Personnel Management, and the

new commission was created in April 1990 as a statutory body to give it clear powers and responsibilities.

We took the view as an Opposition—and I think this was confirmed by the Fitzgerald inquiry—that the standard of public administration was in such tatters that we really needed a fresh start. That is why we published a detailed paper. When in Opposition we used to publish detailed policies well before the election. Four months before the election in 1989 we published a detailed policy on public sector reform, and we implemented that in Government. In fact, as I recall it, this was the first piece of legislation introduced by this Government and the first piece of legislation introduced by me. The role of professional management that exists in all other States will continue here via the vehicle of the commission.

**Mr DAVIES:** In relation to the PSMC, and particularly to women in the Senior Executive Service, I refer to page 4.42 of the Portfolio Program Statements in relation to work that the PSMC is doing in relation to equal opportunity employment. Could you outline specifically what the Government is doing to increase the number of senior management positions in the public sector? Has there been an increase in the number of woman in SES positions in recent years?

**Mr W. K. GOSS:** There has been a substantial increase in the number of women in the SES, which was established by this Government in 1991. At that time we estimated that, even though this Government had appointed a number of women to senior positions, only about 7 per cent of senior public servants were women. That figure was obviously less when we took office. But in the four years from 1991—when the SES was established—to 1994, it has slightly more than doubled to around 15 per cent currently, and it is increasing. I think a 100 per cent increase in that period is significant. It can be attributed to a concerted effort by the Public Sector Management Commission and the Government to have the skills and abilities of women within the service recognised in recruitment and in selection.

The Public Sector Management Commission has issued guidelines covering SES recruitment and provides training for PSMC representatives sitting on selection panels to ensure that the guidelines are followed and that the principals of equity and merit are preserved. With continued initiatives from the PSMC we would anticipate further improvements in the gender balance, with the SES becoming representative of the public service overall.

**The CHAIRMAN:** Could you advise the Committee whether Queensland's participation in the CEBIT 1995 Trade Fair in Germany earlier this year was worth while?

**Mr W. K. GOSS:** I believe it was. In talking personally to each of the Queensland representatives at the stalls, I received a very positive reaction at the time of the CEBIT Fair. Subsequent consultation by the Trade and Investment Development Division of my department has confirmed that.

Initial estimates indicate that export sales made or under negotiation are in excess of \$9m, with a further 60 contracts under negotiation from participation in CEBIT. That alone represents a return on investment of about 40 to 1. The longer-term results for the 23 Queensland companies participating at Hannover are expected to exceed \$90m over 60 months as distributor, agent and reseller relationships are established. The marketing strategy focused on what we called the "gateway to Asia, where intelligent opportunities become a reality". Half of the contracts and contacts made by participants concerned opportunities in the Asian region.

Our support for CEBIT was funded over a couple of years. I think it was a very good move by the trade division of my department, in consultation with the Information Industries Board, our London office and Austrade, to do a substantial amount of training and preliminary work in contacting potential customers in the lead-up to CEBIT, to lay the foundations for business to be done when they arrived. In addition, my department took a number of the companies to CEBIT the previous year to have a look for themselves. By looking at the competition and what the market was like, those 23 companies took the decision to go. All of the company representatives I spoke to were pleased that they had done so. I think a measure of the boost to our expert performance is the fact that last year the total Australian representation was about 22 or 23 companies; this year the Queensland representation alone was 23.

**The CHAIRMAN:** As a follow on to that, China is a market with enormous potential for Australian, and in particular Queensland, companies. What work is the Trade and Investment Development Division doing to help Queensland companies tap into this potentially lucrative market, both in terms of exports and investment?

**Mr W. K. GOSS:** The China Secretariat, like the other secretariats in the department, concentrates on the opportunities for trade and investment relationships with particular companies. In the year to the end of April 1995, the China Secretariat has provided export facilitator services to 139 clients, which it estimates to result in export sales or sales that are under negotiation of the order of \$10.5m, with a further \$26m in exports projected over the next 12 months. It has also assisted in some 22 investment inquiries resulting in investment projects under consideration—in the order of \$2m to \$3m worth. In this financial year, the secretariat targeted specific industries such as information technology, catamarans and high-speed ferries, training and vocational education, and agribusiness. A number of major contracts have been concluded.

Importantly, we have hosted a number of high-profile delegations from China. The Mayor of Shanghai, Huang Ju, led a senior Shanghai Government delegation to Queensland to further strengthen the Sister—State relationship; a State councillor for agriculture, forestry and water resources, Mr Chen Junsheng, visited Queensland to explore potential areas of cooperation in

agriculture and forestry; the Governor of Hunan province, Mr Chen Bengzhu, and a senior Government Minister visited Queensland for further business cooperation. During the past 12 months Ministers Casey, Elder, Foley, McGrady and Burns have visited China in relation to specific initiatives in their particular portfolios.

In the year ahead the work will continue. There will be a focus on trade opportunities in food processing and packaging, information technology, agribusiness, especially feedlots and beef cattle production, and we would also be looking to promote the export of services from Queensland companies.

**Mr DAVIES:** Coopers and Lybrand undertook a study of the Trade and Investment Development Division, which was delivered in November 1994. For the benefit of the Committee, could you provide further details on what the study was about and the key results that were achieved?

**Mr W. K. GOSS:** An independent survey by Coopers and Lybrand of about 72 per cent of the business that was facilitated by the division's operational units confirmed the following: \$88m achieved in export sales and a further \$162m under negotiation as at 30 June 1994. The survey results in relation to the Queensland Export Development Scheme confirmed figures provided by QEDS's clients, which are part of their contractual obligations under the scheme, indicating a further \$28.42m sales achieved, plus another \$17.1m worth of sales under negotiation as at June 1994. In terms of total export results, the report from Coopers and Lybrand showed that in total the division had facilitated the achievement of new export sales in the vicinity of \$117m, with an extra \$179.72m of export sales under negotiation as at 30 June 1994. That is a total of \$296m in export sales achieved or under negotiation.

Given that these results reflect a survey of 72 per cent by value of the division's operational unit's estimated client results, it is probable that our export impact figure for 1993-94 is well in excess of \$400m. The reason that some companies were not covered is that they could not be covered in the survey for one reason or another. Some companies declined and some had reasons that were cited as commercial in confidence. We help these people on their way, and some of them are not interested in interference from nosy Governments any more. That is fine with us; we just want to get them up and on their way and off the public drip.

**Mr NUNN:** According to the Budget papers, Queensland exports were estimated to grow at 9.3 per cent in 1994-95. This is substantially greater than the growth rates of around 6 per cent to 7 per cent experienced in the previous two years. To what extent has TIDD directly contributed to this growth? Or do you think this growth would have occurred regardless?

**Mr W. K. GOSS:** It is always hard to identify the full impact or the full extent of the work of a division, because so much of it will involve promotion, prodding, incentives or whatever; but we do try to identify it as much as possible to ensure

that we are effective and that we are giving taxpayers value for money. Let me give you some highlights. In the nine months to the end of March, the division provided export facilitating services to over 2,700 clients, facilitated export sales or sales under negotiation of \$175m and projected export sales of \$240m over the next 12 months.

Some of the highlights include: Australia Today Indonesia 1994, in which 50 Queensland companies participated; the 23 companies I spoke about before that we greatly assisted in attending CEBIT; and the 22 Queensland organisations that we helped participate in the Queensland food promotion at the Hong Kong food fare, with estimated or expected sales of about \$19m from that fare. The division handled over 500 inquiries from firms under the Queensland Agribusiness Export Strategy, with export sales of \$14m achieved from QAES support, plus an additional \$10m anticipated over the next 12 months, which included the Foodex 1995 fare in Japan. We have estimated about \$12.7m in export sales achieved by QEDS clients, with projected exports of \$54m over the next 12 months, which is better than a 20 to 1 return. There has also been a whole range of activities, including helping to attract the Daiei Hawks, which is a Japanese baseball team, to undertake off-season training on the Gold Coast. While people may think that that is not a particularly significant achievement, the team alone spent about \$2m in the week or two that it was here. A very popular team such as that is not only a very valuable way to promote Queensland as a tourist destination for Japanese people but it also promotes a higher level of awareness of the facilities and products that are available in our State.

**Mr BUDD:** I would like to explore food promotion a bit further, because I think it is quite obvious to everybody that there is an enormous potential for Queensland's agricultural producers to increase food exports into Asia. Are there any programs in mind for the Trade and Investment Development Division to try to facilitate this growth?

**Mr W. K. GOSS:** Yes, there are. The trade division has been quite active in this area. There are obviously two main opportunities here. Queensland is very efficient in producing high-volume, good-quality food products from a good environment. We have a huge market to the north of us in the Asia Pacific. However, in addition to that, we need to do more of what this country and this State has not done in the past, that is, look for opportunities to add value—to build on our strong foundations in mining and agriculture. As to agriculture—that means that we need not only basic food products but also well marketed, high-quality processed food products that are well packaged and have good standards of hygiene to get those into the big, affluent, middle-class markets that are emerging way from Java to Japan. That is why we have been very active in schemes like QAES—the Queensland Agribusiness Export Strategy—whereby we are providing funds to help companies get quality assurance in order to help them reach a standard at which they can just slide

straight into those markets because they will have internationally or market accepted standards of production, hygiene, packaging and so on. So QAES is very important because it not only gets those companies into the markets but it also makes them self-sufficient. It gets them standing on their own two feet and looking after themselves.

A total of 130 Queensland companies have participated in eight separate export promotions, including: Taipei Food 1994, 21 companies; Foodex Japan, 36 companies; the Queensland food promotion in Hong Kong this year, 22 companies; and over 500 Queensland agribusiness firms have been assisted under QAES, including 30 firms which received assistance in the preparation of business development systems through the extension of the NIES scheme to the agribusiness sector. I think that is going fairly well, and it is something that we will have to continue. Hopefully, we will get to the point where that particular sector of our economy is running well under its own steam, but for the foreseeable future we believe that we have to be in there providing advice, market research, assistance and incentives generally, and we will continue to do that because people are responding very well.

**The CHAIRMAN:** The time for this period of Government questions has concluded. I also put a reminder forward that, due to that early start, the new finishing time for the Department of the Premier is 5.10 p.m. That means that there will be a division between Opposition and Government members' questions that will be smaller than 20 minutes.

**Mr BORBIDGE:** I refer the Premier to the fact that the Office of the Co-ordinator General is responsible for reviewing and advising him on the business plan and budget for South Bank Corporation and on all redevelopment proposals for the remaining areas of the site, including the Brisbane Convention and Exhibition Centre. When were you first advised of budget overruns on the Brisbane Convention and Exhibition Centre, and what is the official estimate of the blow-out at this stage?

**Mr W. K. GOSS:** For detail on that you will have to talk to Mr Milliner because his department has responsibility for it. We had an interest, obviously, but that was not mainly in relation to the construction of the centre; it was in relation to the role that South Bank plays. As you know, South Bank had let out the contract to Convex for the commercial management of it. Certainly, I was advised from time to time of some of the problems in terms of increased cost. It is arguable whether or not it is properly termed a cost blow-out. I think what you have here is a \$200m building; you have \$200m worth of value. So it is not so much a cost blow-out as a cost increase due to various factors. Now, as I understand it, one of those factors was some change in the roof design. Obviously, other changes occurred along the way as well.

This is a typical example of what happens from time to time both in the public and private sectors. There are different excuses on different sides, but sometimes it comes down to an

inadequate identification and allocation of risk at the early stage of a contract which can lead to some unhappiness on both sides. However, I think the view of the Minister, as expressed to Cabinet, is that basically, while there has been an increase in cost, it has not been the case of the Government and the public not getting value for money. If it cost \$200m—which I think is pretty close to the figure—there is \$200m worth of value there.

So far, the indications are very good; the centre is performing very well. I have only been to one function there myself, but it went very well. I have spoken to a substantial number of people from the private sector who attended very well run functions there last week—one involved with Rugby Union and another relating to a debate between two football supremos—and the verdict and commentary from very senior people in the private sector is that the centre is a real success. At this stage, we consider that while there is a cost increase, there is value for money.

**Mr BORBIDGE:** Your Budget papers indicate that the centre is running at about a \$33m overrun. Do you have a more up-to-date figure—as the Co-ordinator General is required to provide you with, according to his annual report?

**Mr W. K. GOSS:** No.

**Mr BORBIDGE:** QIFF was supposedly to involve the Co-ordinator General with the Treasury Department in respect of bringing on line certain infrastructure projects. Can you advise this Committee on what role the Co-ordinator General has played so far in establishing projects under the QIFF fund?

**Mr W. K. GOSS:** The Co-ordinator General obviously has a role in relation to advice or facilitation in relation to major projects and he sits on the QIFF board. But QIFF, in terms of ministerial responsibility, attaches to the Treasurer and he will be able to give you a more detailed answer. However, for example, the kind of projects that we expect to see funded under QIFF would include: the motorway to the Gold Coast—although QIFF will not have to worry about that if you are elected because there will not be a motorway to the Gold Coast; there will just be a permanent traffic jam all the way to Surfers Paradise—the pipeline to Ernest Henry, the mine up in north-west Queensland—and the rationale for getting involved in that is to build a larger pipeline than is required for that particular mine on the basis that, if you put in the infrastructure, it will help promote the development of other projects; and some of the water infrastructure that was referred to in the From Strength to Strength document in central Queensland would also be potential candidates for funding under QIFF.

As a concluding general comment, this is an area where we are proceeding cautiously, but it is also an area where there is still a level of sophistication and understanding that has been acquired both within the private sector and the public sector when it comes to the issue of the private sector providing public sector infrastructure. We have issued guidelines and the Treasurer has

issued guidelines, and we have had a small number of projects come forward. But it will take a while before that works. I think what you will find from a lot of private companies is that they are happy to build things but they want the risk to be borne by the Government. The Government is saying that if we are going to bear the risk, then we might as well look after it and take the upside as well. Before we see a greater involvement in the private sector, we will need to get a few of those private sectors rolling in relation to public infrastructure and a greater level of sophistication. As those sorts of projects come forward, I think we will see a greater role for QIFF, not so much in complete funding but maybe making up a gap or some partial funding.

**Mr BORBIDGE:** I refer to your Government's failure to attract major new investment projects to Queensland, most recently emphasised by the decision of pay TV giant, Foxtel, to base its head office in Sydney and its operations centre in Melbourne. I refer also to competition amongst States to secure the head office of American Express. What budgetary initiatives have been included in these Estimates for 1995-96 to make sure that we reverse this trend of losing major new investment projects to other States? What provision has been made within these Estimates for a package of incentives to attract American Express to Queensland?

**Mr W. K. GOSS:** We have a good record of attracting investment to Queensland, and I think that is evidenced by the stronger economy. The bottom line result, the big test of our success in this regard, is the record job creation that has occurred in Queensland—110,000 jobs in the last 12 months. That is better than any other State—probably better than the other States combined. It is an example of the success of this Government. The way in which we have achieved that is not these one-off incentives, not these little Foxtel deals that we have seen done in Victoria recently, but by having the lowest overall level of taxes and charges. You get the climate right so that it is available for everybody, for every company, not the one-off deal. That is why we moved to cut the share duty in half, which has had all the Victorians, including yourself, jumping up and down and complaining. Our objective is to get right out in front of Victoria so that we have lower share duty—until they matched us—lower payroll tax, lower land tax. We do not have the financial institutions duty or the fuel tax that you Victorians do. It is getting that general climate right.

In relation to Foxtel—according to press reports, the Victorians had to give more than \$10m to get them there. We are not going to buy business. We are not some Third World State Government that has to descend to that level. In terms of that operation, however, in your question you seem to have forgotten our success in attracting Optus Vision here for nothing. That is the sort of climate we are establishing. In relation to Amex—I have not set aside anything in the Budget. It is a very competitive project, but if we are successful in attracting them, then we have a

standard package of incentives available under the Major Projects Incentive Scheme, or MPIS, as we call it, which is administered by the Treasurer. We have put in what I would regard as a very competitive bid.

All States have made their presentation. Obviously, most people regard Sydney as the favourite, for a number of reasons, particularly because of the large base they have of foreign language speakers, which is a key component and which is unrelated to incentives or the tax regime of any particular State. But we have put in a very competitive bid and we have the capacity in our Budget to pick up those sorts of initiatives as they come along, if we are successful in any individual case.

**Mr BORBIDGE:** I refer to Program Statements page 4-31 and to claims that the role of the Co-ordinator General in encouraging facilitating tourism development has contributed to the growth of an industry which is a major employer in Queensland. I also draw to the Premier's attention warnings this morning by Rider Hunt that the major shortage of investment in new tourism infrastructure will impact on future tourism demand, and I ask: could you advise the Committee what tourism projects have been facilitated to date by the Office of the Co-ordinator General? How many beds have these developments contributed to tourism infrastructure, and what moneys have been specifically allocated in these Estimates to facilitate new tourism projects?

**Mr W. K. GOSS:** I will take that on notice and provide an answer overnight.

**Mr BORBIDGE:** I refer to Program Statements page 4-31 and to claims that the Co-ordinator General was involved in projects worth approximately \$1.2 billion and 2,300 jobs, and further that there are another 60 projects on the books accounting for \$6m and 5,000 jobs. Could you provide for this Committee a list of these projects and their expected completion time?

**Mr W. K. GOSS:** I will provide a representative list or representative answer. Obviously, some of these issues do involve matters that are commercially confidential as between the Government and the proponent. People approach the Co-ordinator General with information that is highly confidential in relation to their plans and in relation to particular details of the plans, which we have an obligation not to make public. I think what I can do for the Committee is to provide a general answer or representative answer that will give a good idea of the kind of work that the Co-ordinator General is involved in.

In relation to developing tourism infrastructure and particular hotel beds—I share the view of a number of commentators around Australia, particularly in Queensland, that with our strong tourism industry we do need more hotel beds. But it is much easier said than done to attract investors into the hotel business. There is an unfortunate track record of hotel developers getting burnt and sometimes it takes the third or fourth owner before people start to make money.

At a business function on the Gold Coast a few months ago, I was asked a question by a person involved in the hotel development industry. He said to me something like, "Look, here on the Gold Coast we have got hotels that have been running for the last eight months at 80 to 90 per cent occupancy. What is the Government going to do to provide us with incentives so that we can build more hotels?" My rhetorical question back was, "What do you want—150 per cent occupancy?" In this State, where we have incentives like the Gold Coast, Brisbane, Cairns, running at 80 to 90 per cent occupancy for much of the year, that should underpin further investment. The fact that it does not is due to a number of factors, including some of the failures of some of the high-flying entrepreneurs in the late 1980s and the fact that the banks are still to develop a mature attitude when it comes to the tourism industry; still to recognise tourism as a real industry; and still to correct their lending policies, which seem to have swung from the absurd position where they used to lend large amounts of money when there was no value to the point now where they lend no money even when there is substantial value. Until the pendulum comes back to somewhere in between those two positions, the tourism industry is going to struggle to get the necessary investment funds.

**The CHAIRMAN:** That is the time period for Opposition questioning.

**Mr W. K. GOSS:** Could I take two seconds to table the 10 issues identified by the Information Policy Board that Mr Borbidge asked for before? We will leave those here now.

**The CHAIRMAN:** Thank you, Mr Premier. Are Queensland's overseas trade offices providing value or would Queensland be just as well off were we to work more closely with Austrade and allow them and various national trade commissions to represent our overseas interest?

**Mr W. K. GOSS:** Our offices are working pretty well. We have entered into the odd contractual arrangement with Austrade where we thought that they would be able to provide us with a more cost-efficient service in a particular market rather than open an office ourselves. The offices are servicing a substantial number of clients. For example, in terms of export performance, they provided export facilitating services to over 1,190 clients in the nine months to the end of March this year; facilitated export sales or those under negotiation in excess of \$111m; and projected export sales of \$95m over the next 12 months. Some of the highlights in which they have been involved are: export of raw sugar to Taiwan to the value of \$31m, \$9m in IT products through CEBIT, \$8.2m to Europe for film production and \$2.9m to Hong Kong for education services.

There has been a substantial amount of investment attraction performance. Some of those include Taiwanese investment in the gas production in Mackay, Hong Kong investment in the South Bank Hotel Stage 2, Taiwanese investment in plastic pipe manufacturing operations, a \$7m investment from Europe in minibus operations and so on. So I think that the

offices are going fairly well. Obviously, we audit them a couple of times a year—or at least once a year—to measure their performance to make sure that we are getting value for money. They are run as pretty lean operations with a small staff. The biggest office is still London. That is something that we will keep under close scrutiny. We have reduced it substantially and its future obviously will have to be the subject of further evaluation.

**The CHAIRMAN:** Further to those overseas missions—recent trade reports indicate that the Commonwealth Government and most of the States agreed to locate in an Australian Government Centre established by Austrade in Tokyo. The reports indicate that Queensland declined to go into that Australian Government Centre. Could you advise the Committee of the reasons for that?

**Mr W. K. GOSS:** Queensland decided not to collocate in the Australian Government Centre in Tokyo. We based our decision on the fact that it would have increased the cost of our presence in Japan, and they could not provide us with sufficient space. Our Queensland Government office has been located in a highly desirable and central commercial location in Tokyo for 15 years. We believe that this has conferred on the State a high identification factor with the Japanese business community with whom we deal. I think we were the only State which was really satisfied with our present location in Tokyo. The other States were not as well situated as us and therefore saw a benefit in moving into the centre.

Fortuitously, last year, we were also able to negotiate rental discounts of about 15 per cent on our Tokyo office and 10 per cent on the QTTC office space. After taking into account those rental reductions and the costs of moving, it was a much more sensible decision to stay where we were. Of course, one of benefits from collocation would have been gaining access to Austrade's database. We have been able to do that electronically from our current location, so we have secured that benefit without the necessity of a move. In many respects, I think that we have shown the lead on collocation. In Hong Kong and Taipei, with the cooperation of the Commonwealth Government, both offices are collocated in the same building or on the same floor as the Austrade offices. We are the only State to have such arrangements. We are prepared to collocate, but it has to be a case of clear benefits for Queensland.

**Mr NUNN:** What is the Government intending to do with the property known as Queensland House that it owns at 392 The Strand, London?

**Mr W. K. GOSS:** That was purchased by the previous Government in 1987. Unfortunately for Queensland taxpayers, that Government bought it at the top of the market, and since then it has never been worth what the previous Government paid for it in 1987. Regular property valuations are undertaken as part of our property management of the building, but because of the state of the property market in London it is still worth less than when the previous Government purchased it in

1987. We have sought to contain the cost of the building by renting out to third parties at commercial rates the space that is not occupied by our trade and investment people.

The Commonwealth Government has proposed that all State Governments relocate their offices to Australia House. I had discussions with the High Commissioner about that myself when I was there the time before last, which was a couple of years ago. We have that proposal under active consideration. However, any such move will depend on Commonwealth planning in relation to refurbishment of Australia House, and the Commonwealth Government has not made a final decision in that regard. The director-general and I had a look at the London office again this year. We will seek advice and test the market to see what options there might be to improve the performance of that particular property.

**Mr BUDD:** On page 4-51 of the Portfolio Program Statements, the Premier's export awards are mentioned. I believe that through the Trade and Investment Development Division, the Premier's Department has been hosting these awards for the last few years. Does the Government expect to continue to host these awards, and how much does it cost to do so?

**Mr W. K. GOSS:** They are a great success, and I am really pleased with the way they are going. That is certainly enough justification for me to continue them. I remember when we first instituted this particular concept. The first dinner was held in Function Room A in September 1990 or 1991. About 80 people turned up. It was a nice little affair, but a bit tired and not too enthusiastic. All the well-meaning people were there, and they said all the right things. The next year, the numbers doubled to nearly 200, and it was held across the river in one of those function rooms in the South Bank complex. I think that it was in the third year that we went to the Hilton Hotel or one of the major hotels. Since then, the function has been booked out—400 to 500 people—and we have to knock people back.

The great thing about the export awards is the level of participation right across the State in terms of numbers and geographical spread. On the night, you can see the enthusiasm and the competition amongst people. They are really into the export culture. They are really into a competitive frame of mind. It has been tremendously healthy to see the enthusiasm and the vigorous competition for the awards. The revenue from ticket sales for the awards last year was \$32,720, which offset the costs of the dinner and entertainment of \$34,096. I remonstrated with the head of the Trade Development Division. I reckon we can run at a profit. But to run such a huge undertaking as that very large dinner, with all the process that leads up to it, at a cost of less than \$2,000 net is a great achievement.

I would like to trouble the Committee with an example of some of the winners, because they are quite notable in terms of who the companies are and the sort of industries in which they are active. Queensland exporter of the year was Austoft

Industries, which is manufacturing harvesters and doing a substantial export business. Gambaro's Seafoods won the new exporter award. If you have been down to their new coldroom facility at Eagle Farm, you would have seen that what they have there and the quality standards that they have put in place are terrific. Obviously, they are exporting seafoods. BHP Australia won the mineral products award for coalmining. The Cairns Port Authority won an award for export services for port and airport services. Matilda Fresh Foods, a broccoli producer, won the award for agricultural products. The awards are going very well. They are part of International Business Week and, as I said before, part of building that export culture not just across business but across the whole community. The involvement of high school students and high schools is a very healthy element of it as well.

**Mr BUDD:** We have spoken about our performance with the Asian market. There has been recent criticism by Professor Helen Hughes, who said that Australia has missed the Asian trade boat. In light of the revenue that we are receiving from our exports to Asia, do you believe that criticism is valid?

**Mr W. K. GOSS:** I think an examination of the trade statistics would indicate that we are certainly on the bus. Nine of our top 20 export markets are in Asia. Those nine markets take 60 per cent or about \$7 billion worth of Queensland

exports. Over the last five years, exports to all of those Asian destinations have grown significantly. For example, exports to Japan have grown by 20 per cent, or \$670m; to Korea by 106 per cent, or \$490m; to Hong Kong by 129 per cent; and to Indonesia by 163 per cent. We have taken positive initiatives to make sure it happens, with new offices in Taipei and Hong Kong, six international secretariats for Asia Pacific countries, QAES, QEDS and the international projects section in the division.

I think that the criticism is a comment on the capacity of the Australian economy to respond to trade opportunities emerging in the region. We think that economic growth demand for products has shifted away from basic commodities, which Australia is good at, towards elaborately transformed manufacture and services in which Australia has a more limited capacity. So that is where we have to do more to increase our international competitiveness.

**The CHAIRMAN:** There being no further questions, that concludes the examination of the Estimates for the Department of the Premier, Economic and Trade Development. I certainly want to thank you, Mr Premier, and your officers for attending today and for your assistance with regard to the questions and the way you have answered them.

Sitting suspended from 5.10 to 5.40 p.m.

**QUEENSLAND TREASURY****In Attendance**

Hon. K. De Lacy, MLA, Treasurer  
 Mr Gerard Bradley, Under Treasurer  
 Mr Mark Gray, Deputy Under Treasurer  
 Ms Jane Macdonnell, Executive Director  
 (Office of State Revenue)  
 Mr Glenn Poole, Assistant Under Treasurer  
 (Office of the Under Treasurer)  
 Mr Merv Lawrence, Assistant Under Treasurer  
 (Corporate Services)  
 Mr David Balwin, Director, Financial Services  
 Mr Stephen Rochester, Chief Executive Officer  
 (Qld Treasury Corporation)

**The CHAIRMAN:** The hearings of Estimates Committee A are now resumed. The next item for consideration is the Department of the Treasury, and the time allotted is two and a half hours. For the information of the new witnesses, the time limit for questions is one minute and for answers it is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. As set out in the Sessional Orders, the first 20 minutes of questions will be from non-Government members, the next 20 minutes from Government members and so on in rotation. The Sessional Orders also require equal time to be afforded to Government and non-Government members. Therefore, where a time period has been allotted which is less than 40 minutes, that time will be shared equally. The end of these time periods will be indicated by three chimes.

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

"That the proposed expenditure be agreed to."

Minister, do you wish to make a short introductory statement in relation to the elements within your portfolio? I will give you an opportunity to make a short statement at this point.

**Mr De LACY:** Thank you. Mr Chairman and members of the Committee, I thank you for this opportunity. It is our second year. I think we probably have a long way to go before we understand and utilise these Estimates Committee hearings properly. Judging by some of the comments that have been made, some people seem to believe that Estimates Committee hearings are an alternative to Parliament. Really, they give members of Parliament an opportunity to look in detail at the expenditure priorities of the Government over the next 12 months.

I think in terms of documentation, things have improved this year. I think having what we call the PPSs, these Portfolio Program Statements, as the one document that spells out the Estimates for the

year is an advance on the two sets of documents that we had last year and should lead to a lot less confusion. Perhaps if I could just make the comment, particularly in respect of the Treasury ones, that we do have in these the Budget for last year, 1994-95, the estimated actuals—of course, we do not have actuals because the year is not finished—and the Estimates for next year. I am certainly prepared to answer questions on any of those areas.

Perhaps if I could just make the point that there have been substantial changes in the program structure in the Treasury Department over the last 12 months. We have gone to some trouble to include expenditure for 1994-95 on the basis of the current program structure, but it would not serve any useful purpose to the Committee to try to compare forecast expenditure, or our expenditure Estimates for 1995-96, with expenditures which were reported for 1993-94, or even last year's Budget papers for 1994-95, because they are on a different basis altogether. You would not be comparing like with like. If you are looking at the annual reports for last year, or last year's Budget papers, they just do not correlate with the Estimates for this financial year. So if we are doing comparisons, we really need to stick to the figures that are in this, otherwise they do not make sense. I will take that up later, if you like.

This year, Treasury did go through a fairly comprehensive strategic review and out of that came our strategic plan. Out of the strategic plan came the new program structure. In the PPS we do have a description of the new program structure on page 4. We now have a separate program for taxation and gaming. The fiscal and financial management functions are now in one program. The technical support systems, together with the specialist areas, are also in the one particular area.

I conclude by saying that Treasury is a central agency. The things that we do are core to what the Government does. I think that, over the years, Treasury has been very important and remains very important in giving direction to Government. I believe that our fiscal position, our financial management, and all of the other things we do in Treasury we do really well and, to a certain extent, it is a hallmark of our Government and the reason why the Queensland Government is respected, albeit in some of the southern States not with a great deal of love, right around Australia as the best-governed State and, certainly from a financial point of view, the strongest State.

**The CHAIRMAN:** Thank you, Treasurer. The first period of questions will commence with non-Government members.

**Mrs SHELDON:** Mr Treasurer, in last year's Estimates Committee A, I asked you a question about the cost of consultancies to the Treasury Department. With reference to the Treasury Department annual report of 1992-93, I asked: as consultancies had cost the Treasury Department \$3.729m that year, what would be the cost in 1993-94? In your answer, you stated that the estimated actual cost of consultants in the 1993-94 financial year would be \$2.429m. I refer now to the

annual report for 1993-94, which is part of our supporting documentation. I refer to page 140, which states that the cost of consultancies to the Treasury Department was \$4.303m for the 1993-94 financial year. Why was the actual cost of consultancies to your department \$1.8m more than you predicted last year?

**Mr De LACY:** I think you will find that over time, consultancies—and "consultancies" is just a general word for any service that is provided from outside the department—generally, with all departments, will grow rather than reduce. There are many areas of expertise that, increasingly, we will find it cheaper to buy in from outside on an as-needs basis than to maintain all of that expertise within the department. I guess if we are talking about Treasury, I refer to information technology expertise. Of course, information technology is increasingly more important in the administration and management of departmental activities, and certainly legal services—we go to counsel from time to time—and also other professional, technical expertise. But this is not only for Treasury. The figure you quoted, \$4.303m, is right for 1993-94. The forecast for 1994-95, or estimated actual, is \$2.950m. Sorry, expenditure to the end of May is \$2.950m. I do not have a forecast for next year, but I make no apologies for it. We will bring in expertise from outside if that is the most cost-effective way of providing that expertise.

**Mrs SHELDON:** Did you intentionally mislead this Committee over the cost of consultancies to your department in May last year—

**Mr De Lacy:** Never, never, never.

**Mrs SHELDON:** Or was there a sudden rush on the use of consultancies by Treasury in the last month of the financial year—a rush which cost the Queensland taxpayer \$1.8m?

**Mr De LACY:** No, I certainly did not intentionally mislead. I think estimates are estimates, and they always will be just that—a best forecast of expenditure in a particular area. It is not unusual for estimates to be below or above actuals. Looking back over the years, \$4.2m in 1991-92, \$3.7m in 1992-93, \$4.3m in 1993-94, almost \$3m up to May—it is fairly consistent. As I said, I would expect that, over time, it will probably grow.

**Mrs SHELDON:** There was a considerable difference, you must agree, in your answer to what the reality really was. Could you please tell me, in fact, why consultancy costs for management increased from \$430,000 to \$593,000?

**Mr De LACY:** Sorry, which year are you talking about? What are you talking about?

**Mrs SHELDON:** In my original question to you.

**Mr De LACY:** For 1993-94? You are talking about estimates?

**Mrs SHELDON:** I asked you what would be the costs for 1993-94, and in your answer you stated that the estimated actual cost in 1993-94 would be \$2.4m. In actual fact, it was \$4.3m. Why did those consultancy costs for management increase from \$430,000 to \$593,000?

**Mr De LACY:** I have no details.

**Mrs SHELDON:** Possibly you could provide it for me, because I have a few other questions regarding the matter.

**Mr De LACY:** I cannot see how it is important. However, if you want us to find out why it has increased—

**Mrs SHELDON:** I think it is important; the taxpayer pays for all of this.

**Mr De LACY:** We are supposed to be talking about Estimates, not last year's expenditure.

**Mrs SHELDON:** This is a question that I asked you last year. I think I am able to refer to it and to your answer.

**Mr De LACY:** You are checking up on what I said last year.

**Mrs SHELDON:** You were wrong last year. I do not want you to be wrong this year.

**Mr De LACY:** That is hardly the Estimates for next year. Okay, I will provide you with some detail on consultancies for 1993. Included in the 1993-94 figures are one-off projects, such as the implementation of a new network Cannon system and major developmental work on the executive information system project, both of which are IT projects. Current projects under the EIS budget will be finalised during 1995-96. Expenditure in 1994-95 is expected to be significantly below the levels of 1993-94. It is difficult to accurately estimate the 1995-96 figures, as there may be some movement between, say, staffing and consultancies depending on demand, availability of staff and so on.

As I said at the outset, we tend to keep our core staff. If there is too much demand on staff, we will bring in some and classify that as consultancies, because it does not fit neatly into salaries. We will continue to engage specialist expertise from outside as and when required, in particular in the legal and IT areas but perhaps even in other areas. I know that we have now asked one of the big consulting firms to do all of the tax equivalent assessments on our Government owned corporations.

As you may know, last year all States agreed with the Commonwealth that Government enterprises would pay Commonwealth tax equivalents. On that basis, the Commonwealth agreed that it would not tax any of those enterprises, on the understanding that all States would tax them the equivalent of what they would pay under the Commonwealth Income Tax Assessment Act. We have now decided that one of the large taxation firms will act as the Australian Taxation Office for all of our Government owned enterprises. That is a consultancy. Consultancies is one of the areas in which it is not easy to predict with certainty the expenditure over the year. But it is important to know, see and understand that our expenditure was within estimates.

**Mrs SHELDON:** What was the cost of consultants in the 1994-95 financial year?

**Mr De LACY:** I have just said that it is not able to be predicted with any certainty. However, I imagine—and I suppose that you can look at this next year when you are sitting over there asking the same question—that it will be within the ballpark of \$4m.

**Mrs SHELDON:** So you would not be able to have any projected cost for 1995-96?

**Mr De LACY:** No, we do not have any.

**Mrs SHELDON:** I refer you to chart 5.3 from the 1994-95 *Budget Overview* and chart 5.2 from the 1995-96 *Budget Overview*.

**Mr De LACY:** What page is this on?

**Mrs SHELDON:** These are the *Budget Overviews*.

**Mr De LACY:** We give you the Portfolio Program Statements to ask the Estimates questions from.

**Mrs SHELDON:** This question arises from the documentation that was given to us from which we could also ask questions.

**Mr De LACY:** I know. What page is it on?

**Mrs SHELDON:** I am sure that your staff can tell you what pages they are on.

**Mr De LACY:** No, I am asking you.

**Mrs SHELDON:** I have answered you.

**Mr De LACY:** I will not be able to answer you if you cannot tell me where it is.

**Mrs SHELDON:** I do not have the pages written down here, otherwise I would tell you.

**Mr De LACY:** You asked the question. If I am not looking at it—

**Mrs SHELDON:** I refer you to chart 5.3 from the 1994 *Budget Overview*. I have a copy of the chart, if you would like to have a look at it.

**Mr De LACY:** Is this the one on page 103?

**Mrs SHELDON:** It is on pages 102 and 103.

**Mr De LACY:** You can tell that by looking at the bottom of the page.

**Mr BORBIDGE:** You have about 50 people there who can find the page.

**Mr De LACY:** I promised that I would not be patronising so I will not be. What is the question?

**Mrs SHELDON:** There is no need to be. Do not fall into the same trap as the Premier did. Although both charts purport to represent the progress of the Queensland budgetary surplus over time, they are based on different data. To assist the committee by comparing apples with apples, I have had my office update the 1994-95 graph using 1995-96 data. Although the update involves a small degree of approximation, the essential feature, which is a crossover from a \$949m surplus to a \$573m deficit, expressed as a percentage of GSP, is substantially correct. I think you already have a copy of chart 5.3. I ask: would you or your officers draw on that updated graph the position

that Queensland would be in if the Premier had not agreed to pay off \$1 billion worth of debt to the Commonwealth 10 years early?

**Mr De LACY:** I will make a comment first and then I will ask the Under Treasurer to comment. Paying of the billion-dollar debt makes no difference to our net debt position. We owed that money to the Commonwealth. We now owe it through the QTC to the private sector so it makes absolutely no difference to our net debt position. It makes no difference to our underlying surplus/deficit position. What decides our underlying surplus position is the movement in our financial assets compared with the movement in our financial liabilities. The only area on which it makes an impact is the NFR. It makes an impact on the NFR because it is different from the underlying surplus; it does not take into account the repayment of debt to the Commonwealth. That is under ABS criteria, simply because the ABS is not concerned with the transfer of debt between Governments. Its interest is the total public sector borrowing requirement. So there is only one area on which the accelerated repayment of debt has an impact, and that is the NFR for the 1995-96 year.

We expect to have an underlying surplus of \$448m. However, because of the repayment of the Commonwealth debt there will be, for the first time since we have been in Government, a positive NFR. It is no different from our debt position. From an ABS point of view, we have raised additional debt—a billion dollars—and it does not net out the debt that we repay to the Commonwealth. So from these points of view, it makes no difference to our underlying financial position.

**Mr BRADLEY:** The other point is that the graph 5.2 refers to surplus, not the net financing requirement. I think you referred to a figure of \$573m. That is the net financing requirement. This graph shows the underlying surplus over time and is consistent in its definition throughout that period.

**Mrs SHELDON:** Yes, but it is very difficult to compare the charts 5.3 and 5.2. Chart 5.3 is the budget sector general Government outlays, revenue and surplus. Chart 5.2 is the underlying outlays, revenue and surplus. If you plot what I asked you to plot on that graph, you will find that you come up with not a surplus but a deficit.

**Mr BRADLEY:** That is only if you are inconsistent and use the net financing requirement rather than surplus as your definition.

**Mrs SHELDON:** I think it is very difficult to be able to compare chart 5.3 with chart 5.2 and get any reasonable answer out of it.

**Mr De LACY:** I cannot see any difference between them.

**Mrs SHELDON:** I think you would find that there is a considerable difference. Are they not different?

**Mr BRADLEY:** They are. The figure of \$573m that you quoted is the net financing requirement. That is inconsistent with surplus, which is why we have not used that figure in the graph.

**Mrs SHELDON:** The \$573m would have to be the deficit, surely?

**Mr De LACY:** No, it is the net financing requirement. Please understand that I am not being patronising. This is a very complex area. There are three terms. You can talk about a structural surplus, an underlying surplus and a negative NFR. Although they tend to point to a similar thing, they all have some differences. We are talking about a surplus and we are talking about an underlying surplus, and we believe that that is the best measure of the financial position of the Government. The reason that the NFR does not always accurately represent the underlying position is because it takes no account of the repayment of debt to the Commonwealth, because of the way I explained it. The difference between an underlying and a structural surplus is that—and forgive me if I am wrong here—one may net out one-off activities such as the sale of the Gladstone Power Station and the other one is your actual surplus position but it takes account of repayment of debt to the Commonwealth. So there are three different measures there. We talk about an underlying surplus. I believe that it is the best measure.

**Mr BRADLEY:** It is the same measure which the Commonwealth uses for its national fiscal outlook, which is agreed between the Commonwealth and the States as the comparable measure.

**Mr De LACY:** These two charts are comparable with each other, because we are talking about the surplus. The bottom line that you looked at is the NFR, and it is that repayment of debt to the Commonwealth that distorts that during this next financial year, but it makes no difference to our underlying financial position or our net debt position.

**Mrs SHELDON:** So you are telling me that you have not really changed the measurement method.

**Mr De LACY:** No.

**Mr BRADLEY:** Not for the purpose of that graph, no.

**Mrs SHELDON:** So you are saying that there will be no true Budget deficit for 1995-96.

**Mr De LACY:** Sure, absolutely.

**Mrs SHELDON:** According to chart 5.3.

**Mr De LACY:** Yes, absolutely. You may be going to ask me a question about the contingency provision. One of the problems with our budgeting over time has been the fact that our forecast negative NFR has always been smaller than the actual. One of the reasons for that is because we always end up with carryovers; and yet under the ABS uniform criteria, those carryovers were not taken into account. We put a 2 per cent contingency in there, which is very modest, I might say, and the Commonwealth does it all the time. We expect to have a 2 per cent carryover every year. So our forecast underlying surplus of \$448m will be a bit closer to the mark than has been the case in the past. I cannot remember what we

forecast last year, but it has come in at \$1.2 billion—and we probably forecast a couple of hundred million—and it is inevitably the case that our true surplus is very much bigger than our forecast surplus for that reason. I believe that it will be the same again in this next year, but to a lesser extent because we have put that contingency provision in there.

**Mr BRADLEY:** Chart 5.5 shows a fairly consistent underestimation over time, which is due to some of the factors mentioned by the Treasurer.

**Mrs SHELDON:** Which chart?

**Mr BRADLEY:** Chart 5.5 shows our original forecasts and our final actual result, and we consistently outperform the forecast because of the conservative bias in Budget Estimates, which do not allow for factors such as carryovers.

**Mrs SHELDON:** I refer the Treasurer to the assessment of the Queensland Budget published by Morgan Stockbroking and to the conclusion of that assessment, which states—

"Queensland Treasurer Keith De Lacy claims the Queensland State Government finances are in a virtuous cycle (Budget Speech, page 4). The sharp increase in public spending in 1995-96 means that the virtue of Queensland's public finances is being tested. Unless Keith De Lacy can submit to more temperate spending increases in future years, this virtue will no longer remain."

Given that Morgan Stockbroking shares my concern at the run-down in the Queensland surplus, I ask: in 1996-97, will you drive Queensland into deficit or will you increase taxes or will you cut Government spending?

**Mr De LACY:** Hey, hey, what is this "run-down in the Queensland surplus"? We have had an underlying surplus every year—

**Mrs SHELDON:** I think that if you look at your own figures you will see that there is a run-down in surplus—

**Mr De LACY:**—of around about a billion dollars.

**Mrs SHELDON:**—underlying or not.

**Mr De LACY:** We are forecasting this year an underlying surplus of \$448m—an underlying surplus. You need to understand that: a surplus.

**Mrs SHELDON:** I do understand it. What would it have been if you had not paid a billion to the Commonwealth?

**Mr De LACY:** That is something that the other States just dream about.

**Mrs SHELDON:** What would it have been if you had not paid a billion to the Commonwealth?

**Mr De LACY:** That is not relevant to it.

**Mrs SHELDON:** That is irrelevant, I suppose.

**Mr De LACY:** That is not relevant to it. We paid off the debt to the Commonwealth and raised the debt from the private market. It made no difference to our underlying financial position. But

at the end of 1995-96, we are going to come in—on estimates now—with an underlying surplus of \$448m. We have just made the point that our forecasts are always conservative. So if you are a betting person, you ought to bet that our surplus will be bigger than that. How you or Morgan Stockbroking can say that somehow or other we are leading Queensland into deficit, I do not know; but there is nothing in these Budget papers which should lead to that conclusion.

**Mrs SHELDON:** Possibly that is the way they are written.

**The CHAIRMAN:** That is the conclusion of the period for Opposition questions. I refer to page 34 of the Portfolio Program Statements, which refers to the establishment of a Crime Statistics Unit within the Government Statistician's Office. Can you outline the factors influencing the establishment of a Crime Statistics Unit and the expected benefits from it?

**Mr De LACY:** Yes, I can. We have a Government Statistician's Office, which has a nationwide reputation for the quality of its statistical research. Law and order is an important issue in the community. It is an important issue for Government. People are inclined to throw around statistics in relation to law and order and, dare I say, misuse statistics in respect of law and order. These days, there are three lots of statistics. There are those compiled by the Australian Bureau of Statistics, but they tend to be on a national level and there is not a lot of disaggregation into State figures. There are also those prepared by the Police Service, which one would have to say do not give a complete picture of the situation, because they relate only to police activities. Then there are those used by the Opposition, which do not seem to relate to anything at all. We believe that we should obtain proper criminal justice statistics and use a body which is capable of obtaining those statistics in an objective way. We are on about improving the quality, quantity and timeliness of criminal justice statistics in Queensland. I think that having high-quality statistics will lead to better policy making. The kinds of statistics that are around now do not lead to proper policy making.

Outputs from the unit in 1995-96 will include a detailed profile of Queensland's criminal justice system and the first comprehensive compilation of statistical data on the operation of the District and Supreme Courts for 1992-93 to 1994-95. The latter publication will be prepared with the assistance of the Courts Division and the Department of Justice and Attorney-General. I think it was midyear that the Budget Review Committee authorised the expenditure. The total cost for 1995-96 is expected to be \$305,000. Six staff will be engaged to operate the Crime Statistics Unit. I believe that it will be a great step forward for the whole issue of addressing the law and order problem in Queensland.

**Mr BUDD:** I refer to page 22 of the Portfolio Program Statements with regard to the implementation of the Financial Management Strategy. Could you outline to the Committee the

progress to date and what benefits will be evident from the funding provided?

**Mr De LACY:** Sure. The Financial Management Strategy went before Cabinet towards the end of last year. It is part of the public sector micro-reform agenda of this Government. I believe that it will take the Queensland public sector that next step forward and make it an efficient and effective organisation. What we are looking for is that culture of continuous improvement. The winds of change which have blown through the private sector over the last decade are also blowing through the public sector. No longer can we tolerate or accept a public sector that is less than efficient and is less than effective. There is a whole range of areas that we can move on. Treasury, as the central agency responsible for the FMS, is driving it.

Some of the things that we are working on include commercialisation of Government activities, benchmarking—either national or international benchmarks for efficiency and effectiveness—and client service standards. We hope that all departments will be in a position to spell out the level and the standard of service that they can deliver to their clients and then meet those standards and continue to improve on them. There are approximately 10 departments moving on to an accrual accounting basis in this financial year. By 1996-97 under Australian Accounting Standards all departments will be on an accrual accounting basis. In addition, there are best practice information systems and asset management. The public sector traditionally has not engaged in comprehensive asset management programs. Also, there is general financial management competency. Therefore, in the whole range of areas the Queensland Government, with Treasury playing a leading role, is going to adopt these financial management strategies so that we can keep in front of the pack.

**Mr NUNN:** I refer to page 59 of the PPS and, in particular, to the allocation of \$8m in 1995-96 for the Queensland Rural Adjustment Authority. Can the Treasurer inform the Committee why there was a need to establish the Queensland Rural Adjustment Authority when some would argue that its tasks were being satisfactorily performed by the Queensland Industry Development Corporation?

**Mr De LACY:** I think that is a fair comment. The QIDC has had a dual roll over the years. It has been a financier to Queensland industry, and it has also delivered schemes of assistance on behalf of State and Commonwealth Governments.

QIDC was corporatised on 1 October 1994. During the pre-corporatisation when we undertook a full and detailed analysis of its functions and roles, etc., it was decided that it would be better to hive off all of the subsidy schemes of assistance from the commercial operations. We set up the Queensland Rural Adjustment Authority, and for the first 12 months it contracted with QIDC to provide assistance or services to QRAA. QRAA has its own board, although there are two members of the QRAA board who are also members of QIDC. They are either rural or professional business people. Ben MacDonald is the chairman and he

has had long experience in rural areas. QRAA directs its undivided attention to delivering these schemes of assistance. I might say that this year it has delivered \$54m worth of interest subsidy assistance to 2,800 producers, and 200 businesses have been assisted in country areas through our Small Business Debt Assistance Scheme. QRAA also authorises drought relief payments from the Commonwealth Government.

Also on page 59 there is reference to \$15m made available by the Queensland Government from the Consolidated Fund for these interest subsidy payments. Somebody said that is less than was used last year and I make the point that it is demand driven. If there is bigger demand than the appropriation, we will make sure that further funds are made available from the Treasurer's Advance. The drought assistance effort is of the highest priority to this Government.

**Mr DAVIES:** Mr Treasurer, I have a follow-up question from something you said earlier. You were talking about tax equivalents on Government corporations.

**Mr De LACY:** What page is this?

**Mr DAVIES:** No, it is something you said a while ago when you were talking about tax equivalents on Government corporations. I think you said a large accountancy firm had been commissioned as a consultant to assess the tax on Government corporations. What happens if you have a difference of opinion between the Government corporation and that accountancy firm as to what the correct amount of tax that should pay is?

**Mr De LACY:** That is a good question; I might have to flick that one. We considered a number of options for determining the tax liability of Government enterprises. At one stage we were looking at contracting with the Australian Taxation Office and, for one reason or another, that did not work out. We have commissioned a large, tax accounting firm, KPMG Peat Marwick, which is a tax specialist. I am not sure what the appeal rights are.

**Mr BRADLEY:** The Treasurer has approved a tax equivalent manual which will guide the assessment of taxation. The actual policy has been set down in that manual and the accounting firm will be applying that. That is consistent with the regime agreed with the Commonwealth. Also, it is consistent, as far as possible, with Commonwealth taxation legislation.

**Mr De LACY:** Another partner has been appointed as an arbitrator. Therefore, a completely separate entity will arbitrate where there is a difference of opinion, as there invariably is in tax issues.

**Mr DAVIES:** In relation to trust funds, page 58 of the Program Statements seems to indicate that a number of trust funds will be closed during 1995-96. Will that have any effect on services which were previously funded from those trust funds?

**Mr De LACY:** I will talk generally about trust funds. Queensland is the only State in Australia which actually appropriates trust funds. No other State appropriates them. If they are in a trust fund, they are sitting outside the public accounts. In 1989-90, the Government of the day, which was not us, made a decision which I think was part of creating a supportive environment for program management. That Government decided that, as far as possible, all of those trust funds—and over the years they had grown like topsy—would be brought back into the Consolidated Fund. In fact, at that time I think they amalgamated the Loan Fund and the Consolidated Revenue Fund—we used to refer to the CRF—and called it the Consolidated Fund, so there is no Loan Fund now. It proposed to dissolve as many of the trust funds as possible into the Consolidated Fund. That does not mean to say you cannot have a separate account within the Consolidated Fund; you can do that. However, it leads to more accountable and open government, and more scrutiny of the public accounts.

In the 1989-90 Budget the then Treasurer listed 38 trust funds, with assets of \$156.7m, which would be abolished. When we came into Government we decided that on balance that was a good idea. We supported the policy and proceeded to do that. I have noted since that the Leader of the Opposition has accused us of doing it, and I guess we are guilty because we did. We did it for the right reasons and we will continue to do that.

There will always be trust funds. There used to be a Main Roads Trust Fund. Why do you want a Main Roads Trust Fund? It is part of the public accounts and it should be part of the public accounts. For instance, we have a policy that all of the revenue from motor vehicle registration will go into road funding, but we do not have a special trust fund for that. You don't have to. That is a Government policy and we manage that through the Consolidated Fund. I might say that all departments have not accepted this, but it is Treasury's policy that we will not approve trust funds unless they are true trust funds. There is a bit of misunderstanding out there. People think that, if it goes into the Consolidated Fund and the revenue is going in, etc., the big, bad Treasury, or the Government, or somebody, will grab it. I think that that is something that we have to overcome. It is a good policy; it leads to more open and accountable government.

**The CHAIRMAN:** I refer to page 48 of the Portfolio Program Statements, which refers to the launching of Q Invest Limited in June 1994. Can you advise why the Government has invested in the establishment of Q Invest, particularly when the private sector is well placed to provide competitive services in the area that is targeted by Q Invest?

**Mr De LACY:** Yes, I can. Q Super, which is the successor—or the daughter—of the old State Service Superannuation Scheme, provides for lump sum payouts, not annual pension payouts. Now, we do have a situation in the public sector where—and still I think it is a feature of the public

sector—people join the public service, they like the tenure and they join for life. So, after 40 years of slaving in the public service, they leave and get a sizeable superannuation payout, but it is lump sum. Then, all of a sudden, they are facing the wolves, as it were. Investment advisers come out of the woodwork. Some are very qualified, and some are not so qualified.

Over time, many public servants have said to me and others that they would like to be able to leave their funds with those people who have managed them for the last 40 years. So we set up that private company called Q Invest. It is a joint venture between the Queensland Investment Corporation, which invests the funds, and the Government Superannuation Office, which administers them. It is competing on a level playing field with the private sector. It has no particular advantage; its investment products are not guaranteed. It is subject to the Commonwealth Government SIS Act—the Superannuation Industry Supervision Act. Because it is a company, it is subject to corporate law; so it has no particular advantage except, I think, the respect of public servants. We expect that it will grow slowly over time. It has three or four products, and maybe it will expand those products. I think that it is a great step forward for public servants. I make no apologies for it, but it is directed particularly at public servants.

**Mr BUDD:** I would like to ask you a question on enterprise bargaining. Page 53 of the statement refers to the implementation of enterprise bargaining within Treasury. Can you inform the Committee of what measures you will undertake to ensure that productivity gains and efficiencies are met?

**Mr De LACY:** I think that this whole enterprise bargaining process that we have gone through in the last 12 months or so has been a great step forward for the public sector in Queensland. It was not easy; I think that it was new for Government, and it was certainly new for the employees, or the work force. A number of enterprise bargaining agreements have been finalised. In fact, EBAs have been finalised in respect of most of the public sector. You may note, by reading the press, that one agreement in the TAFE system still has not been finalised, but in most areas they have been.

The first agreement finalised was in respect of the core public service, which is just the general public servants as opposed to teachers or nurses and so forth. Generally, that was a \$15 pay rise up front, and that started on 1 September. I think there was a 1.4 per cent pay rise on 1 May this year, and there will be a further 4 per cent rise on 1 May next year contingent upon the achievement of a whole range of productivity offsets. Now, the Government is supplementing departments for the first \$15 and 1.4 per cent on the basis that the productivity improvements will deliver better services. The final 4 per cent is what we call a cashable 4 per cent. In other words, the productivity improvements have to be cashable by the department, because the department is not going

to be supplemented. So they have to be able to pay that 4 per cent from their normal allocations.

Now, in respect of Treasury—that final 4 per cent is going to cost \$1.59m. Treasury is a relatively small department. Some people say that it has a lot of influence, but it is a very small department. The savings we have identified through a whole range of productivity improvements, mostly in the Office of Gaming Regulation and in OSR—the Office of State Revenue—should generate savings of \$1.87m. So, in respect of that final 4 per cent, Treasury should be a little bit in front of the game.

I am very pleased with the way enterprise bargaining went in the long run. I think it is starting to change the culture of public servants; it has not changed it altogether, but I think that it needed to be changed in the sense that we all need to understand that, if we want increased wages, then somehow or other we have to get out there and deliver increased productivity.

**The CHAIRMAN:** The period for Government members' questions is over.

**Mrs SHELDON:** You just said that Q Invest was not Government guaranteed. Does that then mean that public service superannuation has lost its guarantee and could be left open to permanent loss? If that is the case, would that not be a severe downgrading of the security of those investments?

**Mr De LACY:** No, it does not mean that at all. The Queensland Government superannuation scheme is a defined benefit scheme, so there is a commitment to every public servant who is a member of Q Super, or one of the schemes that preceded it, that they would get a superannuation payout which is not based on their contributions but on their length of service and their salary levels over time. So it is called a defined benefit scheme. It is up to Government to ensure that we put aside sufficient funds and that those funds are invested in such a way that we can meet those accruing obligations over time.

That is a completely separate issue to the post-retirement products that we are offering through what is essentially a private company, although it comprises the Queensland Investment Corporation and the Government Superannuation Office. It is a different thing altogether. It is not part of the superannuation system; it is post-superannuation. It is providing a range of products for those people who have been paid out their superannuation, and their superannuation entitlements are certainly guaranteed by the Government.

**Mrs SHELDON:** I refer you to the second last paragraph of page 4 of the Treasurer's Portfolio Program Statements, which state—

" . . . the Public Debt program will no longer exist within the Treasury portfolio."

I refer also to the Public Debt program goal listed on page 66 of that document, which is—

"To ensure that the State's debt servicing obligations are met in a timely manner and ensure compliance with legislative and other reporting requirements."

Given that, until this Budget, you were the Minister responsible for the Treasury portfolio, including the public debt program, which Minister will now have the responsibility for that public debt program?

**Mr De LACY:** Me. I would not give it to anybody else.

**Mrs SHELDON:** Even though it is taken out of Treasury?

**Mr De LACY:** It is not taken out of Treasury; I think that is a misreading.

**Mrs SHELDON:** I have quoted directly.

**Mr De LACY:** Yes, but it is a misreading of what it means. For some time, I have agonised over having QTC and public debt as a program and having QTC in the public accounts, because it is anomalous. No other central borrowing agency in Australia is part of the public accounts. It is just anomalous. It leads to a whole range of distortions and double counting. Now we will have the Queensland Treasury Corporation out there raising funds for public agencies. The funds that it generates and then on-lends will all be in the public accounts. So we are not taking them out of the public accounts; we are just not going to have a separate program for them, because it did not serve any useful purpose.

All we mean when we say that they are out of the public accounts is that we do not appropriate for them. It does not mean that there is any less accountability in place. It is still subject to the Financial Administration and Audit Act, still subject to public finance standards, still subject to audit by the Auditor-General and it still has to make an annual report to Parliament. So it is still subject to all the accountability processes of Parliament. The net outcome of their transactions is still included in the GFS, the Government Financial Statistics.

The Queensland Treasury Corporation is a very efficient operation. It goes to the market when the market is ready. Sometimes it will raise a couple of billion dollars, even though that is not wanted. To try to appropriate that at the beginning of the year is just nonsense. If you have a look you will see that this year, in respect of 1993-94, we have to appropriate unforeseen expenditure of a couple of billion dollars. It just makes a nonsense of the whole thing. We leave it outside; we do not make a separate appropriation for it. Everything that it raises funds for is included in the public accounts. So it is a more sensible system than that which existed in the past. I do not like to say that Queensland follows the southern States in respect of anything at all, but it has never been included in the public accounts in the other States.

**Mrs SHELDON:** I understand that in Western Australia Treasury Corp is on the public accounts.

**Mr De LACY:** Western Australia is a long way away.

**Mrs SHELDON:** It is a State of Australia, believe it or not.

**Mr De LACY:** I cannot disagree with you, but the advice to me is that the other States—

**Mrs SHELDON:** Surely also by shifting public debt and QTC out of the Budget—

**Mr De LACY:** Not public debt—

**Mrs SHELDON:** The Public Debt Program will no longer exist within the Treasury portfolio.

**Mr De LACY:** That is only a program. The public debt is still there. It is all bought to book. There is no question of hiding any debt. Our debt is—

**Mrs SHELDON:** So we are going to be able to ask questions on that in the Estimates Committee next year, are we?

**Mr De LACY:** About our debt, yes, of course. Our debt position is so good I am always prepared to answer questions.

**Mrs SHELDON:** You referred to the fact that with the Queensland Treasury Corporation no longer being part of the Budget papers, as normally presented, the various financial arrangements will be supervised and we will have an annual report to Parliament by that time. I would just like to remind you that in these Estimates this year we do not have the annual reports for this year and we are trying to refer to annual reports that are well over a year old. I think the question of accountability must arise.

**Mr De LACY:** No, you do not understand what Estimates—

**Mrs SHELDON:** Possibly you do not understand what accountability is.

**Mr De LACY:**—are all about. In September of this year I will be presenting to Parliament the annual Financial Statement. That is the financial report on behalf of the Government. In the old days, when we used to bring the Budget down in September, then to a certain extent we presented that at the same time as we presented the Estimates for the next year. We do not do that now because the financial year is not finished. At that time, I will be delivering that to Parliament and all of the Ministers will be delivering annual reports for their departments and those other agencies for which they are responsible. I am told now that the Queensland Treasury Corporation even publishes a half-yearly report, so you are able to discuss, if you like, the half-yearly report to 31 December 1994.

I will be tabling the annual report for the Queensland Treasury Corporation in September. There will be at least a two-day debate in Parliament on the financial outcome for the 1994-95 financial year. That is not what the Estimates debate is about. The Estimates debate is about this PPS, the Portfolio Program Statements, which is the Government Estimates for 1995-96.

**Mrs SHELDON:** I do realise that is the restriction that has been put on the Opposition. My next question is regarding QIFF. I refer to page 39 paragraph 3 of the Treasurer's Portfolio Program Statements where, under "Financing Transactions", it is stated that \$295m was advanced to QIFF in 1994-95 and \$121m is planned to be advanced in

1995-96. Could you tell me what is the source of the \$121m to be advanced in 1995-96?

**Mr De LACY:** You are looking at "Financing Transactions". That is actually spent. The \$295m that is in there as an outlay is an investment.

**Mrs SHELDON:** What was the \$259m spent on?

**Mr De LACY:** It is invested with the Queensland Treasury Corporation. If you look at page 38—do you want to have a look at it?

**Mrs SHELDON:** Of what?

**Mr De LACY:** Of the Portfolio Program Statements. That is what you referred to. You referred to page 39, which is a comment about it, but page 38 is where we have "Program Outlays". You will see that for 1994-95, against "Financing Transactions", half-way down the page, there is \$295m. That is an outlay, in other words, that has gone out of that program, but it has just gone out of it as an investment into the Queensland Treasury Corporation. Down the bottom, where it says "Program Funding Sources", you can see that there is an amount of \$295m which has come into the program. It is a reasonable question to ask where that came from, and I think that is explained. I think there is an amount of \$188m, which is part of the proceeds from the sale of Queensland Nickel—that is the note on page 39—and I think \$107m from proceeds from giving a commercial debt structure to Q-Fleet. For 1995-96, it is \$121m. I think there is about \$10m or \$11m of that is going to be for further investments, but I think there is \$110m which we expect to be spent on the commencement of a range of projects that the Premier outlined in From Strength to Strength, including the south coast motorway. So the first expenditure from the QIFF Trust Fund will occur in 1995-96, and the amount is a total of \$121m, but was it not \$110m or \$111m or something?

**Mr BRADLEY:** All of it is still paid from "Financing Transactions" because they will in fact be advances to the relevant authorities actually undertaking the relevant works.

**Mrs SHELDON:** And that will be entirely on the motorway?

**Mr De LACY:** No.

**Mr BRADLEY:** Certainly, the motorway is the major project, yes. There are a range of other projects which are listed in From Strength to Strength as well.

**Mr De LACY:** It is hard to estimate exactly how much expenditure will be committed to this range of very large infrastructure projects: the Ernest Henry pipeline, the dam on the Comet River, the dam on the Dawson River, the pipeline to the Eungella Dam through the central Queensland coalfields and the south coast motorway. They are the initial projects that will be financed by QIFF. We expect some or all of them—probably not all of them—to commence in 1995-96, and we have made an estimate of how much will come out of QIFF. Do not forget that this is QIFF equity, that QIFF can have debt as part of it.

**Mrs SHELDON:** All of that is going to come out of the \$295m or the \$121m? Which one?

**Mr De LACY:** The debt will come in directly.

**Mr BRADLEY:** This is only the equity component.

**Mrs SHELDON:** I am only asking about the equity component.

**Mr BRADLEY:** This is the full equity component.

**Mr De LACY:** I am not sure that it comes out of the \$295m. I think we are expecting next year to get proceeds from the sale of the gas pipeline and some other proceeds which we expect to come in, and maybe that can be the initial finance or the initial equity money going into the QIFF projects.

**Mrs SHELDON:** Has any money from the Ports Corporation gone into QIFF?

**Mr De LACY:** No.

**Mrs SHELDON:** Mr Treasurer, you stated in January that QIFF would fund the building of a coal-fired power station to the tune of \$1 billion. You subsequently publicly stated that QIFF would fund the building—

**Mr De LACY:** I think you said I said that. I do not think I ever did.

**Mrs SHELDON:** It was printed in the *Courier-Mail*, and I did not see any denial on your part.

**Mr De LACY:** It was probably the *Sunday Mail*.

**Mrs SHELDON:** No, it was the *Courier-Mail*.

**Mr De LACY:** I would not believe anything that I read in the *Sunday Mail*, I can assure you of that.

**Mrs SHELDON:** This was the *Courier-Mail*, I think you will find. Subsequently, you publicly stated that QIFF would fund the building of new dams and associated arterial water supplies, I think, in central Queensland. I am not quite sure of the exact figure; I think it was something like \$260m. Recently you stated that QIFF would fund the south-east tollway. My understanding is that the full funding of that is going to be close to \$1 billion. Then there are all the projects that have been listed in From Strength to Strength. Just where is QIFF going to get all the money to deliver the projects that you and the Premier have already stated will be delivered?

**Mr De LACY:** You have raised a few issues there. We would not use QIFF to fund a coal-fired power station, because coal-fired power stations are commercial operations. So the Queensland Electricity Generation Corporation would fund that through its own retained earnings and through debt, because it is commercial. There is absolutely no need to use QIFF to fund a coal-fired power station.

**Mrs SHELDON:** Did the *Courier-Mail* get it wrong then? It was a big article.

**Mr De LACY:** If they said that we were going to use QIFF to finance the establishment of

a coal-fired power station, yes, they got it wrong, because that is not what QIFF is about. You referred to a range of other projects and asked where we are going to get the money from. Already, we have \$300m sitting there. On a 2 to 1 debt equity ratio, the \$300m is almost \$1 billion.

**Mrs SHELDON:** You have debt, and you have equity. We are talking about equity at this stage, surely. To do all the things that you have mentioned you are going to need more than \$1 billion.

**Mr De LACY:** Give me the opportunity to explain to you something about QIFF. QIFF is for those projects which are commercial or almost commercial. The part that is commercial, that is, purely commercial, can be funded by debt. We would be looking at, if you like, a large dam; it is not a social project, because we are going to sell water. However, we would not expect that the private sector would come in and build a dam, because the cash flows are not secure enough for them to borrow the money or to get a return on their equity. We may believe that 60 per cent of the cost can be tied up in contracts to sell the water to new cotton farmers, or whatever it happens to be. So we can fund that with debt under our fairly rigorous financial management strategy, the so-called trilogy. The other 40 per cent we would put equity in. On a best-case scenario, we get more farmers come in, the cotton industry goes well, we sell some to the mining companies, we get new mines and so forth; we get a return on that equity, and we recycle. That is why the equity is there. In the past, the Queensland Government—and it was always fairly prudent—used to fund those things straight out of debt. They funded from debt the Gateway Bridge, many of the ports and so forth. We would not do that, because we are much more rigorous in our financial management.

**Mrs SHELDON:** Mr Treasurer, nothing happened under QIFF in the past financial year since you announced it in last year's Budget.

**Mr De LACY:** We still spent \$3.4 billion in capital works. That is on top of that.

**Mrs SHELDON:** I am talking about infrastructure.

**Mr De LACY:** This is a new way of bringing on stream a whole range of additional projects. Everybody is excited about that half a billion dollars.

**Mrs SHELDON:** But it is not coming on stream.

**Mr De LACY:** To be fair, major irrigation projects do not come on stream overnight. We have a funding source now, which is consistent with our very strict financial management framework. It will provide the wherewithal over time to move Queensland just that little bit further in front of everybody else.

**Mrs SHELDON:** I hope that we can all wait that long. I refer to the debt-equity ratio for QIFF of 2 to 1, making its initial funding capacity in excess of \$1 billion. That is what you said. What is the intended source of the debt element of this ratio?

**Mr De LACY:** We just raise it through the QTC.

**Mrs SHELDON:** Given that QIFF is intended to fund sub-economic infrastructure projects—

**Mr De LACY:** Do not use the prefix "sub"; say "marginal" or—anyway, go on.

**Mrs SHELDON:** That is why the private sector has not done them already. How will private funds be attracted to a guaranteed losing proposition?

**Mr De LACY:** Let me put it this way: we have a financial management strategy. We will fund economic infrastructure only from debt. We will use debt only for economic infrastructure to the extent that it will generate an income stream to service the debt. We do not believe that we should confine ourselves only to that kind of infrastructure, so we are prepared to go one step further and bring other projects on stream simply by adding equity. We have this equity, which is a sort of commercial equity. Funds that we have from selling an asset I would never use for recurrent Budget items; that will never go into the Budget, because I think that that is improper. It should be there to generate new infrastructure. So it is going into that, and we hope that that equity would get a return.

At some time we may even say that there is another component of it on which you will never get a return, but because of the benefit of that project—the social benefit and the economic benefit generally—we would fund a portion of it with what we call social funding straight from the Budget. There may be three kinds of funding: the QIFF equity, the QIFF debt and some social funds. Probably a good example would be a light rail line. It is never going to pay for itself; a lot of public transport does not pay for itself. So we will fund some of it from debt, because we know that you will get so much revenue, and you can raise debt for that. If we get good patronage, we will get a return on our QIFF equity. But we may say that, because of the benefits of public transport as opposed to roads and so forth, it is worth putting 20 per cent of social funds in to make sure it works, and we will even do that.

**The CHAIRMAN:** That concludes the time for Opposition members' questions.

**Mr NUNN:** I refer the Treasurer to the Gaming Machine Community Benefit Fund. In 1995-96, it is estimated that \$10.4m will be paid into the fund. That is on page 44 of the Portfolio Program Statements. Could the Treasurer comment on whether the fund has been successful in assisting groups to provide community services?

**Mr De LACY:** Yes, I would be pleased to. I think there have been four distributions from the fund. It was a bit controversial when we set it up, but we were finding that there were some very wealthy licensed clubs out there that were doing very well indeed from poker machines. We were also finding that there was a whole range of charity and community groups that were having some trouble competing; in fact, their source of revenue had been cut off. So the Gaming Machine Community Benefit Fund is being funded from a

combination of a levy on those licensed clubs that have a turnover of more than half a million dollars a month—it is a sliding scale, but it is capped at 1 per cent of turnover—plus a reallocation of some of the fund to the Charities and Rehabilitation Fund from hotels. We are forecasting that about \$10m will go into that fund each year. There will be four distributions. We have appointed an independent committee which will assess applications. We spell out some broad criteria. The committee has set a general limit of \$15,000 simply because of the large volume of applications for funding. I think it has been very successful.

After the first two distributions, I asked the Chair of the fund committee whether they would consider giving a bias to drought-affected areas. So in the last two distributions, in December and March, at least half of the funds went into areas that were suffering from drought. I think that that was greatly appreciated. I released some figures at one stage to the effect that 30 per cent of the funds were going to 10 per cent of the people, but those were the ones in western Queensland who were suffering from drought. I think it has made a big impact, and the sum of \$10.4m will be distributed over the next 12 months. In fact, there is a distribution recommendation on my desk now for the next round of distributions. That will be for the March quarter. I think that it is meeting a very important need out there. A lot of those small communities' sporting/charity organisations have suffered because of the introduction of poker machines.

**Mr DAVIES:** Last year I asked a few questions in relation to QIFF as well. There have been a few questions tonight, but I would just like to see if I could get it all in one package, if you like, from the point of view of a Government member as opposed to the point of view of an Opposition member. I note in the statement that there is going to be a funding capability in excess of \$1 billion. Can you advise what has been the source of the funds placed in the QIFF Trust Fund? What projects has it funded, or are earmarked for funding by QIFF? Does the operation of QIFF compromise the Government's policy tenet regarding using debt funding only for economic infrastructure that can service its debt?

**Mr De LACY:** QIFF is an innovative way for the Queensland Government to use its financial strength to bring on stream either earlier or at greater capacity a whole range of projects that would eventually be funded but would not be for some time. So, despite what Mrs Sheldon is saying, it will bring these projects on a lot sooner than would otherwise have been the case, and very often it will bring them on with larger capacity than would otherwise have been the case. However, there is a need for equity funds, and we did not want QIFF competing with education, health and all of those areas for the scarce dollar. So we had to identify other sources. I said that we could do that, and we have proved that we can. I think that \$188m is coming from the sale of the nickel venture—and there are more funds there, if necessary, for the future—and \$107m from the

refinancing of Q-Fleet. I said that potentially there is the sale of the State gas pipeline. The term was used that there was "lazy" equity out there in a whole range of Government projects. We can access that lazy equity and gear it up for infrastructure for Queensland for the future.

Projects—nominally, we have said "two to one" but, of course, each project will be funded on the basis of the component of it that is purely commercial and the component of it which is marginal. The projects that have been identified and referred to the QIFF advisory board, which is chaired by the Under Treasurer, are the south coast motorway—because we believe that it is not capable of being fully financed by the private sector, although we will give them the opportunity to do it. We believe that there is going to be a marginal component in that, which will make it unattractive to the private sector. So we expect the private sector to design, construct, build and operate it, if you like. They will have the opportunity to finance it; it is really up to them, but we expect it will be QIFF financed. So that is the big one—\$700m. But then there are all of those water supply projects in central Queensland—Comet dam, Dawson dam, the Eungella pipeline and the Ernest Henry pipeline. They are the ones that have been identified, but I can assure you that there are many others that we are contemplating at this stage and will soon be referring to the QIFF advisory board.

**Mr BARTON:** I refer to page 20 of the Portfolio Program Statements and note that the financial transactions reflect an injection of \$40m as QIDC equity. Why has the Government put \$40m into QIDC's capital reserves?

**Mr De LACY:** Yes, good question. Again, the QIDC has been one of the success stories of this Government. It has been put on a commercial footing. It has broadened its lending in the past because of its history—it loaned money almost exclusively to the primary sector. In recent years, it has been expanding into the secondary and tertiary sectors. That is part of its charter. When it was corporatised, the new legislation said that it would be a specialist financier to Queensland's primary, secondary and tertiary industries. So it is doing that. There is only 50 per cent of the book now to the primary sector. But that is not at the expense of the primary sector; it is because they have been growing the balance sheet. When we corporatised it, we put it on a fully commercial footing. We have done a deal with the Reserve Bank. I note Mrs Sheldon has commented on that—not wisely and not with a great lot of information—but commented nevertheless. The idea of going to the Reserve Bank is that we said that we have this financier out there; it should have professional, prudential supervision. We looked around at a lot of options. We could have done it ourselves, but we thought that we probably did not have the expertise. We considered going to AFIC—the Australian Financial Institutions Committee—the one that supervises building societies, and I suppose Mrs Sheldon would have accused us of having a building society.

**Mrs SHELDON:** Mr Chairman, am I allowed to answer these comments? The Treasurer is referring directly to me, and I have to sit here quietly.

**The CHAIRMAN:** Mrs Sheldon, a question has been asked of the Treasurer. He is entitled to answer it.

**Mr De LACY:** I will answer it, and I will not be patronising, I can assure you.

**Mrs SHELDON:** That may be the case, but the Treasurer has referred directly to things that I have said and I am not in a position to answer him.

**The CHAIRMAN:** Mrs Sheldon, it is not your question.

**Mrs SHELDON:** Exactly, it is not my question.

**The CHAIRMAN:** There are times when we would be better served if we did not have debates across the floor, because we are wasting time, and at this point it is Government time.

**Mrs SHELDON:** I totally agree. I suggest you refer that to the Treasurer.

**The CHAIRMAN:** No, Mr Davies has asked the Treasurer a question and the Treasurer is answering. I ask the Treasurer to proceed.

**Mr De LACY:** No further asides.

**The CHAIRMAN:** Mr Treasurer, I think that would be helpful.

**Mr De LACY:** So the Reserve Bank agreed to take on the supervision. The Reserve Bank is the body in Australia that has got the systems, that has got the expertise, and which understands the game. So we were very pleased when they agreed to take on the supervision, even though it required a change to the Commonwealth Banking Act to notionally recognise QIDC as a bank. Of course, once the Reserve Bank came into the business, we had to comply with their prudential requirements. They require the institutions they supervise to have a 10 per cent capital adequacy—a risk-weighted capital adequacy ratio. QIDC has been increasing its assets over time and, of course, it was stretching its capital adequacy. We have always said, with all of these Government enterprises, that if they can promise a sound financial return, then we will provide the capital injections. That \$40m that we put into the QIDC, I think, is evidence of the fact that we will continue to provide the equity capital for any of our Government enterprises that can promise commercial returns on their activities.

**Mr BUDD:** I refer to the same page of the PPS, page 20, which shows the Treasurer's Advance account of \$116m for 1994-95 and \$104m for 1995-96. Can you outline to the Committee what is the purpose of the advance and what types of projects are to be funded from it?

**Mr De LACY:** Yes. The Treasurer's Advance is a long-standing practice. I think the FA and A Act empowers the Treasurer to transfer funds from Treasury to other departments, or from the Treasury Vote to Votes of other departments. Each year, we keep an amount of money, which we call the Treasurer's Advance. As I said, it is long

standing. At the end of the year, normally there is nothing in that advance. You can see on page 20 that we made a provision of \$116m. The actual expenditure is nil because it was all transferred out. I imagine that is covered—

**Mr BRADLEY:** The way it actually works in practice is that we allow the amount to lapse, and other departments actually increase their expenditure. So the practice we have used in recent years is to not actually make a formal transfer as such but to simply not expend the Treasurer's Advance and to allow the departments to spend additional moneys overall, and where that exceeds their appropriation, they would get unforeseen expenditure approval. But it provides an offset account, if you like, to fund the other department's higher expenditure that may occur during the year.

**Mr De LACY:** But there are items which have not been finalised at Budget time. There are sometimes provisions for award increases that we do not put into departments. More and more, we are trying to put all of those things into departments, particularly as we take on accrual accounting. But there are unforeseen outlays, such as for natural disaster relief and for paying out the cash equivalent of long service leave and so forth, for which we need to keep some funds that are distributed for spending by other departments throughout the year. As I said, it is a long-standing practice. However, I think there will be a reduction over time, simply because we are allocating more of the costs to departments rather than holding them within Treasury.

**The CHAIRMAN:** It is 7 p.m. I will suspend the hearing until 8 p.m. sharp.

Sitting suspended from 7 to 8 p.m.

**The CHAIRMAN:** This sitting of Estimates Committee A is now resumed. The question before the Chair is that the proposed expenditure be agreed to. I understand that the Treasurer wanted to clarify a few points before we move back to questions.

**Mr De LACY:** Thank you, Mr Chairman. In the session before the dinner recess, I undertook to get back to the Committee with some data in respect of consultancies. Last year, when I was answering questions—and I think the honourable Leader of the Liberal Party may have acknowledged this—the figures that I was giving were up until the end of May. As with the figures that I am giving this year, they are not for the whole year. I have been advised that that may have been a mistake and that the figures were until the end of April. I have not been able to confirm that. However, the final outcome of \$4.3m was in the annual report for the Department of the Treasury.

The cost of consultancies included \$593,000 for management and \$165,000 for human resource management. The biggest increase was for IT, which was \$1.756m. That figure compares with the estimate of \$888,000. The main reason for that, which I have already referred to, was the implementation of a new network Cannon system, which came on stream only in the last month of the

year. The other categories include communications, \$113,000; finance and accounting, \$811,000; and professional and technical, \$865,000. That gives a total of \$4.303m.

I mentioned two other things. I undertook to check out whether the Western Australian Central Financing Authority is part of the public accounts. It is not. I said that there is no State Government where a central financing authority is part of the public accounts. I stand by that comment.

**Mrs SHELDON:** Can you tell me when that came off?

**Mr De LACY:** As I said before, it probably was always a trust fund. We have rung them and they have confirmed that they are not part of the public accounts. But it would have always been a trust fund. As I said, no other State appropriates its trust funds. Also, I inadvertently referred to Q-Invest as a private company. It is, of course, a public company.

**The CHAIRMAN:** We will now return to questions from Government members. Mr Nunn?

**Mr NUNN:** I refer to pages 1 and 17 of the Portfolio Program Statements, which refer to the development and implementation of a tax equivalent regime for Government owned corporations. Would you care to advise the Committee how this regime will operate, the costs of its implementation and the expected benefits?

**Mr De LACY:** At the 1993 Premiers Conference, an agreement was reached that all States would implement what is now referred to as a TER regime, which is a tax equivalent regime. This was part of the whole process of micro-economic reform which is being driven by the Premiers Conference. This year, that process culminated in the signing of the national competition policy agreement. The Commonwealth, as is its wont, was able to encourage the States to implement the TER regime by saying that, in return, it would ensure that those enterprises would not be subject to the Commonwealth Income Tax Assessment Act. What I am saying is that we really did not have much choice. It is much better that we charge State Government enterprises tax than allow them to pay their tax to the Commonwealth. But it is all part of this process of getting a competitive economy and ensuring that Government owned enterprises, as with private enterprises, operate and compete on a level basis. I have released a manual on all of the principles surrounding the TER.

As I said prior to the dinner recess, we have now engaged on a consultancy basis KPMG Peat Marwick to be a de facto Australian Taxation Office to decide the taxation that each of the enterprises will pay. As I was advised prior to the dinner recess, there is another partner in the firm who will act not as an assessor but as an arbitrator in the event that there is a dispute. I think it is an important step forward. The important thing to note about tax equivalent regimes is that no companies, Government or otherwise, will be paying tax unless they are making a profit and getting a decent

commercial return. But that is all part of putting these enterprises onto a commercial basis.

**Mr DAVIES:** Under the Fiscal and Financial Management Program, one of the major program issues is reforming the legislation relating to the borrowing and investment powers of statutory authorities and so on. Treasury programs related to the State's debt and debt management use derivative transactions and risk management.

**Mr De LACY:** What page is this?

**Mr DAVIES:** Page 15. Given the recent highly publicised collapse of Barings Bank and the problems experienced by Orange County in the use of derivatives, what assurance can the Treasurer give that sufficient safeguards are in place to prevent similar situations occurring in Queensland?

**Mr De LACY:** That is an important question. After the Barings Bank collapse, I immediately made my way to the Queensland Treasury Corporation to find out how it managed any transactions that it had in derivatives. I know that Government instrumentalities deal in derivatives from time to time. Derivatives are not necessarily bad. They have come into the lexicon in the first place to enable the financial markets in a whole range of ways to manage risk. If they are used in a proper, prudent way and only used for managing risk, they are worth while. In fact, they are something that I think all financial institutions use. It is only when you start using derivatives for speculative purposes and gearing up speculative purposes that you get into trouble. Nevertheless, we have an obligation to taxpayers to ensure that they are properly managed.

The sorts of derivatives that we use are various hedges, interest rates and exchange rates and so forth. The enterprises which use derivatives are the QTC, the QIC, the QIDC and Suncorp. Comprehensive policy guidelines are in place. In respect of the QTC, there is a strict separation between the dealers and those people involved with settlement. The most important point is that, when they are dealing with other parties, those other parties know the policies of the Queensland Treasury Corporation. If we had a rogue trader in there, the other side would not be accepting those types of orders without getting verification from senior management.

**The CHAIRMAN:** That concludes the time period for questions by Government members. Mrs Sheldon?

**Mrs SHELDON:** Your department, I understand, recently began purchasing under-desk foot massagers for senior officers. What is the unit price of these massagers and on what basis are they allocated?

**Mr De LACY:** I am not aware of that, but can you tell me where it appears in the Estimates?

**Mrs SHELDON:** The words "foot massager" do not, but I would imagine that it has to be budgeted for if indeed these are being supplied to senior officers.

**Mr De LACY:** Put it this way: it is news to us.

**Mrs SHELDON:** So no-one has one?

**Mr De LACY:** I did not say that; I just said that it is news to me. Thanks for the news.

**Mrs SHELDON:** May I put it on notice, then, and you can get back to me?

**Mr De LACY:** What are you putting on notice?

**Mrs SHELDON:** If in fact they do have foot massagers, what is the unit price of them?

**Mr De LACY:** Does anybody know about foot massagers? Who has a foot massager?

**Mrs SHELDON:** No-one has?

**Mr De LACY:** I do not know. I really think that it is a trivial question. The Under Treasurer knows nothing about it.

**Mrs SHELDON:** If in fact they are being bought, I do not think it is at all trivial; that is why I asked the question. I refer to page 36, paragraph 7, of the Treasurer's Portfolio Program Statements, where it is stated that—

"A fully automated Survey Management System will be developed to upgrade the program's Computer Assisted Telephone Interviewing capability."

I ask: who is the person responsible for this branch? How many staff does it have? Where is it based? What is the total value of equipment used and proposed to be used?

**Mr De LACY:** It is in the Crime Statistics Unit or in the Government Statistician's Office, and they carry out a lot of surveys by telephone and face-to-face. I might ask the Under Treasurer to expand on that answer.

**Mr BRADLEY:** The staffing levels for the Government Statistician's Office are shown on page 40. There is a total of 32 administrative staff and five professional staff. Sorry, what were the other elements of the question?

**Mrs SHELDON:** What is the total value of equipment used and proposed to be used?

**Mr BRADLEY:** As to the total development of the survey system—I do not have that number readily available.

**Mrs SHELDON:** You might be able to supply it to me.

**Mr De LACY:** Just hang on. What is the question—the value of what?

**Mrs SHELDON:** The total value of equipment used and proposed to be used.

**Mr De LACY:** I do not think that that is a reasonable question. It is just part of the technology—

**Mrs SHELDON:** It is on page 36 in paragraph 7.

**Mr De LACY:** I can see it. It is part of the technology that is used in conducting telephone surveys.

**Mrs SHELDON:** So I cannot get the total value of the equipment?

**Mr De LACY:** I do not think that we can segregate out the cost of that. It is just an extension to the telephone system.

**Mrs SHELDON:** Why can you not segregate it out? It is a fully automated Survey Management System.

**Mr BRADLEY:** It may be of assistance if I point out that the total capital cost for the Crime Statistics Unit is \$28,500. In terms of the Survey Management System, I do not have a particular number.

**Mr De LACY:** So the additional capital cost for introducing the Crime Statistics Unit is \$28,500.

**Mrs SHELDON:** Where does it state in this document that it is a crime survey unit?

**Mr De LACY:** Crime Statistics Unit.

**Mr BRADLEY:** It is in the same paragraph.

**Mr De LACY:** It is in that paragraph that you were just reading from.

**Mrs SHELDON:** What is the annual recurrent spending on this particular item?

**Mr De LACY:** For the Crime Statistics Unit, the annual recurrent cost is \$305,000.

**Mrs SHELDON:** What forms of polling do they undertake?

**Mr De LACY:** The Government Statistician's Office carries out a range of surveys. The retail prices in the different regional areas throughout Queensland is one that comes to my mind. They also carry out a range of surveys on behalf of other agencies of Government. These are ad hoc, if you like. If the police or if the Department of Housing wanted a survey carried out in a scientific way, they would contract with the Government Statistician's Office and pay them for carrying out that particular survey. Increasingly, the Government Statistician's Office will be operating in a commercial way; in other words, people will pay for the services that they carry out on someone else's behalf.

**Mrs SHELDON:** Do you have a complete list of the surveys that they have undertaken?

**Mr BRADLEY:** We would have, yes. The total cost for the actual office itself is shown on page 39, which is \$3.8m in total.

**Mrs SHELDON:** Is it possible to get the complete list of surveys that they have undertaken?

**Mr De LACY:** What we could get you is a list of the studies or surveys that they carried out last year, 1994-95, and for 1993-94 they would be in the annual report.

**Mrs SHELDON:** Would you provide, please, copies of the questionnaires for the complete list of surveys?

**Mr De LACY:** No. We are not into that business.

**Mrs SHELDON:** Why not?

**Mr De LACY:** These surveys are confidential. They are, very often, by agreement between a client and the Government Statistician's Office. The Government Statistician's Office has to comply with the appropriate legislation. We actually

have special State Government legislation regulating the Government Statistician's Office, and there is a very strong privacy element in it. In last year's annual report on page 90, there is a list of all of their publications. They include: Estimates of Gross Regional Product, Queensland; Employed Persons in Queensland; Index of Retail Prices in Queensland Regional Centres, to which I referred; Inventory of Statistical Collections; Queensland Exports; Total Exports 1991-92, Queensland and Australia; Drug Related Deaths, Queensland—probably at the request of some agency—Guidelines for Measuring Aboriginality and Ethnicity in Queensland Government Administrative Systems; Compendium of Queensland Statistics; Crime Victims Survey; and Health and Safety of Workers in the Building Industry. Those are the publications for 1993-94.

**Mrs SHELDON:** Is this not the same system that was used by the former corrupt ALP Government in WA to carry out political polling paid for by the taxpayer?

**Mr De LACY:** The answer is no—absolutely no. If you are calling into question the integrity of the Government Statistician's Office, then you are doing it improperly. I think you will find that it is highly recognised, both within Government and without Government, for its impartiality, its professionalism and its objectivity. I can assure you that they do not carry out political polling at all. The trouble with you and others like you is that you push onto others your own sets of values. It is something that we would never do, it is something that I would never do as Treasurer, and it is something that would not happen in Treasury.

**Mrs SHELDON:** Thank you, Treasurer, for your valued judgment, but is this not—

**Mr De LACY:** I am pleased that you wanted it.

**Mrs SHELDON:** Is this not the same system?

**Mr De LACY:** The answer is, "No." I do not know what the Western Australian system is; I am not interested in the Western Australian system. What I am outlining is how the Government Statistician's Office operates in Queensland.

**Mrs SHELDON:** Does it have a capacity for political polling?

**Mr De LACY:** It does not do political polling.

**Mrs SHELDON:** Does it have the capacity?

**Mr De LACY:** That is an absurd question.

**Mrs SHELDON:** I do not think it is absurd at all.

**Mr De LACY:** It is an absurd question. It does not do political polling; it will not be doing political polling; I would not ask it to do political polling; the Government would not ask it to do political polling. It is a Government agency. It operates, as I have tried to explain, as a statistician's office. It carry out surveys and reports and analyses statistics and so forth, and that is what its responsibility is. It does not carry out political surveys.

**Mrs SHELDON:** But it would have that capacity?

**Mr De LACY:** However I answer that, you are going to run out tomorrow and misinterpret what I say. It does not carry out political surveys, and it will not carry out political surveys.

**Mr BORBIDGE:** I refer to page 212 of Budget Paper No. 2, which details estimates of expenditure from Trust and Special Funds. I note that expenditure from the Motor Vehicle Insurance Nominal Defendant Fund was estimated at \$132m for 1994-95, that the current estimate for actual expenditure this financial year is \$154.7m, and that for 1995-96 the estimated expenditure is nil. Can you explain for us the nil line for 1995, given the quite significant reliance on outlays from this fund to support various programs since 1991-92, right up to the current financial year?

**Mr De LACY:** I think the expenditure for 1994-95 is really the rationalisation of the funds. The Motor Vehicle Insurance Nominal Defendant Fund closed down and two new funds were set up—the Motor Accident Insurance Fund and the Nominal Defendant Fund. The Nominal Defendant Fund acts as the nominal defendant in a CTP claim where there is either an unlicensed driver or an unregistered or unknown driver. Those funds were transferred into a new fund and that new fund has adequate assets, I can assure you. In fact, the whole of the original fund was transferred into these two new funds. None of it was taken away and put in the Consolidated Fund, if that is what you are implying. The big expenditure in 1994-95 was just the transfer from one fund into two separate funds.

**Mr BORBIDGE:** I again refer to page 212 of Budget Paper No. 2 and to the estimated expenditure from the Motor Accident Insurance Fund in 1995-96 of some \$13.5m, on top of the estimated actual expenditure in the current financial year of some \$57.5m. Treasurer, when this fund was established as a result of the rewrite of the Motor Accident Insurance Act last year, you indicated that the principal role of this fund would be to finance the operations of the Insurance Commissioner, which you estimated would be some \$2.5m. In light of that, can you clarify the levels of expenditure so far in excess of what is required to fulfil the principal purposes?

**Mr De LACY:** I will pass that on to the Under Treasurer.

**Mr BRADLEY:** The higher level of transactions in the 1994-95 year relates to the transfer of moneys from the previous Motor Vehicle Insurance Nominal Defendant Fund. The continuing level of activity now, having made those transactions, is restored to a normal level.

**Mr BORBIDGE:** Still on the area of expenditure from the trust funds outlined on page 212 of Budget Paper No. 2, the expenditure for the Nominal Defendant Fund in 1995-96 is estimated to be some \$16.3m after estimated actual expenditure in 1994-95 of some \$100m. Again, this would appear to be expenditure well in excess of the principal purpose of the fund, which I understand makes annual payments in relation to

claims of some \$8m to \$10m. Could you clarify what again appears to be a level of expenditure well in excess of the basic brief of the scheme?

**Mr BRADLEY:** Again it relates to the transfer of money from the previous fund. That money is then reinvested through this fund, so the financial assets are invested with the Queensland Treasury Corporation, which explains the higher outlays in 1994-95. From 1995-96 it then continues at a normal level of activity at that transfer of investment.

**Mr BORBIDGE:** But the level of spending appears to be well in excess of what is basically required for both of those schemes.

**Mr BRADLEY:** Sure. We have transferred moneys into the fund and we are investing that money in 1994-95 to allow for the change in the old fund to the two new funds.

**Mr BORBIDGE:** And that money is invested where?

**Mr BRADLEY:** With QTC.

**Mr De LACY:** To clarify some of the expenditure from the Motor Accident Insurance Fund, there is the hospital levy of \$6.6m and the ambulance levy of \$1.23m. Funds are provided straight to hospitals on an assessed basis. I think over time, when we get more data, we will decide whether it is the right payment, as with the ambulance. Therefore, no longer does the ambulance send an account. They get so much per annum and we assess it at the end of each year to see whether we believe it is the right amount. The Transport Department gets \$6.51m for administering the scheme.

That is the major part of the expenditure, as well as the 3 per cent which is the Nominal Defendant Levy of \$10.56m which goes straight into their fund each year for meeting claims on the nominal defendant.

**Mr BORBIDGE:** What is going into QTC out of those funds, that is, being invested? Can you give a ballpark figure?

**Mr De LACY:** The fund itself is all invested there, and the surplus each year would be invested then with QTC.

**Mr BORBIDGE:** With respect, that is not quite what I understood the Under Treasurer to say. Can I get some clarification?

**Mr BRADLEY:** I do not have with me the figures for the position at 1993-94 in terms of the investment balances. In terms of 1994-95, the investments would be in the order of \$52m for the Motor Accident Insurance Fund and \$90m for the Nominal Defendant Fund. They have gone to the Queensland Treasury Corporation.

**Mrs McCAULEY:** On page 8 of your Budget Speech, Mr Treasurer, you talk about particular emphasis being placed on assisting local government to upgrade sewage treatment plants. You say that provision has been made in the Budget. Can you tell me where that has been made and how much it is?

**Mr De LACY:** For 1995-96 there is \$2.5m. We are consulting with the Local Government Association about assisting it to tertiary treat sewage in Queensland. We have to ensure that that is properly targeted and come up with the best way of putting the additional funds into assistance so that it will achieve what we want to achieve. We expect that soon we will be in a position to be able to announce the scheme.

From memory, there is \$2.5m provided in this Budget, but we would hope to increase that substantially over time to ensure that we play our part in ensuring that sewage discharges, particularly along the Queensland coast but right throughout Queensland, are treated at a higher level than was the case in the past. As you would know, this is going to be a major expenditure item for local authorities in the future.

**Mrs McCAULEY:** Where is that \$2.5m? Can you tell me?

**Mr GRAY:** It is in the local authorities capital works—

**Mrs McCAULEY:** Included in the \$46m?

**Mr GRAY:** Yes.

**Mrs SHELDON:** I note that in Budget Paper No. 3, 1994-95, page 350, you estimate that spending on salaries, wages and related payments for ministerial offices would actually drop from \$9.01m in 1993-94 to \$8.961m in 1994-95. I turn your attention now to this year's Portfolio Program Statements for the Treasury in which it is stated that the estimated actual spending for ministerial offices rose to \$9.331m instead of dropping and is expected to rise again in 1995-96 to \$9.593m. Did this increase in expenditure in the 1994-95 financial year come about through more staff in ministerial offices?

**Mr De LACY:** No, I do not think so. In the mid-year Budget review, it says in the note at the bottom, approval was given for additional expenditure for 1994-95 in relation to enterprise bargaining and changes in fringe benefits tax arrangements. The 1995-96 estimates reflect further enterprise bargaining outcomes. As I said previously, as we are moving on to a more accrual based accounting system, departments and in this case ministerial offices have to take on board all of those extra costs. You may know that the Commonwealth changed its fringe benefits tax arrangements last year through the mechanism that is referred to as "grossing up", which has in fact virtually doubled Queensland Government fringe benefits tax obligations to the Commonwealth throughout the year. The increase in the estimated actuals from the Budget is because of that, not because of additional staff.

**The CHAIRMAN:** The time period for questions by Opposition members has expired.

**Mr BUDD:** I would refer you to page 28 of the Portfolio Program Statements in regard to the compliance activity within the Office of State Revenue. It is expected to result in a total of some \$56m in assessments and debt collections. Can you provide the Committee with an outline of what

the Office of State Revenue is doing to ensure that taxes are not evaded, and what are the costs associated with this activity compared to the revenue benefits?

**Mr De LACY:** Each year, the Office of State Revenue now prepares a compliance plan that includes an audit program and each year it decides on a particular industry or a set of taxpayers. I am very strong on compliance. I believe that there is no equity when most taxpayers meet their obligations and some taxpayers do not. So compliance is important from both an equity point of view and from a revenue point of view. Sometimes these compliance programs generate a little bit of heat out in the community. You might recall the fact that recently there was an audit on the sale of fishing vessels.

The Office of State Revenue usually announces the industry that it has chosen and the way in which the audit is going to take place. That usually leads to a lot of voluntary disclosures to start off with, and after the audit has finished, it usually leads to considerable additional revenue to the Government. As of 31 March this year, the compliance program had collected an additional \$30.75m, and there was \$36m outstanding pending legal advice. I think that the compliance program—something that was not in place not that many years ago—has been very successful. The taxpayers' dollars that are invested in the effort are dwarfed by the revenue that they receive, but it is not all about revenue. I made the point at the outset—and I will stress it—that it is about equity also. People have an obligation to pay their taxes, and if some people are not paying them, that is not fair to those who are.

**Mr DAVIES:** Just developing that a bit further, there is a rewrite of the Stamp Act occurring, and that is outlined under Major Program Issues on page 27. Have you got anything further to add in terms of the objectives of that rewrite?

**Mr De LACY:** Yes. The current Stamp Act was introduced in 1894, that is, 101 years ago. It served the test of time. In fact, the Office of State Revenue published what I thought was a very fine commemorative booklet last year—and I can recommend that to everybody—commemorating 100 years of the Stamp Act. That Act has served Queensland well, although most people do not see that as the case. However, much of the language is out-of-date and much of the basis on which stamp duty is now levied is out-of-date.

There is a need for a new Stamp Act that is easier to read, more consistent with modern methods and modern structures and one which achieves the objectives of equity, simplicity and efficiency. I know that we have been going through this rewrite for a long time, but to find a worthy successor of a 100-year-old Act is not easy. We need to research all of the consequences of the new language and the changes that we make, and we are not going to be rushed into it. I know that some people are saying that the rewrite is going to lead to higher taxes. That is not the objective of the rewrite at all. From a Consolidated Fund point of view, it will be revenue neutral. However, it is

inevitable that some taxpayers will benefit, because to get efficiency into a tax system, sometimes we look at the compliance costs and sometimes the cost of compliance is not worth the effort. So we may make a number of changes that will benefit taxpayers, but I would also hope that, while we are doing that, we will close off some avoidance avenues, if you like, which will probably lead to an addition in revenue. I make the point that the objective is revenue neutrality.

**Mr DAVIES:** I just want to clarify this. The aim is not to broaden the tax base?

**Mr De LACY:** No, it is not at all. It is not to broaden the tax base and it is not to increase revenue. It is just to get a simpler, more effective and more efficient tax system—a more modern tax system.

**Mr NUNN:** On page 21 reference is made to the redevelopment of the Brisbane Cricket Ground. Could you inform the Committee of what triggered the redevelopment and what assurance we can have that there will be no blow-out either in the cost or the time that it will take to complete?

**Mr De LACY:** Yes, I am very pleased to talk about the Gabba; it is one of the icons of Queensland. When we came into Government, we found that we had inherited a badly run-down facility which did not even comply—particularly the northern grandstand—with our own fire and workplace health and safety standards. As a consequence of the introduction of poker machines, we have committed ourselves, primarily through the Sport and Recreation Fund, to a major redevelopment of the Gabba. Stage I and Stage II were completed some time ago. Stage III is the redevelopment of the northern grandstand, the installation of lights and the introduction of an electronic scoreboard.

Stage III is being redeveloped by a contribution of \$10.7m from the Sport and Recreation Fund and the rest is from internal loan funds. The contract has been let; it is one of those contracts which will ensure that there is no blow-out because all of the risk is being carried by the contractor in relation to quality, time, cost and what have you. The commitments we have given are: that the lights will be available by August, for the last two Bears games; that the public will be allowed in for the game against the Pakistanis in November—if Pakistan still has a cricket team at that stage—and it will be all finished for one-day games in early January. I have to say that Queenslanders will have a cricket venue which is second to none in the world.

**The CHAIRMAN:** I refer to page 42 of the Program Statements which shows that the Brisbane Casino opened on schedule in April in the old Treasury building. Now that the Treasury building and the Lands Administration building have been fully restored, what formal arrangements are in place to ensure that the high quality of those restorations is maintained—apart from some of us going down and giving them mountains of money.

**Mr De LACY:** That is keeping the revenue up. At the time of the soft opening of the casino, I

was quoted extensively as saying that Brisbane has come of age. I take this opportunity to make the point that it was not just the opening of the casino. What attracted the Goss Government to casinos in Brisbane and Cairns was not the tax revenue—I know that everybody will continue to say that that was the reason—but the up-front sale of the casino licence with which we have committed to two major convention centres; one in the north and one in the south. The \$200m Convention and Exhibition Centre, which is operating now on the South Bank and is due to be officially opened on Queensland Day, is a facility of which all Queenslanders can be proud and something which is going to add greatly to our economic wellbeing over the next 20 years.

The Convention Centre in Cairns likewise has been constructed from the up-front sale of the casino licence. We budgeted \$170m for the Convention Centre in Brisbane and the final cost was \$203m, so we have now committed the first two years of the tax stream, as is the case in Cairns. I think the total cost in Cairns was about \$53m. So it is being funded from the casinos, but the casinos in themselves are great tourist and economic facilities for the State.

Anybody who has a look at the new Treasury Casino could not help but be impressed with the effort that they have put in to preserve and enhance the wonderful heritage features. I can assure you and all Queenslanders that not only will those heritage features be maintained in the way that the public sector could never have maintained them but that they will be on display to the whole world. Increasingly, with the assistance of different historical groups, there will be a heritage trail through that casino building and the Lands Administration building so that people can walk through without gambling—although it is probably a good idea to have a bit of a flutter on the way through—and enjoy the history as it is presented on the walls and plaques that really has been a part of Queensland.

**Mr BUDD:** The National Competition Policy has been mentioned a couple of times this evening. I refer to pages 34 to 39 of the PPS where it refers to the establishment of a National Competition Policy Unit within Treasury to implement the National Competition Policy resulting from the COAG meeting held last month. Can you advise what is likely to be Queensland's share of the competition policy dividend? Will commitments given under the agreement require any significant changes to the Government's corporatisation and commercialisation policies?

**Mr De LACY:** The commercialisation and corporatisation policies are absolutely consistent with National Competition Policy. I think the National Competition Policy Agreement that was signed by all State Premiers and the Prime Minister is one of those things which will be of great benefit to the Australian economy but over the years will not be all plain sailing. Nevertheless, I think all of the Premiers have accepted that on balance it is good. What it is all about is getting a more competitive environment, getting much more contestability into the public markets. They are all

fine sounding words, but what is the benefit? The Industry Commission estimated, I think from memory, that the benefits to the Australian economy would be something like \$20 billion a year.

**Mr GRAY:** An additional \$23 billion to gross domestic product.

**Mr De LACY:** So that is an enormous increase in GDP and a consequent enormous increase in standards of living. That is what it is all about. They also estimated in their updated report that the revenue benefits to the Commonwealth would be about \$6 billion and the revenue benefits to the States would be about \$3 billion, but that most of the reforms would take place in the States—80 per cent of the reforms would take place in the States. So we said to the Commonwealth, "We need to have a more equitable sharing of the revenue benefits." We do not always agree with the Commonwealth, but in the end they did have a national competition dividend. I think, from memory now, in 1996-97 the first dividend will pay and it will come from the Commonwealth. It is \$200m. Two years later, that will increase to \$400m, and two years later to \$600m. That dividend will be distributed on a per capita basis to the States providing they meet a whole range of benchmarks in terms of accepting the competition policy arrangements in respect of water, gas, roads and what have you. There is also the per capita part of the real terms guarantee in the financial assistance grants pool which has been thrown in. In the end, we were quite pleased with that. The challenge now for us is to ensure that we meet the standards and the tests. I can assure you that in Queensland we will, because in many ways we are half-way down that track. But I am not saying it is going to be easy. At the end of the day, Australians will be better off as a consequence.

**Mr DAVIES:** I have a question from page 16 in relation to the Offshore Banking Units and Regional Headquarters Act, and specifically the regional headquarters part of that Act. It commenced in September 1994, and the aim of the legislation is to provide tax concessions for regional headquarters. How many licences have been issued, and are there worthwhile benefits for the State?

**Mr De LACY:** This is another one of those things that is a long-term program aimed at attracting principally regional headquarters but also offshore banking units to Queensland. We are the only State and the first State to introduce legislation defining what a regional headquarters is. A regional headquarters is when a large multi-national company sets up a headquarters in one particular country to service operations in other countries. That is clearly defined in the legislation that we introduced and passed last September. The second stage, after introducing the legislation and spelling out the tax benefits, is to market Queensland on the world scene. We have had one success. Casinos Austria has set up in Brisbane. They have hived off all their non-European activities and established themselves in Brisbane. All of the rest of the world activities of Casinos Austria are

being managed and serviced out of Brisbane. Of course, they are part of the consortium that is going to operate the Cairns Casino.

There are two other applications currently being considered by Queensland Treasury, but at the same time we have engaged all of the large international accounting companies to identify potential candidates throughout the world. Once they have been identified, we will be approaching them either personally or through correspondence. It is a long-term project. Singapore has been in this game for 20 years and it is only in recent years that it has started to get real benefits. So it is not one of those things where we expect a whole flood of regional headquarters to come to Brisbane and set up, but it is one of those long-term projects that we believe will generate substantial benefits over time.

**Mr NUNN:** I refer to page 59 of the Program Statement where it is shown that funding for the Rural Adjustment Authority is estimated to be \$15m in 1995-96. That is down from the \$15.17m in 1994-95. I would also refer to a survey of rural debt levels undertaken during 1994-95. Could the Treasurer inform the Committee if the findings of this study support this reduction in funding?

**Mr De LACY:** Just a comment about the outlays or the allocation for the Rural Adjustment Scheme. We have, as you quite rightly said, put aside \$15m. That is the State contribution to the RAS scheme. These days, as part of a drought effort, there is 100 per cent Interest Subsidy Exceptional Circumstances Scheme. As I think I said before dinner, it is a demand-driven scheme. While there are drought affected primary producers who meet the guidelines and make an application, then we will ensure that the funds are available. While the Commonwealth is playing its part and while the exceptional circumstances and the normal RAS schemes are in place, we have an unequivocal commitment to the drought effort.

In respect to the survey of rural debt—we thought that that was a good opportunity to get a good handle on the debt, where it is, the proportions, the kind of debt, and we got the cooperation of all of the banks—in fact, all of the lending institutions who lend to the rural sector. So it was a comprehensive survey of rural debt. I think there were some surprises. It showed that the total rural debt in Queensland was \$3.875 billion, and that 16,530 farmers have that debt. Extrapolating then from the number of farmers in Queensland, there are 4,840 farmers or 23 per cent of rural producers who are debt free. It showed that 6 per cent of rural producers were at risk or non-viable and that those people had 15 per cent of the debt. So if you come at it from one side, it is not as gloomy a picture as we thought it was—94 per cent—but on the other side, 6 per cent of people at risk is still worrying.

**The CHAIRMAN:** That concludes that time period for questions by Government members. There are now 20 minutes remaining in the current time allocation. Under the sessional orders, these will be divided equally between Government and non-Government members. That will be 10 minutes each.

**Mrs SHELDON:** I refer to page 15, paragraph four of the Treasurer's Portfolio Program Statements where it states that the 1994-95 Budget is expected to be nearer \$40m in cash surplus than the \$2m recorded in the Budget papers. If this is the case, why was the \$40m not used for the cash surplus amount instead of the \$2m figure?

**Mr De LACY:** The \$40m was the surplus at the end of 1994-95. The estimated surplus at the end of 1995-96 is \$2m. The carryover surplus from 1994-95 comprises part of this year's revenue, if you like. It was carried on to 1995-96.

**Mr BRADLEY:** To clarify, the original estimate for 1994-95 was a closing surplus of \$2m; that ended up being \$40m.

**Mr De LACY:** I am sorry. I may have had that wrong. We are forecasting a surplus next year of \$2.3m. The principal reason for that is that our revenue was substantially better than the estimate.

**Mrs SHELDON:** I refer to page 5, paragraph four of the Treasurer's Portfolio Program Statements where it states that \$40m was injected into the QIDC in 1994-95. How much capital has been injected in total into the QIDC and when?

**Mr De LACY:** I will see if I can get those figures. There seems to be, in my mind, an amount of \$75m prior to the \$40m.

**Mrs SHELDON:** We could come back to that possibly. What dividend will the QIDC pay in 1995-96?

**Mr De LACY:** The QIDC will pay a dividend based on its profit. Traditionally, over the past few years, it has paid 40 per cent of its after-tax profit as a dividend. I think that that has represented about \$10m. What dividend it will pay depends, of course, on its profit performance for this year. I hope that it is higher than \$10m, because I hope its profit is greater than what it was last year. From memory, I think it was \$25m in round terms and they paid \$10m. In total, the Goss Government has contributed \$75m in capital to the QIDC since 1989. The QIDC's performance has continued to justify the Government's capital backing for this organisation. I think it continues to do that.

**Mrs SHELDON:** Is it not the case that the QIDC is merely returning a portion of the capital injected into it by the Government in a round robin and claiming an artificial profit thereby?

**Mr De LACY:** It would be nice to have a financial organisation that returned it straightaway, but normally you only get a percentage of your capital returned on an annual basis. But we do ask, and expect, our Government owned corporations to generate a commercial rate of return. You may ask: what is a commercial rate of return? A good benchmark would be the long-term bond rate. So we would expect that they would make a return on their capital of 7 per cent or 8 per cent and pay a dividend out of that.

**Mrs SHELDON:** Could you tell me what has been the range of the capital adequacy ratio of the QIDC over the past 24 months?

**Mr De LACY:** I know it is 11 per cent now. That is 11 per cent risked weighted capital adequacy ratio—Reserve Bank terms. The \$40m increased it from 9 per cent to 11 per cent. I think, generally, the QIDC has exceeded the 8 per cent basic capital adequacy ratio, which is considered to be the minimum for those kinds of organisations. In fact, I would be highly surprised if it was ever below 8 per cent.

**Mrs SHELDON:** I refer to the key inputs table on page 6 of the Treasurer's Portfolio Program Statements. What is the cause of the variation in the level of current grants and subsidies from \$128.7m in 1994-95 to \$90.4m in 1995-96?

**Mr De LACY:** A note on page 7 states that the current grants and subsidies are budgeted to exceed the 1994-95 amount reflecting additional RAS payments, expenditure on the Tobacco Restructuring Scheme, which was only introduced mid year, and additional ex gratia payments in the taxation program. If I can take all of those up, the additional RAS payments are there as a consequence of the deteriorating drought. As I said, that is always a demand-driven scheme. The Tobacco Restructuring Scheme is worth \$11.68m. Half of that is coming from the tobacco manufacturers. That is where some of the money comes from, but the outlays show the full expenditure. As to the increase in the ex gratia payments—I think there was one large payment to the Brisbane City Council as a consequence of the restructuring of their superannuation funds. We agreed because we supported the restructuring of their superannuation funds, so we gave an ex gratia refund of the stamp duty liability that they incurred during the restructuring.

**Mr BRADLEY:** To clarify, the reduction in 1995-96 reflects a number of those one-off payments falling out, for example, the tobacco and the ex gratia stamp duty assistance.

**Mrs SHELDON:** What is the exact composition of the \$73.4m, 1995-96 and \$168m, 1994-95 capital entries? What was the reason for the blow-out in the cost of construction of the Brisbane Convention and Exhibition Centre and the Cairns Convention Centre?

**Mr De LACY:** I think the capital outlays are principally for—and you are right—the convention centres and the purchase of gaming machines. For 1995-96, the capital expenditure, of course, is reducing because the Brisbane Convention Centre is out and a great deal of expenditure for Cairns is in.

The reason for the blow-out in the Brisbane Convention Centre—it was estimated to be \$170m; it finally cost \$203m, which was not all capital as it included some money for pre-opening expenditure—was a result of variations requested by the Government after the awarding of tenders. Some things were virtually forced on us, such as additional disabled lifts, increased gallery space in the ballroom and additional bar area. There were variations that we made during construction. If you say it quick, the difference between \$170m and \$200m is a lot—\$30m—but it is only 15 per cent.

For a Treasurer to say "only 15 per cent" may sound a bit unusual, but to put it into the context, the Darling Harbour Convention Centre blew out by 100 per cent, the Sydney Opera House blew out by 1,000 per cent and the Federal Parliament blew out by 1,000 per cent. I think that if you take the time to attend the opening ceremony or if ever you have a look at the facility—there is nobody to whom I have spoken who has had a look at it who cannot see \$200m worth of value. It is a magnificent building.

In respect of Cairns, there is no blow-out in expenditure. The blow-out occurred before we started any expenditure. The first estimates were too low. I think the quantity surveyors estimated it at a certain cost and when we went out to tender—I think it had something to do with the almost overheated construction market in Cairns and a range of other factors—the contract tenders came in substantially above the estimates. But there has been no blow-out in expenditure because they have only just started to build it.

**The CHAIRMAN:** That concludes the period of time for questions by Opposition members. The final 10 minutes is Government questions. Treasurer, I refer to page 3 of the Portfolio Program Statements and the corporate strategy of efficiently managing the State's financial assets and liabilities. We have made much of the virtue of achieving the status of being net-debt free. Will this position be maintained given that many of the capital projects announced in From Strength to Strength will be funded by debt and QIFF will also be involved in the financing of a number of these projects?

**Mr De LACY:** Perhaps I can just say that you have heard me say it 100 times in Parliament, and I know that you believe me. I think this will be a good opportunity to get the Under Treasurer to give you perhaps more of a Treasury point of view because, although you think I run Treasury, sometimes Treasury runs me. So you can work it out for yourself.

**Mr BRADLEY:** In terms of the financial outcomes from the Budget this year, I think they are best expressed by looking at the Government finance statistics, which show the underlying change in our position, which takes into account the movements in all of our financial assets and the increase in liabilities taken on by the Government through the year. They are all prepared using uniform standards prepared by the ABS. So using those estimates, we calculate in the coming year that there will be a surplus of some \$448m for the whole State Government sector. That takes into account all the borrowing requirements of Government, the use of financial assets where appropriate—for example, for superannuation beneficiaries and so on. So in total we expect to see improvement in the State's underlying financial position, and that will be reflected in the declining net debt in the coming year.

**The CHAIRMAN:** Thank you very much. Mr Budd?

**Mr BUDD:** I would like to refer you to page 34 of the statement and the program performance

in 1994 and 1995 in respect of corporatisation. The Government expects to benefit from substantial and growing dividends from the State's Government owned enterprises. Is the corporatisation process simply adding to the operating costs of the GOEs and swelling the coffers of the Government at the expense of the consumers?

**Mr De LACY:** No, certainly not at the expense of consumers. When we undertook the process of corporatisation, it was based on making all our Government enterprises more efficient. If they are more efficient, everybody benefits. We promised that we would return those efficiency benefits to the taxpayers in every way, in terms of improved services, lower costs of the product that is sold by the enterprise and increased returns to the taxpayers. We make no apologies for that. Returns through dividends and tax equivalent payments have been increasing. In this Budget, you will note that we are forecasting an increase in dividends from \$185m to \$385m. So that is a \$200m increase. I might say that that is a bit misleading, because in order to put some of these entities like railways on a commercial footing, we make community service obligation payments for a lot of activities that they undertook previously at a subeconomic rate. The money comes in from dividends but it goes back in CSOs. People say "Why bother?", but the objective is to make everything more transparent so that we do not have the subsidies; we just have payments, and we are prepared to continue those payments.

Public transport is a social good. For instance, we are prepared to pay Railways for providing that transport over and above what they get from their fares. But it is a bit misleading to say that we have got a \$200m increase, because actually \$125m of that is going back by way of CSOs. So we are forecasting the actual increase in dividends in 1995-96 at \$75m. As I said in my Budget Speech, that is all going into the enhanced capital program, or the expanded capital program. We do expect the returns to gradually increase over time, and we will be using those funds to provide better services and better infrastructure to the people of Queensland. I always say: what better way of generating revenue to meet the needs of the growing population than through efficiencies in our Government enterprises? It is better than getting into their pockets, like New South Wales and Victoria seem to be doing.

**The CHAIRMAN:** Mr Nunn?

**Mr NUNN:** I refer you to page 43 of the Portfolio Program Statements, which estimate \$162m in gaming revenue for 1995-96. Could the Treasurer inform the Committee whether this increase in revenue represents growth in poker machine turnover or is this the result of increased taxes and charges on clubs and hotels?

**Mr De LACY:** You should know that we would not increase taxes and charges.

**Mr NUNN:** I do not know much about hotels.

**Mr De LACY:** Virtually all of the forecast increase in revenue from gaming is because of the new casinos coming on stream. In fact, the

breakdown I have got is that the 1994-95 estimate for casino tax is \$51.8m. We are forecasting that that will increase to \$80m. So that is the full-year effect of Brisbane and about a half-year effect of Cairns—adding that additional \$30m. Gaming tax is expected to remain constant—\$79m and \$79m next year. I think what that means is that, although there are still some new gaming machines coming on stream, we are getting close to the stage where it is saturated and gaming revenue will grow only very slowly over time. Art union fees is the other component, and it is forecast to grow from \$3.1m to \$3.3m—a very modest increase. The only other area is machine rentals but, of course, the revenue from them goes into servicing the debt. We buy all the machines on behalf of clubs and pubs.

**Mr DAVIES:** On page 34, there is a reference to the sale of the Government's interest in the Queensland Nickel Joint Venture, and I would like to ask a four-part question in relation to that. Firstly, why did the Government sell its interest in the Queensland Nickel Joint Venture?

**Mr De LACY:** The reason we sold it is that we did not see it as appropriate for the Government to be in there forever. But we inherited that. It was a mess when we inherited it. We worked very hard for three or four years to get it onto a stable basis where it had an ongoing source of ore and it could utilise the advanced technology—the state-of-the-art technology—that had been developed in Townsville over the years. That happened. When it was floated—QNI as a new company was floated—we had 20 per cent of that. We had preference shares. We always said that we would remain there while our presence was necessary for stability and what have you, but once we reached the stage where we believed it was a goer in its own right, then we thought the appropriate thing to do was to divest; to realise on our investment. I might say that we realised very well. At the end of the day, it has been a great project not just for Townsville in terms of the economic benefit and jobs, but even though five or 10 years ago nobody would have expected it, the taxpayer finished up doing pretty well out of it. Mr Chairman, I do have the answer to that one about the foot massagers.

**The CHAIRMAN:** I am absolutely dying to hear that!

**Mr De LACY:** Everybody is waiting with bated breath. The foot massagers referred to are actually footstools used by administrative staff—secretarial staff—who are using word processors. The newer models have textured surfaces, which are sold as massagers but they are really footstools and they are required as ergonomic assistance as per the health and safety requirements. The question that was asked referred to senior officers, and I can assure you that no senior officers are putting their feet up on massagers.

**The CHAIRMAN:** That concludes the time allocation for the consideration of the Estimates of expenditure for the Department of the Treasury. I would like to thank the Treasurer and all of his officers for attending this afternoon and this evening and for the very frank way in which they have answered everybody's questions.

**DEPARTMENT OF HOUSING, LOCAL GOVERNMENT AND PLANNING**

**In Attendance**

- Hon. T. Mackenroth, Minister for Housing, Local Government and Planning and the Minister for Rural Communities
- Mr Ken Smith, Director-General
- Mr Tony Waters, Acting General Manager, Housing Services
- Mr Alex Ackfun, Manager, Aboriginal and Torres Strait Islander Housing Division
- Mr Peter Edmonds, Acting Manager, Home Ownership Division
- Ms Jenny Clark, Acting Manager, Rental and Community Housing Division
- Mr Ted Cripps, Acting Manager, Housing Production Services
- Mr Frank Turvey, Manager, Production Management Division
- Mr Kevin Yearbury, General Manager, Planning Services
- Mr Warren Rowe, Manager, Planning Policy and Information Division
- Mr Maurie Tucker, General Manager, Local Government Services
- Mr Peter Woolley, Manager, Local Government Finance Division
- Mr Ian Fulton, General Manager, Financial Services
- Mr Cesare Callioni, Manager, Financial Policy and Management Division
- Ms Jenny Parker, Manager, Financial Accounting and Reporting Division
- Mr Bob Hunt, General Manager, Organisational Services
- Ms Jan Phillips, Acting Manager, Information Services Division
- Ms Linda Apelt, Director, Executive Services
- Mr Allan McKinnon, Manager, Queensland Bureau of Animal Welfare
- Mr Craig Matheson, Acting Manager, Cabinet Legislation and Liaison Unit
- Ms Elizabeth Fraser, Principal Policy Officer, Office of Rural Communities

**The CHAIRMAN:** The next item for consideration is the Department of Housing, Local Government and Planning. The time allotted is two and a half hours. For the information of the many new witnesses, I point out that the time limit for questions is one minute, and for answers it is three minutes. A single chime will give a 15-second warning, and a double chime will sound at the expiration of the time limits. As set out in the sessional orders, the first 20 minutes of questions will be from non-Government members, the next 20 minutes from Government members and so on in rotation. The sessional orders also require equal time to be afforded to Government and

non-Government members. Therefore, where a time period has been allotted which is less than 40 minutes, that time will be shared equally. The end of these time periods will be indicated by three chimes.

I now declare the proposed expenditure for the Department of Housing, Local Government and Planning 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 statement before we begin? If so, I would ask that you try to keep it to two minutes.

**Mr MACKENROTH:** The portfolio record for 1994-95 clearly demonstrates the Government's commitment to rebuild and continuously improve Queensland's housing, local government and planning. This year will see an additional 10,000 families assisted through public housing. An additional 1,750 dwellings will have been constructed or acquired, bringing the total housing stock to just over 45,900 dwellings. My department will also meet or exceed all targets set for the other housing subprograms in the portfolio for the 1994-95 financial year; namely, 500 new allocations will have been made under the Aboriginal Rental Housing Program; 336 additional units will have been acquired under the Community Housing Program; 22,000 Queensland households will have benefited through rental bond loans and a further 400 through bond grants; and another 2,170 households will have been assisted through the Community Rent Scheme. This performance has been matched by a continuing commitment to quality customer service. The Home Assist and Home Secure Programs help 12,000 households of older and disabled persons with their home maintenance, safety and personal security worries.

In the local government area—larger and more efficient councils were put in place in three of the State's key growth areas. The establishment of the new councils for the Gold Coast, Ipswich and Cairns City will, according to the Local Government Commissioner, potentially save \$7.3m per year.

Major advances have been made in the planning area. A draft new planning, environment and development assessment Bill has been completed for public comment. The Bill, which represents a complete overhaul of Queensland's planning system, launches a major assault on red tape and provides a set of practical mechanisms for integrating planning across State and local government agencies. A draft regional growth management strategy was released for far-north Queensland, and the SEQ 2001 strategy was further developed through the preparation of subregional structure plans and a draft regional transport plan.

On 16 December 1994, I assumed responsibility for the Rural Communities portfolio. I regard this year's establishment of the Rural Communities Cabinet Committee as a major step forward in making sure that a rural perspective is maintained in all areas of Government policy making. Our commitment to give a fair go to the bush is also demonstrated by the Government's endorsement of all of the key recommendations in

the March 1995 report of the Queensland Rural Regions Advisory Council. The 1994-95 year has also seen an expansion in the number of Queensland Government Agent Program sites from 13 to 24, as well as continued top-up investment in the amenities of smaller rural centres through the Rural Living Infrastructure Program.

The Budget that we have proposed for 1995-96 signals that there will be no let-up in the pace of reforms and service improvement in this portfolio. We are proposing significant increases across-the-board in the number of households to be assisted through the various subprograms of the department. A major effort will be mounted to smooth the transition of local government into the new national competition environment, and a new City of Brisbane Act will be prepared. The revamped planning legislation will be finalised following the current period of consultation. This is to be supported by extensive promotional and training programs to ensure rapid and smooth take-up of integrated planning concepts by all relevant agencies within both State and local governments.

Under the guidance of the Office of Rural Communities, all State agencies will prepare and publish guidelines as to how they will conduct consultations with their rural-based clients. An adequate resource flow is obviously critical to the maintenance of this level of service quality. Also necessary are planning and management innovations which generate best possible value from available resources. My department has established a solid reputation in that regard. During 1995-96, priority will be given to continuing to improve productivity, reducing waste and enhancing customer service standards.

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

**Mrs McCAULEY:** The Treasurer said in his Budget Speech that there would be particular emphasis on assisting local government to upgrade sewage treatment plants; yet the amount allocated in the Budget under the Local Bodies Capital Works Subsidy Scheme is only \$46.1m. Could you comment on the fact that that amount is only \$2m more than it was last year?

**Mr MACKENROTH:** Some \$2m has been allocated for an enhanced program which will increase in the future. I might add that local government does not take up all of the money that is allocated each year. Under the present subsidy levels that are available, each year money is left in that scheme. The increase that is there is considered to be necessary for the nutrient removal program that will be made available. If it is not, further money will be made available.

**Mrs McCAULEY:** May I comment that I believe that the money that is left has something to do with the way in which that subsidy is administered and the fact that the last payment is so difficult to obtain and that all the work has to be done before that last payment can be obtained, etc.

**Mr MACKENROTH:** No, I do not believe that that is right. The subsidy is made available on works that are to be undertaken. The subsidy is finally paid when the work is completed, but we do not have sufficient calls on those funds throughout the year for all of it to be made available, and that happens each year. Under the Local Government Works Program, all of the funds that are allocated each year are sufficient to fulfil the applications that are made. I think that that is the important point.

**Mrs McCAULEY:** Last year's Budget papers stated that a review was to be undertaken in this past 12 months of the Capital Works Subsidy Scheme. When I inquired yesterday about obtaining a copy of the results of that review, I was told that they were not available to me because you had not yet seen that review. Is that correct?

**Mr MACKENROTH:** That is correct.

**Mrs McCAULEY:** Given that you have not seen the review, I was rather intrigued to hear the Treasurer say earlier that you were having talks with local government about extra funding for the tertiary treatment scheme, and it was obviously a leak to the *Sunday Mail* last Sunday that you are going to provide \$75m a year for the next eight years.

**Mr MACKENROTH:** I can assure you that it was not a leak to the *Sunday Mail* from me. That is not known as being a paper that frequently carries my stories.

**Mrs McCAULEY:** It intrigues me that that sort of funding can be decided on if you have not read the review.

**Mr MACKENROTH:** The nutrient removal program is to do with requirements to improve the treatment of sewage in line with higher requirements under environment protection legislation. The review which has been undertaken within the Local Government part of my department has not reached the stage at which it has been put to me for consideration.

**Mrs McCAULEY:** Will that review be available to the public when you have looked at it?

**Mr MACKENROTH:** It depends what it says.

**Mrs McCAULEY:** I bet it does!

**Mr MACKENROTH:** It might be something that I totally reject—I do not know; I have not seen it. It is a review which has been worked on to be forwarded to me, and I can assure you that when documents come to me I make the final decision, as I am sure most of the departmental people who sit in this room will tell you.

**Mrs McCAULEY:** This is a really important issue, because councils such as Caloundra and many others in the State have had poor reports on their sewage treatment plants submitted by the Department of Environment and Heritage, and the money to upgrade those plants is simply not there. Could you give me an idea of the sort of percentage basis that you believe that subsidy should be?

**Mr MACKENROTH:** It will be thirty-three and a third, and the money will be there for the people who apply for it.

**Mrs McCAULEY:** The estimated expenditure for General Policy and Administration within your department is down from the actual cost of \$138.3m last year—

**Mr MACKENROTH:** Are you referring to a particular page?

**Mrs McCAULEY:** Page 203 of Budget Paper No. 2. It is down from \$138.3m last year to \$131.7m this year. Can you explain the reason for that? In addition, the estimated goods and services receipts are down to less than half the previous year's figure, and that is on page 182 of Budget Paper No. 2.

**Mr MACKENROTH:** The Portfolio Program Statements, which has all these figures in it, was provided so that we could easily go to the figures. I will have to find that and come back to this document. Which is the first page?

**Mrs McCAULEY:** Page 203.

**Mr MACKENROTH:** What is the first question relating to page 203?

**Mrs McCAULEY:** Why is the estimated expenditure down from last year?

**Mr MACKENROTH:** The estimated actual expenditure this year is 138 and it is down to 131.

**Mrs McCAULEY:** Yes, and the goods and services receipts are also less than half.

**Mr MACKENROTH:** Now we just have to find it in this document. That will probably be spread out among a number of the programs within these documents, and there will be various reasons. It might be that we will have to apportion that out and provide it to the Committee.

**Mrs McCAULEY:** That is fine.

**Mr MACKENROTH:** It would be within these documents, the portfolio statement that you have been provided with, but it would be in this area here in a consolidated form, whereas within these documents it is split up.

**Mrs McCAULEY:** I will probably cover it, then. I refer to page 61 of the Portfolio Program Statements. Could you give me a breakdown of the current grants and subsidies on the Budget Estimates, which total \$309.4m, and also a breakdown of the capital grants figure?

**Mr MACKENROTH:** Yes. The Commonwealth grants to local authorities will be \$145,541,000; the allocation for natural disaster relief is \$5.6m; grants to Aurukun and Mornington Island, \$2,020,000; local government concessions, \$580,000; showground subsidies, \$1.5m; other, \$13,000; capital outlays, capital grants, Commonwealth grants to local authorities, \$67,115,000; local government infrastructure support, \$81,488,000; National Landcare Program, \$3,835,000; State assistance to Torres Shire Council, \$1.5m; and Mareeba Shire for Kuranda rail, \$217,000, making a total of \$309,409,000.

**Mrs McCAULEY:** The 60-something million that you mentioned in the middle of that list—can you elaborate on that?

**Mr MACKENROTH:** There is no 60. Was it \$81m for local government infrastructure support?

**Mrs McCAULEY:** No, it was above that.

**Mr MACKENROTH:** The Commonwealth grants to local governments.

**Mrs McCAULEY:** Was how much?

**Mr MACKENROTH:** The first part of it was current outlays, current grants and subsidies; the second part was capital outlays, capital grants, which starts with the Commonwealth grants, and the rest of them were capital outlay capital grants.

**Mrs McCAULEY:** Given that the \$7.5m program for Aurukun and Mornington Island for stormwater drainage was in last year's Budget, how much has been spent to date and how much has been allocated in the 1995-96 Budget?

**Mr MACKENROTH:** I believe \$7.5m was the total amount of money.

**Mrs McCAULEY:** Over three years?

**Mr MACKENROTH:** Yes. The actual amount of money that was spent in this financial year is estimated to only be \$300,000 and therefore for the next financial year it will be \$6.2m.

**Mrs McCAULEY:** On page 61 the Portfolio Program Statements refer to a review of local government electoral quotas and maps for the 1997 elections. Can you tell me how much money is going to be put aside for that and who will undertake it? Will that be the Local Government Commissioner?

**Mr MACKENROTH:** That would be done by the Local Government Commissioner.

**Mrs McCAULEY:** It will be in his budget?

**Mr MACKENROTH:** The money would be under his normal program. There would not be any new money allocated for it.

**Mrs McCAULEY:** It also refers to Aboriginal and Islander councils. Did you mention the specific sum for those before?

**Mr MACKENROTH:** The Aurukun and Mornington Island bodies are local governments as distinct from Aboriginal councils. They receive financial assistance through my department of \$2,020,000 per annum. The other Aboriginal councils receive Commonwealth grants through my department and other support from the Minister for Aboriginal Affairs. Commonwealth grants to local authorities provide assistance to all local authorities, including the Aboriginal councils as well as the Aurukun and Mornington Island bodies. We do provide funds to them, mainly as a forwarding agent for the Commonwealth.

**Mrs McCAULEY:** Does that include Woorabinda?

**Mr MACKENROTH:** All Aboriginal councils receive specific purpose grants from the Commonwealth Government. We simply forward them on.

**Mrs McCAULEY:** When there were concerns about Woorabinda, it was the Family Services Minister who wanted to wind that council up.

**Mr MACKENROTH:** She is responsible for the Aboriginal council. We simply forward to them a grant from the Commonwealth Government under grants to local governments throughout Australia. That money is provided to my department to forward on. The Local Government Grants Commission decides upon the amount of money that will be sent, not my department.

**Mrs McCAULEY:** Who has carried out the Local Government Program Evaluation, also mentioned on page 61, and what councils were involved? Is that a public document? What recommendations came out of it? Is that across-the-board?

**Mr MACKENROTH:** It is the Local Government Program Evaluation of my department—of the department itself. It is program evaluation which is required to be done in different programs across Government on a rolling basis, and the Local Government Program was undertaken. That was done by Coopers and Lybrand.

**Mrs McCAULEY:** Why were there unexpended funds from the Rural Living Infrastructure Program in 1994-95?

**Mr MACKENROTH:** Slightly more than \$11m of the \$15m under the grants to local governments is available. \$11.3m has been allocated and at this stage only a small proportion of it has been actually claimed, because councils are undertaking that work right now. As they put in their claims, we will pay the money out. Money that is not claimed in this financial year but is claimed the next financial year will be carried over.

**Mrs McCAULEY:** Similarly, the intra public account unrequited transfers represent the unexpended capital grants of \$13m. Can you tell me what that is? That is on page 63.

**Mr MACKENROTH:** Yes. That is some of the money that we have been talking about. The Aurukun and Mornington Shires roads and drainage carryovers are expected to be \$2.2m. The Rural Living Infrastructure Program for the accelerated rural communities water supply and sewage systems is \$2.2m. The Local Bodies Capital Works Subsidy Scheme and drought scheme is minus 589. Rural Living Infrastructure Communities Amenities is \$7,430,000 and the National Landcare Program is \$1,009,000. That money has been allocated to councils basically which have not, at this stage, proceeded with the work or made the claim for the money.

**Mrs McCAULEY:** I do not want to upset you, but I want to go back to Budget Paper No. 2, page 135.

**Mr MACKENROTH:** That does not upset me. It just takes me longer to give an answer.

**Mrs McCAULEY:** Page 135 refers to COAG and the States reaching agreement to implement the package of the Hilmer report on national

competition policy. It states, "Consumers are expected to benefit from lower prices for Government services..." It goes on to state that the reforms provide for "revision of the competitive conduct rules of trade practices legislation and their extension to State and Local Government enterprises and businesses". Does this mean that small councils that have preferred supplier status in road building will lose that status?

**Mr MACKENROTH:** No, and all councils have received a letter from the Premier outlining that that is the case. It certainly will not require that to happen at all.

**Mrs McCAULEY:** Is that "no" indefinitely?

**Mr MACKENROTH:** That is not definitely "no". It is not going to happen in the future at all. The letter that the Premier sent to all local governments in Queensland is very clear.

**Mrs McCAULEY:** Under the Hilmer recommendations, local government has not been given a specific exemption from pecuniary penalties under the Trade Practices Act, as I understand it. How will this affect local government? Will it mean that the present exemption from sales tax on plant and vehicles will be null and void?

**Mr MACKENROTH:** They will not have to pay sales tax. There will be tax equivalents required from them which they will pay back to their own councils. There will not be a requirement on the councils to forward money to the Commonwealth. A similar process will operate as for the State Government owned enterprises, where equivalent payments are required to be made to the State. To put them on a competitive footing, they will be required to meet what a private operator would be required to meet, but it would be paid back to their own councils. They will be required to clearly identify those payments and to pay them back so they are operating on a competitive basis.

**Mrs McCAULEY:** The Treasurer said that tax equivalents will not be payable by councils to the State.

**Mr MACKENROTH:** That is correct.

**Mrs McCAULEY:** They are paying it to themselves, you are saying?

**Mr MACKENROTH:** That is the way it works, yes. The councils have been informed of that as well, so it is made transparent.

**Mrs McCAULEY:** Similarly, I understand that most councils in Queensland will be able to continue with cross-subsidisation as before, as long as those arrangements are made transparent to ratepayers. However, there will obviously be an effect on large councils like Brisbane and Townsville as far as their water and sewage services go. That seems to me rather unreasonable.

**Mr MACKENROTH:** I told the Urban Local Government Association last Thursday that there is no requirement on any council to increase charges as a result of the Hilmer reforms or National Competition Policy. Any council that increases its water or sewerage rates and blames Hilmer would not be telling the truth to its ratepayers. In fact, it

would be using that as an excuse to increase rates or charges. If it is giving a cross-subsidisation between domestic consumers and commercial consumers, it can continue to do that providing that it makes it transparent. If it makes it transparent, it can continue to do it.

**The CHAIRMAN:** The time allotted for this period of questioning by Opposition members has expired. On page 5 of the Portfolio Program Statements, the second-last paragraph states—

"... \$8.2M has been allocated in 1995-96 to allow people leaving particular institutions access to secure, appropriate and affordable housing. The allocation will enable over 100 housing places to be made available for people presently accommodated in institutions such as Basil Stafford ..."

Can you give an indication of the type of housing that will be made available? For instance, will it be houses or units?

**Mr MACKENROTH:** There would be a variety of housing stock. As part of the deinstitutionalisation process, this year, \$8.2m has been made available; \$4.1m of that will come from the Consolidated Fund and \$4.1m from the Queensland Housing Commission Fund. That will provide accommodation for people leaving institutions, and that will be all types of accommodation according to their needs. We will work that out with either welfare services or the Health Department, whichever department it is necessary to negotiate with.

**Mr BUDD:** On the same page, the last paragraph states—

"The Department is also providing an additional \$2M to enable expansion of the Community Rent Scheme. This expansion will create an additional 500 transitional places in the Community Rent Scheme. These 500 places are targeted to women escaping domestic violence."

Do you have any idea what the current demand for such places is?

**Mr MACKENROTH:** It will not be primarily targeted, it will be totally targeted at women escaping domestic violence. There is a great need for it. One issue that has been raised with me on many occasions by women who are working in women's shelters is the need for them to find safe, secure accommodation for people who are exiting women's shelters. They go into women's shelters on a short-term basis. The Public Rental Housing Program is a long-term solution for many of them, but in the medium term there are really no housing solutions there for them. We do not have a priority allocation system working in the Public Rental Housing Program, so this extension to the Community Rent Scheme has been developed to provide for those people so that the women's shelters can negotiate with the Community Rent Schemes, which are operating right throughout Queensland, to have a certain number of places available for them to access, and that is the way the system will operate. Five hundred places have

been allocated for this year, and that will be starting pretty well immediately.

**Mr NUNN:** On page 7 of the statement under "Program Outlays" it shows that the 1994-95 budget for public rental was over \$477m, but the estimated actual budget was over \$511m. Could you outline the reason for this increase?

**Mr MACKENROTH:** The main increase came about as a decision during the year to sell \$30m worth of land which was surplus to our requirements. The department has a policy of not building on any more than 20 per cent of a particular estate. It was decided that we would sell \$30m worth of land and put that into the Public Rental Housing Program. That provided an extra 100 dwelling units, and \$10m was allocated to that. We acquired some further land, which was in more strategic locations for us, and we allocated \$10m towards upgrading and redevelopment programs to improve existing housing stock throughout the State.

**Mr DAVIES:** I have a similar sort of question. Under (B), "Funds Outside the Public Accounts" on page 7, I refer to the HOME Shared Trust Fund. The estimated actual for 1994-95 is \$193m in round figures; the estimate at the start of the year was \$86,500,000. There is a difference of about \$106m. I was just wondering what the reasons for that increase might be.

**Mr MACKENROTH:** I thought the Opposition would ask that question. The increase in the HOME Shared Trust Fund is due to the refinancing of the Rental Purchase Plan debt of \$105m. The department, in its HOME Purchase Assistance Account, had a surplus amount of money. It uses that money to buy back debt from the Queensland Treasury Corporation. So from the Home Purchase Assistance Account we purchased back from QTC \$105m worth of debt in the Rental Purchase Plan, which then provides us with further income to increase the amount of money that we have there. The Home Purchase Assistance Account had an increasing amount of money in it, and it was considered that that was the most prudent way to use it.

**The CHAIRMAN:** The answer to my question might have a similar explanation, but on page 8, under "Key Inputs", the line item relating to financing transactions shows that there is a substantial increase in estimated actuals over the Estimates for 1994-95, and it then drops back down to a lower amount for Estimates for 1995-96. Could you explain that big bump in the system?

**Mr MACKENROTH:** The majority of that money is the \$105m to which I referred plus \$10m prepayment on QTC debt just for a better management of our own portfolio. So the majority of that money has been the \$105m, which we have used from our Home Purchase Assistance Account.

**Mr BUDD:** On the same page, under "Staffing", there is an increase in public rental staff from 723 in the 1993-94 Budget to an estimated actual of 776. The Estimate for 1995-96 is 799, representing an increase of 78 staff. What is the reason for that increase?

**Mr MACKENROTH:** There was a realignment of activity between the Housing subprograms during 1994-95. As a result, 53 positions were transferred to the public rental subprogram from other subprograms. Eight positions came from community housing, 20 positions from home ownership and 25 positions from private rental. The remaining increase of 23 positions reflects the net outcome variety of staffing adjustments within public rental, the key ones being strengthening of the area office and asset centre management operations, which were decentralised. Those decentralised offices are providing an increasing level of assistance through the expansion of public rental stock, further decentralisation of head office activities in a major area of the State improvement programs and a number of other minor issues. Those are the main issues involved in the increased number of staff. Most of them have come about through re-allocation within the program.

**Mr BUDD:** I guess that the figure for Rural Communities is purely a result of the Minister being responsible for—

**Mr MACKENROTH:** The Rural Communities staff increase is totally the responsibility of that being shifted to my department in December last year. Twenty staff who were with the Deputy Premier's Office, or his department, have now been shifted to my department.

**Mr NUNN:** On page 9 in "Major Program Issues" it states—

"There has been an increase in demand for housing assistance in Queensland over the past three years. This is despite the unprecedented increase (50.7 per cent between 1989 and 1994) in the total supply of public housing."

Could you give an outline of the effect this increase has had on this year's budget?

**Mr MACKENROTH:** There has been a large increase in the numbers of people as the waiting list now is around 27,000. That has come about for a number of reasons: the quality of the housing stock which is being built has a number of people applying for housing who would not have applied in previous years; and the fact that we actually manage the applications and the waiting list in a better way than it was managed previously. I think previously the old Queensland Housing Commission actively pursued a policy of getting people off the waiting list by losing their applications. If people applied for housing and did not ring back on a set day within a year's time they were simply wiped off. If they rang back in a month's time they were asked to re-apply, and a lot of people did not do that. So there was a fairly active process of getting people not to apply or not to continue to apply. We encourage people to put their name on the waiting list. The stock is in a much better condition and, as a result of that, we get more people applying. On a percentage basis, our waiting lists would be similar to other States in Australia now.

**Mr DAVIES:** On page 11 of the statements under "Major Sub-program Issues", the fifth dot point relates to the impact of native title legislation on ownership and management arrangements. What effect is this going to have?

**Mr MACKENROTH:** The impact it has for us is that under the Aboriginal Rental Housing Program the funds that are provided to us from the Commonwealth Government, which is slightly more than \$25m a year, have to be split between the Rental Housing Program of my own department and the Aboriginal communities, which get about half of it, and they manage that housing themselves. The problem that native title creates for us is that we are unable to work out at this stage who owns the land. The Aboriginal and Islander people themselves are suffering as a result of the land claims that have been made on the land that they are living on and, as a result, we were unable to advance those funds to them. We have \$7.8m that has been allocated to communities which, at this stage, is unable to be spent. I was concerned about this last year and I raised it with the Deputy Prime Minister and got his agreement to be allowed to carry those funds over until those problems are sorted out, and he has agreed to that again this year.

**Mr DAVIES:** On page 13, the fifth dot point states—

"A total of \$19.849m has been programmed as grants to Aboriginal and Torres Strait Island Councils during the year for the construction of 170 houses. This includes grants not spent in 1994-95 as a result of Native Title delays."

That is the sort of thing you have just been talking about, is it?

**Mr MACKENROTH:** That is the \$7.8m that at this stage has not been spent.

**The CHAIRMAN:** On page 15 under "Major Activities" in the housing section, there is a significant increase in "Housing Allocation and Tenant Management" both in the estimated actuals over Budget and in the Budget projections for 1995-96. Could you explain that significant increase?

**Mr MACKENROTH:** There are three main reasons for that. They include the enterprise bargaining payments which are required for staff, the movements in the fringe benefit tax payments and the ATSIH Fund, the Aboriginal and Torres Strait Islander Housing Fund, which is now required to meet its share of office support costs. The office support costs, which they were not required to pay in the past, are now required to be paid. That increases the money in that program. The corporate service costing is \$600,000 for 1994-95, which was not budgeted for. We made it clearer in the program.

**Mr BUDD:** On page 19 of the PPS, the last point in "Crisis Accommodation" mentions that around \$0.35m was approved for disability modifications to a total of 15 property in 1994-95

and 1995-96 to improve access for people with disabilities who are seeking crisis accommodation. Is there a growing demand or concern for people with disabilities trying to get into crisis accommodation?

**Mr MACKENROTH:** I think there is a growing demand for people with disabilities requiring modifications to houses, whether it is crisis accommodation or in our main program. I think it is because people are more aware that they can get modifications made and, as a result, apply for them. In our own housing program we make about 500 modifications a year to houses and build over 100 specifically designed houses for people with disabilities. The same thing comes through in the crisis accommodation program which deals a lot with access to homes—ramps and whatever. They are the main areas where the money has been spent. There are modifications to kitchens and access to the home itself—ramps.

**Mr DAVIES:** On page 19, again under "1995-96 Planned Performance", the fifth dot point states—

"Boarding houses will be acquired in Cairns, Townsville and inner southern areas of Brisbane. Agreements with community housing providers will ensure that the dwellings are preserved for traditional users."

Would you like to expand on that statement?

**Mr MACKENROTH:** Yes. The department already has two fully operational old boarding houses that we have bought and renovated which we made available to community housing providers. We are not able to manage them so we get community housing providers to do that. There are people in our community who would prefer to live in boarding house style accommodation. As a result of people looking for larger homes, they are buying out boarding houses and renovating them back to make larger homes, as the older style boarding houses tend to be on larger blocks of land. People purchase them and build new unit blocks. So the amount of boarding house accommodation is decreasing. That concerned the Government. So we started out with a policy of purchasing some units of accommodation to make them available to people who traditionally have lived in boarding houses. That program will grow this year to cover those areas. At this stage, we have two boarding houses, one of which has 12 tenants and the other 16. We have bought two others which will provide 15 rooms of accommodation each, one at Ipswich and one at New Farm, and we will move towards looking for houses in Townsville and Cairns.

**Mr NUNN:** On page 21, I refer to "Program Outlays and Funding Sources". Could you explain the drop in salaries and why the fixed capital expenditure budget was not met in 1994-95, and why there is none estimated for 1995-96?

**Mr MACKENROTH:** I did not think it was because anyone took a pay cut; that is unheard of in the public service. As to salaries, wages and related payments—in formulating the 1994-95 original Budget, a revised program structure was

adopted. Earlier, when Mr Budd asked me a question about the staff numbers which had increased in the Public Rental Program, we talked about those staff who have been shifted from the Community Housing Program to the Public Rental Program. We have shifted their wages out of that program into the Public Rental Program. That explains why there is a difference in the salaries.

In relation to the fixed capital expenditure—at the time that the 1994-95 Estimate was prepared, it was anticipated that the 1993-94 fixed capital expenditure under CAP would be underspent. No underspending occurred; in fact, the program overspent. As a result, the estimated actual was adjusted accordingly. At that time, elements of the fixed capital budget were reclassified and transferred to non-labour operating costs of \$1.1m and capital and current grants of \$2m. The capital expenditure of \$4m has also been brought forward into 1994-95. As a result, no capital expenditure is planned for 1995-96; we spent it in this year.

**The CHAIRMAN:** The period for questions by Government members has elapsed. Mr Goss, I understand that you are picking up the ball at the moment.

**Mr J. N. GOSS:** I seek leave to question the Minister.

**The CHAIRMAN:** Certainly, you have that leave.

**Mr J. N. GOSS:** I refer to the Portfolio Program Statements, pages 32 to 37, and the Community Rent Scheme. Firstly, I would like to say congratulations to the department and the committees who run the Community Rent Scheme for the work they have been doing. I have referred people to those schemes, and whenever they have been able to give assistance they have done so. On page 33 the "Number of units" is referred to. I assume that the \$2m would relate to the number of families assisted throughout the year, not living units.

**Mr MACKENROTH:** This is in the bar chart where "500" is shown?

**Mr J. N. GOSS:** Yes.

**Mr MACKENROTH:** No, that is the number of units of accommodation.

**Mr J. N. GOSS:** You will get 500 for \$2m?

**Mr MACKENROTH:** That is the number of households who will be assisted.

**Mr J. N. GOSS:** Those additional places—the whole 500—would be taken up by women escaping domestic violence. Because there is a huge demand out there, is there any provision in this Budget for the CRSs to have additional places for families?

**Mr MACKENROTH:** No, there is no additional funding above the 1,200 homes which are funded through the program at present. The extra is specifically going to women with children escaping domestic violence.

**Mr J. N. GOSS:** How many houses and units will this involve, and will any of those dwellings be transferred to the Community Rent Scheme

from existing crisis or public rental housing stocks? In other words, will the dwellings be new stock from, say, the private rental market?

**Mr MACKENROTH:** It will be about 300 dwellings, and it will be new stock. The houses that are being used for crisis accommodation will continue to be used for crisis accommodation. This program is the next step from that crisis accommodation. They are totally utilised now. I will not be pulling any of those out of that program, but this will be the next step from there to allow women with families, who have gone into that crisis accommodation, to leave that crisis accommodation and go into more permanent accommodation. That would be through that program.

**Mr J. N. GOSS:** Can you give an idea—just by city—as to where those 300 dwellings will be? Will they be widespread?

**Mr MACKENROTH:** They will be right throughout the State—where the need is. We can access that information from the SAAP program. That information as to need can be accessed from there, and it will be provided on need throughout the State.

**Mr J. N. GOSS:** Will the existing Community Rent Schemes get those houses as additional ones, or will they be separate Community Rent Schemes?

**Mr MACKENROTH:** The existing schemes will get those allocations. New rental schemes will not be set up.

**Mr J. N. GOSS:** On page 34 of the Portfolio Program Statements, under the heading "Assistance to private renters", reference is made to a target of 24,000 bond loans. Assuming an average bond loan is \$600, there would be approximately \$14.4m. The estimated recovery is only 65 per cent, which means that over \$5m will be lost in the coming year.

**Mr MACKENROTH:** That is very good, actually. It started at 12 per cent. When we came into Government, the amount that was recovered under the Bond Loan Program was 12 per cent. We have set about with a program of trying to get as close as we can to 100 per cent. Over the past five years, we have increased that to a 65 per cent recovery rate. The money that is used is provided by the Commonwealth Government for mortgage and rent assistance programs. It is specifically provided by the Commonwealth in the Commonwealth/State Housing Agreement for programs such as this, and in that program we use it to try to get the most assistance to people. We have tied the bond loan into the Residential Tenancies Authority so that it cannot pay back to a person any money unless we allow it to be repaid. So the money that we lose is usually as a result of people leaving without paying their full rent, and we do not get the full bond back from the Residential Tenancies Authority.

**Mr J. N. GOSS:** And those people would not be able to get another—

**Mr MACKENROTH:** They would not be able to get any further money under the program, nor would they be entitled to apply for rental accommodation unless they paid back the debt to the department. Nobody can access further assistance whilst they have a debt.

**Mr J. N. GOSS:** The expenditure in the Budget figures is \$10.946m, representing a loss of about \$5m on the bonds and the balance of \$6m. Is that for administration purposes or computer purposes?

**Mr MACKENROTH:** I am sorry. Could you repeat the question?

**Mr J. N. GOSS:** The \$10.946m.

**Mr MACKENROTH:** The projected expenditure for 1995-96?

**Mr J. N. GOSS:** Yes. We lose \$5m out of that.

**Mr MACKENROTH:** That is for the program?

**Mr J. N. GOSS:** Yes, for the loss in bond. There is a \$6m balance then.

**Mr MACKENROTH:** If we were losing 35 per cent, that would be \$3.5m, would it not—or just slightly more? It also has rollover funds in it, because any money we get back from the bonds that are repaid rolls over, so it is probably not as simple arithmetic as that.

**Mr J. N. GOSS:** On page 34 of the same document, the target for rental grants is expected to drop from 400 last year to 250 this year. Why is that? Will there be stricter criteria?

**Mr MACKENROTH:** It is available on demand. We have estimated that 250 will be approved this year. Where did you get the 400 from?

**Mr J. N. GOSS:** There were 400 last year.

**Mr MACKENROTH:** That was the target last year.

**Mr J. N. GOSS:** Yes, the target last year.

**Mr MACKENROTH:** But that does not mean that we made 400.

**Mr J. N. GOSS:** I see nothing that says how many.

**Mr MACKENROTH:** The target for this year is 250. That was an estimate that was made last year for the program. The lower number would have been assessed because we have not made the 400 this year. The demand has dropped. We can increase that. Once we reach 250, if there is still a requirement for further rental grants, we can increase it.

**Mr J. N. GOSS:** On pages 35 to 37 of the Portfolio Program Statements, under the heading "Housing Resource Services", the projections are that there will be a considerable increase in customer contacts from 60,000 to 70,000, and 50,000 householders will be assisted as against 40,000 last year, yet their allocation remains at \$1.8m. I realise that there were three new Housing

Resource Centres set up last year—well, it was said that they were going to be set up. Do you think that that \$1.8m will be able to cope with the increased demand?

**Mr MACKENROTH:** Yes, I do.

**Mr J. N. GOSS:** Already people say that they have a problem contacting the Housing Resource Services.

**Mr MACKENROTH:** I do not know that they have a problem contacting us.

**Mr J. N. GOSS:** The demand is so great the telephone is always engaged.

**Mr MACKENROTH:** I am pleased you have clarified that. I think the Housing Resource Service Program has been a very good program. It has been very successful. The estimate that has been done here is an estimate that we believe can be met within the budget that has been allocated, and I am sure we can meet it. We also have the Rental Bond Authority that will probably take some of the harder work that the program may have done in the past, because they are now a referral centre as well. They will be able to refer people there for mediation and the like. So perhaps some of the harder problems they deal with can go there.

**Mr J. N. GOSS:** At page 27 of the Portfolio Program Statements it is stated that 260 households are expected to be assisted with new finance under the Rental Purchase Plan Program at \$13.25m, yet you expect to purchase shares totalling \$15m in those properties. With regard to that, is there any net loss in the scheme?

**Mr MACKENROTH:** No. I think it is important to look at all our lending programs. We talked before about the Home Purchase Assistance Account and the extra money that we had used to buy some of the debt. Five years ago, the Home Purchase Assistance Account had equity of \$196.5m. As at 30 June 95, we estimate that that will be \$280m—an increase of almost \$85m. So across the whole lending program, that is the amount of profit that is made. Because we are lending to people on very low incomes with very small deposits, on some loans where people walk away from their homes—which people tend to do if they have no equity, particularly if there is a marital break-up; the easiest thing for them to do is to just walk away—we do sustain a loss on an individual loan. Across the whole program, no, we do not make a loss. I think that is the important thing. A claim was made, I think, a week ago that it was costing the taxpayers of Queensland money. The HOME and HOME Shared Schemes have not cost the taxpayers of Queensland one cent outside the home lending program.

**Mr J. N. GOSS:** Has the Government allocated any funds such as the \$15m to purchase shares in existing houses, or any other funds to amend the Rental Purchase Plan, to provide assistance to purchasers, or to those in financial difficulties?

**Mr MACKENROTH:** To purchase existing—

**Mr J. N. GOSS:** We have changed the scheme.

**Mr MACKENROTH:** Some people in our existing loan schemes may have their loans bought out by HOME Shared or the Rental Purchase Plan. That happens really as a safety net. I think the statistics that we did—and this is off the top of my head, but it is pretty right—showed that about 20 per cent of the loans under the Rental Purchase Plan are to people who are basically coming from banks or building societies because they are wanting them to sell up, or to women who are having a marital break-up. We find that one spouse will want his or her share of the money—and it is usually the male—and the woman is left with the family. The Rental Purchase Plan provides them with an opportunity to stay in the family home. The Rental Purchase Plan does provide that assistance to people. So there are some people who do have their existing loans within the department bought, and existing loans from banks and building societies bought under the Rental Purchase Plan.

**Mr J. N. GOSS:** So there is no funding to actually change the Rental Purchase Plan? When it was HOME Share, the scheme was changed. There is no plan to change the scheme again and offer any further assistance to anyone in financial trouble?

**Mr MACKENROTH:** No.

**Mr J. N. GOSS:** At page 19 of the Portfolio Program Statements, the Co-operative Housing Program is up from \$1m last year to \$10m this year.

**Mr MACKENROTH:** Sorry, wait until I get the page. Page 19?

**Mr J. N. GOSS:** The Co-operative Housing Program is right at the bottom.

**Mr MACKENROTH:** Yes.

**Mr J. N. GOSS:** That is up to \$10m now. What accountability is in place to ensure that these funds that are allocated to the cooperatives are used correctly? There have been certain allegations from members of cooperatives that the funds are not always used for that purpose. Houses are neglected and, at times, people have had their cars repaired and bought personal furniture.

**Mr MACKENROTH:** I do not know if that is true. If that is true, you should provide those details to me. The reason that there was very little money spent in the program last year was because of my concerns with money that had been allocated through most of the community housing programs over prior years—and this goes back for many years—without any adequate call by the Government on those funds if something went wrong. We had an instance in Townsville where a community group, which had accessed Department of Housing funds back in the 1980s and purchased homes, had gone broke. There were a number of people—very disadvantaged people—living in the homes and I was left in the position that I had to buy houses from a liquidator that the Government had paid for so that those people could stay in their homes.

That led me to review the way in which those funds were allocated. As a result, I require any housing cooperatives or other groups which accesses funds to allow us to have a new funding mortgage agreement over their properties. We also require groups, if they wish to access further Government funds, to allow us to hold the funding mortgage agreements over properties that they may have purchased back in the early nineties and eighties. As a result, last year very little money was lent. However, we have been able to tie up most of those properties so that they are able to be used for the reason for which the Government funded them. We are able to try to get some security for the people who are living in that accommodation. What the honourable member spoke of should be reported to the police. If he is aware of those details, I recommend that he do that.

**Mr J. N. GOSS:** This happened a year ago. I contacted the department about it. I found it very difficult to establish anything because the financial statements and the audit reports of those cooperatives are not made public. Why is that?

**Mr SMITH:** Mr Goss, all of the organisations need to be incorporated. Under their own constitution and rules, they would need to make their annual reports available as required. Although those documents might not be required to be totally public, the groups are accountable to their own membership base and have to go through proper accountability procedures to that base and the department for the capital funds that are provided.

**The CHAIRMAN:** The time for questions by non-Government members has expired. Minister, on page 22, under the heading of "Major Activities", it is explained that the 1994-95 estimated actuals for the community housing subprograms reflect additional carryover funds.

**Mr MACKENROTH:** On which page?

**The CHAIRMAN:** Page 22, the section headed "Major Activities". The first line item relates to the Community Housing Program. There is an explanation about some carryover funds for the bump in that system in that estimated actuals are several million dollars higher than estimates. Could you give us a more complete explanation of what those carryover funds are for?

**Mr MACKENROTH:** Program funds of about \$2.4m were on hand because they were not spent in the 1993-94 financial year under the Community Housing Program. There was no cash on hand for the Crisis Accommodation Program. However, there was an overexpenditure from the previous year of approximately \$900,000. Both programs are tied under the Commonwealth/States Housing Agreement and, as such, have minimum expenditure targets to avoid cuts by the Commonwealth. If we do not expend the money, it is cut back.

**Mr BUDD:** On the same page, under the heading of "Major Activities", the Community Housing Partnership Program is listed. Again, an explanation below the table states—

"Expenditure for Community Housing Partnership Program is slower than anticipated."

Why was it slower?

**Mr MACKENROTH:** The original budget was \$15m. That figure was revised downwards to \$10.7m. The projects are developed and managed through community organisations. They have to comply with building and town planning regulations. Organisations accessing the Community Housing Partnership Program contribute land. Therefore, most of those projects involve construction. Those projects have a longer preparation and approval time than is the case with homes being purchased on the private market. We find that a lot of people, although they are approved for funding, are unable to spend the money in the time allotted to them. We have put in place some measures to try to make those community organisations spend the money in a more reasonable time. For example, if accessing funds for programs that require building, they must start to expend the funds within 12 months. If the funds are for the purchase of existing accommodation, they have six months in which to purchase the accommodation, otherwise they lose their grant. That is because some community groups were receiving funding and taking anywhere up to three years to spend it.

**Mr NUNN:** I refer you again to page 22. The Crisis Accommodation Program has been able to accelerate expenditure in 1994-95 by bringing forward about \$4m in capital projects for 1995-96. The acceleration was offset by the deferral of expenditure on cooperative housing projects to 1995-96. Why was this expenditure deferred?

**Mr MACKENROTH:** I come back to the reasons that I mentioned previously in response to Mr Goss. In 1994-95, only eight houses were funded under the program. We anticipate that, in 1995-96, 50 houses will be funded. The funding delays were to allow us to introduce the new mortgages and funding agreements which provide us with better security over the premises.

**Mr DAVIES:** On page 29, under "Capital Outlays" and "Fixed Capital Expenditure", the budget for 1994-95 of \$100m can be compared with the estimated actual of \$28m. That is a drop of \$72m. Can you give us some explanation for that drop?

**Mr MACKENROTH:** Notionally, we had allocated \$100m to be available for the department's equity in our Rental Purchase Plan. But there was a drop in demand for that program and, as a result, we are required to spend only \$28m. You can see that, for the next year, we have projected a lesser amount as well. We tightened up some of the procedures in a review done in relation to a percentage which the department purchased, and that came about as a result of that review.

**Mr DAVIES:** You have basically answered my second question which was in relation to the financing transactions which were budgeted at \$34m and ended up at \$133m. I think that is to do with the Home Share Scheme.

**Mr MACKENROTH:** That is the \$105m which we referred to earlier from the Home Purchase Assistance Account.

**The CHAIRMAN:** Minister, it looks like my question might be about the same \$105m.

**Mr MACKENROTH:** We can only spend it once, though.

**The CHAIRMAN:** On page 30, under "Major Activities", for loans and advances the Budget estimates for 1994-95 were \$100m, and the estimated actual is a little over \$134m. Then there is a big drop. There is an explanation on loans and advances below that, which mentions a HOME Shared Trust of \$105m. Can you add to that explanation, or has that already been covered?

**Mr MACKENROTH:** That is the \$105m. Mixed with it is the reduction in expenditure that we had through that program, which was the one that was referred to on the previous page—down to \$28,180,000. When you take into account that reduction and then bring in the \$105m, that is where you get the \$134m. That is where that figure comes from.

**Mr BUDD:** Government members have been very satisfied with the answers given in the Housing sector. I take you now to page 49 of the statement, which relates to the planning program. One of the new initiatives is to include preparation of an environmental and socially sustainable management strategy for the southern Moreton Bay islands, all of which happen to be in my electorate. Will you inform the Committee of the extent of that planning?

**Mr MACKENROTH:** The pattern and intensity of development on the southern Moreton Bay islands of Russell, Lamb, Macleay and Karragarra is a longstanding regional land-use problem. Problems evident on the islands result from the presence of approximately 20,000 largely unserviced allotments, about 5,000 of which have some form of drainage problem including tidal inundation. High levels of uncontrolled subdivision occurred prior to 1973. The islands could potentially accommodate a population of 60,000 persons, which is likely to greatly exceed their environmental capacity. Community groups and island land-holders have lobbied Government over an extended period seeking a resolution of the islands' critical planning and development constraints.

The initiative for which funding is provided involves two major elements: the preparation of a drainage problem mapping and survey study in conjunction with the Redland Shire Council to provide improved topographic and cadastral information and to more accurately define the extent of drainage problem lands, for which funding of \$150,000 has been set aside under the 1995-96 Budget; and adoption of a public planning process involving the production of a discussion paper on the future planning and management of the islands. Funding of \$20,000 has been set aside for the production of the discussion paper and the accompanying public consultation. The planning process, to be undertaken jointly with the Redland Shire Council, will involve landowners and the wider

public. The planning strategy will identify: (1) the extent to which the appropriate future use of drainage problem areas is resolved, which may include the use of these lands for public purposes; (2) the extent to which appropriate planning controls are developed for the islands which recognise the existing physical and servicing constraints, the preferred future use of island land and the need to protect environmentally significant tidal lands consistent with the Moreton Bay Strategic Plan and the SEQ 2001 regional planning exercise; and (3) the identification of an appropriate urban servicing strategy approach for the islands which recognises the need to preserve environmental values and avoid environmental degradation resulting from the absence of essential infrastructure.

**Mr BUDD:** Following on from that—the summary of initiative cost is anticipated to decrease over the next three years. Is that because those initiatives will have been met?

**Mr MACKENROTH:** Because they will be met, the program will be put in place, and the work will be done. I have met with the Mayor of the Redland Shire, Councillor Eddie Santagiuliana, who certainly wants the Government to have an involvement in this process. Naturally, they look at it as a problem that was created in the 1970s. They want the Government to be involved in the resolution of the problem, which we have agreed to do.

**Mr NUNN:** On page 49, reference is made to the Local Approvals Review Program. Could you give us an indication of the success or otherwise of that program?

**Mr MACKENROTH:** LARP has been successful. In 1992-93, it was trialled in the Gatton and Redland Shires, and it proved to be successful there. In 1993-94, the program was extended to Woongarra, Mackay, Toowoomba and Townsville. During 1994-95, it has been in operation in the Gold Coast, Albert, Logan, Thuringowa, Maroochy, Caloundra, Cooloola, Hervey Bay, Rockhampton and Livingstone council areas. The program has been largely funded by the Commonwealth Government to enable local governments to look at their approval processes in an attempt to make them operate more effectively. I know that the Deputy Prime Minister is keen to see that program continued.

**Mr DAVIES:** On page 49, under the heading "Planning & Development Policies and Information Systems", the first dot point states that "Contributions were made to major policy reviews of other agencies" and lists a number of them. Will you advise the Committee of the moneys involved in those reviews, and their outcomes?

**Mr MACKENROTH:** There are no direct amounts involved in terms of monetary contributions. The contribution made by Planning Services was by way of professional input to ensure that the outcomes of the reviews took into account the existing and proposed planning frameworks for Queensland. In addition, advice was given concerning how the planning process could assist

the implementation of specific objectives of other Government agencies. Planning Services' involvement in those processes was accommodated within the existing salary component of the service budget. The specific outcomes of these reviews varied, however, with regard to the examples used.

As to the State Tourism Strategy—input was provided for the preparation of a draft discussion paper dealing with the tourism industry in Queensland. As to ecotourism strategy—a draft ecotourism strategy is currently being prepared for release for public comment. In relation to management of dangerous substances—specific input was provided into the review of the process of managing dangerous substances. This has resulted in work proceeding on the development of planning guidelines for the establishment and location of industries dealing with dangerous substances. As to bushfire protection—there was specific input to the development of planning and housing construction guidelines to minimise the impact of bushfires. In relation to the Greenhouse Response Strategy—there was input into the development of the Government's Greenhouse Response Strategy to reflect the role that the planning process can play.

**The CHAIRMAN:** I want to turn—for a little while at least—to local government. On page 57, in the section on local government program goals, mention is made of the Commonwealth Government review of the local government financial assistance arrangements. Will you tell the Committee how those arrangements will affect funding for local authorities in Queensland?

**Mr MACKENROTH:** Yes. There will be no change to the interstate distribution of the financial assistance grants, even though the Local Government Association of Queensland and I have argued at the Commonwealth level for a change to that process. If it were changed, it would provide another \$130m to local governments. However, that is not going to occur. The review of the local government assistance arrangements will see a new Act brought into existence by the Commonwealth Government.

Queensland has reached an agreement with the Commonwealth Government that there will be no change to the distribution of grants in 1995-96 from the system which applied in previous years and that, once the review is undertaken of the way in which the grants are distributed by the Grants Commission, in any year there will be no change greater than 5 per cent, with a maximum of 15 per cent. That was agreed to by the Local Government Association of Queensland before I agreed to it with the Commonwealth Government; so local government is happy with the funding arrangement that we have reached with the Commonwealth Government.

**Mr BUDD:** On page 59, the second-last point, mention is made of the amalgamations of Gold Coast City and Albert Shire, Ipswich City and Moreton Shire, and Cairns City and Mulgrave Shire.

Have there been any cost savings to the State Government as a result of these amalgamations?

**Mr MACKENROTH:** No, there have been no cost savings. It cost us a few dollars to print the maps for the election, so there are no cost savings for the State Government. However, the Local Government Commissioner for the three new council areas identified cost savings of about \$7.5m across the three areas. For the Gold Coast it was \$3m. Prior to the amalgamation people disputed that and said there would be no savings. It was interesting that the new Mayor of the Gold Coast commented last week that in this coming financial year they certainly would save \$3m, and he expected the savings would be greater than \$3m. The Mayor of the Gold Coast is the first of the mayors of the three new cities to make any comment in relation to their coming budgets. The cost savings for those local governments are considerable. The ratepayers there should get cheaper rates or better services.

**Mr NUNN:** On page 60, in the area of the 1994-95 performance assessment under Program Support, it states, "An evaluation of the Local Government Program was completed in accordance with the Public Finance Standards" and that implementation of the recommendation has commenced. Can you tell the Committee if any of these recommendations have actually been implemented and, if so, what is their effect on local government authority finances?

**Mr MACKENROTH:** The Local Government Program evaluation made 14 recommendations, of which 12 required implementation action. None at this stage have been fully implemented. Only one has a direct impact on local government finances, and that relates to finalising the review of the Local Bodies Capital Works Subsidy Scheme. I referred to that earlier when Mrs McCauley asked me that question. I have not received that review yet, and until such time as I look at it and make policy decisions it will not have any impact on local government finances.

**The CHAIRMAN:** The time has expired for this period of questions by Government members. It is open to non-Government members to ask questions.

**Miss SIMPSON:** Minister, I refer to the HOME Program and page 24 of the Program Statements. In relation to the now defunct HOME Program, the department acquired a house at Gables. That was defaulted on for a loss of some \$49,960 recently, personally approved by you. Can you tell us just how many homes have been purchased in total as a result of home loan defaults and the losses associated with those acquisitions?

**Mr MACKENROTH:** Actually, I heard your leader make a statement about the document that he had obtained. He made the claim that we were trying to hide something. Nothing could be further from the truth. In fact, the document which he obtained clearly identified the total losses that were made in relation to that particular house. All of the amounts and where they came from were clearly

stated, which is really as transparent as you can get in terms of providing the proper information.

The information provided to me the day after he made those claims was that 57 properties had been acquired by the Public Housing Program from defaulting home and rental purchase borrowers. On average, I believe the loss is \$20,000 on each of those loans. You need to compare that with the program that was operating prior to HOME coming into operation, which was the Interest Subsidy Scheme. Using the 57 homes which were acquired, the Government has clearly set out the losses. If we were trying to hide something, we would not purchase it back at the valuation done by an independent valuer. We would purchase it back and not make such a great loss on it if we were trying to hide something. We would simply have done it in the way that the previous Government did: It transferred the properties to its rental scheme for the outstanding debt, which showed no loss whatsoever.

Compare the last five years of the HOME scheme where we have 57 properties as at the date that he released that information with the previous five years where there were 214 properties. I am not being critical when I say that. That happens when you lend money to low income earners on minimal deposits. But it is totally unfair to try to take one unfortunate person's circumstances and make those sorts of claims without, indeed, looking back to the scheme that was operating when he was in Cabinet.

**Miss SIMPSON:** In the same vein, the department is allowing clients to sell their properties for amounts insufficient to fully redeem the loans. I would like to know the total number of such sales and the losses associated with those sales.

**Mr MACKENROTH:** I have not got that information here. I can provide it to you.

**Miss SIMPSON:** You would be willing to provide that on notice?

**Mr MACKENROTH:** Most certainly, even though I do not have to.

**Miss SIMPSON:** Thank you. With regard to the review of housing trusts for the September quarter of 1994—

**Mr MACKENROTH:** That is the leaked document.

**Miss SIMPSON:** That is the big document.

**Mr MACKENROTH:** I said the "leaked" document, not the "big" document.

**Miss SIMPSON:** It is a big document, too.

**Mr MACKENROTH:** I actually saw the letter that Mr Borbidge and Mrs Sheldon wrote to the Speaker in which they said they wanted to ask questions on documents which were publicly available, not leaked documents.

**Miss SIMPSON:** With regard to my question, the review of the Housing Trust for the September quarter of 1994 detailed payments in arrears as at 30 September 1994. I would like, if necessary on notice, the arrears information to the

end of the March quarter as per the payments in arrears table at page 1121 of that report.

**Mr MACKENROTH:** I will give you the arrears in relation to the programs as at 31 March 1995. There were 5,776 home loans for the total balance of \$457.9m. The total amount of arrears at that date was \$1.9m. That needs to be contrasted with 70 per cent of those 5,776 home loans in credit—a total of \$19.7m. There were 4,822 rental purchase plan loans. The total amount outstanding as at that date was \$800,000. That needs to be contrasted with 3,612 accounts which were in credit to the extent of \$4.5m. There were 8,500 interest subsidy loans, with a total balance of \$289.7m. Of those, the total amount outstanding was \$700,000. People were in credit to the extent of \$22.5m. In total, there are 23,180 loans in the department, with a balance of \$940m, of which total arrears are \$3.4m. That needs to be contrasted with 79 per cent of those accounts in credit to the extent of \$66.8m.

**Miss SIMPSON:** With regard to some information in earlier questions from Government members, you said that you have made about \$85m profit on the low income earner section.

**Mr MACKENROTH:** The amount of the taxpayer equity in the Home Purchaser Assistance Account has increased from \$196.5m to \$280m.

**Miss SIMPSON:** In relation to that information then, and also referring to the review of the Housing Trust for the September quarter 1994, there was a page in there with regard to home trust asset and liability balances. I understand that, in the marginal review analysis, at one point the margin that you were making on this was 2.34 per cent, which is considerably above the commercial rate. That is in the home trust asset and liabilities balance in that September review.

**Mr MACKENROTH:** Is there a page number or a reference?

**Miss SIMPSON:** It is your review of housing trusts, HOME Trust asset and liability balance. It is not a Budget paper.

**Mr MACKENROTH:** It is leaked; we know what it is.

**Miss SIMPSON:** It relates to the Budget. You had a margin of 2.34 per cent at one point, which is considerably above the commercial rate.

**Mr MACKENROTH:** Can you give a reference?

**Miss SIMPSON:** I am happy to show it to the Minister if he wishes to look at it. It has computer data on it.

**Mr MACKENROTH:** Can we have the document?

**Miss SIMPSON:** As long as I get it back.

**Mr MACKENROTH:** I think we might have it, anyway.

**Miss SIMPSON:** This is considerably above the usual commercial rate. Page 25 of the Portfolio Program Statements states—

"The sub-program is seeking to improve accountability and transparency through adoption of commercial business practices."

Is it a commercial business to charge such a high marginal rate, and do you intend to do it again?

**Mr MACKENROTH:** I cannot work out which side I have to go to. I get attacked if I make any money, and I get attacked if I lose any money. I cannot work out what to do.

**Miss SIMPSON:** Are some low-income earners making a profit for the Government while others are walking away?

**Mr MACKENROTH:** That pool, which is 11.9 per cent in pool, was made in one month in a period before the interest rate was dropped to 10.9 per cent. So the money that we were borrowing had dropped before the rate for which we were lending was dropped. So it was just at the time that interest rates were dropping quite quickly.

**Miss SIMPSON:** Let us move on to another question regarding the Capital Works Program. I am referring to pages 68, 69 and 70. Are you able to provide a list of proposed construction programs by electorate?

**Mr MACKENROTH:** Page 68 is the Office of Rural Communities. Most of that money is spent in National Party electorates.

**Miss SIMPSON:** Can I have a breakdown of the Capital Works Program for Housing on an electorate-by-electorate basis—on notice?

**Mr MACKENROTH:** I will give you a breakdown throughout the State. When we are calling tenders or purchasing homes in electorates, I write to every member. At this stage, I think two-thirds of the capital works budget has been allocated to specific areas. That will depend on what it is, but let me assure you that your electorate and the electorates on the Sunshine Coast are doing a lot better than my electorate. Last year, I had none.

**Miss SIMPSON:** I believe that some of the Government members do have a breakdown for their electorates. Would it be possible for us to also have that breakdown for our electorates?

**Mr MACKENROTH:** I think that I actually announced the Government's program in your electorate, but I will give you yours.

**Mr LINGARD:** Mr Chairman, I seek leave to ask questions regarding the Office of Rural Communities.

**The CHAIRMAN:** Permission is granted.

**Mr LINGARD:** Page 66 of the Portfolio Program Statements states that the Office of Rural Communities policy unit—

"Co-ordinated, organised and promoted the Rural Communities Cabinet Committee in three rural communities."

Last year, the Office of Rural Communities stated that, when one department provides a service for another department, the first department should be paid a fee by the second department. What fees has the Office of the Cabinet paid for the work that

the Office of Rural Communities has completed in organising the Rural Communities Cabinet?

**Mr MACKENROTH:** None, because the role of the Office of Rural Communities is to run those particular meetings and to organise them in rural areas. It is part of its role, so no money is paid across from the Office of the Cabinet for that. That is part of the role that it must fulfil.

**Mr LINGARD:** So you are saying that your office is prepared to cover all the costs of doing the organisation, preparation and promotion for that Cabinet group?

**Mr MACKENROTH:** It does not do all of it. In the meeting in Emerald, the Office of the Cabinet took over the job of organising the deputations and gave support for that role, which was a request of mine after I took over the Office of Rural Communities in December last year. I changed the way that the system worked. We use the Office of the Cabinet because of the experience that it has in running deputations for the Cabinet when it meets in regional areas. Government departments will provide assistance; their departmental staff may be required to go to those meetings. Those departments meet those costs, and Government Ministers meet their own costs. So the expenses that would be met from there would be for the office itself.

**Mr LINGARD:** If your officers are doing this, how does it fit in with the Westminster role of departmental officers?

**Mr MACKENROTH:** I do not really understand your question; but if what I think you are trying to say is that in some way it is a political role—it is not a political role; it is providing a service to people in rural communities to meet with Government and to have Government in smaller areas where the full Cabinet does not go—to have a Cabinet committee meet in that area, and they provide that service to that Cabinet committee.

**Mr LINGARD:** If, as previously, your office was a policy advising unit, I would agree. But now you have taken over the role of doing all the organisation, preparation and promotion of a Cabinet group, and that, I believe, is wrong.

**Mr MACKENROTH:** Well, you can believe that it is wrong. It is part of their role. As part of providing a service to rural communities, the Government decided that it would have a Rural Communities Cabinet Committee which would meet in rural areas three times a year—which it has done—and that it would be serviced by the Office of Rural Communities, which is its role. I do not see that it is wrong in any way for the Office of Rural Communities to provide a supporting role to the Rural Communities Cabinet Committee to go out to rural areas and provide for them the opportunity to meet with Government Ministers and talk about particular problems that they have in their areas.

**Mr LINGARD:** I refer to the role of the Office of Rural Communities in ensuring decision-making mechanisms incorporate a rural perspective and that a considerable proportion of the budget be consumed by that policy unit. With this in mind, how many rural impact statements has the office

submitted to Cabinet during the year, and did it prepare an impact statement on the Government's tree-clearing guidelines?

**Mr MACKENROTH:** The Office of Rural Communities is required to do an impact statement on all Cabinet submissions and, as you know, Cabinet submissions are confidential.

**Mr LINGARD:** The office lists the need for a greater level of regional coordination and cooperation between Government agencies to enhance client service provision as one of its major program issues. Despite this, only four interdepartmental committee meetings with service-providing departments were held during the past year, and only four are planned for this year. How does this record equate to the office's stated goals? What program costs are attributable to interdepartmental liaison and supervision?

**Mr MACKENROTH:** The IDC meetings are only meetings of chief executive officers of all Government departments. There is a whole range of other departmental committees on which the Office of Rural Communities serves or has an input. The four to which you refer are CEO meetings.

**Mr LINGARD:** Page 66 of the program Estimate states that in the past year the Office of Rural Communities has "facilitated an examination by departments of alternative rural service delivery practices." What resources have been committed to this activity? What services have been reviewed by the Office of Rural Communities, and what alternative delivery practices have been suggested?

**Mr MACKENROTH:** The service delivery study was one of a number of initiatives emanating from the 1994 Rural Communities Policy Package. The purpose of the study was to examine the ways that the Queensland Government services are currently being delivered to the rural and remote parts of the State to compare the methods of delivering with those in other States and to propose alternative delivery models that departments might consider when establishing or reviewing services.

The study was conducted by a working party comprising representatives from the Department of Treasury, DEVETIR, Transport, Health and Premier's with the Office of Rural Communities providing guidance and secretarial support. Information was gathered by surveying departments, research, comparative analyses with similar studies, and a synthesis and development of alternative service delivering methods targeted to the specific needs of Queensland. The working party met a total of five times throughout 1994-95 to provide guidance and advice on the various stages of the study.

The results of the study will be referred to the Queensland Rural Regions Advisory Council for scrutiny, to the Rural Communities Strategic Coordination Inter-departmental Committee for its advice, and to Cabinet for its endorsement and information. It is anticipated that recommendations arising from the study will be incorporated into the departmental strategic plans and reflected in program plans with each department with rural

interest. The findings of the study will be published in the form of a report and widely circulated for general information. What other information did you want from that, Mr Lingard?

**Mr LINGARD:** You are saying that the study will be distributed?

**THE CHAIRMAN:** The time for questions—

**Mr MACKENROTH:** Mr Chairman, could I just answer that question?

**The CHAIRMAN:** I am perfectly happy for the Minister to do that.

**Mr MACKENROTH:** I do not want them to think that I—

**Mr LINGARD:** You are saying that the study will be distributed?

**Mr MACKENROTH:** Yes, it will be. It will go to QRRAC, a body which has representatives from all industry groups and whatever, and it will be widely distributed, yes.

**The CHAIRMAN:** The time for questions by Opposition members at this point has expired.

**Mr DAVIES:** I refer the Minister to the top of page 58 of the Program Statements and the new initiative for the Torres Shire Council assistance. It talks about \$5.5m over the next three years for the upgrading of the sewerage plant. Overall, given the reluctance on the part of the Department of Environment and Heritage to allow ocean outfall of treated effluent, does this amount allow for the treatment and land outfall of sewage effluent?

**Mr MACKENROTH:** The \$5.5m grant has been declared on the basis of the current cost estimates of \$6m for high quality treated effluent disposed of by ocean outfall. The original engineering study was done some three and-a-half years ago. At the time, the Department of Environment and Heritage indicated no objection. The council will now consult with DEH about quality and disposal of the effluent to make sure requirements are not changed. If additional costs arise, the need for additional assistance will be examined.

The Department of Primary Industries has the view that any increased standards required by DEH would add only marginally to the cost, if at all, given the high level treatment already proposed. It was already proposed to have a high level treatment, which would be by ocean outfall. That would be a lot to do with the land constraints on Thursday Island. At present, the effluent is disposed of by sea. That is why we need to spend this considerable amount of money to increase the quality of the treatment.

**Mr DAVIES:** At page 61, the second dot point relates to the administration of \$309.4m in grants and subsidies. You have just covered the sewerage of Thursday Island—\$5.5m over three years. Could you go into a bit of detail about the balance of the \$303.9m?

**Mr MACKENROTH:** That is the amount which I read out specifically covering all of the allocations. I gave Mrs McCauley that detailed answer.

**THE CHAIRMAN:** We do not have any other questions, certainly at this point in time. We did have quite a lot, but the Opposition kindly asked many of ours for us. So we will turn the questioning over to the Opposition.

**Mr LINGARD:** Page 67 of the Program Statements relating to program performance assessment says that six editions of the *Bush Telegraph* publication were published during the 1994-95 year. I refer the Minister to the table on page 68 outlining key outputs which shows that there were 11 monthly editions of this publication and that circulation was 47,000. Could the Minister please explain this discrepancy, which has implications for expenditure on this publication?

**Mr MACKENROTH:** No, I cannot. I will have to find that out for you, Mr Lingard.

**Mr LINGARD:** Last year, the Office of Rural Communities received an appropriation of \$1.5m to expand the network of QGAP officers by 13. Page 69 of the Estimates states that an additional \$600,000 was poured into the QGAP program, taking funding to \$2.1m, while only 11 QGAP facilities are operating. How do you account for this? Could you also explain the additional \$133,000 expenditure listed as supplementation?

**Mr MACKENROTH:** There are not only 11 QGAP offices. That is not true. I will get the information for you, Mr Lingard.

**Mr LINGARD:** Could I ask you in that last question about the *Bush Telegraph* if I could also have the historical and projected costs for the production and the distribution of this publication as well?

**Mr MACKENROTH:** Yes.

**Mr LINGARD:** As a last question, I refer to policy developments, which forms one of the major activities of the Office of Rural Communities. Expenditure for policy development overran the budget allocation of \$1.064m for 1994-95—

**Mr MACKENROTH:** What page is this expenditure on?

**Mr LINGARD:** It would be on the main budget page.

**Mr MACKENROTH:** Page 70, policy development?

**Mr LINGARD:** It would be on page 69. The expenditure for policy development overran the Budget allocation of \$1.064m for 1994-95 by \$175,000. Can you explain this overrun and provide a breakdown of the proposed expenditure of the \$1.215m Policy Development Unit into travel costs, salary costs, and non-labour operating costs, including vehicles and other current or capital outlays? If necessary, I put that on notice.

**Mr MACKENROTH:** I can give you a complete breakdown of the \$1,239,000. Salary, wages and related payments projected to the end of the year is \$693,000; allocation of base, \$360,000; mid-year review, a drought initiative of \$36,000; mid-year review, to publish the Rural Communities Impact Statements, 50,000; mid-year review, conduct of the Rural Communities Cabinet

Committee, \$52,000; current grants and subsidies, \$20,000; allocation to corporate services, \$35,000; and retained revenue was less \$7,000. The carryover establishment costs for 1995-96 were \$264,000 and intra public account unrequited transfers—one is minus \$264,000 and the other is plus \$264,000—so one wipes the other out. That is the total difference there.

The major changes were in the drought initiatives—the Rural Communities Impact Statements and the Rural Communities Cabinet Committee, which came about as a result of the decision to hold those meetings. There is a slight increase in salary and wages and the allocation of base.

**Mrs McCAULEY:** Returning to local government, having regard to the Parliamentary Travelsafe Committee's recommendations in respect of off-road set-down and pick-up facilities at all schools in the State, and given that local government spent \$14m in the past five years on such infrastructure with the Government's contribution being \$2.9m, does the Minister believe that this subsidy is sufficient, and what is the amount of funding set aside in the Budget for this subsidy?

**Mr MACKENROTH:** Within my budget there is none. There is money set aside in the Department of Transport for Schoolsafe for set-down bays. The provision of new schools is a responsibility of the Minister for Administrative Services. There are no allocations within the Local Government Department for those set-down bays.

**Mrs McCAULEY:** Regarding the Animals Protection Bill, which I asked about last year and for which \$25,000 was set aside, what is the current status of this Bill? When do you expect it to be introduced into Parliament and how much of the \$25,000 is left?

**Mr MACKENROTH:** I anticipate that the Bill will be introduced into the Parliament later this year. It is in an almost-completed state with the Parliamentary Counsel. Once that is done, we will send it back to all of the people who have been consulted previously—all the primary industry groups and animal welfare groups—for them to give us their final views in relation to the changes that have been made. Once that has been done, we will negotiate with them on any changes that they want. I anticipate that it will come before the Parliament by the end of this calendar year.

In relation to the \$25,000, I will have to get you the details; we do not have that here, I am sorry.

**Mrs McCAULEY:** The new planning, environment and development assessment draft Bill is said to put the lid on sardine cities by enabling properties to be down zoned if councils so decide without the property owner's permission. Does the Minister believe that it is fair that owners be compensated in the events of such down zonings as happens in other States? How does the Minister reconcile that draft planning Bill with the aims of SEQ2001, which is to increase housing densities to limit required infrastructure development?

**Mr MACKENROTH:** Firstly, the other States do not pay any injurious affection at all. There is no compensation. Are you saying that you believed that there was?

**Mrs McCAULEY:** Yes.

**Mr MACKENROTH:** There is not. Queensland is the only State in Australia that pays injurious affection for down zoning. It is the only State. We are not moving to the position of other States, but probably halfway between where we are now to where they are, by providing an opportunity for councils to change their planning schemes more to today's requirements of their communities and to do that in a way in which people who have genuinely purchased land to develop it will still have the opportunity to do so. The draft planning legislation which is now in the public arena for public consultation and for views provides that, if the council wishes to down zone, it would firstly need to advertise it as a change to strategic plans. If it goes ahead with that action, a person who wished to bring forward a development application would have two years to do that under the zoning that existed previously. If they did not bring it forward within two years, the land would then go to the new zoning and they would not be able to put an application into council for injurious affection. That gives councils the opportunity to do that.

In relation to higher densities under SEQ2001—SEQ2001 is about better planning; it is not about cramming people in. It is about increasing densities in some areas, which is happening today, but to do that in a well-planned and integrated community. You can go to places such as Forest Lake, which I think is regarded as one of the better housing developments in Australia today, and that is the type of density level that we are talking about under SEQ2001.

**Mrs McCAULEY:** Will the Minister detail those councils that received subsidy under the Rural Living Infrastructure Program in the past 12 months and the amounts for which they were subsidised.

**Mr MACKENROTH:** Yes. I cannot do that now, but I will give you a full list of all councils. There is only one council that was eligible to apply which did not apply—only one in the whole State—and there were a number of Aboriginal councils. Of the—whatever it was—councils, only one did not apply.

**Mrs McCAULEY:** Can I also have a list of those councils which received subsidy under the Rural Communities Water Supply Subsidy Scheme and the amounts?

**Mr MACKENROTH:** Yes.

**Mrs McCAULEY:** What was the amount of rate subsidy paid to shires affected by drought in the last financial year?

**Mr MACKENROTH:** The 1994-95 estimated interest is \$131,375.

**Mrs McCAULEY:** How many councils was that subsidy paid to and can you name them?

**Mr MACKENROTH:** Etheridge, Longreach, Murweh, Wambo, Flinders, Murilla and Peak Downs.

**Mrs McCAULEY:** For my last couple of questions, I want to

come back to the Hilmer report, just to get something clear in my own mind. It seems to me that with a council as large as the Brisbane City Council, which has a Budget bigger than that of the Tasmanian Government, I do not see how it can escape being involved in the National Competition Policy with respect to water and sewerage services. If they are put in a position where they have to be competitive, will they get compensation for that infrastructure if that scheme is privatised?

**Mr MACKENROTH:** No, the National Competition Policy is about saving money. If it is going to cost them more money to provide that service, they are not going to save money. Therefore, the principles under which the National Competition Policy apply would not apply to them. The principles are that it will save money. So they are required to make their operations function in a more effective manner for end users—the people who are paying for it. That should provide for a system that saves the council money, not costs them money.

**Mrs McCAULEY:** But it will not make them money if they cannot do that cross-subsidisation.

**Mr MACKENROTH:** They can do that cross-subsidisation.

**Mrs McCAULEY:** I know you said that the councils could, but are you including Brisbane and the top 10 councils as well?

**Mr MACKENROTH:** Every council and State Government can cross-subsidise, providing they make it transparent. The principles are that they must make it transparent so that the subsidies that are given are transparent in terms of making it competitive.

**Mrs McCAULEY:** Page 136 of Budget Paper No. 2 states that the Hilmer agreement details the financial arrangements for the State and that Queensland is expected to receive around \$120m annually when the arrangements are implemented. However, there is as yet no arrangement between the State and local government. What percentage of that \$120m, if any, will go to the local government sector?

**Mr MACKENROTH:** In his letter to councils, the Premier indicated that the issue of sharing the additional payments could be further explored once decisions are made on the manner and extent of applications of the reforms to councils. I think we need to understand also that the principles do not have to be settled until 1 July 1996; so there will be no impact at all on local governments in the next financial year, anyway.

The Government is setting up a working group with the Local Government Association of Queensland, which requested that the Brisbane City Council be given a seat on that association in its own right, to which the Premiers agreed. In cooperation with my department, the Office of

Cabinet and Treasury, we will work towards working through those problems with them.

**Miss SIMPSON:** With the leave of the Chairman, I would like to ask some questions of the Minister.

**The CHAIRMAN:** Technically, your time has expired, but we will allow you to ask a few questions.

**Miss SIMPSON:** With regard to October 1994—this is regarding the HOME programs again, starting on page 24 in the Portfolio Program Statements—the question is: to October 1994, the cost of converting borrowers' loans to variable rate loans as a result of the 1993 changes was reported in the September quarter review to be some \$5.2m. Can you update that figure for us?

**Mr MACKENROTH:** It is \$5.5m now.

**Miss SIMPSON:** That is at the end of this quarter, or cumulative?

**Mr MACKENROTH:** That is the total.

**Miss SIMPSON:** The total mortgage—

**Mr MACKENROTH:** That money will be recouped in the program, which was the basis under which we did it over a three to four-year period. The money that is paid out is actually recouped; there is no loss of money or cost to the program. Of the \$5.5m, \$2.2m is being held by the QTC; so it has been recovered already.

**Miss SIMPSON:** The total mortgage assets held in all trusts as at 30 September 1994 were \$858.9m, whereas the loan portfolio was some \$499m. Can you provide the updated figures to the end of the March quarter this year?

**Mr MACKENROTH:** This is as at 31 March 1995. As to the major categories, the figures are as follows: the Queensland housing loans, 158 loans, that is, \$5.5m; 100 deposit assistance loans, \$1.2m; 5,776 HOME loans, \$457.9m; the Rental Purchase Plan involves 4,822 loans, \$128.2m; the interest subsidy is 8,500 loans, \$289.7m; the flexible term is 1,033, a total of \$38.4m; and "other" is 2,891, which is \$20.m. The "other" consists of low interest, escalating interest, contract of sales, sales to tenants, workers' dwellings, Treasury finance variable, Charleville flood, Co-operative Housing Society loans and mortgage relief loans of 1,866 at \$5.7m, making a total of \$946.1m.

**Miss SIMPSON:** There was some criticism of the management of HOME arrears in the Standard and Poor's report of 1993—and this was raised in the Estimates last year—when you indicated action was being taken. The September quarter review of the Housing Trust refers to ongoing inaccuracies and arrears reports. Can you outline what action, if any, has been taken since the September quarter review to address what appears to be chronic problems in this area?

**Mr MACKENROTH:** There are no chronic problems there. We have worked with the Auditor-General on the arrears reporting. As to the reporting arrangements—the problem with the accuracy of reports was in relation to some of the

reports and not the integrity of the accounting system, nor the accounts of individuals. That information has always been accurate. In relation to the level of arrears, a number of factors have contributed to that, including the rate of employment during the 1994 financial year. The stagnation or reduction in property values in some areas has made it difficult for people to sell their properties.

Since the Standard and Poor's report, we have put into place a number of measures to chase up arrears. We have people who now work at night-time to contact people who are in arrears. So we have worked very hard on that area. During the 1994-95 financial year, arrears have reduced significantly within the portfolio. The overall reduction over the year for accounts greater than one payment in arrears up until March 1995 was 42 per cent.

**Miss SIMPSON:** So there have been changes since the September quarter review took place?

**Mr MACKENROTH:** In terms of being more vigilant in chasing them up, yes, there has. Part of that is what you were critical of before in relation to selling properties. That is a result of taking that action. Also, the arrears are made very transparent when properties are sold.

**Miss SIMPSON:** Thank you, Minister. That concludes my questions.

**Mr MACKENROTH:** That is something which the Auditor-General would never have allowed when your party was in Government, or would never have allowed today.

Mr Lingard asked me earlier about the *Bush Telegraph*. This answer probably does not cover all of the questions that he asked, and we will check that in the morning. In relation to the numbers of *Bush Telegraph*—six is the actual number for 1994-95; eleven is the target for 1995-96. I think he asked about some other details as well. We will get those for him.

**The CHAIRMAN:** There being no further questions, that concludes this Committee's consideration of not only this department's Estimates but also all of the matters that have been referred to it for public hearing and consideration by the Parliament. Before I declare the public hearing closed, I thank the Minister and his staff for coming here and informing this Committee in a very thorough way through the answers to the questions that they have raised. I would also like to thank the research director, Darrell Martin, his assistant, David Thannhauser, the Hansard staff and the attendants who have looked after us over what has been a fairly long, trying day and evening. I must admit that I think it has been achieved in the spirit of cooperation that I hoped it would be. Again, I offer my thanks to everyone involved. We will take away this mountain of information and draft up our report for the Parliament. I now declare the public hearing closed.

The Committee adjourned at 11.31 p.m.