## ESTIMATES COMMITTEE E

Mr G. Nuttall (Chair)

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| Mr N. Bennett | Mr J. Pearce |
| Mr R. Connor | Mr T. Perrett |
| Mr T. Gilmore | Ms L. Power |

### DEPARTMENT OF PRIMARY INDUSTRIES

**In Attendance**

Hon. E. Casey, Minister for Primary Industries

Mr T. Fenwick, Director-General

Dr R. Smith, Deputy Director-General

Mr J. Varghese, Executive Director, Corporate Services

Mr R. Nieper, Executive Director, Agricultural Production

Mr Peter Bevin, Executive Director, Water Resources

Mr N. Clough, Executive Director, Forest Service

Mr N. Dawson, Executive Director, Resource Management

Mr Brian Smith, General Manager, Finance

**The CHAIRMAN:** I declare this meeting of Estimates Committee E open and welcome the Minister and his staff. The Committee will examine the proposed expenditure contained in the Appropriation Bill 1995 for the areas as set out in the sessional orders. The Committee has determined that units will be examined in the following order: the Department of Primary Industries, the Department of Minerals and Energy and the Department of Business, Industry and Regional Development. The Committee has also agreed that it will suspend the hearings for meal breaks from approximately 1 p.m. to 2 p.m. and 5.50 p.m. to 6.30 p.m.. The Committee will also take an afternoon tea break of 20 minutes at 3.30 p.m.

I remind members of the Committee and the Minister that the time limit for questions is one minute, and answers are to be no longer than 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. Opposition members will have eight allocations of 20-minute periods, and Government members will have seven allocations of 20-minute periods. The end of each period will be indicated by three chimes. All answers taken on notice must be supplied by 5 p.m. on Wednesday, 7 June 1995.

I would like to formally introduce the members of Estimates Committee E. Going from my right, there is Mr Bennett, the member for Gladstone; Mr Pearce, the member for Fitzroy; Ms Power, the member for Mansfield; Mr Perrett, the member for Barambah; Mr Gilmore, the member for Tablelands; and Mr Connor, the member for Nerang. Mr Hobbs, the member for Warrego, will be asking to appear before the Committee after the luncheon adjournment. I now declare the proposed expenditure for the Department of Primary Industries to be open for examination. The time limit allotted is five hours. The question before the Committee is: that the proposed expenditure be agreed to. Minister, is it your wish to make a short introductory statement, or do you wish to proceed directly to questioning?

**Mr CASEY:** Thank you, Mr Chairman and Committee members. My department's role is fostering and developing Queensland's primary industry sector, which contributes significantly to the nation and Queensland's prosperity. It provides some $4.4 billion, or 37 per cent, to State exports and had a growth volume of approximately $5 billion in 1993-94. Unfortunately, it is also experiencing one of the worst periods of drought in living memory, with an estimated cost approaching $2 billion to primary industry and $3.6 billion to the State.

The department's budget for 1995-96 has increased by $67m, or 10 per cent, to a record $673m. Some $18m goes to new initiatives aimed at encouraging and facilitating industry restructuring, resource sustainability, water resource development, rural leadership and forest industry development. Those initiatives will be ongoing, with a further $21m being allocated in 1996-97 and at least $25m for 1997-98.

The Rural Leadership Project is aimed at helping rural people, especially women, to better lead and manage their families, businesses, industries and communities. Water Allocation Management Plans deal directly with one of the major issues arising from the current drought and will be on a planned and scientific basis rather than on the ad hoc basis of past Governments. All of those new initiatives have been developed following extensive client consultation by the Goss Government.

For the past five years, we have modernised much of the legislation, set up policy councils covering all our major industries, set up property management planning centres and put in place the most comprehensive drought package—all with the support of industry. I look forward to the opportunity to answer any questions that may arise out of my department's Estimates for 1995-96.

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

**Mr PERRETT:** I refer to page 6 of the Portfolio Program Statements. The Estimate for 1995-96 is $672.9m, which is up some $51.9m on the Estimated Actual for 1994-95. A note to the program outlays payable attributes the increase to new initiatives, capital works projects and carryover funds. How much of the increase is attributable to initiatives?

**Mr CASEY:** New initiatives are also listed in the Portfolio Program Statements. The new initiatives total approximately $17m for this year, as

I have just mentioned, but there is also a forward commitment of $21m in the next financial year and $25m in the third year based on those same new initiatives. The new initiative list includes some of the water development programs that I have just mentioned, the restructuring and development of the Atherton Tableland and additional funding for integrated catchment management work. The Rural Leadership Project is a very exciting project. The Queensland Agribusiness Export Strategy is greatly beneficial to Queensland's industry. That is included in those figures. It is no good our growing or producing products unless we are able to sell them. That is very, very important.

Overall, those programs and the work that has been done with the cotton industry, the Water Resources infrastructure, the development of native species plantations by the Forest Service and so many other things are the new initiatives for 1995-96. All of those have been welcomed, all of them have been talked through with industry, and all of them quite clearly have been very well received in the community. Many of those were announced prior to the Budget in the From Strength to Strength statement regarding Queensland and Queensland's economy. They provide very much for some of the additional input that there is going to be into the economy of this State. The long-term returns will be tremendously beneficial, particularly from the Forestry items and the Water Resources infrastructure.

Some years ago, we sat down with the various industries and worked through on the basis of where we felt water development is required, where it is going to bring back a better return and where it is more affordable. Two industries, the sugar industry and the cotton industry, have been identified clearly as being two crop-type industries that need additional water and additional assistance in this way. We have gradually moved towards that. We now have that work under way.

**Mr PERRETT:** I see that the remainder of that $51.9m has come from carryover funds. What is the budget carryover program by program?

**Mr CASEY:** Which is the $51.9m that you are referring to on page 6?

**Mr PERRETT:** The Estimate for 1995-96 shows an increase of $51.9m over the 1994-95 Estimated Actual.

**Mr CASEY:** A lot of that relates to the way in which the accounting procedures have been carried out. There have been a lot of changes with the move towards commercialisation in both Forestry and Water Resources and the changes in accounting procedures within the department for the new programs that are being developed.

Some of the new initiatives that we are putting in place fall under the Capital Works Program, particularly the capital works in relation to the Water Resources projects, some of which I have already mentioned, especially in relation to the cotton industry. The information as presented to the Committee shows both the total of the new initiatives, which is $17m, and the accounting adjustment of $5m to the capital variation as well as the carryovers from the previous years.

**Mr PERRETT:** I ask you to turn to page 33 of the Portfolio Program Statements. The first paragraph on that page states—

> "All regional finance officers and head office business groups are connected to the financial reporting module."

Is the financial reporting module inadequate to keep track of performance against the budget, or are you simply unwilling to let this Committee know the true position?

**Mr CASEY:** Under which heading is on that?

**Mr PERRETT:** Page 33. It is the top paragraph.

**Mr CASEY:** We are developing a system within DPI—and we have received great recognition for this from within the Government—whereby we can rapidly get accurate records of information, particularly with regard to regional management. Within the financial management system, we have to make sure that managers in the regions are responsible to the central office for this particular work. Of course, with computers you can do this, and you can do it very rapidly. What it really means within the regions—and that is probably what you are referring to more than anything—is that accounts can be paid more rapidly out in the regions. Most of the accounts are paid from the central office, but the work on them is done in the regions. With the computer programs that we now have, they can be recorded back and approved for payments very quickly. Mr Varghese might be able to indicate the time slots that we are now looking at for the payment of those.

**Mr VARGHESE:** Our turnaround times have increased quite dramatically. For the first time in a long time, every region now has the smart stream financial technology that allows them to access budgets by region or organisation unit, down to any range of items that managers need to work in the field.

**Mr PERRETT:** I refer you to page 7 of the Portfolio Program Statements and the reference to delays in the commencement of some capital works projects within the Water Services Program. Which projects were delayed and why?

**Mr CASEY:** Some of these are projects in the Sugar Industry Infrastructure Package. What is happening with Capital Works Programs these days is that because of need—and particularly where finance is coming from other areas—and community demands to put in place better environmental controls, there is a longer lead time taken to get those environmental studies done early in the piece, to have a look at them and understand just exactly what the implications may be to the environment because of the change that you are going to make in regard to capital works. Mr Perrett, you would be aware of the fact that the Parliamentary Public Works Committee also takes a deal of interest in many of these projects. They like to have a look at it on behalf of the Parliament, as representatives of both sides of the Parliament, to make a determination in relation to them. So it takes a little bit longer to get the projects up and running once you have allocated finance to them.

On the other side of things—because of the big improvement in contract equipment on structure jobs and because of the better experience many of our local contractors in Queensland now have, which has been a big help to us as a Government in relation to allocating contracts within the State, the structure time takes a much, much shorter period. The Teemburra dam project of the Sugar Industry Infrastructure Package would be a classic example. The contract has been let for the dam wall itself, which will probably be up in about 18 months. By the end of next year, it will be completed. It is a similar-sized structure to the Eungella Dam, on which I did contract work in the 1960s. The actual structure itself took four to five years to complete. So that is what has happened. Between $6m and $7m of committed works from last year has been carried forward into this year, and much of the project work will be undertaken during this financial year. As I said, much of it is in that committed area already. Another example is the payment of contractors. That does have a delay. There is still a carryover of some payment for some of the capital works projects on building sites.

**Mr PERRETT:** What has actually happened to that funding? Is it being touted as part of the increased DPI budget for 1995-96?

**Mr CASEY:** No, it is not being touted as part of the increased budget. As I have indicated to you already, the increased budget is a result of the various new programs, new initiatives and forward committals of the department. Some of it may be actual expenditure, but you get this every year. If you go back and look at the accounts of last year—and as I recall you may have even asked a similar question to this last year—quite clearly, it does get a carryover, particularly when you are coming to Capital Works Programs. In answer to your last question, I referred to some of the buildings. The building of the new research station of tropical excellence at South Johnstone will be completed by the end of this month, but most of the payments for the actual work and the holding back under contractual arrangements of funding will probably be included in next year's financial Estimates and not in this year's payments. You will be able to balance those in September once these statements of accounts are tabled within the Parliament.

**Mr PERRETT:** I turn now to page 5 of the Portfolio Program Statements, which refers to "Policy Initiatives/Significant Enhancements". One of these projects, as listed, is "Enhanced Management of Forests". Can you give us some examples of components of that project, the expected outcomes and costs?

**Mr CASEY:** Yes. As indicated there, $2m has been allocated this financial year for the enhanced management of forests, with a further $1.5m allocated already for 1996-97 and $1.3m for the following year. Those figures will probably increase by the time we come to those years, but that has been set aside already for that program. The Cabinet Budget Review Committee has approved that funding because it is a most important initiative. As I have indicated, it is $4.8m over the three years.

There are five projects in this new initiative: the enhancement planning for forest management, approximately $760,000; the code of practice for major forest users, approximately $820,000; the environmental monitoring of forestry impact, approximately $1.23m—and I am looking at the overall program, not just this year's expenditure, because I am taking in the three years of that $4.8m; the environmental audit of forest practice, $680,000; and a database and information management, which is a most significant part of it all and has a value of approximately $1.3m. The research and development expertise will be needed in environmental monitoring and database projects. The initiatives relate to the public forest lands, but the results are expected to develop onto private forests as well.

The project is a joint initiative by DPI and DEH. It is in line with Queensland's native forest management programs and conforms to the national objectives and outlooks. Most of Queensland's forest enhancement work is leading the way, and it is because of this work that we did not have any problems with, for instance, the woodchip industry in Queensland.

**Mr PERRETT:** When do you expect this project to extend into private land and what benefits do you foresee for land-holders and the timber industry as a whole?

**Mr CASEY:** As part of the program, we will be indicating the private land that we want to be involved in our tree-planting programs. The new initiatives also include the development of a native species plantation. As to informing people about what they will be able to plant—soon, we will put out another paper detailing the reafforestation work that people can do for native species on private plantations. The Government will help with those two programs. The programs will be commenced across the State section by section. Because the south-east corner of Queensland has the biggest area of forest plantations, the most sawmills and the biggest market, the program will be starting in that area. That is why there is a larger figure in the first year. It will probably take over two years to complete the whole of the State. It will vary. Again, the private forests will be taken into consideration. We have to look at the end product—timber production and the overall requirements of the sawmilling and construction industries.

**Mr PERRETT:** I refer to page 8 of the Portfolio Program Statements. According to the staffing table on that page, DPI will be employing 5,196 full-time equivalent staff as at 30 June. What percentage of staff will be employed in each of the administrative, technical and professional streams in 1995-96?

**Mr CASEY:** The best way of looking at it is on a regional basis. Some changes and alterations are referred to in that table. I refer to changes in the structure of the DPI because of the commercialisation of the forest and water services in Queensland. Those changes mean that there will be significant differences in some of the arrangements.

To best answer your question, I will address where officers will be placed in relation to the regions. About 71 per cent of our staff are now in the regions, compared with about 60 per cent back in 1990. We have been successfully relocating staff into the regions of Queensland rather than into the metropolitan areas, which was the case under the former Government.

**Mr PERRETT:** Could you expand on that answer a little more? I wanted to know the percentage in each of the administrative, technical and professional streams rather than how many are in head office and in the regions.

**Mr CASEY:** You are really looking for the number in agricultural production, forestry and water services and so on?

**Mr PERRETT:** Yes.

**The CHAIRMAN:** That is the end of the first 20 minutes for questioning by non-Government members. I now call on Government members, commencing with Ms Power.

**Ms POWER:** I refer to page 59 of the 1993-94 DPI annual report on which the awards for excellence received for the previous annual report are mentioned. That would seem to indicate an improvement in the department's financial management. Can the Minister show evidence that DPI has achieved best practice in financial management?

**Mr CASEY:** Certainly. This is reflected by the fact that we have won so many different awards. For example, the Institute of Internal Auditors recently awarded DPI a number of awards for its 1993-94 annual report. We have received awards of merit for the Government department category, a category in which we have far surpassed any other Government department. We have received special awards for the best achievement of communications objectives. DPI was the only department to win anything in this category of all of the departments in the Government. We have also received special mention in three other award categories—best disclosure of internal audit, most user-effective annual report and the best report of the big-budget departments. These awards represent external verification of DPI's achievements.

Putting it directly, a fair bit of criticism was directed at us a couple of years ago because of some adverse comments in the Auditor-General's report. That criticism was justified. On different occasions, the problems were explained and reported on in the Parliament. Your question highlights the fact that DPI is the leader in relation to the presentation of annual reports, financial affairs and statements of all Government departments in Queensland. That has been acknowledged by both Treasury and the Auditor-General, and the DPI model is now being used by many other departments in trying to achieve a better system.

**Ms POWER:** Recently, I visited the Burdekin area with the Premier's Northern and Rural Task Force. I noticed comment in the Program Portfolio Statements on page 72 about the continuing development of the Burdekin River irrigation area. I want to place on record that the people in that area have some positive expectations. Would the Minister care to explain to the Committee the extent of the farm development so far under this project and indicate what targets and expenditure are planned for 1995-96?

**Mr CASEY:** Not only are there positive expectations in the Burdekin; our Government has achieved positive results. To date, a total of 125 farms have been released by public auction and ballot. A further 21 farms have been taken up by prior land-holders as well. Almost 150 new farms have been created in the Burdekin area. The total area of all new farms released is almost 17,000 hectares. So far this financial year, two auctions have been held of some sixteen farms in total, with another auction of 13 farms planned for later this month. A further eight farms have been taken up in that same period by prior land-holders, who have the ability to hold some of their lands. The big thing was that our amendments to the Sugar Industry Act 1991 allowed to us to auction, sell or allocate these farms with an assignment on them so that people were able to get immediately into production.

The continuation of the scheme will attract higher demand for new farms, particularly in light of the increased sugarcane production levels. Since 1988, production in the Burdekin region has grown from 4.2 million to 7 million tonnes of cane. In 1995-96, it is planned to spend $23.4m to develop a further 30 farms. Many of those will be in the Horton and Millaroo areas of that locality.

All in all, the Burdekin River irrigation area is going along fine. As I mentioned, we made changes to the 1991 Act. There were a few problems in the local area early in the piece. We conducted a ballot to gauge support. Following the strong support for the scheme indicated through that ballot, we have not looked back. People are moving into the region from many other places in Australia, but the biggest vote of confidence has come from local growers. The majority of farms have been taken up by local growers. Local families have purchased either a second farm or a farm for their sons. In that way, young people have been able to get onto the farms. The scheme is a great success.

**Ms POWER:** After travelling through that region, Mr Pearce and I can both vouch for the fact that that is the case. Another point that the Northern and Rural Task Force has picked up is the improvement in consulting and working with client groups. I note that that is referred to on page 1 of the Portfolio Program Statements. What has the department done to ensure effective consultation with clients?

**Mr CASEY:** This has been a very important part of our new strategy. I mentioned it briefly in my opening remarks. We have implemented a policy of consultation. Under our new legislation, that is being effected mainly through the policy councils, whereby representatives of the various industries and various localities in the State are able to sit around the table together. In the case of the sugar industry, that involves millers, growers, distributors, those involved in the marketing side of things and representatives of the workers in various communities. On a regular basis, those people meet and present information to enable us to formulate policy and make policy changes in particular. Things do change very rapidly.

Another good example is the cotton industry. We do not yet have legislation for that industry, but we have established a Cotton Industry Policy Council which is going very well. The rewarding aspect is that, through that consultation, we now know where the industry is going and the industry and Government together are able to work out exactly what is required in terms of infrastructure development, etc., so that the industry can go ahead. This is a very important factor. It involves training staff in various industries and the organisation of various industries. If industries know that they can count on Government support and cooperation, they are able to plan much better. The overall strategic planning of industries has become very important in the marketplace. Industry is very happy with the programs that we have put in place and happy with the way in which we are carrying out those measures.

**Ms POWER:** You referred to the cotton industry. I want to ask a question about that industry. I refer you to page 22 of the PPS. Will you explain further what that package entails and what budget allocation has been provided for it in 1995-96?

**Mr CASEY:** Early last year, I was in contact with the various segments of the cotton industry in Queensland. As I touched on in an earlier answer, we had identified that industry as having great growth potential. We had a meeting together in June last year in Dalby, at which I put a number of proposals to them. I must stress that this is not a regulatory function at all; it is a voluntary process of Government and industry working together. The cotton industry was most happy to come together with us on that basis so that each of us knows where the other is going. We are moving forward together on the various programs.

We have formulated a Cotton Industry Policy Council. It has previously endorsed the concept of a package similar to the Sugar Industry Infrastructure Package, which will facilitate great growth and development in the sugar industry up and down the coast. We have started to formulate a similar package for the cotton industry. An amount of $1m additional to the normal departmental allocation is provided in the 1995-96 budget for this work. While industry has indicated that the greatest infrastructure need is reliable water supply, it is anticipated that other infrastructure such as transport facilities could also be included in the overall package for the cotton industry. The water projects that are likely to be submitted include the St George off-stream storage, improvements to the Emerald irrigation and to the channel system there, the raising of the Bedford and Bingegang weirs—they are all in this year's budget—and improvements to the Barker/Barambah system, which would be of much interest to the member for Barambah.

**Ms POWER:** Page 10 of the Portfolio Program Statements contains a reference to the growth in ecotourism as a major program issue. What is the nature of ecotourism activities that involve the use of DPI assets? Where are the major centres for these activities? What revenue is generated for the DPI?

**Mr CASEY:** Most of the ecotourism work of my department is done through the Forest Service in State forests. As well, the Forestry people look after the water storages throughout Queensland. Most of the ecotourism activities involve State forests and they include scenic tours, horse riding, white-water rafting, camping and the general day-use activities of people who like to go into a forest and have the kids play there or just have a relaxed day in natural surroundings. As to State forests— the main area that we will be concentrating on this year is far-north Queensland in association with the Wet Tropics World Heritage area. There is a need to place input back into this work. It was placed on the World Heritage List by the Commonwealth Government several years ago. We in Opposition and then in Government have strongly supported that. Through the ministerial councils, of which I am a member along with the Minister for Environment and Heritage, we have targeted work to do in this area.

The State forests play a complementary role to the national parks in Queensland, because there are some things that you can do ecotourism-wise in State forests that you cannot do in national parks. Horse riding would be an example. A number of people engaged in the tourist industry in various parts of Queensland like to give people from the city an opportunity to ride horses that they do not normally have. That type of activity is very much sought after in many of the State forests in Queensland. Commercial tour operators play an important role in this industry. I will give you some figures on this. This financial year, we estimate that we will bring in about $175,000 from commercial tourism operators and $225,000 from camping fees. It is expected that in 1995-96 this will increase to about $180,000 from tourist operators and $235,000 from camping fees. We are not proposing to increase those fees at all; that can be attributed to the increasing popularity of ecotourism.

**Ms POWER:** Page 10 of the PPS also mentions the new initiative relating to rural leadership and strategic business management. How will this new initiative benefit rural communities?

**Mr CASEY:** Again, we regularly talk to people from different industries and rural communities about their problems. They have identified that because of isolation and perhaps because of not being able to get sufficient education when they were younger, the opportunity for proper training of many rural leaders was being denied. With a more sophisticated world, the leadership of rural communities and industries, even management on farms, etc., is becoming a far more difficult task. Consequently, we are finding that there is a big need—and, as I said, we have discussed this with industry—to ensure that people in rural communities have the capacity to manage and drive rural and regional development and to make any adjustment that they require in their communities. We are allocating funds for that and identifying that need in this budget.

The opportunity for training in this field increases the ability of these communities to determine their own future, rather than Government. It gives them proper input. The funding of almost $1.5m over three years will allow the program to be extended Statewide. This training has already been trialled in central Queensland and is going well. It is very popular amongst rural industries. It will play a key role in assisting communities to manage any change in their district. I have already outlined to the Committee that many of these new initiatives indicate significant changes in structures in industries which will, consequently, have a big effect on communities. So initially, there was some seed funding, which has led to major funding. That means that we can train anything up to 100 people each year over the next three years to assist them to lead their industries, communities and regions. All of this means that there will be long-term, better input into the regional economies in Queensland.

**Ms POWER:** I want to finish my questioning by turning to the South West Queensland Strategy. I wonder if the Minister could tell the Committee what progress has been made on this regional adjustment program and how the funding is to be used.

**Mr CASEY:** Very good progress has been made with the South West Queensland Strategy. This strategy tackles perhaps one of the biggest problems in Australia head on. South-western Queensland is known to nearly all Queenslanders as the heartbreak corner of the State, where drought is probably the norm rather than the exception. Over the past few years, and in earlier times, people have had a big struggle due to smaller subdivisions, low wool prices, a depression within their industries and poor markets. The drought is really hammering the hell out of people in those regions, particularly those in the wool and cattle industries.

We have to recognise that most of western Queensland, except for those mining areas in the north-west, is totally and utterly devoted to the pastoral industry. So again, sitting down with the people in those regions, we developed a model for the rest of Australia, and we were successful in getting Federal Government support for that. It was the first regional scheme to receive Federal financial assistance. The people in those communities have had a very high level of input, and they have worked very hard for that. The whole character of south-western Queensland will change as a result of this model, and people will be back on a much better economic footing.

**Mr PEARCE:** Despite relief rains throughout much of Queensland, many areas are certainly still affected by the worst drought this century. I am looking at page 19 of the PPS. Could you explain to the Committee how the department is bringing a whole-of-Government focus to the provision of drought relief and assistance to the farming community?

**Mr CASEY:** You have used the right words there: a whole-of-Government approach towards drought. That is the way we approached it in the first instance several years ago.

**The CHAIRMAN:** Mr Pearce, you might want to come back to that question. That is the end of the 20 minutes allowed for questions from Government members.

**Mr PERRETT:** When the time for non-Government members expired previously we were discussing page 8 of the Portfolio Program Statements. What percentage of staff would be employed in each administrative, technical and professional stream in 1995-96? I think the question is fair, because Government employees are divided into administrative, technical and professional streams, and pay classifications reflect this. What percentage of DPI employees are in each stream?

**Mr CASEY:** The most current figures I have are as at 30 April 1995. They also coincide with the percentages that I mentioned before, so I guess they are a good comparison. In the various professional areas of SES, AO7, AO5—that is what you are referring to, is it not? Various classifications?

**Mr PERRETT:** Yes.

**Mr CASEY:** It is rather a large table. Rather than take up the time of the Committee by reading a heap of figures, I will table those figures, and copies can be made available to Committee members.

**Mr PERRETT:** How much did voluntary early retirements cost the department in 1994-95?

**Mr CASEY:** Where is the reference to that in the Portfolio Program Statements?

**Mr PERRETT:** Page 8 of the Portfolio Program Statements.

**Mr CASEY:** You are talking about voluntary early retirements. I do not see any reference to that on that page.

**Mr PERRETT:** You are talking about reduction in staff. Is this not one way that you reduce staff?

**Mr CASEY:** The first dot point relates to the reduction in staff in Product Development and Marketing. That relates to Quarantine staff being transferred back to the Commonwealth.

**Mr PERRETT:** Obviously, this is a significant part of the budget for the Department of Primary Industries each year. While it might not necessarily be mentioned in this particular booklet, are you prepared to tell us how much VERs cost the department in 1994-95? The table on page 7 actually refers to salaries, wages and related payments.

**Mr CASEY:** I am informed that the figure for VERs for the year was about $1.9m, but over the whole department. I do not think that the table on page 7 does refer to that. The department has been praised for its internal redeployment process. In fact, the 1995 Best Practice Guidebook provides public recognition throughout Australia and New Zealand for the Department of Primary Industries' handling of redeployment issues. The point is that if somebody is trained in the wool industry and that person is to be redeployed into the Forest Service, he or she cannot be transferred immediately. A person who knows about forests cannot learn everything about wool overnight. Consequently, there are training programs in place for new people and others who have been redeployed. If people do not take up the opportunity of redeployment, VERs are offered.

In relation to the amount of just on a couple of million dollars for the period 1 July 1994 to 30 April 1995 that I mentioned—48 staff members had taken up voluntary early retirement. I do not have the accurate figures here, but in that period there would be a significant number of new employees re-employed within the department. For instance, of that figure of 48, seven were research scientists. Research requirements change in accordance with industry's wishes and needs, so if somebody is a researcher in wool you cannot put him or her in timber; you have to change them around with other people. Significantly, with those particular types of changes, you do get VERs, but you also get a number of people re-employed. We would give the first opportunity of any vacancies that become available to those people. For all these reasons, the figures go up and down like a yo-yo. In addition, a lot of people take voluntary early retirement in order to move on to other things, such as going into business for themselves, etc.

**Mr PERRETT:** You mentioned that 48 people actually took VERs. How does that break down by employment streams and regions?

**Mr CASEY:** I have not got the figure for how it breaks down by regions, but by categories it is as follows: stock inspectors, nil; research scientists, seven; extension officers, two; quarantine inspectors, nil; engineers, one; farmhands, three; administrative officers, four; and other job titles in different categories, 31. In so far as regions are concerned, the figures are as follows: south, two; south east, 13; west, one; central, one; north, eight; metropolitan, 23. The reason for the high figure in the metropolitan area, of course, is the fact that new jobs have been created in the regions and many people did not want to go there. You will note that of those figures the south east and the metropolitan regions comprise 36 people who did not want to go to Mackay, or the Tablelands, or Gladstone, or central Queensland, or even Kingaroy perhaps. Therefore, they volunteered to take early retirement.

**Mr PERRETT:** What saving has the VER process made to the department, and in what programs is the saving reflected in the Estimates for 1995-96?

**Mr CASEY:** You really cannot identify that for the simple reason that voluntary early retirements do not initially give you a saving, because people take a large lump sum figure that you have to make up for in most cases in order to effect a retirement. That is in relation to those who negotiated with the unions, of course, on what you ought to be doing.

We do everything we possibly can, if a job position is lost and we are creating a new one somewhere else, to redeploy people within the department. Since 1 July 1993, we have redeployed 65 people whose job category was lost because of changing programs and who perhaps were not immediately suited to the new jobs that were being created but were able to move somewhere else due to attrition, retirement, and things like that. That has provided a direct saving of about $3.25m in potential payout costs which we would have made to those people. I am giving that figure so that you can see exactly how difficult it is to relay a saving. It is not just a matter of saying that 48 VERs saves us so much on this column, because it really does not. The whole thing is integrated in the approach and the way in which it is done.

It is important that our department, along with all other departments and business in the community, makes sure that people have a choice. We do not have a leg rope or a ball and chain on people, as some in the department may say, and once they work for DPI we tie them to a desk and that is it. They have to be free to be able to go. People have to be able to make their own choices in life. If they no longer want to stay in their job, they should have the advantages negotiated by their unions with the department on what they can get for the years of training and effort they have put into their job with DPI before they leave.

**Mr PERRETT:** How many VERs is it proposed to offer in 1995-96?

**Mr CASEY:** We cannot give you that figure, because Joe Blow who works in some section of DPI may, on 2 July, win Lotto and suddenly decide, "That is it. I am out of here. I am going to take voluntary early retirement, because my job is not suitable for me", or, "I am not suitable for my job and there is too much stress." He can put forward all sorts of reasons. You have to be prepared, in the management and administration of your department, to realise that people will make that choice. I stress the word "voluntary"; a VER is a voluntary early retirement by people taking it as a choice. As I mentioned in answer to your last question, we like to give people every opportunity to be redeployed in our department. Once you have trained a person within the department, you would like to keep them to make use of the valuable cost of training and reward them with job satisfaction.

**Mr PERRETT:** Have you ever wanted to abolish a position and then offered a VER on that basis? If so, how do you identify the particular positions in relation to which VERs will be offered?

**Mr CASEY:** I think you are drawing a longbow now on the Portfolio Program Statements and on the budget areas. That is a job for management.

**Mr PERRETT:** Will there be further reductions in the number of technical and professional staff in regional areas in 1995-96?

**Mr CASEY:** The numbers are set out by the programs, where you can see any changes or any variations.

**Mr PERRETT:** How much money has been allocated for consultancies in 1995-96, and how does this compare with 1994-95?

**Mr CASEY:** In any particular area in the document?

**Mr PERRETT:** I am talking generally.

**Mr CASEY:** Consultancies can be anything. In a major construction portfolio area like the Department of Primary Industries, for instance, we have major capital works programs that go on with Water Resources. Within that particular work we engage consultants every day to carry out various works for us. We have got to where we have with our accounts because many of our structures have been looked at by some of the best accounting firms in Queensland, which we employ to come in to look at a particular program. Our audit work has been examined by consultants in that way. When you talk about consultancies generally, they are part of the normal administrative costs that go right throughout the length and breadth of the budget in our environmental protection works. Here again, we have a number of consultants who carry out that particular work on the information technology in our community, but most of the work at DPI is done in that professional area of engineering consultant work.

**Mr PERRETT**: I refer now to goal 3 at page 34 in the 1995-96 Portfolio Program Statements relating to such things as performance planning and review, equal employment opportunity, enterprise bargaining and work force planning. Has the department developed an equal employment opportunity strategy and management plan?

**Mr CASEY**: Most certainly. In so far as equal employment opportunities are concerned, DPI has been out there in front. I touched on this when I spoke earlier about the work we are doing in our training programs—our initiative for rural community training work. It applies not only to the work within the department itself but also to the area of those advisory groups, advisory bodies and statutory organisations in which we have always encouraged women to participate. So far as the equal employment opportunities are concerned, the practices are already there. They are carried out in the recruitment and training section and also the development section within the department—people for higher grade training. It has had a major impact an the availability of benefits and opportunities for target group members. Many of our women within the department have now moved up into senior executive positions and are doing very, very well with the training that they have been given. You cannot identify the actual figures for our equal employment opportunity training as they are not calculated on an annual basis. They are in our overall training program. Our strategy is very important, and we are working on a three-year basis—1995, 1996 and 1997—in relation to that at the moment, and doing quite well.

**Mr PERRETT**: Has the Commissioner for Public Sector Equity given unqualified approval to the DPI's EEO management? You might also like to tell me what percentage of the target groups are employed at or above the AO7 level.

**Mr CASEY**: He has been satisfied in relation to it, and the targets that we have set in relation to it have been fulfilled. Something like 26.45 per cent of the employees of the Department of Primary Industries are women, 8.8 per cent are people with disabilities, 6.46 per cent of employees are from non-English speaking backgrounds, and 1.3 per cent of employees are Aborigines or Torres Strait Islanders.

**Mr PERRETT**: What would be the cost of implementing stage 3 of enterprise bargaining?

**Mr CASEY**: I cannot pick up the figure very quickly, but I will get it to you within the 24 hours.

**Mr PERRETT**: I refer again to the staffing table on page 8 of the Portfolio Program Statements. The table states that there are 664 full-time equivalent staff in corporate management and support. How many of these staff are located in Brisbane and how many at regional offices and other facilities outside the Brisbane area?

**Mr CASEY**: Of the corporate service, 70 per cent in Brisbane and 30 per cent in the regions. If you want to know the exact figures, they are here somewhere.

**The CHAIRMAN:** The time allotted for non-Government questions has expired. I understand that Mr Pearce and Mr Bennett do have questions for you.

**Mr PEARCE**: I will go back to that question I finished asking you before we ran out of time. It referred to the drought. There is a reference to drought on page 19 of the Portfolio Program Statements. Can you tell the Committee how the department is bringing a whole-of-Government focus to the provision of drought relief and assistance to the farming community?

**Mr CASEY**: Again, I was complimenting you when I ran out of time on the use of the words "whole-of-Government approach". That is what it has been. You could also add to that the whole of industry, because all industries have been involved, whether it be animal production industries, crop production industries, cane growers, grain growers, the Cattlemen's Union, the United Graziers Association, pig producers, dairy farmers—you name them; we have had them all involved. We have even had discussions with the beekeepers of Queensland in relation to drought. It is a very small group, but one very much affected by drought. It has been a whole-of-Government approach and a whole-of-industry response. Perhaps that is the best term to use in relation to it. This work has been rewarded, if you could use the word "reward" in so far as drought is concerned because it has been a tragic thing for everybody involved, particularly for the families and the communities in the drought-affected areas of the State. As I said in my outline, there has been a direct loss of about $2 billion in production to Queensland alone in the five years that we have been experiencing drought. That adds up to a $3.6 billion loss to our economy which has affected the development of the industry. But what has happened is that the Queensland drought policy that we developed as a whole-of-Government approach has now been adopted totally by the Commonwealth Government and all other States of the Commonwealth. They gave lip service to it only a few years ago, but now they have come in because we have constantly hammered away at the need to treat drought as a time during which there can be exceptional circumstances.

I was criticised at the outset for asking the question, "When does a dry become a drought?" It is a very, very difficult question. Those people who heard my answer to that question back in 1990-91 would now recognise and realise that there is a big difference between what happened early in the piece and what is going to happen in 1995-96. Because we are constantly working with the whole of industry on this problem we are able to have that flexibility necessary to develop different programs for industry as they arise—different programs for different areas. I pointed out in a press conference only last Friday that this year the biggest new problem we are facing is the lack of underground water and storage facilities in many areas of the State. But we will work through those problems using this whole-of-Government approach and whole-of-industry approach.

**Mr PEARCE**: One of the many serious impacts of the drought has been on water allocation. On pages 13 to 21 of the PPS report reference is made to a water allocation management plan. What are some advantages which will result from this new approach?

**Mr CASEY:** Water allocation is a very, very important aspect of drought management, particularly in crop-producing areas. They can be small; they can been over a big area. If I can use an example of where we have controlled water, the Bowen Delta is probably a very good example. We have to restrict people in their cropping there for the year. We are looking at a problem for them because their production drops, people lose jobs, and sometimes under those circumstances people on their farms lose viability, but we have to make sure that everybody is treated the same. Mr Perrett would be familiar with the Mundubbera area, which is just north of his electorate, where there is no storage left at all. In relation to tree crops, once your tree crop dies, it is gone and it is seven years after good rain before something can grow up into production. That is a very serious problem in an area. Allocation has to be treated in a very serious way. Once again, we do it by sitting down with the different groups and different areas with the officers from our Water Resources division and they work these things out.

In relation to allocation as an overall scheme—under the COAG agreement, the Chiefs of Australian Government Agreement, the planning framework has to be consistent with the principles of implementing eventually water property rights. That is an area that we are investigating at the moment. Those rights will have value. People might decide that they want to get out anyhow, and they can sell off their water property rights. In this financial year, we are making half a million dollars of additional funds available to look at the implementation of a proper planning framework, particularly in certain priority catchments that we are going to select across Queensland, for these water allocations to overcome some of the very problems that I have highlighted in those two examples.

**Mr PEARCE:** These days, it is well recognised by everyone that water is a valuable resource and that we see significant waste in some of the regional centres, particularly Rockhampton. Could you tell the Committee what strategies the department is pursuing to reduce the consumption of water, particularly in urban communities?

**Mr CASEY:** The strategy in urban communities is a very good one. We have driven hard with the WaterWise campaign. We have the support of local authorities right throughout Queensland. Through that campaign we are pointing out how individuals can save water. Over the years, most rural people have been used to conserving water, but in the case of people for whom it is as easy as turning on a tap to obtain all their water requirements on a day-to-day basis, sometimes there is no realisation that they may be wasting water. There has been a very big WaterWise campaign in Queensland and it has been very acceptable, particularly in those urban communities.

We are going to continue the three-year program of developing a school curriculum package. Later this week I hope to be launching the first one, which will probably be issued—would you believe—in the electorate of Mackay! The WaterWise School Curriculum Education Package is a very important one. School children have really taken to the WaterWise campaign. Water Drop has been visiting schools in many areas that are focused on this subject.

This campaign has resulted in some very impressive savings for local authorities in Queensland. Because of the savings in pumping costs and treatment costs, the drop in the demand has been very important. A good examples is the Toowoomba City Council—$130,000 savings in water treatment costs in the 1992-93 year. That council was directly identified as one of the first areas to go into the WaterWise campaign.

The Maroochy Shire has had a 25 per cent reduction in water consumption figures. In the Hinchinbrook Shire—and I am taking examples scattered over the State—$60,000 per annum has been saved in pumping costs through WaterWise and proper demand management that has been instituted. Hervey Bay City Council has reduced consumption from 600 litres per person per day in 1988 to 400 litres per day. That is virtually a 50 per cent reduction—50 per cent of their current usage. The Mount Isa council, a high water use area, has reduced consumption by 15 per cent to 20 per cent and cut its water costs by approximately $200,000. All of that means a savings to ratepayers as individuals and savings to local authorities through their capital works programs.

**Mr BENNETT:** On page 51 of the 1994-95 departmental Estimates statement, you mention your department's facilitating the development of a Queensland aquaculture industry. Because of demand from Asian markets, there is enormous potential in Queensland's aquaculture industry. Can you tell us what your department is doing to assist this industry?

**Mr CASEY:** Aquaculture has been identified by the Goss Government as being a future area of development for Queensland's economy and it is very important. We have done a big amount of work in relation to this potential industry. Producers and potential investors require information and assistance and we have produced this document that I am showing the Committee. I do not know if you have a copy, Mr Bennett, but you may have this one. It clearly shows what the Government is doing in this industry. In addition, this financial year, we have allocated more money for increased extension and development of the services throughout the State, with two new positions—one in Cairns and one near Brisbane—for aquaculture research work and positive extension programs that are being carried out. They will advise investors and identify industry needs, develop management plans and enhance the licensing process. Other officers will be employed during the year on the same work.

There is a big demand in the export field for those products. For instance, I will mention only one species, barramundi—which northern members all know is a very important fishery. In the past couple of years, we have now developed our on-shore aquaculture fishing in barramundi to the extent of an additional 50 tonnes each year. Approximately 250 tonnes of plate-sized barramundi is being demanded by overseas purchasers and purchasers in the hotel and restaurant trade in other States where it is very popular. That is just one industry that I give as an example.

A major review was undertaken last year by an officer of the department, which identified where to go. A primary industries mission that I took overseas in September last year visiting six Asian countries identified big and growing demands in the future for fisheries products generally. We already know that in most areas we are up to the maximum levels in the wild fisheries and the only way we are going to extend that work is in the aquaculture industry. That has been recognised by the QCFO, which has taken the aquaculture section under its wing in order to look after the marketing area.

**Mr BENNETT:** I refer to page 42 of the Portfolio Program Statements, which refers to the major fire in the plantations of Beerburrum. Firefighting and log salvage operations following the wildfire cost $10.2m in 1994-95. How can this expenditure be justified?

**Mr CASEY:** Actually, very simply, because the damage caused by those fires late last year in the Beerburrum area meant that there could have been a potential loss of something like $40m to $50m in regard to our State Government owned plantations, which would have been a very severe loss. So we undertook the rescue operation of 650,000 tonnes of plantation timber. We went in and salvaged that timber, which cost something like $10.2m. The logs that we were able to salvage were worth more than $40m. So although there has been some significant loss, particularly of the younger timber, we have been able to get out $30m worth of logs. We have stockpiled them in the area. We adopted a storage method that has been used in a small way in South Australia, which was the first place in Australia where it was used. We constructed specially an irrigated log storage facility. Actually, we are still harvesting, so we still have to continue our work; but already 200,000 tonnes of what we have stored have been sold direct to mills, and the 350,000 tonnes that are still stored in the specially built stockyard—call it what you like—means that we can keep that timber in good order and condition. It will all be sold over the next four years. Incidentally, just on that, we are also going ahead with the work. We are replanting because of the fire damage. That has been an added cost to us, which keeps the figure up.

**Mr BENNETT:** Page 72 of the PPS refers to the development of water infrastructure. Of the funds allocated to capital works in the Water Services Program, could the Minister indicate how much is to be spent on new water infrastructure, and what are the department's main priorities in this area?

**Mr CASEY:** I think the total figure that we are going to spend on capital works projects in the 1995-96 financial year is something like $91m. Of that, about $77.5m will be spent on new water projects throughout the State. Much of that work is going hand in hand with the Sugar Industry Infrastructure Package. The Burdekin—in answer to Ms Power's question, as I have indicated already, further works are going to develop new farms in that area. In all, the expenditure is targeted at water projects that meet priority needs and the environmental and financial requirements of the projects. If I have time, I will go through part of the table in relation to that work. An amount of $3.5m is required to continue the necessary investigation and planning work that is done ahead. So we are looking at further projects. They have been identified clearly in the From Strength to Strength document, which was released by the Premier a month ago. So in all, following through on that package is a very important aspect of the development of our water projects in Queensland.

I have referred to the Sugar Industry Infrastructure Package, and I have touched already on the Bingegang Weir and Bedford Weir work that is commencing with the development of the Comet River project in central Queensland. Central Queensland plays an important role in this. I pay tribute to the work that was done by Mr Pearce, as the Chairman of the Premier's Rural Task Force, which promoted the need for development of that particular area. It is a very important part of our future program in the From Strength to Strength document. It means that for the first time we are really moving into the major part of the Fitzroy

Basin. We are looking at the development of that work in the basin as a whole.

As to the individual projects—as I mentioned, there is $23m for the Burdekin River; the continuing construction of the Teemburra dam in the Mackay region, $22m; the commencement or construction of the Walla Weir in the Burnett—another part of the Sugar Industry Infrastructure Package—$6m; a further $8m of the State and Commonwealth's contribution under that package—the contribution from the Commonwealth comes through us; the continuation of the Mortonvale Reticulation Scheme in the Lockyer Valley; the Kelsey Creek project in the Proserpine region, where Mrs Bird played a real part; the complete duplication of the Granite Creek Siphon in the Mareeba-Dimbulah area—and the member for Tablelands would be interested in that; and many others, but time precludes me from mentioning them.

**Mr BENNETT:** We have become much more interested in plantations and forest production since woodchips have been exported from the port of Gladstone. On page 41 of the PPS statement, it states that a goal of the Forest Production Program is to manage the natural resources associated with State forests in accordance with national and State guidelines and codes of practices for sustainable development. What initiatives have been undertaken to ensure this?

**Mr CASEY:** Again, you are touching on the new initiative programs of the Government, and they are very, very important initiatives. As I said earlier, our forest policy is second to none in the rest of Australia.

**The CHAIRMAN:** I will just stop you there. Minister, that is the end of that 20-minute period. You can continue answering that question when we come back to the next lot of questions from members on the Government side. That finishes the 20-minute block of questions from the Government members. I now hand over to the non-Government members.

**Mr CASEY:** Mr Chairman, I said that I would get hold of the information that Mr Perrett was chasing on the implementation of Stage 3 of the enterprise bargaining agreement for the DPI. It will be $5.2m. That is the figure. So that saves me coming back to you later and answering it. I will give it to you now.

**The CHAIRMAN:** Thank you.

**Mr PERRETT:** The program outlays table at page 55 of the Portfolio Program Statements shows a figure of $2.235m as revenue to be retained by the department. What are the principal revenue categories involved, and what amounts are involved?

**Mr CASEY:** Retained revenue under section 34—I will just have to have a quick look at which program we are on. This relates to industry services. The figure that you are referring to there is in brackets. That is a credit factor that is sitting in there somewhere or other. I would like our financial manager, Mr Smith, to answer that question. This specific figure is an accounting figure.

**Mr SMITH:** They are in two programs: product development and marketing, and industry services, where you will see a similar figure appearing in the Portfolio Program Statements. The reason that figure appears there is that, in negotiations with Treasury, the department has entered into a new accounting framework for dealing with revenue retention and receipt offsets. In the past, the department has had included in its appropriation amounts in respect of items such as this within those two programs. Those items have been offset by revenue received into the Consolidated Revenue Fund. So the impact has been cost neutral on the department. As a result of the change that we have now moved into on accounting for these, there is the same end result in terms of cost neutrality, but the way that it is now being tackled is that the revenue received is offset within the department against the expenditure. Therefore, what you see is a reduction in the appropriation to the department in respect of both of those programs. The amount involved in aggregate for the two programs comes to about $5.3m, but overall within this whole framework of revenue retention there is an amount of just under $28m involved.

**Mr PERRETT:** I refer to notes to the major activities table at page 57 of the Portfolio Program Statements under the heading "Beef". There is a reference to additional operating expenditure to be funded from additional receipts, mainly from increased residue testing. What will be the extent of additional testing, and what additional revenue is anticipated?

**Mr CASEY:** A lot of this refers, as is indicated, to the expenditure on the BTEC program and things like that. I will pass that over to the Executive Director of Agricultural Production. He may be able to give you the specific answers that you want in relation to that. That is halfway down that page under the "Beef" section?

**Mr PERRETT:** No, at the top of the page. There are two headings there.

**Mr NIEPER:** Could I have clarification? I am not quite on your line of thought.

**Mr PERRETT:** I will repeat the question. In relation to the major activities table—at page 57 of the Portfolio Program Statements under the heading "Beef" there is a reference to additional operating expenditure to be funded from additional receipts, mainly from increased residue testing. What will be the extent of additional testing, and what additional revenue is anticipated?

**Mr NIEPER:** I would have to take that detail on notice.

**Mr CASEY:** First of all, everybody is aware that there has been a big problem in relation to residue and residue programs. I am sorry. In relation to your initial question, I was looking at the wrong "Beef" heading; I was trying to identify what you were talking about in regard to the "Beef" heading halfway down the page. Under the agreement between the Government and industry, and other agreements throughout Australia, we are developing into special markets. For instance, in the

United Kingdom market or the market generally of the European Community, there are certain testing procedures that they require to be carried out. The industry has discussed those already with the Government, and it has undertaken that it can in actual fact meet—and is prepared to meet—the costs of that special market. It is the old story: what the customer wants the customer gets. If the customer puts specific requirements on an industry that requires an additional cost in relation to testing, it is not really the responsibility of the taxpayers of Queensland to pick that up; it is the benefit that that supplier gets from the specific market that he or she wants to supply.

So in actual fact, in programs such as that we have not been able to identify an exact figure or how it will work out yet because there still has to be agreement with the other States. There has been a bit of faltering into relation to that. At the last three ARMCANZ conferences that I have attended, all States around the table have agreed to this, then some of them have gone away around the corner and said, "Look, it should be done another way." New South Wales has mainly been the stumbling block. Now that we have a good Government in New South Wales, we might be able to get a bit of commonsense out of New South Wales, and it may wish to fall in line with Victoria, South Australia, Western Australia and Queensland to meet this problem head on.

So allowance is made in the program in relation to that. At this stage we cannot be specific in relation to it because of that particular problem, which I mentioned. It is all tied up with constitutional problems. We cannot impose a levy that is seen as an excise duty from Queensland. That is the easy way to do it. The industry accepts that, but it cannot be done. That levy can be imposed only by the Commonwealth; not by us. The Commonwealth can do it only if it gets agreement with all the States. We are trying to get all the States to agree and follow through with that. When that happens, this will become effective. That note is put in there just as an indication to show clearly that we have not got the final solution to it yet.

**The CHAIRMAN:** Our hearings are now suspended.

Sitting suspended from 1.04 to 2 p.m.

**The CHAIRMAN:** As indicated prior to the luncheon adjournment, there are 12 minutes remaining in this block of questioning from Opposition members.

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

**The CHAIRMAN:** Leave is granted.

**Mr HOBBS:** The first dot point on page 69 of the Portfolio Program Statements states—

> "Services provided by the program include:
>
> Development of water infrastructure and management of the delivery of water to rural, industrial and urban clients."

When you plan major water infrastructure, do you use departmental personnel to do the whole evaluation, or do you engage private consultants?

**Mr CASEY:** It is a bit of both. Mr Hobbs, unfortunately you were not present during the first session. I received a question from Mr Perrett in relation to consultancies, and I touched on this issue in my answer. Consultants are perhaps used more for water project work than for any other type of project. In a lot of localities consultants, particularly engineering consultants, already have the specialist data that can prove very helpful. Using consultants saves a lot of money. Data is also collected by our officers. A point that I made during the first session of questioning in relation to projects was that there is now a different way of doing things. These days, a lot more work goes into studies, in particular environmental studies. A lot of outside consultants do that work for us. That lengthens the early stages of planning for these projects. However, it certainly is worth while, because consultants provide a great deal of input. However, if you look through some of the other areas dealt with in the Portfolio Program Statements, you would see that the department employs a significant number of staff in planning programs, and these staff work on planning at all times. The staff are not only located in the central office in Brisbane but are also scattered throughout the regions, and some work in very small communities. For example, in the compilation of documents such as From Strength to Strength, the department uses a large quantity of external resources. I am referring to specialists in the relevant areas.

We also experience a fluctuation in numbers in relation to construction work. A good example of this would be the Sugar Industry Infrastructure Package, for which a lot of the planning work is going on over a very short time. For engineering projects—as a general rule, where there is a big increase in program work, rather than putting on large numbers in the department to do that work, we use outside consultants.

**Mr HOBBS:** I am mainly referring to the water services section. That is the reason I asked the question. How much was spent on private consultancies last year, and what expenditure is proposed in this year's budget?

**Mr CASEY:** Again, the figure for that work is included in services generally.

**Mr HOBBS:** In water services?

**Mr CASEY:** Hang on a minute. I should be able to give you a figure. I know what you are asking about. For instance, in 1993-94, about $800,000 was spent on consultants generally. We cannot give you the full figures until the end of the year; they will be in the statements tabled by the Treasurer in September. The figure for consultancies for water services for the financial year to March 1995 was $426,671. A lot of that money was spent on, for example, the impact assessment for the Teemburra dam. That assessment was done by specialist consultants. The water scheme financial model was done by a group of accountants, Coopers and Lybrand. The design of the access road to the Teemburra dam was done by Ullman and Nolan, who are consultants to the Mirani Shire Council. That group knows the land better than anybody else. Sinclair Knight and Merz has done work on water management schemes for us throughout various areas of the State. Connell Wagner have been employed on a similar basis. We are using nationally established, well-known, major engineering consultants. The consultants that we use are good operators in Queensland.

The impact assessment study of the Walla Weir was done by Kinhill Cameron McNamara. A special plan in relation to the environmental flows of the Boyne River was done by an environmentalist, a Dr Phillips. That planning was designed to see what we could do, if anything, to supply water down the system in the Burnett area. Additionally, about $30,000 was spent on sundry consultants in different areas of the State.

**Mr HOBBS:** I refer again to page 69 of the Portfolio Program Statements and to the planning of water infrastructure development. I refer specifically to the proposed dam on the Comet River, 14.5 kilometres upstream from the junction of the Comet and MacKenzie Rivers, as announced by your Government. I ask: how good is your planning, and how can you explain the announcement of a $235m dam on a site over which, three years ago, you gave approval to build a 20,000-head feedlot and a massive irrigation scheme? How can you explain the advice that your department gave that no dam would be built on the site in a lifetime because it was too expensive and too shallow?

**Mr CASEY:** Whose advice was that?

**Mr HOBBS:** It was from the department?

**Mr CASEY:** That no dam would ever be built there?

**Mr HOBBS:** That is true.

**Mr CASEY:** When?

**Mr HOBBS:** Three years ago.

**Mr CASEY:** To whom?

**Mr HOBBS:** To the AA Company, when it bought that site.

**Mr CASEY:** I am not aware of what advice may or may not have been given to the AA Company or by whom. The management of the water resources of the entire State and the whole of those catchment areas is the responsibility of the Department of Primary Industries for and on behalf of the Government. Again, if you had been here for the earlier session, you would have heard my comments in relation to how things change.

The whole of the Cotton Industry Infrastructure Package has changed as a result of discussions that were held with the cotton industry with me and officers of my department, which saw the establishment of a policy council. One of those outcomes clearly showed that in the central Queensland area—and I commented on the role of the member for Fitzroy, Mr Pearce, earlier—there was a need to upgrade a lot of the work that has been done by us in those areas. It also showed the need for the industry to be expanded in those areas and the benefits to the whole economy of the region from such an expansion.

One of the things that you have to take into consideration when you are doing a project—and I guess it is an argument as old as Australian pastoral settlement itself—is whether land should remain available for pastoral activities or whether it should be split up for further agriculture. There are many areas of your own electorate where you would have seen this happen over a period. There are many areas of your own electorate where you would have seen that even splitting it up for closer pastoral development has not worked, and that is why the south-western regional study is now under way and the rescue plan is operating there.

In exactly the same way, the Government has assessed that the economic benefits to the State, the region and individual industries will be far greater by opening up that area for agriculture than having it remain for pastoral activity. When that happens, of course, somebody suffers. It does not matter where you put water storage, somebody suffers. Therefore, you have to weigh the economic feasibility of what you are going to do against that. I guess that is the reason.

**Mr HOBBS:** Will you give a breakdown of the $235m proposed for the Comet dam, that is, the construction cost, the interest, the land acquisition and the cost per megalitre?

**Mr CASEY:** The $235m is an estimate at this stage. The director-general might be able to give you an indication of the breakdown. I do not have the figures in front of me.

**Mr FENWICK:** It is a forward estimate. I think it is fair to say that the From Strength to Strength document made it quite clear that any proposal on the Comet River site was subject to some detailed economic and environmental analysis. As part of that exercise, we are looking not only at the Comet River site but also at other alternatives that may be just as effective.

**Mr HOBBS:** So at this stage it is $235m?

**Mr FENWICK:** It is the best estimate of cost of a structure at that site.

**Mr CASEY:** If you read again the documentation, you will see clearly that that project will not be built overnight; it will be built over a period. Whereas the project was announced in the From Strength to Strength document, and we are proceeding with it, it is part of our strategy as a Government to undertake forward planning. The work goes on, including an examination of the sites.

**The CHAIRMAN:** That completes that 20-minute block of questions from non-Government members. I now turn to Government members and ask Mr Bennett to resume questioning.

**Mr CASEY:** If I might interrupt, Mr Chairman—Mr Bennett asked a question earlier. Did it relate to water management?

**Mr BENNETT:** No, it related to page 41 of the Portfolio Program Statements, which states that a goal of the Forest Production Program is to manage the natural resources associated with State forests in accordance with sustainability principles. What initiatives are being undertaken to ensure this?

**Mr CASEY:** Again, this is another important program that we talked about in the From Strength to Strength document. It is an important budget initiative that we are moving on in relation to the Forest Service in Queensland. Research into the sustainability of native forests and plantation forests is an integral component of the sustainable management of State forest resources. Work is continuing in the area of assessment and monitoring of impact as well as on the broad range of long-term studies that are necessary. We must have long-term studies when we refer to forestry work, because we are talking about something that grows not in five months or six months as a grain crop, in 12 months as a sugar crop or perhaps even over two to three years as a herd of animals. Here we are looking at anywhere between 30 and 50 years for the development of treeing programs or to actually get a plantation up and running.

The specific fields of study that we are addressing on the issue include the hydrology, the physical and chemical soil properties of the land which will have to be used, the regeneration of forest plant communities and their ability to regenerate under different circumstances for the areas concerned, the health of the forest in the region and also the fire ecology existing in a particular area. Fauna surveys also have to be conducted, and we will continue with them as a major aspect of timber-producing forest types in the area in order to provide protection for the native fauna in particular. The other key objective is making practical recommendations regarding the conservation of fauna, and that is very important. You cannot plant trees that will disturb the natural fauna or not be amenable to the natural fauna.

The sustainability research effort will be enhanced by the initiation of a research program studying hardwood plantation management practices. This had never been done properly in Queensland before. When I came into Parliament as a very young member, I used to ask questions about hardwood and rainforest plantations. I recall that at the time I was told that they could never be done. Our community rainforest reforestation program in north Queensland has shown us that you can do that with rainforest and hardwood, even though it takes a bit longer.

**Mr BENNETT:** Page 44 of the Portfolio Program Statements describes a forecast increase in plantation revenue of $40m in 1995-96 compared with the previous financial year. What is the main reason for this revenue increase?

**Mr CASEY:** The plantation revenue increase is very important for the Queensland Government and the commercialisation of the Forest Service. The total volume of plantation timber harvested from State-owned plantations has increased from 885,000 cubic metres in 1991-92 to 1.17 million in 1993-94. The projected sale volume for 1994-95 is 1.363 million, and for 1995-96 it is 1.548 million. So we have seen a large increase as more and more forests come into the marketable stage.

The major contribution to the increased volume is the timber being sold as a direct result of the commencement of softwood woodchip exports by Canterwood from just south of Maryborough. That initiative is producing 170,000 cubic metres of woodchips per annum from thinnings of the forest. This sets an example for the rest of Australia of where we should be going with our woodchip industry. I am very pleased to have been associated with that project from go to whoa. Our Government has helped the local company of Hynes in Maryborough to become associated with its partners Sumitomo to put that project on the map.

The other aspect is that there has been a large increase in the harvested volume of final crop hoop pine. You would recall visiting with me the factory in Gladstone which has now been established and which provides a tremendous number of ongoing jobs for people in that region. The hoop pine comes from the back of the Gladstone region and is processed into sticks for paddle-pops and other ice-creams. That factory is now supplying virtually the whole of Australia with that product, which has done away with a large import component that once existed in Australia. That has a great ongoing value. It is very important in the area. That is the sort of thing that we are looking at in the forests. Only today, the Premier announced the expansion of the laminex plant in Gympie, which also uses forest thinnings that would normally just be cut and left to rot away. That is putting value into the plant and providing jobs in Queensland.

**Mr BENNETT:** You touched on this matter before, but page 43 of the PPS states that the Forest Service is well advanced on commercialisation. Given that the majority of the service's activities relate to plantations, what strategies have been adopted to ensure that plantations are managed to a commercial standard?

**Mr CASEY:** The DPI Forest Service is committed to the achievement of best practice management of Crown plantations. Both internal and external benchmarks have been adopted to achieve this. Internally, a program to critically evaluate all plantation centres has commenced and the evaluation of Byfield, for instance, north of your electorate—near Yeppoon—has recently been completed and has received quite an amount of attention. We are also looking at that for inland exotic plantations and we have commenced work there.

Externally, along with the majority of Australian private and public plantation growers, the DPI Forest Service is partaking in an interstate benchmarking project which focuses on plantation establishment and maintenance activities. All major plantation centres are being subjected to strategic evaluation. It will take several years for that work to be done. The interstate benchmarking project that I referred to has 14 participants and it is undertaking a detailed comparison of all plantation establishments and the maintenance alternatives. As I said earlier, that is very important. Maintenance in the forest can become a problem if there is a severe bushfire such as the Beerburrum fire. A lot of people do not realise that that was the second worst bushfire in Australia's history, just behind the Ash Wednesday fires in Victoria several years ago. All of those measures are necessary. I was asked earlier about consultants—we even engage accounting consultants such as Price Waterhouse Urwick in order to give us an accurate assessment of data to help us with strategies.

**Mr PEARCE:** One of the outstanding initiatives of the Government has been the Rural Communities Water Supply and Sewerage Scheme. Page 73 of the Portfolio Program Statements indicates that the department is providing improved water supply and sewerage services in the smaller urban communities in rural Queensland. What budget allocation from the Water Services Program or from other budget allocations is there for this purpose?

**Mr CASEY:** The Rural Communities Water Supply and Sewerage Scheme was a great initiative of the Government. It was introduced prior to the 1992 election. Again, Mr Pearce, I congratulate you because you played an important role in the early stages of that scheme, despite the fact that St Lawrence and the surrounding area would be taken out of your electorate in the redistribution. You were well aware of that, nonetheless you were wholeheartedly behind that project, as was all of the Premier's Rural Task Force. That task force saw that water supplies and sewerage in small country towns in Queensland had been neglected.

When we came into Government, I had work undertaken within Water Resources which identified something like 300 small communities in Queensland that had either an inadequate water supply or inadequate sewerage works. They go hand in hand. If there is no decent water supply, there is no decent sewerage program. I think a classic, recent example of that is Croydon. In that town, there was pumping out of waterholes on the side of the road into a big, old mine shaft and then pumping from there into homes. The water was a bluey, limey colour, and that was supposed to be the town's drinking water. You would not make your dog drink it; even if you did, he would drop his ears, put his tail between his legs and take off. Not even a dog would drink it.

Nonetheless, we have accelerated funding for the Rural Communities Water Supply and Sewerage Scheme in the 1995-96 Budget for a three-year program. Funding increased from $3m a year for the trial period to $25m over the three financial years it was to run. This year, the scheme will be continued. It is administered jointly by my department and the Department of Housing, Local Government and Planning. To date, approximately $13m of the $25m has been allocated, that is, committed, to small Queensland communities that have a population of less than 1,500. These allocations have contributed substantially to drought relief in many of these communities.

I just gave the example of Croydon, but other examples are: Mount Garnet, Dirranbandi and Nebo. They were able to put an additional bore down in Nebo. It has been so varied. We look at the ability of a local community to be able to pay extra rates for the work that has to be done to give it a decent water supply and then we say, "Okay, in many cases we will fund 100 per cent of the improvements that are required", and we have done so. In fact, it is the norm rather than the exception that we supply 100 per cent funding.

**Mr PEARCE:** Further to the Water Supply and Sewerage Schemes, I understand that special subsidy arrangements to support local governments to undertake a total management planning approach to their works planning will not continue in 1995-96. Could you explain why this budget provision is not to be continued, considering that the provision in previous years resulted in significant outcomes?

**Mr CASEY:** Those total management planning subsidies were a special allocation in previous years in order to allow local authorities to undertake that management planning. I referred earlier, in answer to a question from a Committee member—it was Mr Bennett, or it might have been yourself—to the WaterWise campaign. The benefits of that campaign are seen in so many aspects of that total management planning. That provision was a specific purpose subsidy which was aimed at enabling local authorities to improve planning and management of their water supply and sewerage schemes and, by now, most of them have achieved that.

Initially, the subsidy was made available only for 1992-93, but many local authorities were dragging behind a bit, so it was extended into 1993-94, and then, because of the extent of the work needed in many local authorities, it was extended to include 1994-95. The local councils have been the big beneficiaries of that subsidy. That extension of time has given them three years to carry out that scheme. It is now considered that they have had sufficient time to do this work. The subsidy itself was for planning of a nature which councils should already have had in place and to my knowledge almost all of them have reached that level.

The total management planning concept itself enables the State to maintain its overview role of local government, water and sewerage matters and to be able to direct resources to the area's needs. Mr Bevin, the executive director in that area, may know if there are some local authorities that have not as yet completed that.

**Mr BEVIN:** Most of the local authorities throughout the State have now completed their total management planning processes. I think that some $7m has been paid in subsidies as a result of that.

**Mr PEARCE:** Let us go to Aboriginal and Torres Strait Islander communities. Will the department continue to support improved water supply and sewerage services to Aboriginal communities in far-north Queensland and to Islander communities in the Torres Strait? What budget allocation from the Water Services Program or from any other budget allocations are there for this purpose?

**Mr CASEY:** A couple of years ago we recognised that one of the real problems of our Aboriginal and Islander communities was the fact that they did not have decent and proper water supplies or sewerage facilities. We put a special scheme into place on Thursday Island. The Water Resources Division of my Department did most of the work of getting a pipeline across from a dam area near a mine. We had the gear on site so we immediately hired it to do the work. We brought a pipeline through to the Wasaga area and over to Thursday Island. For the first time that community had a guaranteed water supply. However, we have not stopped at that. The problem of maintaining water supplies on the island included fixing up the pipes, taps, reticulation systems, etc., with no trained people to actually do the work within the local communities.

We set up an asset management unit in Cairns to address this operation for the peninsular area, the gulf area and also for the Torres Strait. That unit addresses the operation and maintenance of the community water infrastructure and also provides technical and hands-on assistance to the Aboriginal and Torres Strait Islander water officers. A training program is in place so that people in the local communities can learn what to do. The Cairns unit provides five maintenance inspectors per year for each of the communities. They go into the gulf to Mornington Island and other gulf communities to assist in training the people to plan and budget for their water and sewerage needs. The unit does not just fix the problem, it teaches the communities how to plan and program in their own budgets for the work that they should do.

The estimated total cost of emergency works for Aboriginal and Torres Strait Islander commitments is about $200,000 out of the budget. That also covers emergency problems within that particular work. All in all, the Aboriginal and Islander communities are getting a better deal and they are getting the training to carry out the work themselves, which is very important.

**Mr PEARCE:** With increasing public focus on the environment, there is concern that effluent from piggeries could be a major environmental contamination problem for Queensland. In the 1994-95 departmental estimates statement, page 52, you said that your department was developing guidelines for planning and operating large scale piggeries in Queensland. What processes are in place and when will this be completed?

**Mr CASEY:** I am glad you asked that question, because it is a very important one to everybody in the community. In the last four to five years, Queensland intensive animal industries have developed. As a result of that we have planned to overcome any environmental problems that are associated with intensive animal industries, especially when you have a feedlot of 70,000 animals suddenly increased to 100,000. That places very intense pressure on the environment and in that area we once more led the charge.

**The CHAIRMAN:** That is the 20 minutes allotted to Government members. I call on non-Government members.

**Mr HOBBS:** I refer to the Dawson River Dam at the Nathan site. In 1994 it was calculated to cost $102m. Referring to the From Strength to Strength document, at 69.1, under the Development of Water Infrastructure, the question I ask is: what is the difference between $102m and the new figure of $180m?

**Mr CASEY:** Where was the $102m?

**Mr HOBBS:** Minister, I think you know it fairly well.

**Mr CASEY:** Where was the $102m figure?

**Mr HOBBS:** That was the calculated cost of the Dawson River Dam on the Nathan River. The From Strength to Strength document now puts it at $180m. That is a difference of $78m and I want to know what that is made up of?

**Mr CASEY:** An allowance has been put in place in the new figure for inflation over the period that we are looking at, which brings the original estimate of costs up to date. Some of the first figures that we put out related to some of the costs that had been estimated from a number of years back. They have been brought up to scratch in the From Strength to Strength document, which is the reliable document for this particular program. We have also made allowance for capitalising interest on the funds used to build the works during the construction period. We are looking at a different type of financial arrangement, which will probably be done under the QIFF program that Treasury is putting in place. These are the financial estimates that they have given us, which will add to the cost. It all depends on the ability to borrow money, where you are going to get the money from and how it is going to be funded. Industry is well aware that we are using the QIFF procedure in relation to this.

Provisional allowance has also been made to capitalise the cost of any revenue shortfalls. For example, some of this may be dependent upon power stations or more coal industries being opened up in the area which will take some of the water from the downstream site. Provision is made for that, so we may have to pick up a shortfall, particularly in the early stages.

Also, of course, reliability of stream flow is a factor. Once a dam is filled we must ensure that we have plenty of water for what is required. When the dam is filling, you can get a five year trial period, as we have now. Therefore, you are not getting a return for your water. That filling period can vary greatly. For example, the Peter Faust Dam on the Proserpine River was supposed to take five years to fill. The wet season in 1990-91 was such that it filled in five days. The volume of rain over that period of time was absolutely incredible. We have taken all those variations into account.

**Mr HOBBS:** Will the price of water used from these sites be calculated to include the capital cost of the construction?

**Mr CASEY:** Is there a specific part of the Portfolio Program Statements you are referring to?

**Mr HOBBS:** Yes. It is in relation to regional planning, water infrastructure and management of the delivery of water to rural, industrial and urban clients. It is point 1.

**Mr CASEY:** You are getting a lot out of that one.

**Mr HOBBS:** I have been here before, Minister.

**Mr CASEY:** You have not learnt the lessons yet, have you. Water pricing policy is something that we have to have a final determination on. This is not a policy we have drawn off the top of our heads; we have talked closely with industry about the whole deal. If you had not missed the first session, you would know that I talked about the cotton and sugar industries being able to afford to pay for water. I think some of your colleagues recognise, as you would, that the beef industry is not in the same position. The projects that you are referring to are based on modern accountancy practices, as I mentioned a moment ago. With the Queensland Infrastructure Financing Fund, QIFF, there has to be a commercial return over the long term of the overall project.

The Government, through its Water Resources commercial section, will be building these projects. Through its funding arrangements, it will be required to get a return back on the projects, and in turn it will become a major supplier of water. Where you have a local farm irrigation group, a local authority and a new major industry coming to the region, they will become water users and they will pay a certain fee to the supplier of water. They will look after their own reticulation, either through a Water Board, in the case of irrigation, or in some other way. I think you are pretty familiar with the Water Board irrigation aspect. The price has not yet been calculated on those things where QIFF is concerned, but we will being working down that track with industry.

**Mr HOBBS**: I refer to page 78 of the Portfolio Program Statements relating to staffing levels. I note that you are going to lose about 52 staff out of the water service area. Can you clearly explain why this is happening when other departments are increasing staff? I particularly refer to the client water services area. It seems to me that service areas are going down. I want to know why this is happening.

**Mr CASEY**: Earlier in my answers I clearly indicated that there were fluctuations in all of the staffing areas. The 718 for 1994-95 comprised 459 salaries and 259 wages staff; the estimated 666 for 1995-96 comprises 456 salaries—that is roughly about the same—and 210 wages staff. Public service staff numbers are reduced from 459 in 1994-95 to an estimated 456 in 1995-96. So there is not a great deal of change there. It is estimated that because of the reduced day labour requirements on construction projects the figure will go down. That is why many of these day labour projects will be carried out either by other authorities or by the Water Boards themselves rather than by the department.

There are some internal rearrangements in the subprograms. You can pick that up from all the different areas. Engineering services staff moved from scheme planning to scheme management. One goes from one fund into the water operations fund, so you would have to look at that in conjunction with what you are looking at there. Dam safety becomes a part of the Water Resources industry services programs. There are changes in the programs and you have to look for different figures relevant to those. In accordance with Treasury requirements, these programs have been set up and the changes that were there were within the department. The restructuring of the programs does tend to make it a little bit confusing for you—I accept that—but you do not just look at one program in isolation and leave it go at that.

**Mr ELLIOTT**: I seek leave to appear before the Committee.

**The CHAIRMAN:** Leave is granted.

**Mr ELLIOTT**: I asked you a question on notice in the House about moneys committed or spent on storage facilities or planning new storage facilities in the greater Darling Downs region. On page 74 of the Portfolio Program Statements there is a table setting out what is going to be spent in the region. Basically, our problem is that there is no money shown there to be spent in the greater Darling Downs region, other than for a building. We asked you why there was no money to be spent for storage or for the plan. You answered me by saying that in 1992 you spent the money on the Upper Condamine study. Basically, what you said after that was that there was no money shown here to be spent because the people in the area could not agree about the priorities. Is that your understanding of it?

**Mr CASEY**: I am listening.

**Mr ELLIOTT**: You said, "Unfortunately, it was apparent that there was no one scheme that would be favoured by a majority of interest in the region." What you are saying is that if I can come up with a scheme that everyone agrees with, you will fund it? Is that basically what you are saying?

**Mr CASEY**: You got the answer to the question that you asked in the Parliament, so I do not know why you are asking the same question here. It relates to a parliamentary question rather than an Estimates question.

**Mr ELLIOTT:** It is an Estimates question because it is in the Program Statements. If we can get people to agree on a direction and a scheme that everyone agrees with, will you then accept the fact and do something about it? We have the worst drought we have ever had, the Glenlyon Dam is all but empty, and the bores are failing left, right and centre. The whole area has just about had the—I will not use that term here. Is there any likelihood that some money might be spent in the area if we can agree on the priorities as to where it should be spent in relation to that Upper Condamine study?

**Mr CASEY**: Mr Chairman, I think Mr Elliott has made it quite clear in the answer to his question that we did look at the overall Darling Downs area, but a lot of emotion creeps into the scene when you are talking about water resource development. Everybody up there had the solution and the answer. They were going to tap into the Clarence River in northern New South Wales and bring the water through from there. Quite clearly, down through the years, under both the previous Government and our Government, we have been told that it is not a goer. Apart from anything else, I think that the New South Wales Government likes to hang onto its own water where it can, except where the water is part of the Border River system for which we have this full agreement.

I went to the Upper Condamine area with Mr Elliott and some other people and we looked at some of the problems. I have been around and talked with the different groups. I recently told a mining company that is looking for further development to go away—on the tiny scheme that they were talking about—and accept that they could not work in conjunction with EDROC, the people who are coordinating this program from the Downs.

The problem is that there are so many different areas and various options that have been looked at. They are all relatively small. If we can get people to really look at a combined type of operation, we can look at it. That is what they did on the Dawson River. They formed their own committee on the Dawson River, led by Mr Jago from Theodore. As a result of that, they got all the industries for the whole of the Dawson Valley to look at it. If you talk to people in certain sections of that Downs area, they will tell you that theirs is the most important aspect and we should not worry about anybody else. We have ongoing investigations in the Downs area. In addition, new studies will be included in the program this year, as resources permit, covering the whole of the State in areas. Unfortunately, because I became ill on that occasion, I was not able to talk to EDROC about this myself—although the director-general did—and we are working on those programs.

**Mr ELLIOTT**: You are basically saying that if there were a whole lot of floods in the Northern Rivers area and those people suddenly decided under the Border Rivers Act that they wanted to utilise that area, because there is an ability to share the water—we are sharing the Glenlyon water under the Border Rivers Act—you would do some further work on the Clarence scheme?

**Mr CASEY:** Again, I think you ought to have a look at the geography of the locality, Mr Elliott, because the Border Rivers agreement does not cover the Clarence River, and the Clarence catchment is further away. Your question is really not a valid question.

**Mr ELLIOTT:** What about the Mole River dam?

**Mr CASEY:** The Mole River is another river on the catchment region of the borders that is being considered. The Border Rivers Commission has, in fact, completed a preliminary study on additional storage in the Mole River dam. However, do not forget that it is a two-way agreement, between the New South Wales Government and the Queensland Government. It has to be approved by both Governments. The New South Wales Government—I do not know whether the new Government has had a change of mind—wanted the Mole River dam so they get could extra water downstream into the river that runs down the border into the system that goes into the Darling. As it is, New South Wales claims that Queensland pinches too much of its water from the Murray/Darling system for our storages in Queensland and that they have blue-green algae problems, dry problems and every other problem that they have in New South Wales because of we terrible Queenslanders.

The Mole River dam is a very costly project. The main beneficiary would be New South Wales. We are looking at a 500 megalitre storage which would cost somewhere between $88m and $96m on 1991 estimated values. If we agreed to go ahead with that, we would be up for half of that cost.

**Mr HOBBS:** Page 17, paragraph four, refers to the assessment and monitoring of the State's natural resources. I refer to the moratorium on aggregate extraction from the upper Brisbane and Lockyer Valleys that came into effect in November 1994. With continuing delays in discussion papers, it may not be finally determined until December 1995. Considering some 30 applicants for extraction were put on hold and therefore considerable unemployment benefits——

**Mr CASEY:** Before you go any further with your question, when you talk about paragraph four, which section are you referring to? Are you referring to Program Goals, Description of Services Provided or what?

**Mr HOBBS:** I am talking about the assessment and monitoring of the State's natural resources.

**Mr CASEY:** Is that under Description of Services Provided—dot point 1?

**Mr HOBBS:** Yes.

**The CHAIRMAN:** We have a problem. That is the end of the 20 minutes. We will come back to that question in the next round of questioning so that you can receive the right answer to that question, without having to rush.

**Mr PEARCE:** At the end of the last block of questions from Government members, you were answering a question in relation to the department's developing guidelines for planning and operating large-scale piggeries in Queensland. You were telling us about the processes that are in place and when they will be completed.

**Mr CASEY:** Yes, I did start to mention about the intensive animal industries and the big increase. To return to your specific point in relation to piggeries, the target for completion of the code is July of this year, but the important issue is to get the code right. If industry and community—both of which are represented on the task force—want an extra month or two to ensure that they get it right, we are quite happy to extend that period because we want to make sure that everybody is satisfied and content. I am comfortable with that as a yardstick that we should be able to use. The code will assist industry to deal with issues such as waste minimisation, treatment and utilisation of waste. This will ensure the environmentally sustainable development of piggeries in Queensland. We have seen suggestions that some major piggeries from other States are going to relocate here, particularly close to grain-growing areas, and have already made their announcements. That is a significant part of the work that we are doing with the intensive animal industries.

It is not just a matter for the DPI. We talked before about an across-Government approach and it is an across-Government approach that applies in this case also. In relation to environmental management, a need exists for representation from the Department of Environment and Heritage. Industry has input to that committee, as does local government, especially, and the Department of Local Government. Through part of our own programs, our catchment committees are involved in this, as is the community generally. The community organisations and groups, such as conservation groups, which are very interested in this work, have an opportunity to ensure that we get it right environmentally. The development of the Environmental Code of Practice is important. It will assist industry and, of course, more than anything else, the economy of those regions.

**Mr PEARCE:** You referred earlier to feedlots, which are referred to on page 53 of the Portfolio Program Statements. There is no doubt that there is public concern about beef feedlots. How is your department managing feedlot development, particularly the licensing and managing of beef feedlots?

**Mr CASEY:** Again we led the charge. At a meeting of the Australian Agricultural Council, as it was then known, the Queensland Department of Primary Industries brought about the agreement of the other States. The Ministers for the Environment were all involved and we formed a national group to set up national guidelines. The Federal Government became involved when Simon Crean was Federal Minister for Primary Industries. We set up guidelines that were acceptable to the whole of Australia and developed those. As I said, Queensland led the charge and managed the process so that we could get it right.

The licensing of feedlots by the DPI is a very good process. Most of the current applications that people are referring to will all be completed by mid-term this year—by July—and we will pick up all the backlog. The guidelines for the establishment and management of feedlots are also being redeveloped, so it is not just a matter of setting up these processes. Latest research findings have input. Flexibility is needed and we have that in this particular system. An interdepartmental committee, which is a permanent committee, has been formulated here in Queensland. It continually works on this matter and when changes occur, such as the Planning and Environment Act for local government or the Environmental Protection Act, any new provisions are incorporated into the system.

In addition, we are looking at the new AUSMEAT feedlot quality assurance programs. Those programs are very important, because it is no use having feedlots if we get the hammer in overseas markets where we wish to sell our beef because it is claimed that we are not looking after the environment from whence they come. Many things are being taken into consideration and are being continually adjusted where necessary but, again, that is being done using the resources of all people involved and of all industries. Any further accreditations will also include the need to follow the quality assurance scheme of AUSMEAT.

**Mr PEARCE:** I have just a couple more questions relevant to the beef industry. As you are aware, our overseas customers are particular about the quality of meat they receive. For example, the Japanese market likes marbled beef. The departmental Estimates statements refer to the fact that your department is developing a system of live cattle assessment for carcass assessment. How will this technology improve access to these markets?

**Mr CASEY:** I stated before when I was answering a question from Mr Perrett that it is very important that we recognise, particularly with our export industries, that the customer is right. If the Japanese want marbled beef, which is a high-priced commodity, and if we have to meet their particular specifications, we must do so, in the same way as a manufacturer meets the specifications for a microphone, book covers, jugs, glasses or whatever it might be. It applies in exactly the same way to our primary industry sector. This is becoming more and more important to the industry because the reward at the tail end for a quality product, for quality assurance and for meeting the specifications that are required is a premium price. They are prepared to pay for these sorts of things. They will not pay the same price for any old half-Brahman, speargrass-fed beef that we might like to send to them. In exactly the same way, we must be sure that we have a system of assessing live cattle, and one by which the purchasers are sure that the carcass characteristics that we outline to them are being developed properly. Our research programs want to ensure that the cooperative research centre that has been set up for the beef cattle industry—and in particular I refer to the one in Rockhampton in conjunction with the university, the industry and the CSIRO—does its job in setting out, once more, the fundamentals of the specifications.

We are moving towards a lot of the new technology. Ultrasound technology is one classic example. We are moving towards the measurements to assess the marbling level of the beef and also the depth of the carcass fat and the eye of the muscle area. I am sure that Mr Perrett, being a beef producer, would be well aware of all of these things as well. They are very important to the price that is going to be obtained. The data indicates that the technology is capable of highly accurate marbling predictions and its acceptance by the buyers is something that would be followed through.

I refer back to my answer to the previous question—it is important that we also make sure that we follow the AUSMEAT quality assurance program because it is on the basis of quality assurance that we are going to sell from Australia. The other point that I would make quickly is that we must follow our clean-and-green image and look out for the scoundrels who want to put in the stuff that does not follow it.

**Mr PEARCE:** In 1993-94 the department commenced an initiative to eradicate cattle ticks south of the Townsville-Mount Isa railway line. What has the department done over the past three years to achieve this?

**Mr CASEY:** When we announced this program in some sectors of the industry, we were ridiculed—particularly by many of our opponents in Parliament—because we were introducing such a program. Now they are behind it because, once more, it covers all of those things that I talked about in the previous two answers—quality assurance, the quality of the animal, the carcass quality and so many other different things that lead to a premium price. We started it off with Stage 1 in the Taroom Shire. The Taroom people were most willing to become involved. They had been on the border of the tick-free area for some years and felt that they would like to be involved in it. In the 1993-94 financial year, it was very successful. That area is now included in the south Queensland cattle tick protected area. It is tick free. Certainly by starting to whittle away in small amounts, we have been able to get big success.

In the 1994-95 program, five new schemes have been established. Taroom Stage 2 is one of those, and so is Theodore-Cracow, Auburn, Cadarga and Boondooma—again, getting closer in following around on that tick line. The Department of Primary Industries has developed a policy and guidelines for the establishment and management of the tick eradication scheme and funding of the inspection program is shared by industry and the Government. The industry is quite willing to do that, and it is now doing it on a voluntary basis. Even the dairy industry is preparing to come in on it. It has established a coordinated tick control program that could lead to tick eradication in the dairy areas of Queensland, where it is still a problem.

So, all in all, the policy is starting to snowball. It is starting to gain acceptance within the industry because the industry is starting to see advantages in the policy. Although the 10-year period to get back to the Townsville-Mount Isa line was an arbitrary figure in the first instance, many of the areas south of the line are already tick free because, in the main, they are stocked with Brahman-type cattle, or cross-Angus type cattle, and they are tick free anyhow because of their propagation. So I feel that by the time we get to the end of that 10-year program, if we have not got as far as the Townsville-Mount Isa line, we will have given it a hell of a shake.

**Mr BENNETT:** I come from an area that is well known for its mango production. The departmental Estimates refer to the fact that the department is developing improved disinfestation protocols for mango and citrus exports to Japan. How does this help our trading links with Japan?

**Mr CASEY:** It has been very helpful. I believe that we have had a tremendous breakthrough in the area. There are always problems with Japanese quarantine authorities with a lot of the horticultural products from Australia, but they have now approved of the vapour heat disinfestation treatment program for the mango. Of course, that is to combat fruit-flies. Two treatment facilities have been established in north Queensland, and the first shipment of mangoes from the Burdekin and the Mareeba areas began in the December/January period 1995.

I have spoken to representatives of the Japanese company who organised the import for this product personally and they are as happy as can be that the quality mangoes that we can produce in north Queensland are now available to their markets. The market reports from Japan have been encouraging. The earlier problems with fruit quality have been overcome, and that is probably because, more than anything, they were not used to the Bowen or Kensington Pride-type mango, which is the main one that is coming out of those areas, but now they are starting to recognise what a tremendous product that is. In Japan, their tastebuds are getting used to it, and they are starting to understand that it is miles better than the Thai mangoes, the Philippine mangoes or even the Indian mangoes—those long, skinny, smaller-type mangoes that you have probably seen in markets when the northern hemisphere is producing. That is another important part of the mango program. We are producing at opposite times of the year to the northern hemisphere; it is a prior market and we have the fresh product at the right point in time.

The VHT treatment was developed by DPI scientists for use in Australia. The product and the type of treatment is known elsewhere, but it was developed by our scientists here. We have also developed other cold treatments for mandarins to combat fruit-flies, which is another very important area. Mandarins are a fruit that is starting to gain acceptance by Japanese authorities, who are waiting to give us approval in relation to those. In addition—and this may be part of the project that may develop further with the Comet Dam work—this season the first consignment of Queensland lemons using a cold disinfestation protocol was shipped to Japan. If we are successful in that, I think that you are going to find major lemon orchards springing up in the Fitzroy Basin area. That will make you happy, Jim.

**Mr BENNETT:** I refer to the native hardwood plantations. On page 43 of the Program Portfolio Statements, it is mentioned that around 90 per cent of total removals are derived from plantations. Given that one of the major benefits of plantation production is the reduction of pressure on our native forests to provide timber, please describe what initiatives have been undertaken to accelerate the expansion of plantations in Queensland?

**Mr CASEY:** This answer allows me to expand on some of my earlier comments in relation to our new initiatives in this area. The Government has approved a new initiative to double the area of native species plantations to approximately 90,000 hectares. This will address a predicted future shortfall in the domestic supply of native timbers and will also provide significant environmental benefits to the community. The initiative also involves the development of mechanisms to implement successful private forests. Additionally, it involves the establishment of a joint Government and private landowners plantation share-farming scheme on cleared private lands. There is a commitment to a 500-hectare expansion of State-owned hardwood plantations over five years. The Government involvement in the joint venture plantations is intended to remove some of the uncertainty and risk associated with long rotations of native species sawlog plantations, especially until such time as a core area of such plantations is established in Queensland.

Earlier, I touched briefly on the Community Rainforest Reafforestation Program, part of which relates to hardwoods. The acceptance by private operators of these schemes is outstanding. They are queuing up to become involved in the CRRP programs in far-north Queensland, not only in the main area from the Hinchinbrook Shire to Mossman and the Tablelands area but also through the new extension of the area into the rainforests in the Mackay/Proserpine region. The scheme has been highly successful. As to native forest species—a lot of this work involves the further planting of hoop pine, which is important to our long-term future, as I mentioned earlier in relation to the honourable member's electorate.

**Mr BENNETT:** On page 19 of the PPS, reference is made to the development of natural resource management legislation. How much will be spent on developing this legislation and what are its benefits?

**Mr CASEY:** The new natural resource management legislation is a long-term commitment by this Government, and one which we are gradually meeting. We are now able to meet this commitment faster because of the commercialisation of forestry and water services. We are able to put together a better grouping within the department to help us with natural resource management. The legislative process is also developing. There will be a comprehensive and integrated policy for the use and management of land, water and forests. We are taking a whole-of-Government approach; we are not just looking at the individual dunghills of specific groups. Additional direct costs to the DPI of developing the policy and legislation were about $260,000 in the last financial year. We can expect that the amount will increase considerably in the next financial year.

**The CHAIRMAN:** That completes the allocation of 20 minutes to Government members. We now revert to non-Government members. Mr Hobbs?

**Mr HOBBS:** I refer to the first dot point on page 17, in particular to the assessment and monitoring of the State's natural resources and to the moratorium on aggregate extraction from the upper Brisbane River and the Lockyer Valley that came into effect in November 1994 but which, with continuing delays and discussion papers, may not be finally determined until December 1995. Some 30 applications for extraction were put on hold and, therefore, considerable employment opportunities were lost. What has caused the delay? Do you have enough staff to do the job?

**Mr CASEY:** You referred to extractive industries in both the Brisbane River and the Lockyer.

**Mr HOBBS:** I referred to the upper reaches of the Brisbane River.

**Mr CASEY:** So the question is only about the areas that are the responsibility of my department?

**Mr HOBBS:** Yes.

**Mr CASEY:** Extractive industries create a lot of problems, environmental ones, especially. The extracting of materials from a watercourse is dependent first and foremost on replenishment volumes, otherwise the whole of the existing ecology is upset—for example, the beds and banks. We are far enough down the track with our catchment management work to recognise and understand that this area is a real problem. One of our pilot areas for catchment management work was the Lockyer. We are pleased that we examined that area. It is one of the longest settled areas of Queensland. We are taking a whole-of-catchment approach to the industry. I do not want to touch on water development in answer to your question.

**Mr HOBBS:** It has been over a year.

**Mr CASEY:** What was that?

**Mr HOBBS:** You heard me.

**Mr CASEY:** No, I did not, I am sorry.

**Mr HOBBS:** It has been over a year. In my question, I mentioned that it has taken over a year. Have you sufficient staff?

**Mr CASEY:** The number of staff is sufficient. What you do not take into account is that we have to look at a considerable number of factors, including monitoring the environment, the catchments and the rehabilitation that may have to be undertaken. We have done a number of these studies in various areas of the State, including the Townsville/Thuringowa area, which was running out of sand supplies for aggregate use. Eventually, Townsville will have to go to the Burdekin River for its supplies of sand, because those supplies are not available locally. For a long time, the Brisbane River has been a source of sand, gravel and stone for the concrete aggregate and the road-surfacing industries.

There could be a dredge in the river across from Parliament House. All of that material comes from one source. It is not just sitting at the bottom of the river waiting for people to dredge it up. It has to come down the river. In coming down the river, it has to be tracked and followed. That is not easy to do. If the people in the extractive industries are prepared to meet the costs of additional staff, maybe we would put additional staff onto the project. We are still moving along with the project. It is not only our staff who are doing this assessment work. In particular, we are waiting for work done by the Department of Environment and Heritage. Some of the work involves the Department of Transport, too, which has to look at the lower reaches in particular.

We have to look at the overall catchment, as opposed to your reference to the upper reaches of the catchment. What happens to the material when it comes further downstream? What are the needs and requirements of the people further downstream? Is that catchment to be held in place for only the Lockyer Valley area? What should happen? Importantly, to judge extractive rates, we have to have accurate data. Accurate data takes a while to collect.

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

**The CHAIRMAN:** Leave is granted.

**Mr SPRINGBORG:** My question relates to the $5m allocated in the budget for planning of the water storage facilities announced in the From Strength to Strength document. My specific question relates to the Broadwater dam. If you are able to give a figure, I would like to know how much of that money is allocated for the planning of the Broadwater dam. Will you outline to me also the Government's time frame for the commencement and construction of that dam?

**Mr CASEY:** Do you have a page of the Portfolio Program Statements that this refers to?

**Mr SPRINGBORG:** Page 7 of the Portfolio Program Statements, and reference is also made to it in the Capital Works document on page 94.

**Mr CASEY:** Have you read the answer to the question that you asked yet? You tabled a question in Parliament which is virtually exactly the same as the one you just asked. I am just trying to save the Committee a bit of time.

**Mr SPRINGBORG:** I have not received the answer yet. It may be in my office.

**Mr CASEY:** As outlined in From Strength to Strength, the Government is committed to proceeding with the Broadwater scheme provided the results of economic and environmental studies are satisfactory and agreement is reached with local growers over the extent of the scheme and the cost-sharing arrangements. The timetable for the scheme is dependent on proposals currently being considered by local growers. Once they have reached agreement over the area to be served, it will be possible to commence more detailed design and the environmental and economic studies. It is anticipated that there will then be approximately 12 to 18 months until tenders could be called for construction of the dam, and I think that we can actually shorten that period. Construction of the dam is expected to take about two years but will have to be scheduled to allow for one or more dry seasons, depending on the timing of the calling of tenders. The expected date of completion appears to be in time for the anticipated wet season at the end of either 1998 or 1999.

The Government and the beneficiaries have yet to negotiate funding arrangements for the dam, currently estimated to cost something like $18m. The proposed cost-sharing arrangements are that the Government and the beneficiaries will share in the funding of the project, with a reasonably substantial contribution being provided by the latter. At this stage, it has not been possible to negotiate these details whilst the extent of the project has yet to be finalised. Those negotiations are going on now. As soon as the people in your region have decided who is going to be in it and who is not going to be in it, then we can be more accurate with the figures that we have to work on for the work and we can get a shortening of some of those timings that I have just given.

**Mr SPRINGBORG:** Would you be able to table that documentation?

**Mr CASEY:** You can have it.

**Mr SPRINGBORG:** Thank you.

**Mr PERRETT:** I refer to page 54 of the Program Statements and comments there on the review of the Industry Services Program. Those comments indicate a strengthening of the program's commitment to research and development. How much will the department spend directly on research in the coming financial year? I am looking at the figure for actual research activities with administrative costs removed.

**Mr CASEY:** The Primary Industries Department, with its major contribution to the economy of the State, does spend a fair amount of money on research work. The research and development expenditure for 1995-96 is expected to be about $190m. We have put them all together—research, development and extension. There is about $102m on research and about $87m on extension. In all, that could be the total figure. If you want a breakdown of that and the different funding arrangements, I have another table here. It is fairly broad. Would you be happy to get someone to photocopy that?

**The CHAIRMAN:** If one of the attendants could take that for us, please.

**Mr CASEY:** We will get that straightaway, if we can, so that if Mr Perrett is not happy with those figures he can ask further questions on them.

**Mr PERRETT:** How many DPI staff are directly employed in research activities and how many are employed on extension activities?

**Mr CASEY:** Do you want a particular field or just a total figure?

**Mr PERRETT:** I was looking for a total figure, but if you can break it up——

**Mr CASEY:** With many of the programs, people are engaged half the time on one and then on the other. It is very difficult to specify whether somebody is on a beef program, whether they are on a pasture program or whether they are on programs for work that has to be undertaken for certain client customers. For instance, with IFI, the International Food Institute of Queensland, we are working towards about 50 per cent of our expenditure being met by income from clients for whom we are doing research work. We would not have a figure of staff numbers overall. That is a very difficult one, and it changes from week to week in some respects as people move in and out of different programs. I could have a further look at it for you, but the question that you are asking is one that would take an enormous amount of effort to compile. I do not think it is worth the effort, actually. It would probably cost as much as having a few more researchers on.

**Mr PERRETT:** It would be to me. We are in the business of creating employment, are we not?

**Mr CASEY:** It may be to me, too, but I am trying to point out to you the difficulties of compiling that information. If you look at the program detail that I have just given you on the different areas, it will give you an outline of what happens. You have the numbers there; you have the figures. You can take into account that roughly 80 per cent of all of our costs are in wages and 20 per cent are in other services such as vehicles, equipment and other items that are required. If you have a little calculator, you can do your own calculations on it.

**Mr PERRETT:** While we are on subject of research and extension—how are the programs decided and who is consulted on priorities?

**Mr CASEY:** We have an executive director of research, development and extension. It becomes the task for him and his group to receive the submissions from various industry groups—to receive the submissions from various sectors of the department. Most of the programs are ongoing programs at the request of industry and the different industry groups. We do have advisory committees, both for the State overall and for the individual research stations, so that we can work out exactly what is needed—for instance, where the new initiatives of Government might direct we ought to go. There is a special support unit there for the research and extension group. There are only six people in there who carry out that assessments work: the director, three project leaders and two support staff. The unit develops a corporate approach to research and the extension work, it advises the Minister and the director-general on research and extension issues and it oversees implementations on the extension strategy and research review. Also, part of the tasks of the policy councils that we have set up for the different industry groups in Queensland is that each and every one has a responsibility to consider research needs.

The Sugar Industry Policy Council was the first body set up under the legislation. It was accepted at its first meeting that yield within the sugar industry was a problem and that it ought to be addressed. So a special substructure committee of people involved in the research work was set up, and that is working very well. We have incorporated people from CSIRO, the Sugar Research Institute, BSES, DPI and others who are involved in research in the sugar industry. A program is set up and the findings are then referred back to the policy council, which then makes recommendations to the Government. Using that yield issue as an example—major programs on this work are under way with BSES, CSIRO, James Cook University, other universities and the DPI. I guess it is the collective resources of the whole of the department and the whole of industry being put together to nut out exactly where we ought to be going.

**Mr PERRETT:** I want to stay on the subject of research and extension. What proportions of the Industry Services Program budget are allotted to research, extension and regulation and what proportion of the Industry Services Program budget is allotted to corporate services?

**Mr CASEY:** That is a fairly simple question to answer. The breakdown of the functions in the Industry Services Program is: research, $59m or 43 per cent; extension, 25 per cent; and regulation, 29 per cent. Those figures are decreasing because we are getting out of the regulatory functions of saying to people, "You have to do this and you have to do that." Of course, about 3 per cent is spent on policy direction.

**Mr PERRETT:** What proportion of the Industry Services Program budget is spent on corporate services?

**Mr CASEY:** I am told that none of those figures are corporate services at all; they are provided through the Corporate Services Program.

**Mr VARGHESE:** The corporate services allocation that you see in the Industry Services Program is a formula that allocates corporate services across all programs. It is absolutely no real indication of benefits spent in the program and the actual corporate services are delivered through the Corporate Management and Support Program. We do not actually divide those services specifically in terms of service programs because of economy of scale of the operation. We supply all programs and business groups.

**Mr CASEY:** I think page 55 of the Portfolio Program Statements shows this allocation for corporate services—$23.917m. That is the overall allocation, but it is, as Mr Varghese has said, allocated across different sectors.

**The CHAIRMAN:** That concludes that block of questions from the non-Government members. We will now adjourn for 20 minutes and resume at 3.55 p.m.

Sitting suspended from 3.35 to 3.55 p.m.

**The CHAIRMAN:** The hearing is now resumed and the next 20-minute block of questioning if from Government members.

**Mr CASEY:** Mr Chairman, before the start of the questioning, there is some further information that I can give to Mr Perrett which will help to clarify previous answers. The question regarding increased receipts following contamination of export meats, etc.—the estimated figure is $500,000. It is on that basis that I did not give you any explanation before, but the figure is about $500,000.

Also, on the last table that I gave you, under "Industry Services", the percentage figures of R & D to percentage of extension do include the corporate services figure, whereas the other figures that Mr Nieper gave do not include the corporate services cost. You will find a slight variation there. I just wanted to give that explanation now.

**The CHAIRMAN:** We will now go to the questioning from Government members.

**Mr PEARCE:** I want to continue with another question relating to the beef industry. Queensland beef exports have been interrupted because some of our markets detected unsuitable levels of chemicals in carcasses. What is the department doing to assist industry to overcome this problem?

**Mr CASEY:** I made some reference to the chemical residue problem in answers to earlier questions. This is a very serious problem for Queensland and Australia. In conjunction with all of the different sectors of the beef industry, the DPI is working to minimise the risk of beef being exported with unacceptable chemical residues. The use patterns of chemicals and their acceptability levels vary from country to country. As I mentioned earlier in answer to a question from Mr Perrett, you have to look to whatever market you are supplying and meet that market's specific requirements.

The most important thing for the industry to remember is that it follows the use of chemicals according to label directions. The maximum residue levels shown on those labels are very important. If a chemical is not used in a country that imports Australian beef, that country could view any residue level as unacceptable and use a detection as a non-tariff trade barrier. An example of that is the cotton trash recently discovered from New South Wales. The United States immediately put a barrier on it because that chemical was not used in that country because it was a Japanese-manufactured chemical. The United States uses its own chemical rather than that made by the Japanese. So it suited them fine to ban Australian beef to frighten the Japanese people. Initially, the Japanese traders came in on the act until they realised, "Hey, it is one of our own products that is being banned." That caused a great deal of trouble, and we are still trying to sort that out.

In Queensland, the cotton industry has volunteered not to use that particular product, which means that it will not create further problems for the beef industry. That came about because of the way in which we have set up the Cotton Industry Policy Council. That issue was discussed there and an offer was made in relation to that. The problem that Australia faces with ticks is exactly the same. We have to watch the chemical usage related to tick control because in the long term we do not want to have unacceptable levels of residue in the products that we sell overseas.

**Mr PEARCE:** Page 64 of the PPS states that another key area of activity is the maintenance of the quality and safety of Queensland produce. I assume that that actually means that the use of chemicals has an impact on this. How does the DPI monitor compliance with the supply and use of agricultural and veterinary chemicals?

**Mr CASEY:** The management of Agvet chemicals involves monitoring both the supply and use of these particular products. The pre-market assessment and registration function has recently been passed on to the National Registration Authority in Canberra. This was a nationwide initiative by Queensland, because six different methods were being used previously. By establishing a national authority, all States achieve national compliance. The Commonwealth has agreed to fund the States' compliance activities to ensure that Agvet chemicals are registered and used for their proper purposes. The program is supported by a pesticide residue monitoring program in fresh fruit and vegetables, so that any pesticide misuse can be detected and addressed fairly quickly. Both programs are designed to ensure that agricultural product does not contain volatile levels of chemicals, thus preserving our export markets and domestic confidence in primary food products.

I mentioned earlier the clean and green image that Australian products have, which is a very important selling tool overseas. Queensland must maintain this image, particularly in relation to our horticultural and beef products. This is particularly important for our Asian markets, identified as our best markets by the Government through the Trade and Investment Development Division in the Premier's Department. We have established offices in Taiwan, Hong Kong, Japan, Shanghai and elsewhere. We also have contacts in Vietnam and Singapore. There are developing markets throughout Asia looking for our product. In September last year, I attended a major food display in Shanghai with a primary industry group, so I know first-hand how important Australia's green image is. We must maintain that image.

**Mr PEARCE:** I notice on page 293 of the 1994-95 Budget Paper No. 3 that the removal of unwelcome chemicals held by the DPI was a performance target for 1994-95. Could you tell the Committee what progress has been made in the disposal of these chemicals?

**Mr CASEY:** When we came to Government, we were saddled with chemicals collected from all over the place, which has been a big problem. I am not critical of the previous Government in relation to this, but whilst there was a collection deal put into place, it did not go far enough down the track of getting rid of the darned stuff once it was collected. Chemicals from previous recall programs were held all over the place, and additional quantities have been surrendered since by farmers and stored at various departmental premises.

A risk management report on DPI practices referred to the storage of chemicals and the ongoing management of chemical disposal as matters requiring attention. We decided to do something about it. So funds have been allocated for the disposal of those chemicals, and progress has been made. Non-arsenicals are being treated at Willawong, or being denatured. Arsenical pesticides are exported to France for recycling, provided an export permit can be obtained, which is a very expensive operation. We have implemented a lot of effective methods at our various facilities. If there is a spill, it goes into an earth bank and cannot get away. If there is a leakage, the drums are replaced. The drums are turned regularly to make sure that they have not rusted or are likely to cause any problem. The arsenical chemicals are the biggest problem, because they are the ones that we mainly have to export.

**Mr PEARCE:** Of major public concern was the recent horse virus outbreak in Queensland. There is no doubt that livestock disease outbreaks can have an adverse effect on trade and Queensland's clean and green reputation, to which you have referred on a number of occasions. How has your department been able to contain that exotic disease threat?

**Mr CASEY:** This issue is very much on the lips of people at the moment. Indeed, a television program on Sunday night referred to this. With that program—I must congratulate the officers of the DPI in Queensland for the effective and speedy way in which they acted on that particular problem. It was very serious, particularly when the trainer of the horses developed exactly the same virus, which caused his death, as well as that of a number of his horses. Whilst some doubts were expressed in the program as to whether the virus is still around, we have effectively eradicated the outbreak. Who knows what diseases are out there; medical scientists are still finding diseases which affect human beings, and all the time veterinary scientists are discovering new things that affect animals. However, this was the first known case of that virus anywhere in the world, so we had no starting base in terms of identifying it. It is possible that such an outbreak will occur again in that particular form, but the work done has been very good and has been applauded internationally.

The other State agricultural departments took a great interest in the problem, as did the National Veterinary Laboratory in Geelong, where they did much of the work. Now that we have isolated the virus, it will be identified more quickly should it break out again. It certainly has caused a lot of worry to the horse industry generally. The eradication of the outbreak in Queensland cost $418,000. Of course, it cost the industry greatly in terms of the value of the horses involved.

**Mr BENNETT:** I refer you to page 51 of the PPS. The department seems to put a high priority on funding integrated pest management research. I refer particularly to pawpaws. How does this research help Queensland's expanding markets for horticulture produce?

**Mr CASEY:** One of the research priorities of our department and our Industry Services Program is to help farmers reduce the use of chemicals used to control pests through the introduction of integrated pest management. Techniques that go with that include pest lures, mating disruptions and parasite predators. We are quite happy to do that because it reduces the use of chemicals and, therefore, the problems I have referred to in relation to our export markets. As I mentioned at the outset, Queensland produces about $5m worth of agricultural products, of which about $4.4 billion worth is exported. This is very important, particularly to help us maintain that clean and green image that I talked about. We have had considerable success. For example, the department's investment of something like $0.2m in integrated pest management research in the pawpaw industry will provide $4m in benefits to pawpaw growers and consumers over the next 20 years. That is just in one industry. I use the pawpaw industry as an example, because your area is one of the major producers of pawpaws in Queensland.

During 1994-95, the Industry Services Program increased funding for integrated pest management research by about 5 per cent, and a further 5 per cent increase is expected in 1995-96—again depending on our success in attracting additional funding from external agencies. The horticultural industry is very supportive of this work, and it is giving us that external funding boost as well.

**Mr BENNETT**: Page 11 of the PPS contains a reference to community group involvement in the management of recreational fisheries through participation in the review of management plans. What level of cooperation are you receiving from these groups, and what benefits are derived from this input?

**Mr CASEY**: The stocking of fresh water impoundments with recreational fish species is a joint initiative between both the department and those community groups. We work on the basis of a joint initiative. The development of management plans for individual impoundments, in consultation with local community based fish management groups, has helped reinforce the joint commitments. Again, government of the people by the people for the people, call it that if you like, simply means that you are doing this work for the community, the community ought to have input into this work, and that is the way in which we do it. The management plans have been enthusiastically received by the groups and their cooperation in formulating them has been excellent. Something like 22 plans will be completed by the end of the 1994-95 financial year—at the end of this month—and the department regards the development of these management plans as an important mechanism for consulting and for the receipt of feedback from the community about service delivery. It is a most important aspect. Of course, it is made better under Queensland's new fisheries legislation and the management programs being put into effect by the Queensland Fish Management Authority.

**Mr BENNETT**: On page 27 of the PPS reference is made to receipts from the registration of private pleasure vessels. How much of this money will be spent to support recreational fishing in Queensland?

**Mr CASEY**: Again, I recognise that not only is this a very important question for the community generally and for the tourism Ministry especially, but it is a very important question for your area, which is a big area for the tourist pleasure boats. It would be more than two years ago now that I first met with representatives of the pleasure boat industry in the Port Curtis area. This industry is important, particularly in the Barrier Reef area, the Brisbane/Moreton Bay area right through to the Mackay/Whitsunday region, north to Cairns, in the Rockhampton/Yeppoon area, and in the Innisfail and Townsville areas. They were all concerned about the fact that they were coming under pressure from the commercial fishing industry generally because it was acknowledged that sometimes on their tourist fishing trips they were taking fish in major numbers. They got together with me and formed a voluntary committee through which they were prepared to bring information to the Government—once more, the new style of the Goss Government of talking with people, getting them to work out where their problems were. As a result of that we are developing a database on recreational fisheries. The Queensland Fish Management Authority now has that information.

These people have been given a say on the various MACS and ZACS that we have formed throughout Queensland, and we will now have input into exactly what is going to happen in the fishing areas. At the same time, we have also increased the capacity of the Boating and Fisheries Patrol to get out in the areas where people fish. Money has been spent in those areas. You would have to look across the different programs to see just exactly what the figure is there because the various Boating and Fisheries Patrol units are now better equipped with better boats that can get out into these areas and fix up problems.

**The CHAIRMAN:** That concludes the allocation of time for Government members. I now return to non-Government members.

**Mr PERRETT:** The key outputs table on Page 54 of the PP Statements refers to a successful resolution of the exotic disease emergencies, and I know you answered a question on that previously. What exotic disease incidents came to the department's notice in 1994-95? What resources exist within the department to handle exotic diseases, particularly as stock inspector numbers have dropped by 39 per cent since 1989 and veterinarian numbers have dropped by 32 per cent over the same period?

**Mr CASEY**: Your question is a bit of a mixture. Any exotic diseases that have occurred have been effectively eliminated. There have really only been two exotic diseases of which I am aware at this stage. The horse virus, to which I referred in the previous answer; and the avian influenza outbreak that occurred in the poultry industry. The costing arrangement was shared under an agreement that has been in place for years between the different States and the Commonwealth. There was an outbreak at Lowood in December last year, which cost about $450,000 to eliminate. Queensland has incurred about $420,000 of the cost, but we will be reimbursed under the Commonwealth/State cost sharing arrangement which allotted that particular figure. We probably will pay only about 25 per cent of all costs in that particular deal.

It is thought that it was brought about by contact with wild birds and with water supplies being contaminated by wild birds. That is perhaps the most common way in which avian disease outbreaks occur in Australia. You cannot stop the birds migrating from the northern hemisphere or bringing stuff in from some other countries. That is one of the biggest problems that we always have, but we keep farmers notified through a farm note of just how to keep an eye out for these things. The poultry industry has been very supportive during the outbreak of that disease, as was the racing industry supportive during the outbreak of the exotic horse disease. It recognised that it could have spread like wildfire. You saw the racing industry's response of being prepared to cancel all races in Queensland for two or three weeks so that there was no chance of contamination from horse to horse. The exotic diseases program is a very, very important one. From those two incidents you can see that it has nothing to do with the number of stock inspectors.

**Mr PERRETT:** You would be aware of some criticism on the *60 Minutes* program on Sunday night by a private veterinarian of the way the department actually handled that mystery equine disease outbreak. Could this be related in any way to not enough dollars, not enough funding?

**Mr CASEY**: Mr Perrett, you and I must have been listening to different programs. The overall program clearly pointed out the great work that was done by the department, and it has been applauded by international scientific experts as having done a tremendous job.

**Mr PERRETT:** There was also criticism of the lack of quarantine of the area, and that is what I am concerned about. It was shown on the *60 Minutes* program that blood was running into the drainpipes and down the gutters.

**Mr CASEY:** I do not know whether any graphic material shown on that program was anything other than that which we saw at the time of the outbreak of the disease, unless some of it was reconstructed by the program. I would again repeat what I have already said: everybody involved, the National Animal Health Laboratory, international scientists, scientists from the other States and members of the racing industry all complimented the Queensland Department of Primary Industries for its speed and the action that it undertook to ensure that the whole process was handled in a very good manner by the department. Our veterinary people were given really big wraps by everybody. Mr Nieper is in charge of the veterinary section and was very much involved in that matter. He might like to clarify some of the things that you saw on television.

**Mr NIEPER:** I think that the response that *60 Minutes* showed does raise a couple of concerns, but we need to keep it in the context of the disease emergency and the outbreak that we were facing at the time. At the time that those post mortems were done, we did not know of any diseases in horses that could basically be transmitted to people. In the world, only in the Middle East have there been any that caused some problem with people. So we were in the comfort zone of not having any diseases that did affect man. After we got into the outbreak a little more, we found out a bit more about the virus and what it was capable of causing. It was a new virus which had not been found in the world before and was capable of transmitting from horses to people and, we are now finding, to other animals. In hindsight, we have learnt a lesson. But at that stage of the outbreak, we did what we thought was best with a minimum of risk to ensure that we contained the disease as much as possible. We were basically faced with the option of moving those animals around south-east Queensland and contaminating more stables rather than trying to keep them contained to the spot and do the work on the site. That was the dilemma we faced.

**Mr CASEY:** I think that the latter point that Mr Nieper makes is the most important. Every effort was made initially to confine things just to that particular locale, and that was very satisfactory to the industry.

**Mr PERRETT:** I refer to the Portfolio Program Statements at pages 52 and 53, listing the 1995-96 planned performance. There is no mention of the vital Australian Dairy Herd Recording Scheme. Have funds been allocated to developing this scheme in 1995-96, and what evaluation criteria have been developed by the department for reviewing progress with this scheme?

**Mr CASEY:** Funding is allocated in the department's budget for the Dairy Herd Recording Scheme. The development team itself has successfully completed the recording system as proposed last year, but the system was jointly developed in a collaborative arrangement that involves the Department of Primary Industries, the Animal Genetic and Breeding Unit from the University of New England in New South Wales and the Department of Agriculture and Industry in New South Wales. The Department of Primary Industries' share of those joint development costs was about $250,000. That is substantially less than independent development would have cost, that is, if we were doing it all ourselves. So the cost-sharing arrangement has worked out very well. The resultant processing service, which is now in operation, will be fully funded through a fee-for-service system. The Department of Primary Industries and the Queensland Dairy Industry are jointly developing a comprehensive business plan to maintain a competitive, cost-effective herd recording service to all Queensland dairy farmers.

**Mr PERRETT:** How many staff would be involved with that program?

**Mr CASEY:** Again, take a look at the figure that is in the document. Use your calculator and divide it by 80 per cent—probably only five.

**Mr PERRETT:** We move now to page 56 of the Portfolio Program Statements. The major activities table refers to an allocation of $4.45m for new initiatives related to the development of native species plantations and research and development of plantation hardwoods. What does the Government anticipate will be the extent of such plantation developments, and will the plantations be established near mills currently geared to handle hardwood?

**Mr CASEY:** I am trying to identify the figure to which you refer. Are you talking about the table on page 56 or the one on page 55?

**Mr PERRETT:** It is on page 57 under the heading "Forestry and Timber". It is in one of the notes.

**Mr CASEY:** You are on the same confusing page you were on before. Could you repeat your question, please?

**Mr PERRETT:** What does the Government anticipate will be the extent of the plantation development? Will plantations be established near mills currently geared to handle hardwoods?

**Mr CASEY:** Probably a bit of both and even in new areas. We are looking 40 to 50 years ahead, if not even further, in relation to plantations for hardwood development. Overall, the plantation of native species of hardwoods program includes about 90,000 hectares to address the shortfall that exists. Much of that will be done with private owners. We will put out a document that will be distributed very shortly, which sets out the type of tree planting programs that we are considering. That will allow people to give us input as to what they require. When that occurs, we will get a fair idea of the areas where that will be needed. Meanwhile, we will be spending funding on our research for those new initiatives.

As I said in answer to a question from Mr Bennett in relation to the research into soil types and so on that has to be undertaken for the various regions, it is not a matter of saying, "Here is a program. Here are the trees. Let's get out and start digging holes." It is a matter of adapting where you are going to dig the holes, for whom you are going to dig them, whom you are going to plant them in conjunction with, and where the support will be in the long term. It makes practical commonsense to be developing hardwood plantations in areas that are already geared up for that particular type of work.

**Mr PERRETT:** Will the research program include entrenched legislative provision that the plantation hardwoods will be available for harvest on maturity? In other words, we want to ensure that those forests are available for future timber needs even if the plantation becomes a habitat for a particular little furry species or a pretty little butterfly.

**Mr CASEY:** The answer is: yes.

**Mr PERRETT:** Page 50 of the Portfolio Program Statements describes the initiative to develop native species plantations predominantly on private land. What guarantees will the Government give to land-holders that, if they establish plantations, they will have full control of them especially as to harvesting?

**Mr CASEY:** I refer you to my previous answer.

**Mr PERRETT:** What measures will the Government take to assist land-holders to establish plantations?

**Mr CASEY:** I draw your attention again to the Community Rainforest Reafforestation Program in far-north Queensland. I think Mr Gilmore would be well aware of that because many of his constituents on the Tablelands are participating already in this. In fact, they are champing at the bit to get involved in the program, as are people in the Mackay and Proserpine regions because it is such an attractive thing long term. Families are prepared to look long term—what is going to happen on their properties in 40 years or 50 years' time. It is not the current landowners who would be the beneficiaries; it will probably be their children or maybe even their grandchildren who will be the beneficiaries from the sales. That has received very strong support from the community generally. I think that the Government's record on this stands already by the participation that we have had in such programs.

**Mr PERRETT:** With respect to the proposed joint venture sharefarming schemes to establish these hardwood plantations, have land-holders been shown draft proposals at this point in time?

**Mr CASEY:** No. I have referred already on three occasions in answers to your questions that the paper is about to be circulated throughout the community. It is ready to go in relation to the type of things that we are looking at. We will then get landowners to give us an indication of whether or not they want to be involved in it, or whether they think that it should be varied this way, that way or some way or other before we reach final agreement.

**Mr PERRETT:** I refer to page 50 of the PPS under the heading, "Integration of improved productivity with sustainability". It states that the Government promises additional attention to—

> ". . . the introduction and management of kangaroos within sheep production systems to assist the long-term sustainable management and rehabilitation of extensive grazing lands."

Since the best guarantee of sustainable management practices is economic viability, how will pasture competition from kangaroos assist the viability of sheep-based enterprises?

**Mr CASEY:** I am trying to see where you are referring to kangaroos. The DPI has a lead agency role in developing kangaroo harvesting in Queensland. I think that is what you are really referring to. We are looking at what the future holds for that. Our new Meat Industry Act made provision for this type of work. If we utilise the renewable resource of kangaroos, it will assist in reducing range land degradation, and this is part of our program. The increased development of the domestic and exports markets for kangaroo meat and kangaroo hide production will ensure that the long-term conservation of the species will be achieved through carefully monitoring harvesting. We are doing this and preparing wild animals legislation at the moment because not only kangaroos but also emus are starting to become an economically viable crop in Queensland. So there are others.

**Mr PERRETT:** I guess the best guarantee would be to keep up the price of wool and we would not have to worry about farming kangaroos and emus.

**Mr CASEY:** That is true, but I do not see too many people with sheepskin boots.

**Mr PERRETT:** The vegetation and land use monitoring system mentioned in the "Major Program Issues" listed at page 18 of the Portfolio Program Statements claims that the system will detect vegetation changes. Will it also be used to count livestock? I am talking about pie in the sky. It is on page 18 of the PPS.

**Mr CASEY:** That is your question?

**Mr PERRETT:** Yes.

**Mr CASEY:** I would not refer to it as pie in the sky by any means whatsoever. I would refer to it as new technology that can be put to the beneficial use of Queensland industry. It is unfortunate that some people in some circles want to call it "spy in the sky" because satellite imagery is developing worldwide. Already, this has been used in many ways elsewhere and overseas. In actual fact, it can show pasture growth and pasture conditions; it can show us animal locations and numbers in a much more accurate setting; it can help us with our property management planning work that we are doing within the department; and it can help us to record vegetation. The mind boggles at the research that can be generated by the project—catchment management planning, integrated catchment management work, the management of animal production and estuarine monitoring. It is something that has been used worldwide. Funding of $4.4m has been sought in the 1995-96 year and will be put into effect.

**The CHAIRMAN:** Thank you. That concludes the non-Government members' block of 20 minutes. I now return to Government members. Mr Pearce?

**Mr PEARCE:** I would just like to ask a couple of questions about different areas of your department. The first one that I have an interest in is the management and logging of native forests. On pages 18 and 19 of the PPS, reference is made to the management of native forests. Could you outline what will be done to ensure that logging activities are consistent with the sustainable management of this resource?

**Mr CASEY:** The recently announced Native Forest Management and Logging Program for our department shows clearly that we are committed to the sustainable management of native forests for a range of benefits, including wood production—because the forests are used not only for wood production but also serve many other purposes. The following set of measures will ensure forest-based activities, including logging, are ecologically sustainable: the comprehensive regional planning and assessment of forest-use options; codes of practice for native forest timber production and plantation timber production will be released soon for public consultation; a new initiative of enhanced native forest management is in place to establish environmental monitoring and forestry management audits; and there will be the separation of commercial functions from the non-commercial and regulatory functions in the DPI. The Government's greater planning certainty policy for Queensland is the key to the whole thing. Through that, the native forest wood production industry is committed to the ecologically sustainable work that must be carried out.

**Mr PEARCE:** I refer to pages 17, 18 and 21 of the PPS where reference is made to natural resource monitoring. Could you please indicate how the integration of the monitoring of Queensland's natural resources of land, water and forest is progressing?

**Mr CASEY:** I referred partly to this in some answers previously when I touched on the various planning aspects of the Government's natural resource management legislation and other things. The department is committed to providing integrated information on native resources—the whole lot; soil, water and vegetation—in order to meet the needs of rural industry, of local governments and of individual landowners. It is very important that we work in conjunction with all three groups. To achieve this, we have brought together officers from the forestry, land and water divisions of the department to a resource management institute at Indooroopilly. They will be the key group who will be undertaking this work. DPI, as the natural resources theme coordinator for the Queensland land information system, will coordinate information from other departments, including Environment and Heritage, Lands, Housing, Local Government and Planning and Minerals and Energy. Again, that is an example of the across-Government approach that you have referred to in previous questions, which is very, very important. We have not got individual departments doing their own thing; we have properly managed and planned schemes that look ahead to the future.

The hallmark of the Goss Government is that it has looked forward and planned ahead. That is what industry likes so much about the work that we do with it. I refer to my opening remarks, in which I mentioned the satisfaction of industry. To me, the most pleasing aspect of my job of five and a half years as Minister for Primary Industries is that I can talk with industry at any time and it knows that I am considering fairly the suggestions that it is putting forward and that the Government incorporates its input.

We are not saying, "This is what you have to do." We are saying, "This is how we will work together to do these things." Industry is very happy about that. As I said, that has been the most successful part of my portfolio. The most successful change in the Department of Primary Industries in Queensland is that it now makes these approaches on the basis of natural resource management. The operators in the pastoral and farming industries of Queensland accept that they are best placed to look after their land and natural resources—for example, water and vegetation. Those resources provide for the future of those industries.

**Mr PEARCE:** One of the areas of your department that I believe has not received enough recognition is the Agribusiness 2000 Series. Page 63 of the Portfolio Program Statements mentions that the Agribusiness 2000 Series has proved extremely useful to Queensland agribusiness firms. Could you please advise the Committee of how this information is assisting firms in business planning?

**Mr CASEY:** This is another very important change that we have introduced in the operation of the Department of Primary Industries in Queensland. Instead of saying, "Look, we are production driven. We grow all these things and we produce all these animals; now, let's sell them", we look to the markets and develop products for them. The Agribusiness 2000 Series will provide strategic market information to help industry and Government plan and prioritise. The information will help these organisations to better understand the global trading environment that we are involved in. Again, I refer to my opening statement. We have completed studies examining the grain, seafood, meat and horticultural industries, global food competition, demographic and economic changes, as well as an analysis of the agribusiness opportunities in Malaysia.

The document in my hands is virtually hot off the presses and is part of the Agribusiness 2000 Series. It identifies the markets and sets out what we need to do to propagate our information on those markets. I present this report to Mr Pearce with my compliments. It is one of the first copies. Our approach is to say, "Let's look at the markets. Let's get out there and tell people what we have available for their markets, and then produce for them." The work of the agribusiness group has been helped by the International Food Institute of Queensland. I mentioned earlier that industry is flocking to fund the work that that group is doing to ensure that quality products are produced in Queensland for those markets. That has been one of the great success stories of the Goss Government.

Where processing of produce is required, we have adopted an across-Government approach by working in conjunction with DBIRD and the Trade and Investment Development Group of the Premier's Department. This is creating additional jobs for Queensland not only in the primary industries sector but also in the manufacturing and distribution sectors. We are putting Queensland's name on the map and onto the tables of various eastern Asian countries.

**Mr PEARCE:** Thank you, Minister. I had a feeling that I would be rewarded for asking that question. As to the export performance of the agrifood sector—I understand that the DPI is working with the agrifood industry to increase the number of quality assurance systems in that sector. How does this affect Queensland produce?

**Mr CASEY:** Quality assurance is the basis of our programs. Three things help to sell our products on export markets. Firstly, we must identify a niche market that we can produce for, as I mentioned in my last answer. Secondly, a quality product has to be produced for that market. Thirdly, that quality product must continue to be supplied to that market. If those three criteria are met, a premium price will be paid for the product. That has been the case with so many of our goods, in particular in relation to the Asian scene.

I refer again to a comment that I made earlier about the major delegation that I led from the Queensland primary industries sector to six eastern Asian countries last year. Everywhere we went, the story was the same. They were all screaming out for a quality product for niche markets in those areas. We are not going to supply all of the food requirements of China, Japan, Korea, Hong Kong, Vietnam, Singapore and Malaysia, but we can supply quality products to those markets, which will give us a better return.

DPI has adopted a three-pronged approach to the implementation of those quality assurance systems for the agrifood sector. The first approach involves a reduction in export inspection costs, which can only be beneficial to industry as well. The second approach is the capture and retention of overseas markets. The third is the reduction in the incidence of food spoilage and contamination. It is very important to handle the product correctly. The department is managing a $4m Queensland Government scheme, which was launched by the Premier, providing dollar-for-dollar subsidies to industry for the implementation of the QA system. We are not just saying, "Get out there and do it"; we are saying, "Here is our dollar, you put up a dollar to match it." The industry is flocking to use the QA systems. This approach also reduces export inspection costs on industry, which is another factor that has been bugging the primary sector for a long time.

Additionally—and I touched on this issue before, and I mention again—the International Food Institute of Queensland, or IFIQ, which was instigated by our Government, has facilitated successful applications by the seafood and horticultural industries for more than $1m under the Federal food quality program to assist with this work.

**Mr BENNETT:** On page 12 of the Portfolio Program Statements, mention is made of the facilitation of an appropriate and effective control of sharks through a number of actions. Page 9 of the Portfolio Program Statements reveals that shark control of designated beaches is a continuing activity. How successful were the shark-meshing operations during 1994-95 and what factors contributed to that success?

**Mr CASEY:** Sadly, the measure by which shark-meshing programs and operations are judged is the number of fatalities. In 1994-95, the shark-meshing operations were very effective, with no fatalities from shark attacks occurring at any of the beaches in Queensland covered by the protection program. There has been some criticism of this program, but the program was instigated to save humans. There have been no fatalities from shark attacks on any beaches where that protection has been put into place.

During extreme weather conditions, anything that is put into the sea will suffer damage, which causes a problem. Particularly in the northern areas, cyclones that hit some of our major ports facilities cause damage. As a young lad, I can remember seeing the Mackay harbour wall completely breached during a cyclone. Netting and line programs will always be vulnerable to that sort of damage. A loss of equipment is associated with cyclones, such as that which occurred during the cyclone around south-east Queensland in February of this year. We are working on new anchoring arrangements for the drum lines and the nets, and they seem to be working fairly effectively. We have established a trained group to rescue non-target species that may be caught up in the nets. This is working particularly well in saving whales, turtles and the creatures that people are most concerned about, dolphins. Through that measure, we have helped to greatly reduce the mortality rate of captured non-target species. During 1994-95, 150 at-sea inspections of the contractors and their equipment were conducted. In 1995-96, it is proposed to increase that to about 160 inspections of the offshore equipment to ensure that it is satisfactory, working well and serving the purpose for which it was intended and to ensure particularly that it is not having a significant effect on non-targeted species.

**Mr BENNETT:** On page 12, reference is made also to undertaking research on shark control procedures. Is this a continuation of an existing research program? If so, what were the priorities for 1994-95, and what research is planned for 1995-96?

**Mr CASEY:** We have done an update on all of the research requirements for shark control. That was part of the recommendations of the Kidston report into the problems relating to the use of some of our gear which resulted in a tragic fatality on the Gold Coast a couple of years ago. The first step is the production and distribution amongst contractors of a simplistic shark identification chart to ensure that data entries in catch logs are accurate. That will ensure that we are in the right place with our gear. There is also the entry of 30 years of catch data onto the Sunfish database which will be able to be recovered very quickly. That is a very important measure. We have undertaken an aerial survey of shark numbers along the Gold and Sunshine Coasts. The work that we were talking about earlier with satellite technology may assist us to undertake an assessment of the risk associated with the change of equipment allocation for the shark meshing program. We have worked on the development and introduction of a more advanced whale alarm system for use in nets during the whale migratory season. An alarm can be set up to scare whales away from net areas using sound that is detected only by whales.

During 1995-96, the priorities will be a risk assessment analysis associated with the replacement of nets by drum lines and continued tagging of captured and released turtles to assist DEH. The scientific project responsibility for turtles has now moved entirely from our program over to DEH . We will be assisting them under the across-Government approach. There will also be a continuing analysis of the catch data that we receive from many areas, which is very important.

**Mr BENNETT:** I want to move on to the sugar industry. Page 72 of the PPS refers to the continued implementation of the Sugar Industry Infrastructure Package. Will the Minister indicate what progress has been made with this package, how much of the $91.7m provided for capital works is being used in the Sugar Industry Infrastructure Package and whether the package will benefit each of the State's sugar-producing areas?

**Mr CASEY:** The Sugar Industry Infrastructure Package has become a model for cooperation between the Commonwealth Government, the State Government and industry. It has been acknowledged throughout the rest of Australia as the way to go in these types of projects in the future. Twelve projects are undertaken under the Sugar Industry Infrastructure Package. The total estimated cost is $117m. They range from the set-up of tram lines to communications and drainage work as well as water infrastructure that is being introduced. They range from a project as large as the Teemburra dam project in the Mackay region and the Walla Weir in the Bundaberg region to the construction of small weirs in some of the small creeks in coastal Queensland that can help provide water at periods during the year when it is not normally available. Of the $117m, $38m is being provided jointly by the State and the Commonwealth. Another $45m is being provided by the sugar industry itself, with the State providing an additional $34m to effect completion of the Teemburra project in particular. Perhaps I can finish that answer later.

**The CHAIRMAN:** That concludes the block of questioning from Government members. The Committee proposes to take a 10-minute recess. Upon return from that recess, it will be the turn of non-Government members to ask questions. It has been agreed by the Committee that non-Government members will be allowed to ask questions from 5.05 through to 5.30. That will then conclude the examination of the Estimates for the Department of Primary Industries. Basically, we will finish 20 minutes early.

Sitting suspended from 4.55 to 5.05 p.m.

**The CHAIRMAN:** As I indicated, the next 25 minutes will be allocated to non-Government members. I hand over to Mr Perrett.

**Mr PERRETT:** Just to continue where I left off previously with regard to the vegetation and land use monitoring system mentioned in the program issues listed on page 18—exactly what information will the department and the Department of Lands be sharing?

**Mr CASEY:** I thought that I made mention of the general program. I repeat that the information will be shared on an across-Government basis. If I may predict what you are implying—you are probably referring to the controversy over tree clearing. That would be part of the information compiled through this system in relation to overall biomass. Whatever information the Lands Department wants to use, it will use. Whatever information we want to use, we will use. The major concerns of my department would relate to our Landcare programs, our integrated catchment management work and the clearing of banks and beds of streams—which is well known throughout industry as being a no-no, unless the practices, principles and guidelines of that particular work are being followed.

As you have seen from our programs—and they are all set out clearly in the Portfolio Program Statements—we are spending an enormous amount of money on Landcare work with the support of industry and rural people, who have the strongest support for it. Queensland has the best State Landcare programs in operation. We have the support of industry for our integrated catchment management work. One of our new initiatives is an upgrade of this scheme to start doing some more work through the pilot programs that are already under way—to spin off into other catchment management groups from there. Under our Community Rainforest Reforestation Program and our new work on the monitoring of private forests, we will certainly want to have information on trees, plants, vegetation, streams and every other thing on a continuing basis so that we can talk with industry. Industry can access that information, as can individual land-holders. I prefer to talk about the positives, which have already been discussed with the various industry groups and will be beneficial to industry as a whole and individual landowners right throughout Queensland.

**Mr PERRETT:** Will there be other users from outside Government? The weather bureau already gets some use of it.

**Mr CASEY:** Again, the information will be available there. I do not know offhand of any other major users outside Government other than the industry. As I have said, the industry itself is going to be working in conjunction with Government on the programs there, but Mr Dawson may be able to tell us if somebody like the CIA wants this information.

**Mr DAWSON:** I think it will bring together a lot of information that will be able to counter a lot of the wild figures that are being thrown around at the moment. Generally, I think the community as a whole would have access to that data. As well as that, it will allow us to look at our greenhouse gases. As you know, a lot of people throughout Australia and the world are making a point about the production of greenhouse gases from agriculture. I think this will bring real figures, and some of that will be pretty positive to agriculture because it will show that the regrowth that is occurring is not absorbing some of the $CO_2$ that people are concerned about.

A whole range of people will have access to that information. The Bureau of Meteorology and one of our groups are already working pretty closely. Data is being shared across Australia now. As the Minister said, I think the advantage will be that we will have real data instead of people throwing erroneous figures around.

**Mr CASEY:** That is an important point that I would just like to follow up. You and I have and everyone here have all heard the allegations about tree clearing in Queensland, that is, that we are clearing 450,000 hectares of trees every year. If we were clearing trees at that rate, there would be none left. If that were the case, there would be a great rush of dogs across the border. That is not happening. A lot of that clearing relates to regrowth work or breaking up where there are some woody weed problems. We all know that some of that relates to farm areas that have previously been cleared or have suffered from woody weeds. All of that has to be taken into consideration to get more accurate data. That is what is important to those concerned about these initiatives. I think that getting involved in this work is one of the great positives of our Government to date.

**Mr PERRETT:** I want to remain on the major program Issues. At page 18 of the Portfolio Program Statements there is reference to the state of natural resources. This is described as monitoring the condition and trend of pastures, tree clearing, fish habitats, native forests and water quality. Apart from satellite imagery, what resources will be employed in this monitoring and what reporting or other requirements will be imposed on land-holders?

**Mr CASEY:** I have touched on some of those issues before. We must look at the integrated information that we require for our natural resources, that is, our soil, our water and our vegetation, and how they mix together. Rural industry, local government and individual landowners are very concerned about this, so we brought together officers from Forestry, Lands and Water Resources to make the Natural Resource Management group that is part of the institute at Indooroopilly that I mentioned before. How many people are involved in that, Noel?

**Mr DAWSON:** There would be close to 100 people in that.

**Mr CASEY:** Those people have skills that cover those areas. Now, this is not just gathering a group of boffins and throwing them into a group and calling that an institute. Because of the commercialisation of Water Resources, and the commercialisation of Forestry especially, they will not be going with the commercial groups. They will stay with the department. As part of this Natural Resource Management Institute Group, they will be available to assist industry right across-the-board. As I said before, this group will assist local authorities, the Federal Government and individual landowners with their needs and requirements.

**Mr PERRETT:** On page 20 of the PPS there is mention of the Natural Resources Management Policy Council. Who are the members of that council, how often has it met and who sets the agenda for the meetings?

**Mr CASEY:** The Natural Resources Policy Council was put together following work that we did to staff our Natural Resource Management Group. Meetings were held all around Queensland. However, somebody hijacked the agenda and started to haul it off in a different direction, so there was much confusion in the industry. So we actually got together representatives of the United Graziers Association, the Cattlemen's Union, canegrowers, grain growers, the conservation movement and various State Government departments, such as the Department of Lands and DEH. I do not know if I have list of the membership of the council. Noel might have one.

**Mr DAWSON:** No, I do not, but Local Government was the other one.

**Mr CASEY:** Local Government is the other main body concerned with this work. Because many of these representatives are already involved with policy councils, they came forward and said, "Why don't we form it as a policy council?" I got them all together to try to sort out a particular problem. We all agreed that there was a problem in a particular area and that there was a bit of confusion as to the direction in which we were moving when it came to our natural resources management work. To resolve that confusion, we formulated this group.

It acts in exactly the same way as other policy councils, but it is a little bit like the Cotton Industry Policy Council, that is, there is no legislation that covers it. Policy councils have an agenda that is set by all of the participants, so long as they have given us reasonable notice of, say, something like a month before so that the papers can be developed and sent out to the various participants. That time frame gives them all an opportunity of studying the agenda before they sit around the table. It is most likely that when we do further develop our legislation in this area, we may incorporate the policy council in that legislation. As I said, the participants can have items placed on the agenda for discussion, again as long as they follow the normal rules of sending in items the month before so that the paper can be prepared. They might even prepare a paper themselves, for instance, on a regular basis. As Minister, I chair these policy councils myself so that there is constant interaction between Government and industry on policy.

In fact, quite often the outcome of a policy council meeting is that one particular industry group will present a paper to the next meeting of the policy council on a particular issue that was raised previously and about which the council required more information. It is an interchange of views and an excellent way of doing business, I can assure you.

**Mr PERRETT:** Producer organisations and many land-holders were less than happy with the original proposals and, obviously, you have agreed to look at it again. What is going to be the procedure? Will you go back to industry again with the revised paper, or what is the process?

**Mr CASEY:** It is up to the policy council.

**Mr PERRETT:** The policy council will decide?

**Mr CASEY:** Yes.

**Mr PERRETT:** I refer to the statement at page 20 of the PPS that funding obtained from increased private pleasure vessel levies is being used to implement recommendations of the Government inquiry into recreational fishing. I know that you previously made reference to that in answer to a question from a Government member, but what level of increased funding is being made available for the operational rather than administrative needs of the Boating and Fisheries Patrol?

**Mr CASEY:** It varies across different programs. The Queensland Boating and Fisheries Patrol has been upgraded considerably in the last 12 months as a result of the recommendations of the Burns inquiry. The consolidated revenue base is about $7.55m; in addition to that, it will receive $25,000 for the operation of a flying squad from moneys raised by that levy; and $1.37m will be received through external funding, much of which comes from the Great Barrier Reef Marine Park Authority and various other departments for the work we do for and on their behalf. Overall, the Boating and Fisheries Patrol is very well serviced.

Only the week before last the patrol launched a second of the O'Brien manufactured vessels from Townsville in Whitsunday. Those vessels are worth about $500,000 each, and use state-of-the-art technology. Another of those vessels is in Townsville. We upgraded the Osprey in Gladstone about two years ago, and we have a new boat in the Cairns region which is capable of almost reaching Thursday Island. It actually meets up with the Wauri from Thursday Island. For the first time in the history of the Queensland Boating and Fisheries Patrol, we can cover the whole of the Great Barrier Reef region. When we came into Government, we only had the old, slow boats left to us by the previous Government, and detection rates were zero. With these new boats operating in that region, our detection rate is about 150 in the past 12 months. The villains now know that if they get up to mischief they will get caught, because we have boats with the speed, capacity and ability to catch anything that is out there.

**Mr PERRETT:** What about surveillance of inland fisheries? I have had complaints from my electorate about people abusing the bag limits when fishing in some of the local impoundments. What has been the apprehension rate of people who do break the law in inland fisheries by exceeding the bag limits?

**Mr CASEY:** I am glad you have asked about aspects of problems you have seen and experienced personally. It shows that there are villains up in the Barambah area.

**Mr PERRETT:** They are coming in from outside.

**Mr CASEY:** That is strange, because most of the electorates surrounding you are National Party electorates. I cannot see anybody from Mackay or Gladstone wanting to go to Barambah to fish from a fresh water pond in preference to the wonderful fishing where Mr Bennet and I live.

Officers of the Boating and Fisheries Patrol do carry out investigations of the inland waterways and our impoundments on a regular basis. Unfortunately, and tragically for Queensland, not too many of our waterways have been fresh running streams on a year-round basis for a long time. In my recent announcement of the zonal advisory committees set up last week to help us with work under our new fisheries legislation, two projects have been proposed for inland Queensland, one for the Murray/Darling basin area and another for the Lake Eyre basin area. We will be relying on local community groups to supply information about their needs and requirements and to liaise with the Boating and Fisheries Patrol.

All officers who work on a regular basis around dam impoundments have been made honorary inspectors so they can take note of villains. I would seek the cooperation of all members for inland Queensland electorates in letting it be known to the people who go into those places that the men who patrol the dams are honorary inspectors and have the powers under the new Fisheries Act to deal with problems. We are reliant on the local knowledge and understanding of the people. If the public wants natural resources protected and fishing resources to be sustainable, then it is no good going down to the pub and whingeing about it, or going to see the local member a month later and complaining. It is a matter of reporting problems to any DPI office, which will see that inspections are carried out. If local members will cooperate in relation to that, we will soon make sure that those villains do not come in from outside areas.

**Mr PERRETT:** The key outputs table on page 44 of the Portfolio Program Statements shows the intention of selling an additional 0.185 million cubic metres of plantation timber in the coming financial year. How long can this rate of harvest be maintained without risking sustainability? If you subtract the 1994-95 figure of 1.363 from the 1995 figure of 1.548, you will come up with a figure of 0.185 million cubic metres of plantation timber.

**Mr CASEY:** I have answered a similar question from Mr Bennett. I guess we can continue the current rate for a number years, although I cannot tell you for certain. Perhaps Mr Clough, the Executive Director of the Forest Service, can tell how many years that can be sustained or increased.

**Mr CLOUGH:** The situation is that our plantations are coming on stream. They are maturing and we have increasing quantities of final crop material coming on stream. The increase from 1.36 million to 1.54 million for next year is because there will be more material coming on stream. Essentially, that material will be available into the future. It is not just a short term increase; it will be an ongoing increase, because our plantations are starting to reach full production.

**Mr CASEY:** I indicated before that that is a growing figure. It will continue to grow for a period of years.

**Mr CLOUGH:** Yes. Essentially, by the year 2005 we will have approximately another 500,000 cubic metres available.

**Mr PERRETT:** I refer again to the key outputs table at page 44 of the PPS. According to the table, an additional 30 hectares of plantation will be established this coming financial year. What projections have been done to match plantation capacity with the rates of take-out?

**Mr CASEY:** Most of the current plantations are of the pine species. We will only be starting the new hardwood plantations during the period under the new programs. We are now dealing with a lot of pressure on the clearing of natural timbers, but we also have to look at all of our natural forests in Queensland and our State forest lands to assess the volumes, which I have already mentioned in answer to previous questions. That is a fairly normal program.

**Mr CLOUGH:** Yes. Essentially we are now into the second rotation. We have 180,000 hectares of plantation, so we are now replanting at a rate of approximately 4,500 hectares of plantation per year. That rate varies from year to year.

**Mr PERRETT:** That is normal procedure, and the 30 hectares referred to is only the increase?

**Mr CLOUGH:** That is right.

**Mr CASEY:** It is the normal program, and there is also the work that is going on because of the Beerburrum forest disaster this year. That will be reflected in figures later.

**The CHAIRMAN:** That concludes the examination of Estimates for the Department of Primary Industries. Before I close these proceedings, I thank the Minister for the way in which he has answered the questions for the Committee this afternoon and for his cooperation, which has been most pleasing to see. I also thank the ministerial and departmental staff for their attendance this afternoon.

**Mr CASEY:** I would like to join you in that expression of thanks to my staff, and I also thank the Committee members and the executive officer of the Committee for the arrangements that have been made for us, and particularly for me personally.

Sitting suspended from 5.31 to 6.30 p.m.

## DEPARTMENT OF MINERALS AND ENERGY

### In Attendance

Hon. T. McGrady, Minister for Minerals and Energy

Mr Ross Willims, Director-General

Mr Ken Gluch, Deputy Director-General

Ms Ros Brunckhorst, Director, Corporate Services Division

Mr Peter Dent, Director, SIMTARS

Mr Keith Hilless, CEO, Queensland Transmission and Supply Corporation

Mr Cliff Farmer, CEO, AUSTA

Mr Bob Brock, Manager, State Gas Pipeline Unit

Mr Colin Taylor, Director, Minerals Division

**The CHAIRMAN**: The hearing of Estimates Committee E is now resumed. I welcome the Minister and both his ministerial and departmental staff along this evening. The next item for consideration is the Department of Minerals and Energy, and the time allotted is three hours. For the information of new witnesses, the time limit for questions is one minute and for answers, three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. As set out in the Sessional Orders, the first 20 minutes of questions will be from non-Government members, the next 20 minutes from Government members and so on in rotation. Opposition members will have five allocations of 20-minute periods and Government members will have four allocations of 20-minute periods. The end of each time period will be indicated by three chimes. I ask departmental witnesses to identify themselves before they answer a question so that *Hansard* can record that information in the transcript. I declare the proposed expenditure for the Department of Minerals and Energy to be open for examination. The question before the Chair is that the proposed expenditure be agreed to.

Minister, is it your wish to make a short introductory statement or do you wish to proceed direct to questioning? If you do wish to make a statement, the Committee asks that you limit it to three minutes.

**Mr McGRADY:** It is my wish to make a short statement. Mr Chairman and members of the Committee, my portfolio is crucial to the State's economy and is expected to return about $275m in royalties and rentals in this coming financial year. The Department of Minerals and Energy manages the minerals and energy resources of Queensland for the benefit of this community through a range of programs that facilitate the industry's continuing development while at the same time ensuring that industry maintains the highest safety and environmental standards.

The budget allocated to the ongoing operational costs of the department is $32.4m. For new special projects in 1995-96 the budget is $13.463m. This will cover the implementation of the initiatives announced in February in the energy policy statement, Energy Efficiency and Alternative Energy, increases in the department's regional presence in order to meet additional environmental responsibilities delegated under the Environmental Protection Act, expansion of the existing QTherm program to include the establishment and operation of a coal combustion research unit at the University of Queensland, the establishment of extractive industries administrative arrangements within the department and rehabilitation of a number of abandoned mine sites.

The key to the future is the work being done on Energy Efficiency and Alternative Energy. The policy announced earlier this year forms an essential part of the strategic framework for the Queensland energy sector. The objectives of this initiative are to improve the efficiency of the State's energy system through efficiency gains in energy use and broaden the State's energy base into alternative energy sources where these are economically viable. These objectives will be achieved through provision of financial incentives to encourage adoption of higher efficiency technical in the domestic and commercial industrial sectors. Extensive marketing of energy efficient technologies and practices by the Energy Advisory Centre and the Mobile Advisory Service will facilitate the development of an energy service sector for Energy Efficiency and Alternative Energy. Last year the minerals and energy sector generated more than $6.1 billion in export income. This export revenue accounted for about 49.6 per cent of the State's export income. I welcome the Committee's questions on this important portfolio and I come before you tonight with the clear intention of giving as much information about the activities of my department as we possibly can.

**The CHAIRMAN**: Thank you, Minister for those final comments. Before we proceed, I would like to introduce the Committee to those people in attendance tonight. From my right-hand side, Mr Bennett, the member for Gladstone; Mr Pearce, the member for Fitzroy; Ms Michele Cornwell, our research director; Mr Gilmore, the member for Tablelands; and Mr Connor, the member for Nerang. The first period of questions will commence with non-Government members. I will hand over to Mr Gilmore.

**Mr GILMORE**: I will begin with a number of general questions, some of which follow up on questions that were asked of you last year, so that we have got some continuity in the data that we have. Would you provide full details of the allocations for the head office of the Department of Minerals and Energy, expenditure on a line item basis to cover wages and salaries and related payments, travel associated with the department, including domestic and international, contributions to programs, interest and other items of expenditure over $10,000?

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

**Mr GILMORE**: How many mining tenures were granted in this financial year?

**Mr McGRADY**: As you more than anybody would know, mining activity in Queensland indicates strong long-term viability for the industry in the State. In 1995-96, and that is obviously the year which we are discussing, we anticipate raising approximately $267m in royalties for minerals and coal compared to $227m in the previous year. Although new applications for all types of tenures are less than for the same period of last year, that is 1,510 compared to 1,843, there has been no real decline in exploration interest. Processing time for expiration tenures has not varied significantly from the previous year and continues to reflect the most effective system operating in the Commonwealth of Australia today. For example, a year ago petroleum exploration permits took an average of 60 days to process. They now take 33 days. Coal exploration permits have improved from 46 days to 44 days, while mineral exploration permits have evened out at approximately 30 days. Grant of an exploration permit follows immediately upon receipt of the nominated security deposit and the first year's rental. The majority of delays in granting mining leases are due to protracted settlement of compensation agreements between miners and the landholders.

The current processing time to grant a mineral development licence is averaging about 160 days. An increased number of companies are now seeking to progress from exploration permits to mineral development licences under the new rental schedules introduced last year. The figure of 3,483 mining leases as at April of this year compared to 3,463 in April of 1994 indicates an increase in exploration and development activity and mining operations compared to the same period last year. This is consistent with the upward trend in activity since 1989. The outcome of the increase in exploration tenures over the past two years is expected to translate into an increase in mining tenure replacing exploration tenure with resulting increased employment, infrastructure and mineral royalty returns to our State.

**Mr GILMORE:** I am pleased to know all that Minister, but it did not answer the question. Would you please provide—and I will take this on notice if you are happy to do so—the numbers of exploration permits for coal, exploration permits for minerals, exploration permits for petroleum, mineral development licences for coal, mineral development licences for minerals, mining leases for coal, mining leases for minerals, petroleum leases, offshore exploration minerals licences, prospecting permits, pipeline licences and mining claims. Could you please provide those on notice for me?

**Mr McGRADY:** As I said in my opening remarks, my intention tonight is to give as much information as possible to the Committee. Colin Taylor from my department will be more than happy to give that information now, if that is suitable to you.

**Mr GILMORE:** Sure, that is fine, but I am comfortable to take these on notice if they are going take some time to deliver.

**Mr McGRADY:** Mr Gilmore, would you like to repeat the question, one by one, so Mr Taylor can respond?

**Mr GILMORE:** Is this going to take all night?

**Mr TAYLOR:** Not really. I am Colin Taylor, Director, Minerals Division.

**Mr GILMORE:** Exploration permits for coal?

**Mr TAYLOR:** Exploration permits for coal—23 were granted this year.

**Mr GILMORE:** Minerals?

**Mr TAYLOR:** 297.

**Mr GILMORE:** Petroleum?

**Mr TAYLOR:** Twenty-eight.

**Mr GILMORE:** Mineral development licences for coal?

**Mr TAYLOR:** Four.

**Mr GILMORE:** Minerals?

**Mr TAYLOR:** Two.

**Mr GILMORE:** Mining leases for coal?

**Mr TAYLOR:** Three.

**Mr GILMORE:** Mining leases for minerals?

**Mr TAYLOR:** 181.

**Mr GILMORE:** Petroleum leases?

**Mr TAYLOR:** I do not have that information.

**Mr GILMORE:** Offshore exploration?

**Mr TAYLOR:** I will take the others on notice, if you wish.

**Mr GILMORE:** Prospecting permits?

**Mr TAYLOR:** I do not have the figures for the very small ones—only the ones that I have given you.

**Mr GILMORE:** Could I have the others on notice please. I read them out, so they will be in the transcript. Similarly, could you provide the average age of unprocessed tenure applications in each of those categories and how many unprocessed tenure applications there are in each of those categories? I am perfectly happy to take that on notice.

**Mr McGRADY:** Thank you.

**Mr GILMORE:** How many mining leases and claims were surrendered in the past year? Could you give me that by type, as well? I can take that on notice.

**Mr McGRADY:** Mining claims surrenders in 1993-94, 59; 1994-95, 40; and we estimate 1995-96, 30.

**Mr GILMORE:** That is mining claims?

**Mr McGRADY:** That is mining claims surrenders, yes. Mining lease surrenders—do you want those figures?

**Mr GILMORE:** Yes.

**Mr McGRADY:** In 1993-94, 71; 1994-95, 123; and we estimate 1995-96, 100.

**Mr GILMORE:** Can you give me the total number of current tenures in this State?

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

**Mr GILMORE:** That is fine. Could we have it in a similar form to last year, please?

If we could talk about the budget allocation for the environmental section of your department, could you tell me the budget for this year, the number of employees in that section and a breakdown of how the money is being expended?

**Mr McGRADY:** Could you tell me which page of the Portfolio Program Statements you are referring?

**Mr GILMORE:** It is page 19. If it is not there it will be somewhere else.

**Mr McGRADY:** Do you want Minerals or just Energy?

**Mr GILMORE:** The environmental section of your department.

**Mr McGRADY:** There are two parts, you understand.

**Mr GILMORE:** Yes, both parts please.

**Mr McGRADY:** The budget for the environmental area in the Energy Division this year is $316,000. Do you want me to break that down for you.

**Mr GILMORE:** Yes, please.

**Mr McGRADY:** That takes in the Mines Rescue Brigade plus other areas in that particular—sorry—the figure is $316,000 for the environmental budget in that particular area. As to Minerals—the figure for the environmental section is $4.971m.

**Mr GILMORE:** Could you give me a breakdown of how that is being spent?

**Mr McGRADY:** That includes funding of half a million dollars for costs associated with the Environmental Protection Act, $2m for rehabilitation at a number of mine sites, and $600,000 carried over from the present year for rehabilitation work.

**Mr GILMORE:** Why was that $600,000 carried over from this last financial year?

**Mr McGRADY:** That $600,000 would have been carried over because, obviously, the money had not been spent. That is work that will be done, I would assume, this year.

**Mr GILMORE:** I am a bit concerned about that. This has had a fair bit of exposure over the ages and that money continues to be rolled over. I will speak about that later.

I am happy to take this question on notice—once again it is a follow up from last year: would you please provide full details of the allocations for the head office of the Department of Minerals and Energy, expenditure on a line item basis to cover wages and salaries and related payments, travel associated with the department—including domestic and international—contributions to programs, interest on other items and expenditure over $10,000.

**Mr McGRADY:** We will take it on notice.

**Mr GILMORE:** Given the Auditor-General's comment that the department was unable to support the value of plant and equipment reported in the departmental statements for 1993-94, what strategies has the department put in place to ensure that the disclosed reserve price for the sale of the State gas pipeline will be able to be supported and will in fact reflect the pipeline's true market value?

**Mr McGRADY:** Mr Gilmore, I will give you a brief response to the Auditor-General's report and then we will come down to your specific question about the State gas pipeline. My department and three other departments were invited to give evidence to the Public Accounts Committee when they were inquiring into the standards of preparation and timeliness of the departmental statements. No specific reason was given why those departments were selected to appear. The Public Accounts Committees' interest stems from the Auditor-General's report for 1993-94, which notes that the majority of departments did not meet the 31 August deadline for certification of the department's financial statements. The issues discussed before the Public Accounts Committee were detailed and officers of my department were quite clear about the circumstances regarding the completion of financial statements in 1993-94. By their very nature, these matters are now a matter of public record. In short, my department did not meet the 31 August deadline; however, both the Queensland Audit Office and my department consider the key deadline to meet was 31 October for the Auditor General's certification. On that basis, a revised timetable was negotiated and agreed upon in good faith with the Queensland Audit Office. Steps have been taken within the Finance and Administration Branch to ensure that all deadlines in relation to the 1994-95 financial statements will be met. These include changes to the timetable for the auditing of assets and the training of staff to allow more resources to be devoted to the preparation of the statements. Mr Gilmore, Ross Willims, who is the Director-General of the department, will make some comments about the specific question regarding the gas pipeline.

**Mr WILLIMS:** The process has been put in place inside the Queensland Government involving relevant departments to look at an appropriate reserve price for the sale of the pipeline and also the question of competitive pipeline tariffs that bidders would need to provide. On the question of the reserve price, advice has been taken from a private financial consultant. On the basis of that advice, the Government will settle the guidelines under which the reserve price and the tariffs will be settled.

**Mr GILMORE:** Minister, the corporatisation of the State Gas Pipeline Unit has been delayed from the original 1995 target to some time in the 1995-96 financial year. According to the PPS, the delay was to enable clarification of the role of the pipeline in light of the Government's decision to commission a pipeline from south-west Queensland. In what respect was the role of the pipeline clarified and how will that changed role affect the tender price? What is the estimated cost of the delay to the State in forgone revenue? Will you give a commitment that there will be no further delays?

**Mr McGRADY:** Mr Gilmore, as Mr Willims has pointed out, it is the Government's intention to sell or offer for sale the State Gas Pipeline. Obviously, if that is sold—and I fully expect that it will be sold—the corporatisation of that line is not really an issue.

**Mr GILMORE:** Minister, I have time for one more question. The non-labour operating costs of the department of $24.211m include a component to conduct a review and reorganisation of departmental programs and associated improvements and modifications to office accommodation. What are the terms of reference and what is the anticipated cost of that review? When will the review be undertaken and when will the due departmental program structure take effect? How will the reorganisation of the department programs directly contribute to the department's first five goals as stated on pages 1 and 2 of the PPS?

**Mr McGRADY:** Mr Gilmore, as you know, $1.5m is being held within the Corporate Services Program to facilitate a major program restructure in the coming financial year. This is to enable the department to carry out additional responsibilities allocated to it in energy management, electricity regulation and the administration of extractive industries. The $1.5m comprises two components: the first is our carryover of $1m unspent funds from the present financial year into the next one. The carryover is a common accounting treatment for all departments right across Government. This carryover is the result of a conscious effort to develop a strategy to enable the department to fund the relocation of a large proportion of the department's head office staff. The second component is the department's minor capital works budget of $430,000, which is also being retained within the Corporate Services Program to assist with the project costs. Consequently, additional budgets have not been sought for 1995-96 to fund the costs associated with this restructure. The relocation involves unavoidable additional costs for activities such as moving furniture, cabinets, repartitioning, electrical and cabling work for computers, and some refurbishments. To minimise costs, current furniture and partitions will be utilised to the greatest extent possible.

Can I just take this opportunity to say that I have been the Minister for some three and a half years, and I believe that the Department of Minerals and Energy has certainly lifted its game. I believe that the profile within the client group for which it works, namely, the mining industry and the public of Queensland, is now the highest it has been for many, many years. I want to compliment the staff of the department for the excellent work that they have done. Obviously, from time to time, we have to have a review. We have to look at how the organisation of the department operates, and I believe that the work that we have done—in particular, that done by the executive staff—is certainly paying dividends.

On an annual basis, we do a survey of all of our clients. I would have to say that, in the past three years, the remarks and the comments that we are receiving increase each year, and I believe that there is an understanding out there that our department is out there to assist the industry. Whenever I travel or when people from overseas come to see me, on every single occasion without exception when the question is asked about how our department relates with industry, we come away with flying colours. So I think that Queensland, and in particular the Queensland Parliament, should be proud of the work that the department is performing in this State.

**The CHAIRMAN:** The time allocation for questions from the non-Government members has now expired. I now ask the Government members to ask questions, and I hand over to Mr Bennett.

**Mr BENNETT:** On page 34 of the Portfolio Program Statements, it states that you have allocated a further $1.5m in the next financial year to the AIRDATA project. How will the data retrieved from the AIRDATA survey be used to contribute to mineral exploration and future mine development in Queensland?

**Mr McGRADY:** Thank you for that question. This is one of the initiatives that the Government has taken in recent times. This AIRDATA initiative comprises a series of aeromagnetic and radio magnetic surveys across 102,000 square kilometres between Maryborough and the Burdekin aimed at assessing the area's mineral potential. The $2m spent last year, or the year that we are working in now, has paid for the first phase of the airborne survey work and has been used to purchase computing equipment to enable data management. World Year Geoscience Corporation Limited has flown more than 153,000 line kilometres over the area of highest priority at Rockhampton, Monto and Mundubbera. Data acquisition for 1994-95 has been completed and this data will be made available to the industry from the end of this month. The remaining $1.5m to which you referred is to be used in the next financial year for the airborne survey of the northern half, which is about 114,000 line kilometres of the target area between the Burdekin and Rockhampton. The data will be used to accelerate the general GEOMAP 2005, which we discussed last year, and evaluate the mineral prospects of the region. The date will also be marketed to mineral explorers.

The AIRDATA initiative has stimulated exploration companies to fly more detailed aerial geophysical surveys over the tenements of the regions. The data captured by this initiative will fill a significant gap in the aerial geophysical survey coverage of Queensland's major mineral provinces. An important thing about this is that, as a Government, we believe that we have a responsibility to try to provide this information to the industry because if we do not do this there will be no further mining developments in the State. As I mentioned before, 49.6 per cent of the wealth of this State or its exports is generated from the mining industry. So unless we continue to do work such as this, the industry will decline, the revenue to the State will decline and jobs in the State will decline. That is the reason why it is in all of our interests to have a progressive, modern mining industry and, as a Government, it is our responsibility to provide these services to the industry.

**Mr BENNETT:** Page 14 of the Portfolio Program Statements mentions that the Energy Program is contributing actively to the work of the Coordinator-General's Gas Project Team. What flow-on effect will this work have on the economy of Queensland?

**Mr McGRADY:** The gas pipeline initiative is the key to the development of the North West Mineral Province, which has the potential to create around 2,000 direct jobs and exports worth around $2.5 billion. I emphasise the word "billion", because in this business we talk big bikkies. An environmental impact study has been completed with respect to the pipeline route from south-west Queensland to Wallumbilla but has yet to be carried out on the route from south-west Queensland to Mount Isa. Expenditure for these studies will be recouped by the Government from the private sector parties who will construct the pipelines.

The pipeline corridors will be established as common-user infrastructure corridors under the Transport Infrastructure Act. This means that such corridors will be available in future for other infrastructure such as pipelines to convey water, slurry, petroleum and chemicals, and for the laying of underground cable. By establishing corridors in this way, future land acquisition for other infrastructure required in the vicinity of the established corridor will be minimised. Corridors which are established through or near population centres will ensure that infrastructure occurs at these centres, regardless of future urban growth. Approximately 400 jobs will be created during the construction phase for each pipeline.

Establishing common-user infrastructure corridors is a step towards planning for long-term infrastructure development. The sharing of commercially confidential and strategic information by companies involved in this project has resulted in a better understanding of the potential of this region and ways in which the infrastructure might be shared or developed to enable projects to proceed earlier rather than later.

The work of the Coordinator-General, particularly in the north west of the State, is something which future Queenslanders will look back on and say, "Possibly that was the second beginning." As I mentioned in my answer, in the Carpentaria-Mount Isa Mineral Province we believe that, based on the known mines, over the life of that province we will generate some $30 billion worth of exports, which will create jobs and revenue for this State. That will also assist the country with its balance of trade problems. That is another reason why it is so important that the Queensland mining industry continues to prosper. The work which is being done now by a number of bodies is very important. The whole concept of the Carpentaria-Mount Isa Mineral Province involves a group of people from the Federal Government, the State Government and the Northern Territory Government working on steering committees to ensure that this development takes place. It is something that Queenslanders in future years will look back on as being one of the great decisions of Governments in general.

**Mr PEARCE:** In your opening address, you referred to the QTherm project. On page 11 of the PPS, I note that the QTherm project aims to maximise the opportunity for increasing Queensland's thermal coal exports. Can you please tell the Committee what role the Coal Board has in this process?

**Mr McGRADY:** Firstly, I acknowledge Mr Pearce's interest in the work of the Coal Board. This is the second year that we have held Estimates committees. Mr Pearce has consistently asked questions about the Coal Board and the work that it does. His interest in the coal industry is acknowledged by us all. The Queensland Coal Board's role is as follows: firstly, to promote the Queensland coal industry generally; secondly, to compile and publish statistics; thirdly, to promote the health of coalmine workers, which is vital; fourthly, to maintain the Queensland Coal Industry Severance Fund; and, fifthly, to maintain controls over the supply and pricing of domestic coal for 10 years. In recent times, that function has declined.

In July 1994, permanent staffing of the board was reduced from 17 to eight full-time positions as a result of a review and an evaluation of the functions conducted by the board. The permanent three-person board has now been replaced by a part-time board of three people, representing the three principal clients, namely, the Government, through the department, the industry and the trade unions. The operations of the board are funded by contributions from industry and interest on investments and profits from the sale of publications, which is something that the board carries out on a regular basis.

Promoting Queensland coal is very important. Although individual companies travel around the world promoting their own coal—and they do an excellent job—in my view and that of Government there has to be a body which looks after and promotes Queensland coal in general. The BHPs, the MIMs, the Arco Coals and so on, as I said, have a very important and vital role in negotiating contracts for their coal. There is no way that the Queensland Coal Board will try to take over that function from the private companies.

I maintain that, as a Government, we have to have an organisation in place to promote Queensland coal. That is why in each year that I have been the Minister I have made it my business to travel to our major customers, in particular those in the Asian countries, to explain what Queensland has to offer. It is not just a matter of people who traditionally purchase their coal from Queensland continuing to do so. The only reasons people buy coal from us is that, firstly, it is the type of coal that they require and, secondly, it is a commercial proposition. We cannot think that because those customers have always purchased coal from us they will continue to do so. That will not be the case. We have to promote our coal. That is one of the functions of the Coal Board. Another of its functions is to monitor the health and safety of the people who work in the industry.

**Mr BENNETT:** Page 20 of the Portfolio Program Statements identifies that some $86m has been allocated for community service obligations. What community service obligations are being met by the Queensland Transmission and Supply Corporation and what accountability measures are applied to that funding?

**Mr McGRADY:** The community service obligations are a very vital part of the corporatised industry. Although we have taken certain decisions regarding the electricity industry, we have to ensure that those services which the Government needs to support continue to receive it. The Government Owned Corporations Act provides for community service obligation payments or, as we call them in Government, CSOs to Government owned corporations for non-commercial functions. There are three main CSOs in the electricity industry— uniform tariffs, electricity rebates, and inspection and regulatory activities. Both uniform tariffs and regulatory CSOs are appropriated to my department for payment to the industry. So we receive the money and we pay it back to the industry.

The Government is committed to the continuation of electricity tariff equalisation. I want to stress this point, because tariff equalisation means that people in Brisbane are paying the same tariff as people in Burketown or Boulia. In my opinion, and whilst I have any influence at all over Government decisions, that position will be retained. I do not believe that people who live in remote parts of the State—those people on cattle properties or in mining towns—should be disadvantaged by having to pay a higher tariff than those people living in Brisbane or on the Gold Coast. To me, tariff equalisation is a vital part of CSOs.

In relation to uniform tariffs, based on a very preliminary analysis in mid-1994, $35m was paid to the industry in the current financial year, 1994-95, in respect of the January to June period. At the time of Budget preparations, it is estimated that $80m was required for 1995-96 on the basis of more accurate costings. However, following the increase in excise on light fuel oils from 6.5c per litre to 32.5c per litre announced in the Federal Budget, the estimate will obviously have to be reviewed. It is paid as an agreed amount to the QTSC, which is held accountable for commercial performance across all of its assets. The regional electricity corporations carry out free inspections and regulatory activities on behalf of the Government. This includes free inspections on domestic installations as required by the electricity regulations, and it is performed by local industry employees on behalf of the department. Basically, what I am saying is that $86m is allocated in this year's budget for community service obligations, and it is a vital part of the way in which a Government can assist people in the State.

**Mr BENNETT:** In your answer you mentioned corporatisation of the electricity industry. How does the Government arrive at the tax equivalent payments and dividends that are paid, and what is the amount of those payments?

**Mr McGRADY:** As you know and as all of us in this room know, the Queensland electricity supply industry was corporatised on 1 January this year. In accordance with the principles of corporatisation, the new corporations are liable for tax equivalent payments and dividend payments to the State Government. Tax equivalent payments equate to Commonwealth company tax and sales tax. Dividends are set at the end of each financial year following a recommendation from the relevant board to shareholding Ministers but must not exceed profits after provision for income tax or its equivalent. In setting dividends, the operating results of the entities, their existing and target capital structure, the level of future capital expenditure they face and their capacity to pay with prudent financial management are all taken into consideration. In keeping with the move to more commercial operations, dividends have been increasing each year since 1991. As you know, dividends paid in the present financial year—1994-95—were $135m, which was an increase of $40m over the previous year.

Tax equivalent dividend payments amounting to $117.5m have been provided for the industry's accounts for the July to December 1994 period, that is, prior to corporatisation. These are to be paid in 1995-96 along with the final dividend, but obviously we do not have a figure in this year's budget for dividends or tax equivalents because, as yet, we have not come to the end of the financial year; we have not received, for obvious reasons, recommendations from the two corporations. But obviously when we get those recommendations, the two shareholding Ministers—namely, the Treasurer and I—will then be able to announce what the final dividend has been. The tax equivalent payment is based on normal taxation which companies would pay.

**Ms POWER:** I refer you to page 2 of the Portfolio Program Statements. Under goal 5, the implementation of the enterprise agreement is mentioned, including the restructure of the department. Will you explain to the Committee how restructuring of the Department of Minerals and Energy will result in better use of resources and improved service delivery to the Government and to industry?

**Mr McGRADY:** Since the current structure was put in place in 1991, the department has taken on additional responsibilities and certainly faces new challenges. The structure was developed before regionalisation. It is timely to revisit the structure to examine how resources might best be used to address emerging issues while at the same time provide improved service delivery at both the head office in Mary Street and the six regional offices based around the State.

The proposed new structure will allow the department to carry out additional responsibilities allocated to it in energy management, electricity regulation and regionalisation while maintaining as far as possible existing employee numbers. It focuses on the elimination of the artificial barriers imposed by the current commodity structure, the removal of duplication between work units of the department and enhanced client service. It eliminates the conflict that has arisen when industry facilitation and regulation activities are located within the same division. The structure will enable the relocation of staff to better reflect changing priorities as well as continuing the regionalisation of appropriate functions where service delivery will be improved. The new structure will be implemented at no additional cost to the budget. In fact, savings of the order of $200,000 are estimated to be achieved. There will be efficiencies gained from the co-location of similar functions and the streamlining of management structures. The use of staff professional and technical skills will be maximised.

Regionalisation, in my opinion, is vital. You do not see too many mines in Mary Street; fewer still in George Street. You certainly do have mines out in the regions, and that is where the people should be. That is what we are attempting to do. By setting up these six regional offices right around the State, decisions will be made at those offices. They will be less inclined to refer matters for decision to the head office, which means that we will deliver quicker service to our clients. That is what regionalisation is about, and these people in this room will tell you that what I am insisting upon is that, where we get staff in the regional offices, there must be fewer staff in the head office. Whilst everyone—whether it be the Labor Party, the National Party or the Liberal Party—has head offices in Brisbane and the department has a head office in Brisbane and always will do, at the same time we have to have regional offices to give that on-the-spot service, to make quicker decisions for people. As I said before, that provides a better service to our clients.

**The CHAIRMAN:** That concludes the allotted time for Government members. I now hand over to non-Government members and Mr Connor.

**Mr CONNOR:** I refer the Minister to the Budget Overview and in particular page 163 under the heading "Resources", which states—

> "The (budget) increase primarily reflects additional funding for new policy initiatives and the full year impact of corporatisation of the QESI . . . "

I ask: how are the assets coming into the QESI as a result of the corporatisation process being handled financially as compared with their previous handling under the QEC or wherever they were? Also, what are those assets and their value?

**Mr McGRADY:** As you know and as I have mentioned a number of times tonight, the electricity supply industry was corporatised on 1 January. As such, the day-to-day decision making is really no longer in my portfolio. I took it upon myself to bring to this meeting tonight both the chief executive officer of the Queensland Transmission and Supply Corporation, Keith Hilless, who is a former commissioner for electricity, and Cliff Farmer, who is the chief executive officer of AUSTA. As I said in my opening remarks, my aim tonight is to give this Committee as much information as possible. In fairness to the Committee, I believe that relevant questions on the electricity industry should be answered by the chief executive officer of the respective corporations. They will have to be relevant questions, which I will decide. On this occasion, I invite Keith Hilless, the chief executive officer of the Queensland Transmission and Supply Corporation, to come forward and answer that question. The whole purpose of the Estimates debate is to allow the Committee to ask questions and get sensible answers. Technically, I could refuse to accept that question. I do not believe that that is the role of the Committee. With that in mind, I will ask Mr Hilless to answer your question.

**Mr HILLESS:** Prior to corporatisation of the electricity industry, all of the industry assets were revalued—and revalued some 12 months or more prior to corporatisation—to establish the basis on which the valuation of our businesses would be carried out. On corporatisation day, it was simply a matter of transferring that valuation, which had been determined beforehand under the old structure—the QEC/Electricity Board structure—into the two relevant corporations; the generation infrastructure going to the Queensland Generation Corporation, now trading as AUSTA, and the remaining assets going to my corporation and its subsidiaries. So, there was no revaluation or playing around with asset valuations at time of corporatisation; it was a straight move at those valuations into the new corporations.

**Mr CONNOR:** Who valued them?

**Mr HILLESS:** The assets were valued by a process which involved both industry employees, because they are valued at depreciated, optimised replacement value, which is the agreed method on a national basis now for valuing electricity assets, and they were also checked by external consultants who carried out a model analysis of our industry to ensure that the future cash flow was adequate to support that level of valuation. That proved to be correct. So, it was done internally and with, if you like, an external audit of the work that we did to show——

**Mr CONNOR:** Were they valued on cash flow or were they valued at intrinsic depreciated value?

**Mr HILLESS:** We did the work which was based on a depreciated optimised replacement basis internally, because we were the ones who knew what assets were there, and we placed that value on it. The external consultants did the cash flow valuation—the normal business valuation of the industry—to ensure that it in actual fact had a cash flow which would support that valuation of the assets.

**Mr CONNOR:** Who did the external valuation?

**Mr HILLESS:** That was originally done by a firm called Schroders, and Pacific Road Securities did a second run through it just prior to corporatisation to ensure that the valuations we had were still correct.

**Mr CONNOR:** Do you have the assets documented and valued?

**Mr HILLESS:** Yes, we have the assets documented and valued. They will be in the books of the new corporations.

**Mr CONNOR:** Can we get those?

**The CHAIRMAN:** The questions really should go through the Minister.

**Mr CONNOR:** To the Minister—can we get that?

**Mr HILLESS:** Those asset valuations would be available, yes.

**Mr CONNOR:** So the Committee could have those on notice?

**Mr HILLESS:** There is no reason why you could not have those.

**Mr CONNOR:** I now refer the Minister to page 220 of the overview, in particular, the Trust and Special Accounts associated with his department. In particular, I note that in 1994-95, $1.6 billion was going to be taken out of the QEC Electricity Fund but, in effect, according to the estimated actual, only $931m was taken out. That is a three-quarter of a billion dollars difference. Could you explain that, please?

**Mr McGRADY:** Mr Chairman, as I mentioned before, I do not have the day-to-day control of the Queensland electricity industry in my portfolio. I am happy to ask Mr Hilless to come along again, but I think you should establish, Mr Chairman, the fact that the electricity supply industry in this State is now corporatised; it is out there basically doing its own thing. The Minister or the department does not make those sorts of decisions. As I said before, I could refuse to answer these questions. I will not do that, but I think in future we should realise that the industry is corporatised, it does not come under the control of the Minister. Maybe, in years to come, the information that is being sought now will not be forthcoming. I will ask Mr Hilless to come back and answer that question. These Estimates today are for my department and technically the electricity supply industry does not come under my department.

**The CHAIRMAN:** Before we go any further—I appreciate the Minister's comments and I also appreciate the fact that non-Government members are seeking information. We have found ourselves in new waters here and it is difficult for all of us, simply because of this new corporatisation process. We do appreciate your cooperation, Minister, but I will say—and I will put it on record— that the decision as to whether the question should be answered or not will be left in the Minister's hands. The Committee does appreciate your cooperation.

**Mr McGRADY:** I am not paying lip-service to the Estimates process, but I think it is important that we do pass across the information to the Committee. I am sure that Committee members understand the position that we are in. I am doing my best to get this information to you. I do not think that the whole of the Estimates debate for my department should be on the electricity supply industry, because, really, it is outside my portfolio.

**Mr CONNOR:** Could I just make a comment through the Chair? This particular line item is for the QEC. It is a budget line item. It is not the new corporatised body. This is the transfer of money on the balance sheet to the Queensland Electricity Commission, so it is under the Minister's responsibility.

**Mr GILMORE:** Up to 31 December.

**Mr CONNOR:** I am not dealing with the new, corporatised body, I am dealing with the funds of the QEC.

**Mr McGRADY:** As I say, I do not want to come into conflict with the Committee or individual members. The QEC no longer exists.

**Mr CONNOR:** It is here in the budget.

**Mr McGRADY:** We are talking about forward estimates. As I say, the point is made. I will ask Mr Hilless to answer that question.

**Mr HILLESS:** The budget figure was the estimated budget for a full 12 months—1994-95. The actual is obviously only six months of operations of the QEC and hence that is only a six-month figure, not a 12-month figure.

**Mr CONNOR:** What is the balance of that trust account?

**Mr HILLESS:** All the cash that was available to the QEC at 31 December was split between the three corporations that took over.

**Mr CONNOR:** And that was the $931m?

**Mr HILLESS:** No, the $931m is the actual expenditure under that program area for six months as compared to the $1.6 billion.

**Mr CONNOR:** I understand.

**Mr HILLESS:** The $1.676 billion was the estimated expenditure in the electricity fund for a 12-month period of time in 1994-95. The $931m was the actual expenditure on the six months.

**Mr CONNOR:** So what funds were transferred out of that account to the new corporatised bodies?

**Mr HILLESS:** The cash balances which would have been left in there were transferred to the three bodies that took the place of the QEC.

**Mr CONNOR:** How much were they and could you itemise them?

**Mr HILLESS:** I do not have those figures with me at the present time.

**Mr CONNOR:** Could I have them on notice?

**Mr HILLESS:** There are no problems with that.

**Mr SPRINGBORG:** Mr Chairman, I seek leave to appear before the Committee.

**The CHAIRMAN:** Mr Springborg, the member for Warwick, seeks leave to appear.

**Mr SPRINGBORG:** Minister, I will probably have to seek your leave to ask a question of Mr Hilless, because my question relates to a line item in Capital Works—page 103—regarding $2,056,000 allocated for ongoing work on Eastlink line easements.

**Mr McGRADY:** If you ask the question, I will then decide whether or not Mr Hilless will answer it.

**Mr SPRINGBORG:** The $2,056,000 for this year seems to relate particularly to the procurement of easements for a future transmission line. That is in the top right-hand corner of page 101. Could you explain for the Committee's benefit, as well as my own, what the actual procurement of those easements involves? Is that procurement or alignment, or what?

**Mr McGRADY:** I understand one of the reasons you are here tonight, that is, regarding your concerns about Eastlink. This $2m has been included in the Capital Works for Eastlink easements, including environmental impact studies and planning and engineering studies associated with the acquisition of easements for Eastlink. That is what the $2m is for. Do you need any further clarification on that?

**Mr SPRINGBORG:** So that money which is allocated this year does not relate to any compensation or the actual hands-on part of the inquiry?

**Mr McGRADY:** No, compensation is a different matter. As we have said many times, the question of compensation will be addressed as we go down that path. My understanding is that $2m has been allocated for environmental impact studies and planning and engineering studies associated with the acquisition of easements for Eastlink.

**Mr SPRINGBORG:** The acquisition of those easements is obviously important to me and my constituents. How much money is planned to be spent on surveys regarding this particular line item as the easements are narrowed down? Do we have those figures?

**Mr McGRADY:** I will ask Mr Hilless to come back to the table. I think they are legitimate questions, and obviously you have a concern about Eastlink. The Government has made the decision to go ahead with Eastlink, so it is not a matter for discussion or debate; it is part of our future policy for the State. I think you have a legitimate right to know what the moneys allocated for this project are, and I am happy to ask Mr Hilless to give you a detailed answer.

**Mr HILLESS:** I am sorry that I do not have an answer to the question about the cost of the survey.

**Mr SPRINGBORG:** Through you, Mr Chairman, and with your permission, Minister: would it be correct for me to ask Mr Hilless if he might be able to supply me with any figures that the corporation may have regarding the costs of the survey and the amount of land actually required for the easement? I do not know if you have any preliminary figures regarding the possible cost of compensation?

**Mr McGRADY:** We would not have costs on compensation.

**Mr SPRINGBORG:** I meant an estimate.

**Mr McGRADY:** In fairness, Keith Callaghan has spent the last couple of years, as you know, on Eastlink. I take this opportunity to place on public record the work that he has done. He has been talking to groups and doing all he can to get the message across and to answer any queries.

As you know, normal compensation which goes with any such activity or project will be paid to the people affected. If those people are not happy with the compensation package offered, they have the right to appeal. I do not think there is anything wrong with Mr Hilless giving you some figures as to what the costs will be. However, we certainly could not give you figures on compensation, because there is no way we would know what the compensation package would be. Also, there is no way we are going to advertise the fact that we have X dollars in the budget, so people can come and get what they can off us. We do not operate that way. I am sure Mr Hilless will be prepared to answer your other questions.

**Mr SPRINGBORG:** I thought there may have been an estimate set down.

**Mr McGRADY:** You tried hard.

**Mr SPRINGBORG:** In this particular budgetary year, have moneys been set aside for works associated with any legal challenge or challenges which may arise?

**Mr McGRADY:** I do not believe so, although that is not a question which I should answer; that is a question for Mr Hilless. I do not believe there would be a specific amount of money allocated for specific claims on the Eastlink project. Mr Gilmore knows as well as anybody else that every time a transmission line is erected in any part of Queensland we have similar criticism. I had the happy situation last year in Toowoomba where three members of the same party were blueing, wanting the line to be just across the road from them. I told them that they should get together and come back to me with a recommendation; they did not. That is part of the electricity supply industry's role. However, I do not think Mr Hilless would have any specific figures set aside for Eastlink.

**Mr SPRINGBORG:** I can assure you that I would love to recommend another electorate, but I do not have that liberty.

**Mr McGRADY:** Tell your constituents, when Eastlink is running, that this is the contribution that the people of those areas have made to the future development of this great State of Queensland. I say that on Queensland Day because our State requires more power as the State is developing, and we need Eastlink for that development. You and the people you represent are playing a very important role in the development of Queensland. I place that on record this Queensland Day 1995.

**Mr SPRINGBORG:** No doubt we could debate many of those aspects all night. How much money has been allocated for the works to be conducted at the Greenbank substation—relating to the interconnection?

**Mr HILLESS:** The Greenbank substation is not part of the interconnection project. The Greenbank substation is part of other augmentation works in south-east Queensland.

**Mr SPRINGBORG:** How does it actually work, with regard to this connection?

**Mr HILLESS:** The termination of the line from New South Wales is a substation near Gatton, not at Greenbank.

**Mr SPRINGBORG:** That is at Springdale?

**Mr HILLESS:** Correct.

**Mr SPRINGBORG:** Is that a new substation?

**Mr HILLESS:** Yes.

**Mr SPRINGBORG:** From that substation, has there been any consideration or planning given for the duplication of the line into New South Wales?

**Mr HILLESS:** No.

**The CHAIRMAN:** The time for questions by non-Government members has expired. We will now revert to Government members.

**Mr BENNETT:** You referred to some questions on the Queensland Electricity Supply Corporation. I ask your indulgence as well. On pages 102 and 103 of Budget Paper No. 3 is the outlined capital expenditure of the Queensland Electricity Supply Corporation. What are the major capital works items reflected in this expenditure?

**Mr McGRADY:** Mr Chairman, I have to say that your Committee is really testing me tonight. In fairness to Government members—I have the information, but I will ask Mr Hilless and Mr Cliff Farmer, the Chief Executive Officer of AUSTA Electric, to come to the table and answer those questions.

**Mr FARMER:** There is an allocation for preparatory work for future generating capacity of $34.869m. That work is associated with project initiation works and engineering investigations, environmental studies and preliminary design work using the variety of energy resources available in Queensland. It also provides for a sum of $16m in the current financial year for the recommissioning of Callide A Power Station. There is provision of $39.358m for the construction of Stanwell Power Station, which is approaching the end of its construction period. Stanwell Power Station is a 1,400 megawatt power station comprising four 350-megawatt units. Three of those units are presently commissioned, and the fourth unit is to be put on-line in October this year and will be available for commercial loading in March 1996.

There is provision for the construction of the Tarong pipeline, which is being constructed to provide a water supply from the Brisbane catchment area into the Tarong Power Station. This project includes the construction of the pipeline, associated pumping stations and the electricity distribution line to provide electricity supply to the pumping stations. The project is expected to be completed and commissioned in November 1995. The total estimated cost of the project is just under $80m, of which $34.5m is expected to be spent before 30 June 1995. There are other capital expenditure items provided for in the budget in the Brisbane area, and a major part of that is involved in a computerisation project to endeavour to increase the efficiency of the industries.

**Mr BENNETT**: Could you define what are the major functions of the electricity corporations?

**Mr McGRADY**: As I have said a number of times tonight, the industry was corporatised on 1 January. The old QEC, as we all know it, basically split into the Queensland Generation Corporation, which is now trading as AUSTA Electric. The seven electricity boards and the former QEC's transmission business unit became subsidiaries of the Queensland Transmission Supply Corporation. The transmission subsidiary of the Queensland Transmission Supply Corporation became known as the Queensland Electricity Transmission Corporation and that trades as Powerlink. AUSTA Electric has the principal function, and Mr Farmer is the chief executive officer, of generating electricity for sale. This involves the construction, operation and maintenance of generation installations, namely, the power stations. The Queensland Transmission Supply Corporation, whose chief executive officer is Keith Hilless, the former Electricity Commissioner, has the principal function of supplying electricity in the supply area which is the whole of the State of Queensland. The other functions which that corporation has include planning and coordinating electricity supply for the whole of Queensland and the forecasting and trying its best to anticipate future electricity needs for the State. Powerlink Queensland has the principal function of operating, maintaining and protecting the transmission grid in Queensland, and the seven electricity distribution corporations, known to you and I as the electricity boards, have the principal function of supplying electricity directly to customers within their supply area. When I say "customers within their supply area", again, that will or could change when the market comes into being. As you know, those organisations which use more than 10 megawatts of power can trade anywhere in the Commonwealth. A business enterprise in, say, Townsville at the present time would secure its power from NORQEB, but if you use more than 10 megawatts you can, when the market comes into being, shop around and buy your power from anywhere. At the present time the seven electricity boards supply the customers within their current supply area. Does that answer the question?

**Mr BENNETT**: Yes.

**Ms POWER**: I want to refer to page 102 of Budget Paper No. 3 which refers to $45m being allocated to the Tarong pipeline. Why is this necessary and what effect will it have on the local and wider communities?

**Mr McGRADY**: I was going to be very mischievous tonight because I thought Mr Perrett was going to be here. Obviously he is not. I was going to give him a copy of a newspaper article entitled "MP mischievous says pipeline engineer" and it is a real criticism of Mr Perrett for his attack on the pipeline and the people who work on it. As he is not here, I will not proceed with it. Coming back to your question, the Tarong Power Station, as Mr Bennett probably knows because he comes from the industry, supplies 38 per cent of the State's power and obviously it is critical to ensure electricity supply to the south-east corner of the State. The Boondooma Dam is Tarong's water supply. It also supplies irrigation water to the Boyne River, a citrus growing area near Mundubbera and to rural users in that particular area. Flows for 1994 into the dam are the lowest ever recorded and it is now at about 10.5 per cent of its capacity, and there has been no flow since February this year.

In February, AUSTA Electric decided to construct a Wivenhoe to Tarong pipeline to ensure adequate water supplies. The estimated cost of completion following the award of major contracts is approximately $80m. Commissioning of this program is for October 1995 and operation for 1 November 1995. The contracted program indicates that this can be achieved. Provision is being made in the pipeline to allow future connections to provide water supplies to the Esk, Rosalie and Nanango Shires and also to property owners. I received a very nice letter from the Nanango Shire Council congratulating the Government on its initiative. I have that framed in my office.

The environmental impact of the pipeline and the effect on property owners is minimal as the pipeline is buried, allowing freedom of travel for stock and wildlife. The route avoids towns, houses and other structures, as well as the sensitive forest areas on the Blackbutt Range. Consultations continue with the affected land owners along the route. Necessary agreements to access for construction have been obtained and acquisition of easements is continuing. The Tarong Power Station is conserving water by operating the cooling system with minimal fresh water top-ups. As a result of the cooling water, there is a maximum allowable concentration and it is being stored in the ash dam, which will not be discharged off site. Supply to Tarong will not affect supply to Brisbane or other urban users. Wivenhoe and Somerset Dams received major inflows in February raising storage volumes to 53 per cent and 62 per cent respectively.

**Mr BENNETT**: On page 20 of the Portfolio Program Statements a figure of $1.842m has been allocated to the Office of the Electricity Regulator. Can you inform us of the function of the Office of the Electricity Regulator? Has it become operational yet? If not, when?

**Mr McGRADY**: Thank you for that question, because the Office of the Electricity Regulator was established on 1 January this year to administer and promote electrical safety and industry operations with a budget of $1.3m. Prior to corporatisation, this function was carried out by the old QEC. It has now come across to the Department of Minerals and Energy. Fifteen positions with electrical safety functions were transferred from the QEC and nine new positions were created to staff the industry operations group. The funding will increase to $1.842m in the coming financial year to cover the full cost of the subprogram and finalisation of the recruitment of nine new positions.

An electrical safety group will undertake safety activities in the electricity supply industry, workplaces and homes, which, as I said, were previously handled by the former QEC. The industry operations group will administer the system of authorisations of electricity participants, develop and oversee the implementation and operation of the competitive electricity market, and resolve disputes between customers and suppliers. Administrative support will also be provided to the Electrical Workers and Contractors Board by the regulator's office. This is a statutory body, as you would know, responsible for the licensing of electrical workers and contractors.

The 1995-96 financial year will be the first full year of electricity regulation by this new regulator and will involve a number of transitional issues. The Electricity Act 1994 requires that, by the end of 1995, authorisations and approvals be issued to existing participants in the electricity industry. Authorisations for new industry participants will also be required. The industry operational group will be focusing on the introduction of competitive market arrangements in conjunction with national grid developments. During 1995-96, electrical safety will be addressed through a review of electrical workers' safety procedure manuals, development of training videos, extension of the Public Electrical Safety Program, the introduction of electrical safety concepts into secondary schools and the continuation of technical audits in each area of supply.

The establishment of the Office of the Electricity Regulator has enabled regulatory activities formerly undertaken by the QEC to continue as before but independent of the corporatised electricity industry. That is a very important aspect. As I said, it now comes under the Department of Minerals and Energy. It is divorced from the Queensland electricity supply industry and it is housed and administered in my department.

**Mr BENNETT:** One thing that has been in the news frequently and mentioned in Parliament is the planning for the future supply of electricity in Queensland. Page 46 of the Portfolio Program Statements mentions the release of the Government's energy policy statement, "Meeting Queensland's Electricity Supply Needs". Could you explain to us how the Government is going to meet the needs of our future supply?

**Mr McGRADY:** I welcome the opportunity to explain to the Committee what our Government proposes to do by way of generating power in the years ahead. At present, Queensland has the ability to generate 6,540 megawatts of power from the various power stations around the State. For the information of the Committee, the highest demand that we have had, and that was this year during the height of the summer—very exceptional circumstances—was 4,900 megawatts. Next year, 1996, the fourth unit at Stanwell comes into operation, which gives us an additional 350 megawatts of power.

Under our policy for the future, we intend to recommission the Collinsville Power Station in north Queensland. That should come on-line in 1998 and generate 180 megawatts of power. At the same time, we expect Callide A to come on-line, which generates 120 megawatts of power. At the same time, the agreement that we have entered into with the sugar industry will give us between 50 and 200 megawatts of power over this period. So, by 1998, our generating capacity will be approximately 7,150 megawatts of power. In 1999, we expect Eastlink will come on-line. As you would all be aware, that generates 500 megawatts.

By the year 2000 to 2002 we will call for some competitive bidding for a gas or liquid fuel supply. As I mentioned before, we expect to build a supply in Townsville which will generate a minimum of 110 megawatts of power and another project in the south-east corner of the State which will generate 330 megawatts of power. By the year 2003 to 2005 we hope to have an additional base load. We will be calling for tenders for industry to supply us with their proposal. That could be coal-fired; it could be gas. It is up to industry itself to offer us competitive bidding. By that time, we would expect a minimum of 600 megawatts and a maximum of 1,400 megawatts. So by the year 2003 to 2005 we should have a capacity in the State of approximately 9,550 megawatts of power.

**The CHAIRMAN:** We now hand over to non-Government members.

**Mr GILMORE:** We will turn from electricity for a few moments and refer to the energy budget on page 19 of the Portfolio Program Statements. I note that in the non-labour operating costs there is an allocation for the Moura Mine inquiry. Would you please tell the Committee how much has been spent on that inquiry so far and what is to expected to be the total cost?

**Mr McGRADY:** In 1994-95, the year we are in, the estimated actual—and you understand that terminology—is $2.1m. I will be quite honest with the Committee; I make no apology to anybody for the Government spending that sort of money on this inquiry.

**Mr GILMORE:** I was not asking you to apologise; I was just asking how much it was.

**Mr McGRADY:** The answer is $2.1m. I am not suggesting that you are criticising the figure, but people outside may think that $2.1m is a lot of money. When the tragedy occurred at Moura, I made it perfectly clear that I wanted a full, open, independent inquiry. I also told the Mining Warden that if anybody felt that he or she had a legitimate and relevant contribution to make, that person should be heard. As you know, the inquiry has completed its hearings and 66 witnesses, including mine safety experts from overseas, were called on 55 hearing days over a period of five months.

In addition to the organisation and management of the inquiry, the department also provided expert technical and scientific evidence developed by SIMTARS. I take the opportunity of letting the Queensland Parliament and the people of this State understand and, hopefully, appreciate the work of SIMTARS. That organisation has not been in existence for too many years, but it is one that has earned a reputation right around the world for excellence in mine safety. At the time of the Moura tragedy, people from SIMTARS were dispatched almost immediately to Moura. I had the pleasure on Australia Day this year of awarding certificates to three young people who had been involved in work to do with the Moura disaster. So, Mr Gilmore, in response to your question—the estimated actual for last year is $2.1m. Was there another part to your question?

**Mr GILMORE:** I was wondering what the estimated total cost of this inquiry is likely to be. Obviously, you cannot predict that.

**Mr McGRADY:** No. It just depends on what accounts are still to come in for the end of this year. I did say before that the estimated actual is $2.1m. I cannot give you the actual figure because, obviously, it is not the end of the financial year, but we do expect it to be $2.1m.

**Mr GILMORE:** In terms of your inspectorate in central Queensland, the area that covers the coalmines in central Queensland—and I will take this on notice if you do not have it to hand—what is your establishment of inspectors in those areas of mining, mechanical and electrical inspections? Are all of those positions filled?

**Mr McGRADY:** The Coal Inspectorate currently employs 19 staff.

**Mr GILMORE:** What is the establishment?

**Mr McGRADY:** I will answer the question. With all due respect, you have asked the question; I will answer the question. The Coal Inspectorate currently employs 19 staff comprising one chief inspector, 11 inspectors, two testing officers and five administrative staff in Brisbane, Mackay, Rockhampton, Emerald and Ipswich. In addition, there are two vacant positions. One of those is expected to be filled very, very shortly. I will take some advice at this point. That position will be filled next month. Interviews are being conducted. The establishment is 21. Do you want to proceed or does that answer your question?

**Mr GILMORE:** I thought you were still answering the question.

**Mr McGRADY:** Fair enough. I will go on. I have now given you a breakdown of the actual amount of staff employed in the inspectorate. For the salaries and related costs, that accounts for about 75 per cent of the Coal Inspectorate's total 1995-96 budget of $1.689m and the remaining 25 per cent, or $420,000, is for operational expenses. For the past 12-month period to 31 March of this year, each underground mine was inspected on average about 14 times by inspectors, whether they be mining, mechanical or electrical, while each open-cut mine was inspected on average about seven times.

The future emphasis by the inspectorate towards the auditing of safety management systems at mines will mean longer visits in order to complete an audit. An amount of $3.643m, or approximately 47 per cent of the Energy Program's total 1995-96 budget for the coal, oil and gas industries, is devoted to the improvement of safety and health. This comprises the cost of both the Coal Inspectorate and, as you mentioned before, the Mines Rescue Brigade. The cost-effectiveness of the inspectorate will continue to improve over time with the emphasis on auditing of safety management systems at mines, the advisory service to the mines and the refinement of the accident database. The lost time injury frequency rate for coalmines continues to improve, having fallen from 63 in 1990 to 35 in 1993-94 and to an estimated 30 in 1994-95. The resources allocated to the inspectorate are reviewed continually to ensure that priority service requirements are met and they will be reviewed again in light of the Moura inquiry findings.

**Mr GILMORE:** Will you please list in detail in respect of mining, mechanical and electrical inspections the inspections carried out in each of the coalmines in central Queensland covered by the central Queensland inspectorate for the last six months?

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

**Mr GILMORE:** Thank you very much. In respect of fixed capital expenditure, there is an amount there for a mobile advisory service for equipment. Would you please list what that equipment might be?

**Mr McGRADY:** Which page, please?

**Mr GILMORE:** Page 19.

**Mr McGRADY:** Could you just repeat the question again? I am sorry, I cannot find the figure.

**Mr GILMORE:** Mobile advisory service equipment under "Fixed Capital Expenditure" is $500,000.

**Mr McGRADY:** That is the Office of Energy Management.

**Mr GILMORE:** Could you tell us what the equipment might be for $500,000?

**Mr McGRADY:** As part of the energy policy, we will be opening an office in Brisbane, and there will be two mobile trucks which will service the outback parts of the State.

**Mr GILMORE:** What will be on those trucks?

**Mr McGRADY:** Actually, we hope to launch them very soon—1 July. I am not being facetious when I say this: it is something that all members of the Committee should make sure they see. It is a large mobile unit, which will have information about energy-saving systems and alternative energy. It will travel the length and breadth of Queensland. It will give information to people about the solar energy system and the other initiatives that our Government has introduced. I must say that we are getting away from this business of having things in Brisbane, or even in Townsville or Rockhampton. I believe, as the Government believes, that it is important that people who live in the remote parts of this State get the services that the people in capital cities take for granted. That is the reason why we have established these two mobile units. Initially, there will be one that will travel the length and breadth of Queensland and, in particular, it will go out to those places, whether they be cattle towns or mining centres, to let those people out there know that these facilities exist and about some of the benefits that the consumers can get from the department.

**Mr GILMORE:** On the same page— 19—under "Capital Grants and Subsidies" there is a figure $7.3m, which I am led to believe is set aside to meet your responsibilities under the Energy Efficiency and Alternative Energy Policy. I will turn briefly to your Energy Efficiency and Alternative Energy Policy and I will ask some questions in respect of that. You have set aside $6.5m for the Hot Water Energy Efficiency Scheme. Would you please explain to the Committee how you calculated that $6.5m? For instance, how many hot-water systems did you anticipate would be reinsulated under this scheme?

**Mr McGRADY:** As you would know, Mr Gilmore, I suppose it is a guesstimate. What the Government has done is offer the people of Queensland rebates for installing a solar hot-water system. If you have——

**Mr GILMORE:** This is not the solar hot-water system; this is the reinsulation of the hot-water system. This is the Hot Water Energy Efficiency Scheme.

**Mr McGRADY:** Sorry. Again, it is basically a guesstimate. It is a $30m program.

**Mr GILMORE:** I am talking about $6.5m here, and I need to know how you went through that process. You set aside $6.5m. You said that there is going to be a maximum of $80 per household. We are talking about a lot of households here. Will you please explain how you calculated that?

**Mr McGRADY:** It is basically a guesstimate. It is a $30m program over three years, which is $10m a year for the program. We have offered a number of incentives. You do not know, I do not know and the Chairman does not know how many people are going to take advantage of these incentives.

**Mr GILMORE:** Yes, but can you please——

**Mr McGRADY:** With all due respect, we could have said "$90m"; we could have said "$3m". We have said "$10m a year for three years." Obviously, we do not know how many people are going to apply, but I can say that initially there was tremendous interest in the scheme. As you know, the scheme starts on 1 July. We have been criticised—and I think I should take advantage of this opportunity—because we announced this policy in February and we said that come the new financial year, which is 1 July, we will give these incentives for people. We agreed that all of those people who purchased the units after the announcement would have their accounts processed and would be paid after 1 July.

**Mr GILMORE:** Purchased which units?

**Mr McGRADY:** The initiatives which we announced in the program. Had we said, "We are not going to pay this until 1 July", the whole of the industry would have come to a standstill because people would have waited until 1 July. We have said that, for those people who purchased the units from February to July, we will process the forms, and they will be paid in the new financial year. Mr Gilmore, in answer to your question: it was simply a guesstimate based on research which we had done around the Commonwealth in trying to work out the number of people who would apply. As I said before, Mr Chairman, you and I do not know how many people will apply. It is a $30m program over three years.

**Mr GILMORE:** Associated with this program will be some costs other than for reimbursements. There will have to be people to inspect the work that has been done to satisfy you, as the Minister and the person signing the cheque, that the person has put insulation on his hot water system. You cannot say that there will not be a need for an inspectorate and a secretariat of some kind. How much money are you setting aside in the Hot Water Energy Efficiency Scheme for an inspectorate?

**Mr McGRADY:** At this stage, we have not set aside any moneys. We have worked out those issues. We are not talking about hundreds of thousands of dollars for each household; we are talking about the insulation of electric hot water systems. From memory, I think that $80 covers it.

**Mr GILMORE:** That is the cover per household. My concern is that you cannot give $80 per household without knowing that the obligation has been fulfilled.

**Mr McGRADY:** At present, we have people working on the exact way in which this system will be processed, that is, where the accounts will be sent and where they will be processed. As late as yesterday afternoon, I had discussions with the people who are working on the campaign to promote the scheme about how it will be physically handled. In the next week or two, we will have the full details. We will be happy to inform you of exactly how the system will work.

**Mr GILMORE:** I would be delighted if you would take that question on notice.

**Mr McGRADY:** It is not a matter of taking the question on notice. In a ministerial statement, I will be announcing exactly how the system will work. I assure you, Mr Chairman, Mr Gilmore and the other members of the Committee that it is all in hand and that the final details and procedures will be announced in time. I do not propose to take the question on notice, because I will be announcing it.

**Mr GILMORE:** What we need to hear in that announcement is the proportion of the amount of money set aside which will be utilised for administration, inspections and so on. I might move on to the Domestic Lighting Efficiency Scheme. You have set aside $5 per lamp, with a maximum of three lamps per household—a three-lamp rebate. I wonder about the administration of that scheme as well. It is a $2.9m scheme which offers a rebate of $15 per household. Potentially, for one reason or another, people might decide to take greater advantage of the scheme than is allowable to them under the three-bulb scheme. How will you administer that, and will you prosecute people who claim a rebate on, for example, six lamps?

**Mr McGRADY:** In a public forum such as this one, I do not think it would be appropriate for me to announce to the world what steps we will be taking to prevent people misusing the system.

**Mr GILMORE:** But there is a cost associated with that. After all, we are debating the Budget Estimates. We need to know how the money will be spent.

**Mr McGRADY:** I will repeat my answer to the previous question. We have people in the Office of Energy Management who are working in conjunction with other people to lay down guidelines, conditions, rules, regulations and procedures to handle this. We are talking about public money.

**Mr GILMORE:** Yes, we are.

**Mr McGRADY:** That is right. I can assure you that we will have sufficient procedures in train to ensure that people do not get through the system and get moneys to which they are not entitled. We will be announcing that before 1 July.

**Mr GILMORE:** I trust that we will be able to inquire into that matter at the Estimates next year—if, indeed, we are not sitting on opposite sides of the table.

**Mr McGRADY:** Mr Gilmore, I assure you that I will be sitting here.

**Mr GILMORE:** My next question is in respect of the remote area power supply trial. I would like you to tell the Committee how you spent the last $5m. I understand that the money has been spent.

**Mr McGRADY:** As to the figure of $5m—when the announcement was made, I said that we would allocate $5m for the work of the advisory group. The $5m has not been spent, and I have never said that it had to be spent. For the first time in the history of this State, we had a Government which was prepared to look at alternative forms of energy. The decision to set up that alternative energy group was welcomed right across the State. We were seen as a leader in alternative energy.

**Mr GILMORE:** You are not telling me how much money you have spent.

**Mr McGRADY:** I will tell you how much money we have spent. The committee has worked long and hard. Mr Chairman, as you would know, members have been to the Daintree and Boulia and have been involved in a number of projects. The Estimated Actual for 1994-95 is $900,000. They have not spent the $5m, because they have been very frugal with the money. Before the money was spent, the certificate had to be signed by the former Commissioner for Electricity, Mr Keith Hilless, who has a reputation for being very careful with money—as do I.

**The CHAIRMAN:** That completes the allotted time for questions from non-Government members. We now revert to questions from Government members.

**Ms POWER:** On page 20 of the Portfolio Program Statements, $12.612m has been allocated to the Office of Energy Management. The Government's Energy Policy Statement detailed three main thrusts: energy efficiency initiatives, alternative energy initiatives and the establishment of the Office of Energy Management. How will these strategies improve the use of current energy sources and encourage the wider application of alternative sources?

**Mr McGRADY:** The energy policy statement, to which I have referred a number of times and which was released on 28 February this year, involves a $35m investment. The policy, which includes a range of demand-side energy efficiencies and alternative energy initiatives, comprises, as you said, three main thrusts: energy efficiency initiatives, alternative energy initiatives and the Office of Energy Management. I think that will be one of the most important and significant decisions that our Government has made in recent times, because it throws a whole new emphasis on energy management in this State.

The Office of Energy Management includes an energy advisory centre, to which I referred before. That will be based around Springwood. There will also be two mobile advisory services. They will take over the overall responsibility for the management and coordination of the Government's energy use efficiency and alternative energy activities. The $35m budget includes $5m, to which Mr Gilmore referred before, which is provided by the Queensland Transmission and Supply Corporation to conduct demonstration projects proposed by the new Queensland Sustainable Energy Advisory Group. That is a new name for basically the group that was operating before.

The key outcomes of the policy will be the increased use of alternative energy sources and the improved use of conventional energy in meeting the needs of the whole community. Each rebate program has been developed on a cost-benefit basis. As individuals and firms purchase equipment, the new technology enables the Government and the community to obtain real benefits due to the deferral of having to build coal-fired power stations. I believe that this is an important part of our Government's policy.

As I mentioned to Mr Gilmore, we are seen as a leader in alternative energy. There is now a realisation right across industry and right across the community that Governments have to start devoting more and more effort, time and thought to other forms of energy. The coal-fired power stations have certainly served this State well in the past and will continue to do so well into the future. They are certainly not going to be replaced by these alternative forms of energy, but they are another method of generating power in our State.

**Ms POWER:** On pages 20 and 31 of the Portfolio Program Statements, the Energy Program and Minerals Program are allocated $316,000 and $4.971m respectively for environmental management of the mining industry. How will the environmental management strategies introduced by this Government ensure that the mining industry acts responsibly and exercises sound land-use practices to protect the interests of future generations?

**Mr McGRADY:** I thank Ms Power for that question, because it gives me the opportunity to tell the Committee about some of the work that the Government is doing in rehabilitation. Major rehabilitation work is taking place in eight mine sites in the next year. We have allocated in excess of $6.5m for that sort of work. Let me first of all go through some of the mines where major work will take place: Chariah, Horn Island, Irvinebank, Croydon, Mount Morgan, Gympie and—near your home, Mr Gilmore—the Herberton area.

Under the old system—and I am not trying to score points here—companies were allowed to basically go in and move out at will. What some of them left behind was an absolute disaster, and the poor old taxpayer, through the Government and the department, had to move in and clean up their mess. I mention in particular Horn Island. Our Government has spent literally millions of dollars in trying to rehabilitate that particular island. A lot of work still needs to be done. In fact, in the mid-year budget, we received additional funds to enable the department to undertake work to see exactly what the problems were so that we would have a clear understanding of the amount of money which needed to be spent on those particular mine sites. Irvinebank is of special significance to people in the far north of the State, because again we are trying to work out exactly what the costs will be. There is a commitment there from Government that we will keep on cleaning up these sites.

One of the greatest success stories of our Government has been the work we have been doing in Gympie. People should actually try to go there and see that work for themselves. I know that some members of the Committee have been there. Last week, I had the pleasure of going to Gympie to participate in capping the 500th shaft. Holes were just appearing in that city. Houses were hanging and church halls were falling in. Previous Governments refused to do anything. Our Government moved in and has now capped 500 of those shafts. A lot more work still needs to be done. It is a three-year program. At the end of this year, we will be revisiting Gympie to see what we intend to do.

Under the new policy which our Government has now introduced, we hope that a Horn Island never occurs again, because we have this new process in which the department and the miners sit down and work out a plan of action for the life of the mine. Hopefully, we will never again encounter the situation which currently exists.

**Mr PEARCE:** Coal industry workers expect and are entitled to a properly trained and well-resourced Mines Rescue Brigade that can respond to an emergency at any time. On page 20 of the Portfolio Program Statements, $1.954m is allocated to the Mines Rescue Brigade. What is the current position with funding for the Mines Rescue Brigade?

**Mr McGRADY:** I have to tell you, as I said before, that we give you top marks for being consistent, because you asked a similar question last year. As you know, the Queensland Mines Rescue Brigade provides an emergency response service to the Queensland coal mining industry as well as a range of training and support functions. The cost of the brigade is shared by the Workers Compensation Board, mine operators and the department. In previous years, the expenditure figure for the Mines Rescue Brigade did not clearly detail actual operating costs because they included the cost of corporate overheads. Those costs have not been allocated to the Mines Rescue Brigade in 1995-96, so that in future direct operating costs can be compared from year to year.

The fact is that the base funding of the Mines Rescue Brigade for the coming year—1995-96—is $70,000 higher than it was in 1994-95. If you look at the estimated actual expenditure of $2.172m in 1994-95 and deduct the corporate overhead allocation of $143,000, the one-off supplementary funding of $50,000 which we provided for the manager's house, $10,000 for the development of a business plan, the carryover of $55,000 from 1993-94 and a grant of $30,000 from a mining company to purchase equipment, you will note that the actual base expenditure for 1994-95 was $1.884m. Next year's budget is $1.954m, so it shows an increase of $70,000. Its structure and operations are currently under review with a view to optimising the service provided by this key group. This has been done with the full involvement of the major union and the mine operators. Sufficient funding will continue to be made available to ensure a viable and capable mines rescue service to the industry in future years.

Whenever I visit coalmines, I always make a point of trying to meet with the members of this brigade. They are volunteers. They do a tremendous job of making sure that, if a disaster occurs at a mine, they are ready to go in there. When the Moura disaster occurred, the Premier and I flew up on the Monday morning to meet the members of the Mines Rescue Brigade, who had been basically refused entry to the mine for obvious reasons. They just wanted to get in there and help their mates. To me, that is one of the real attractions of the mining industry—the comradeship which exists. The Mines Rescue Brigade certainly typifies the relationship between miners and their mates. To you, Jim—an extra $70,000 more than you got last year.

**Mr BENNETT:** You may be aware that in recent times the Queensland Government has undertaken the Queensland Government Agent Program. I ask: does the department participate in that program? If so, what functions will the department undertake with QGAP?

**Mr McGRADY:** The department will take on the lead agent role in Georgetown for the Queensland Government Agent Program. Under that program, the Georgetown office will be a one-stop shop for Government services in that town. There is quite a bit of activity taking place in that region, particularly with goldmining. The Mining Registrar will take on that role, which includes the promotion of a close relationship between the Government and the community. That is vital. The services provided are extensive and include: registration transactions for the Department of Transport; rental and property settlements for the Department of Housing and Local Government; assistance and advice on workers' compensation matters; provision of information and forms on behalf of the Queensland Electoral Commission and the Department of Justice and the Attorney-General; and taking instructions on wills for the Public Trustee of Queensland. CountryNet, the Office of Rural Communities program which supports QGAP, will inject capital funds to ensure that facilities are adequate to meet this expanded role for the department's Georgetown office.

Recently, a comprehensive training program for QGAP officers was conducted in Brisbane to promote a consistently high standard of service delivery right across the State. The service will provide residents of Georgetown and surrounding areas with local services which previously may have required clients to travel up to Ravenshoe, Richmond or Normanton. It is expected that the office will officially take on that role later this month. My colleague Mr Bredhauer, the member for Cook, will be performing the official opening. I think that people now realise that QGAP is certainly providing a service that people in those smaller and remote parts of the State did not enjoy in years gone by.

**Mr BENNETT:** On page 50 of the PPS it states that mineral royalties are estimated at some $267m. What processes are involved in estimating the amount of royalties revenue expected in future years?

**Mr McGRADY:** As I said in my opening remarks, we estimate to collect some $267m in royalties. This represents a significant administrative effort by my department. The Government is obtaining value for the money which is expended in that sector. As I said before, this is what people should remember: $267m which our Government receives from the mining industry, and that certainly goes a long way towards building police stations, hospitals, schools and the like. So that is the importance of the mining industry to our State. Those people who are less supportive of that industry should be aware of that and should understand just how much revenue we get.

The royalties themselves are only part of a success story, because the industry also provides jobs, and this has a snowball effect right throughout the State. The collections are administered by less than four full-time staff, and the total administrative cost is less than 0.1 per cent of the royalties received. That is efficiency in anybody's language. A major two-year audit program has been substantially completed, resulting in additional collections of $2.3m. Royalty estimates are based on information provided by companies adjusted by my department where trends for individual companies demonstrate inconsistent information. I think what we are saying there is that we are keeping our eyes wide open.

The Estimates for 1995-96 assume an average exchange rate of 77 cents in the dollar and an oil price of US$17. As I say, that is an important part of revenue for the Government, and it highlights again the important role which the mining industry plays in the economy of Queensland.

**Mr PEARCE:** The health and safety of mine workers is an issue for the Government just as it is for the coal companies and the work force. In your Portfolio Program Statements, I found reference to expenditure of around $10m on safety and health activities. For example, on page 31, it states that $3.551m will be spent by the safety and health subprogram within the Minerals Division; page 55 states that SIMTARS will be given around $2.775m; and page 20 states that the Mines Rescue Brigade will get $1.954m. As you would be aware, safety and health in mines has been dramatically brought to the attention of the public following the explosion of the Moura No. 2 Mine. How is the Government ensuring that safety and health in Queensland mines is always of primary concern to both mine owners and workers?

**Mr McGRADY:** Almost 27 per cent of next year's budget for the department is devoted to improvement in the safety and health of mine workers by providing funding for both inspectorate activities and research and development. Staffing levels in the safety and health sectors have increased by 43 per cent since 1988-89—from 94 to 134. Our major priorities during 1995-96 will include the development of new safety and health legislation applying to the coal, metalliferous and quarrying industries, subject to the Moura inquiry recommendations. The processes which we are going through to review safety regulations were halted on my instruction because I felt that it was vital that we await the results of the Moura inquiry before we proceed with any new legislation. I did inform the industry and the unions that I had held up the process—and again, I do not apologise to anybody for that. It has delayed the review, but I believe that it is wise, because I did not want a situation where we took legislation through the Parliament and then have the Moura inquiry make recommendations, which we as a Government would be more than happy to accept, which could lead to us having to amend that legislation. So if there is any criticism for the delay, I accept that fully.

The budget for 1995-96 totals nearly $10m, and that is spelt out by the various Votes there, of which I understand you do have copies. I just want to emphasise that the work of SIMTARS and the Mines Rescue Brigade and the work undertaken in Gympie and those other places is all part of health and safety issues, which we will continue to give a No. 1 priority.

**The CHAIRMAN:** The time is up for questions from Government members. I now hand over to the non-Government members for this block of questioning.

**Mr GILMORE:** We might just revisit the Remote Area Power Supply trial. You have indicated to the Committee that a total of $900,000 has been spent on that trial. Of that $900,000, how much has been spent on actual design, installation work and hardware rather than administration?

**Mr McGRADY:** It is going to be difficult for me to break down the expenditure.

**Mr GILMORE:** I am happy to put that question on notice.

**Mr McGRADY:** Just bear with me. As an example—by the end of the year, we anticipate spending $279,000 on the Daintree Remote Area Power Scheme. The salaries have come to $131,000. We have spent $307,000 on such things as demand management assessments and $66,000 on the James Cook University's Energy Management System. We have spent money on demand-side management software, engineering drawings—which some people may class as administration, but I certainly do not—and the development of RAPS software. An amount of $106,000 was spent in Barcaldine on the Workers Heritage Centre. If members of the Committee have not been there yet, I suggest that they go and see the work that has been done at Barcaldine, because it is tremendous. The streetlighting there which lights up the complex is a really good example of just what can be done with solar energy. So $307,000 was spent there. The QEC, as an example, made a direct contribution of $106,000. If you like, I certainly can take that question on notice. I am more than happy to give you that information, but I certainly cannot break it down at this point, because it is fairly difficult to do.

**Mr GILMORE:** I accept that, but it seems that it is true to say that, by the end of this financial year, there will be no installations at all and it appears that no hardware has even been purchased yet.

**Mr McGRADY:** Mr Chairman, I will take that as a second question. In fairness to this group, some of the work that it has carried out is quite amazing. I will instance a number of those areas. The first is Boulia, a small western town. The township itself secures its power from a small power station. Some of the outlying properties would never have secured grid power, because the cost to individual properties would be in the region of $200,000. The graziers certainly could not afford that because times have not been too good, as you would know. Therefore, they would not be in a position to invest that sort of money. We have signed an agreement with four of those properties. The signing ceremony took place in my electorate office, and it was almost like Christmas Eve: those people were absolutely delighted with the work of the Alternative Energy Group. I understand that the power should be on in those properties by next month. Therefore, to say that nothing has been achieved is not correct.

The use of solar technology will also be used in the Aboriginal community of Urandangi, where a new school is being built. A combination of solar and wind technology is being used to support the Education Department's environmental centre on the north of Great Keppel Island which 5,000 school children visit every year. There is also work being done in other places around the State.

**Mr GILMORE:** Does all of that come out of the $900,000?

**Mr McGRADY:** No, but I think it is unfair to criticise the work of this group. Projects around this State have happened primarily because this group has been in existence. As I said before, it is a new initiative and we have people doing work which previously they had not done, so it took a while to get up and running. The group has spent a lot of time in the Daintree, in Boulia and in other parts of the State. Through the Office of Energy Management, referred to earlier, we will see more and more of this type of activity around the State.

I am more than happy to provide you with figures on the money spent last year. Again, I do not have to, because we are talking about forward estimates. However, this is something that we should be shouting from the roof tops, because it is a success story and I am happy to share that information with you.

**Mr GILMORE:** Minister, you indicated earlier that the $900,000 was being spent on a number of things that did not appear to be hardware and equipment, etc. You just indicated to the Committee that there are going to be four installations up and running in Boulia next month. Where did the money come from for those installations and how much money has been spent there?

**Mr McGRADY:** I have not got the exact breakdown of what has been spent in Boulia at this stage, but again it is information which I will be more than happy to supply.

**Mr GILMORE:** Which appropriation did that money come out of, the $5m or the $900,000 already spent, or somewhere else?

**Mr McGRADY:** Can we get away from the $5m? If you recall, we said that $5m would be available. Before any of this money was accessed, the former electricity commissioner would sign the documents and so would I. No cheque for $5m ever went across.

**Mr GILMORE:** I accept that, but where did the money come from for the Boulia installations?

**Mr McGRADY:** All the money to date has come from the electricity industry.

**Mr GILMORE:** You said we have spent $900,000.

**Mr McGRADY:** Yes, I am sorry. I also said that I will give you a detailed breakdown of the money we have spent. In fact, I can give you that figure now. We anticipate that we will be spending $656,000 on the Boulia scheme, and not all of that has been spent at this stage. We anticipate spending that amount of money in this coming budget. We anticipate spending $430,000 in the Daintree in this coming financial year; on the Workers Heritage Centre, $60,000, which will complete the work; on a Young Christian Association camp at Warrawee, $60,000; on the Great Keppel Island centre, $240,000; on the Urandangi school, $130,000; on a project which we will be announcing in a few days in cooperation with the Brisbane City Council, $50,000; and on another project which we will be announcing fairly soon in Brisbane, $2,500. We anticipate spending $2.1m in the coming financial year. As I have said before, we have spent $900,000, but that is only part of the work that has already been done.

**Mr GILMORE:** Minister, on page 19 of your Program Statements, under "Financing Transactions", I note that there is a considerable increase to $7m. It indicates that that is an increase due to the anticipated higher loan repayments by the State Gas Pipeline Unit, due to an expected increase in revenue. Could you explain to the Committee where the expected increase in revenue is coming from and how much this repayment will be?

**Mr McGRADY:** Mr Chairman, at this point I will invite the manager of the State Gas Pipeline Unit, Bob Brock, to come to the table. He can give you that information.

**The CHAIRMAN:** Certainly.

**Mr BROCK:** Can you repeat the question, Mr Gilmore?

**Mr GILMORE:** Yes. I note under "Financing Transactions", on page 19 of the Program Statements, it says there is increase of $3m due to anticipated higher loan repayments by the State Gas Pipeline Unit because of an excepted increase in revenue. Where is that increase in revenue coming from and how much will the extra loan repayments be?

**Mr BROCK:** The increased revenue is coming from increased gas flows to our customers, over and above the original estimates.

**Mr GILMORE:** How much will the extra repayment be?

**Mr BROCK:** In 1995-96 we have an expected increase in revenue of $3.056m compared to 1994-95.

**Mr GILMORE:** That is the increase in revenue; it indicates there that you anticipate higher loan repayments by the State Gas Pipeline Unit. What do you say about that?

**Mr BROCK:** Because we remit any surplus funds to Treasury, any increased revenue that we get would go to Treasury to pay off our capital.

**Mr GILMORE:** If I might continue to ask a couple of questions, Minister?

**Mr McGRADY:** Certainly.

**Mr GILMORE:** What is your current debt on the Gas Pipeline Unit? I can take that on notice.

**Mr BROCK:** I can say it is approximately $120m.

**Mr GILMORE:** And the extra $3m that you will be remitting will come off that? It will be accelerated repayments?

**Mr BROCK:** Yes.

**Mr GILMORE:** Thank you very much. On the same page, Minister, under "Intra Public Account Unrequited Transfers", $1.8m is stated as the carryover of project funds for PRINCE and QTherm. As I thought that they were fairly important policy initiatives of your Government, I wonder why the money has not been spent and why it has been carried over?

**Mr McGRADY**: As you probably know, PRINCE will provide a facility for the efficient storage and manipulation of geographical data. It will be established at the Queensland Centre of Advanced Technologies, which is operated by the CSIRO. Expenditure on the project is estimated at $3.55m over three years. An amount of $100,000 was spent in 1994-95, $2.8m will be spent in 1995-96 and $650,000 will be spent in 1996-97. The time taken in 1994-95 to finalise a comprehensive business plan and develop a joint venture agreement with the CSIRO, which operates the computer facility at Pinjarra Hills, has resulted in a deferral of expenditure. The major component is the purchase of a robotic tape handler at an estimated cost of $1.5m. This equipment will allow rapid storage and access to seismic data. The original 1995-96 figure of $950,000 was part of the three-year expenditure schedule estimated when the project was established. To be added to this in 1995-96 is the carryover of $1.85m, giving a total of $2.8m, which is the Estimate for the coming financial year.

**Mr GILMORE**: A couple of sessions ago you were responding to a question from a Government member about tariff equalisation. You mentioned the extra 25c—I think it is in round figures—a litre being charged by way of excise on light crude. You indicated that there would have to be some amendment to the amount of money set aside for your responsibility in that regard. Could you please tell the Committee what that amount is likely to be, particularly in terms of generation in Cape York Peninsula and the islands?

**Mr WILLIMS**: That amount is still being estimated. We do not have a precise figure yet. When we have that figure, supplementary funding will be sought from Treasury.

**Mr GILMORE**: It will be in the vicinity of some $6m or $7m, will it not? It will be a lot of money.

**Mr WILLIMS**: It will be at least a couple of million dollars. The precise figure we have yet to establish, but as soon as it is established supplementary funding will be sought.

**Mr GILMORE**: Is it fair to ask whether you are going to continue burning light crude in those power stations or—given that you pay this excise— are you going to change to distillate-type fuel?

**Mr McGRADY**: Again, the running of the power stations does not come under the jurisdiction of this portfolio. I will be happy to ask Mr Hilless to come forward to answer that question.

**Mr HILLESS**: The issue of whether we revert to utilising distillate instead of light crude oil is currently under investigation following the change in the excise. It will bring the price of those two things much closer together, and it may not be worth the additional costs of utilising the light crude. If I could add to what was said before—our estimate for the additional cost of that is $4.8m.

**Mr GILMORE**: Is that for the Torres Strait? That is for all of your generating capability, is it?

**Mr HILLESS**: That is for all of the Queensland Transmission and Supply Corporation's small diesel power generation stations throughout the State.

**Mr GILMORE**: Minister, you also mentioned that corporations in Queensland which are utilising more than 10 megawatts of electric power can now seek to purchase it from various generators. Is that correct?

**Mr McGRADY:** It is not in place now; it will happen.

**Mr GILMORE**: That is going to happen when?

**Mr McGRADY**: When the market is agreed to. Queensland is part of the process, but no arrangements have been agreed to at this point; that is further down the track.

**Mr GILMORE**: Is it fair to say that people who are drawing more than 10 megawatts currently are subject to tariff equalisation? Is the power that they are using equalised currently?

**Mr HILLESS**: Yes, that is correct, except for those customers who are on some special supply arrangement.

**Mr GILMORE**: Other than people who have made some special arrangement, they are tariff equalised. Once we go into a competitive market—the one that you speak about—they will no longer be equalised; they will simply be buying it at the best price possible in the system.

**Mr McGRADY**: They have the ability to shop around for the best price possible.

**Mr GILMORE**: So once the market is established, the seven distribution boards in Queensland will, presumably, be purchasing power in that market at the best price possible?

**Mr McGRADY:** Yes.

**Mr GILMORE**: Would you mind telling the Committee how you intend to equalise electricity prices once they have been purchased at the best bid possible in a competitive market?

**Mr McGRADY**: Again, this is a logistic question.

**Mr HILLESS:** Under the competitive market, the price is paid for those customers who are contestable customers; then they may be supplied by my subsidiaries, or they may make their own arrangements. They would be supplied under prices which are determined as a result of that negotiation, not an equalised tariff regime.

**Mr GILMORE**: That is exactly true. As the market develops and matures, with our distribution boards becoming part of that as consumers who are using or buying more than 10 megawatts, how do you propose to equalise the tariff structures amongst those distribution boards in a competitive market?

**Mr HILLESS:** I would not intend to be equalising at all under those circumstances. They would be buying at the price established by the market place.

**The CHAIRMAN:** The time allotted for questions from non-Government members has expired. We now revert to questions from Government members.

**Mr BENNETT**: On page 28 of the Portfolio Program Statements, mention is made of the review of the Explosives Act and Regulation and the completion of a code of practice for pyrotechnic and fireworks public displays. What is the purpose of that code, and how will it contribute to public safety?

**Mr McGRADY**: Can I just clarify the last point? I want the Committee to be fully aware and under no illusions at all that tariff equalisation is an integral part of this Government's policy. Finer details, as mentioned by Mr Gilmore, may be worked out later. But I want it stressed loudly and clearly that tariff equalisation is part and parcel of our Government's policy, and I do not want it to be interpreted in any other way shape or form. I just want that recorded.

**Mr BENNETT**: On page 28 of the Portfolio Program Statements mention is made of the review of the Explosive Act and Regulation and completion of a Code of Practice for Pyrotechnic and Fireworks Public Displays. What is the purpose of the code and how will it contribute to public safety?

**Mr McGRADY:** Fireworks for general use were banned in Queensland in 1972. Subsequently a growth in the number and variety of public fireworks displays occurred. The size and type of fireworks used in these displays are such that there is a high potential for injury and damage. Operators of the displays are licensed to different categories depending on their knowledge and experience. A set of guidelines for carrying out these displays has been prepared by the explosives inspectorate.

The fireworks industry is a national industry and, to achieve uniformity across Australia, a national standard is to be prepared covering the operation of fireworks displays. Unlike blasting operations where people can be excluded from an area, fireworks displays are carried out for entertainment purposes and people are in close proximity to these events. Although there have been no fatalities resulting from fireworks displays in Queensland, in the past few years there have been at least three elsewhere in Australia and New Zealand. It is essential that a high standard of safety is maintained.

A sound set of guidelines for public fireworks displays is to be established to control such hazardous activities and cover issues critical to safety displays, such as how a fireworks public display should be set up to minimise risk to the audience and the size of firework shells to be used for the site of the display and the proximity of the audience. Standards Australia has recognised the need for an Australian standard and has formed a committee of industry and regulatory representatives to prepare the standard which will then be applied to each State and Territory. That code of practice for fireworks public displays will improve the safety of such shows for both the operators and the community. The Queensland Explosives Inspectorate prepared a draft standard, which is being finalised at the national level. The standard should be available in the 1995-96 financial year.

**Mr BENNETT:** On page 11 of the Portfolio Program Statements reference is made to demand-side management. How will demand-side management initiatives and alternative energy measures outlined in the energy policy statement achieve efficient use of energy? What is being achieved by the Beaudesert Energy Savers Team, or BEST program?

**Mr McGRADY:** Demand-side management is designed to encourage customers to be more energy efficient and to defer capital expenditure. The electricity industry invested more than $8.6m during the 1993-94 financial year on projects aimed at promoting the efficient use of energy and shifting loads from peak periods to off-peak periods. Demand-side management initiatives include load management and public awareness campaigns focusing on energy labelling and energy efficiency. The Government estimates that the new DSM initiatives and alternative energy measurements outlined in its energy policy statement with the continuation of existing demand-side energy measures will achieve direct peak capacity demand reductions of about 650 megawatts by the year 2005. This will be in addition to the 750 megawatts peak capacity demand reduction already achieved. This total reduction in peak demand is equivalent in size to the Government's latest major coal-fired power station at Stanwell. Reducing the amount of electricity needed by consumers will result in reductions in carbon dioxide emissions and cost savings to the electricity industry. Commercial and industrial businesses and the community at large will benefit with reductions in their electricity costs.

A demand-side management program in the Beaudesert area, called BEST—as you referred to Mr Bennett—which commenced in 1993-94 has the specific goal of deferring planned transmission and distribution capital works in the area for three to five years. It is not a response to inadequate generating capacity. BEST involves a range of demand-side management initiatives, including transferring irrigation to off-peak energy audits for industrial customers, switching off water pumping loads during peak periods, switching off industrial loads during the peak periods and encouraging domestic and commercial energy efficiency. Participation in that scheme is voluntary. BEST provides opportunities for savings to Beaudesert area customers and the electricity industry. Studies have identified that electricity customers could save up to $1.2m on their electricity accounts. Demand-side management is about ensuring a more efficient use of electricity and a more economical spread of capital works expenditure and deferring the requirements for additional capacity. It is a positive strategy for Queensland that is both environmentally and economically sound.

**Mr PEARCE:** I will ask a couple of questions on SIMTARS. As you are aware, the main focus of SIMTARS in the past has been on reducing the risk of underground coalmine fires and explosions. With the trend towards larger coalmines, I see that the work in that area will have to at least be maintained or increased. Page 47 of the Portfolio Program Statements mentions the measurement and suppression of frictional ignition project being undertaken by SIMTARS. What investigations are entailed in this project and how will this research benefit the coal industry?

**Mr McGRADY:** I thank Mr Pearce for that question. As I said before, he would appreciate more than most the valuable work that SIMTARS does for the coalmining industry in particular, but also the mining industry in general. The aim of the project is to enable industry to reduce the number of accidents caused by small pockets of methane igniting when mining equipment hits rock, causing fires or explosions. This research is one of the three key projects being processed by SIMTARS under the priority requirements and direction of the SIMTARS Advisory Committee. This committee comprises members of the Coalmine Employers Organisation, industry unions, research organisations and, of course, my department.

SIMTARS has recently concluded negotiations with the University of New South Wales for further joint research into this phenomenon to be progressed on a priority basis. Research undertaken by SIMTARS will ensure that mechanisms associated with ignition are identified and suppression methods determined. As with any research of this nature, it will take some three to five years for outcomes to be determined. The potential for these accidents to occur has increased in recent years, due to current mining technology using long-wall techniques. It is hoped that this research project will lead to a reduction in the number of long-wall coalmining accidents.

We have with us tonight Mr Peter Dent, who is the Director of SIMTARS. I wonder whether Peter would like to add anything to my answer.

**Mr DENT:** I think that was a very comprehensive reply, Minister.

**Mr PEARCE:** If you do not mind Minister, I will direct the next two questions to Peter.

**Mr McGRADY:** As he is coming to his seat, I say that Peter really is dynamic and very proud of the organisation. This gives him the opportunity to answer those questions and also tell you a little bit more about the important work that SIMTARS is doing, in particular as a result of the Moura fatalities.

**Mr PEARCE:** The Portfolio Program Statements also mention the reduction of airborne dust deposits project being undertaken by SIMTARS. Could you please tell us what investigations are entailed in the project and how this research will benefit the industry.

**Mr DENT:** That project, as the Minister mentioned a moment ago, is one of three priority projects determined by our SIMTARS Advisory Committee. Long-walled mining methods currently utilised now produce a large amount of dust in the explodable-size range which is deposited in the access to the mine proper. The aim of the project is to investigate the practical methods that might be employed to reduce airborne dust in the return roadways of long-wall mines and to investigate methods of removing this dust or minimising the quantity and ways of suppressing possible explosion.

**Mr PEARCE:** There is also the hybrid explosions project being undertaken by SIMTARS. Can you tell us a little bit about that? How will it benefit the coal industry?

**Mr DENT:** Yes. The hybrid explosions project is the third of the three priority projects. The potential for coalmine explosion occurs when, again using current coalmine methods, a hybrid atmosphere of methane and coaldust exists during longwall mining operations. The aim of the project is to determine the potential for hybrid explosion conditions based on laboratory data of site testing at mines and laboratory testing and, again, as a means of suppressing the potential for coalmine explosion to occur. The project is funded jointly by the department through a seeding grant, through a recoverable loan and through some industry support. We hope to have a result available at the end of this financial year—December this year.

**The CHAIRMAN:** That is all the Government questions. We will now revert to the non-Government members. Mr Gilmore?

**Mr GILMORE:** Minister, in the "Minerals" section of the Portfolio Program Statements on page 30, I note that in the program outlays of current outlays, salaries, wages and related payments, there is a considerable increase of around $1m. It indicates that that increase was, in part, to do with the award increases in accordance with the full-year effect of enterprise bargaining arrangements. I wonder if you would tell the Committee the benefit of enterprise bargaining arrangements and why they cost us more than we were paying before?

**Mr McGRADY:** Thank you, Mr Gilmore, for that question. The Department of Minerals and Energy agreement has been negotiated in accordance with the requirements of the core agreement. The core Queensland Government departments certified agreement established a framework for negotiation of agency level agreements and staged wage increases. The department's agreement contains initiatives relating to enhanced client service, maximising the use of technology and resources, and organisational reform, which we referred to briefly before. The department's agreement also establishes targets for the implementation of initiatives from the core agreement, such as hours of duty, a reduction in payment of higher duties allowance and a reduction in absenteeism. A wage increase of 1.4 per cent was paid from 1 May of this year. A further increase of 4 per cent will be paid in May 1996, subject to productivity targets in the agreement being met. The department expects to realise savings of $690,000 by October next year through the implementation of the agreement, and this will cover the cost of the 4 per cent wage increase. All employees, including those in the regional offices, have been involved in the development, negotiation and implementation of the department's agreement.

Key outcomes anticipated from the agreement include significant improvement in productivity through those administrative efficiencies and improved job satisfaction; enhanced client service through a more efficient delivery of product and services and greater availability of specialist staff; and an increased ratio of regional to head office staff, which will improve service delivery in regional areas in line with the corporate goals. The director-general is with me. Do you have anything to add to that question?

**Mr WILLIMS:** No, I think that is a fairly full answer. Perhaps the only thing I might add is that, through the restructuring of the department, we are aiming to save some $200,000 as part of the measures agreed to under enterprise bargaining, basically, through the amalgamation of some functions and overcoming areas of duplication in the department, which the Minister referred to in an answer in the earlier part of the evening.

**Mr GILMORE:** Clearly, while negotiating this process, you set the benchmarks—and you have mentioned a number of them. In setting those benchmarks, you defined clearly where you were in respect of each of those benchmarks at that time. Could you indicate for the Committee on each of those benchmarks—the critical benchmark areas—what improvements have been made to date?

**Mr McGRADY:** I think in fairness, Mr Gilmore, I have just given you some dates. We are just starting to implement the agreement and, really, time will tell.

**Mr GILMORE:** You have said that you have already paid 1.5 per cent.

**Mr McGRADY:** That is the norm with enterprise agreements. I am sure that most members would understand that. The normal situation is that you give an up-front payment, and then there is a further payment down the track based on productivity gains. With the recent dispute at Mount Isa, the company had given 2 per cent and had promised a further 2 per cent and then had promised a further 4 per cent based on certain things happening. That is how enterprise bargaining works.

**Mr GILMORE:** On the same page, in terms of fixed capital expenditure, I understand that there is an amount there of $1.25m for the Irvinebank water supply. You spoke about that earlier.

**Mr McGRADY:** Yes.

**Mr GILMORE:** You spoke of it in terms of rehabilitation. In fact, it is a dam enhancement and water supply installation. Can you give some assurance to the Committee that that money will be spent this year?

**Mr McGRADY:** As I mentioned before, the rehabilitation budget this year is $2.6m. Irvinebank is part and parcel of that particular budget vote.

**Mr GILMORE:** But $1.25m was set aside for it.

**Mr McGRADY:** That is 1995-96. Obviously, if that money is down there for Irvinebank, we propose to spend it.

**Mr GILMORE:** I am pleased about that because the next question is about the——

**Mr McGRADY:** Just hold on a second. Ken Gluch, the deputy director-general, would like to give a supplementary answer.

**Mr GLUCH:** Yes, we have done quite a bit of work on the dam. Those studies revealed that additional work was necessary. We actually have to core the concrete to make sure the concrete is stable before we can decide which option is the best to continue the dam's existence. We expect that to be done in the near future and then we will be a position to decide on the option to take and spend that money. So the Minister is correct in giving that assurance.

**Mr McGRADY:** I think the important thing is that there is a process to go through. The money has been budgeted, and obviously it is our intention to spend the money in the coming year.

**Mr GILMORE:** That is pleasing, because we have $621,000 that was not spent on mine rehabilitation last year. It has been carried over for this year.

**Mr McGRADY:** Where did you get that figure from?

**Mr GILMORE:** On the same page, "Intra Public Account Unrequited Transfers", $621,000. It was a carryover of mine site rehabilitation funds to 1995-96. You spoke earlier about the rehabilitation work that you have done on Horn Island and in other places, but I note that, in past budgets, this has had more starts than the Bundaberg hospital. I wonder if you can provide us with an indication of how much has been spent on each of those sites and when we can anticipate that that site rehabilitation will be completed on each of those sites.

**Mr McGRADY:** I could be political, but I will not.

**Mr GILMORE:** Thank you, Minister.

**Mr McGRADY:** It certainly has had more starts than when your colleagues were in office, and we certainly spent more than when your colleagues were in office. Because of the nature of this exercise, I will not be political tonight.

**Mr GILMORE:** I am happy to ask the question on notice.

**Mr McGRADY:** Yes, I will take it on notice.

**Mr GILMORE:** Recently, I note that there have been some changes to the personnel in your department. A couple of former departmental staff are now working as consultants for a company called ACIL. There are some advertisements for that company in the publication that I have in front of me. By the way, does the Government pay for the printing of that publication?

**Mr McGRADY:** No, it is published by the department but the cost is covered by advertising.

**Mr GILMORE:** So the Queensland Government prints it?

**Mr McGRADY:** Yes, it is a departmental publication, and a very good one, too.

**Mr GILMORE:** Yes, I appreciate that. In any case, I note that a couple of former officers have gone to work for ACIL. I understand that they are now back working for the department as consultants on some legislation, or at least one of them is.

**Mr McGRADY:** The advertisement to which you refer was paid for by the company. I regret that the word "advertisement" was not placed in that ad. Tomorrow, I will be meeting with the officer involved. I can tell you now that it will never ever happen again. It was a paid advertisement. I accept your concerns. The same concerns were expressed by me.

**Mr GILMORE:** I accept that. I thank you for your answer. What happened in this article was certainly regrettable. However, the next question is: what work is being done and at what cost?

**Mr McGRADY:** As to the two officers concerned—one was the former director-general. The other is a man with tremendous ability who has served the department, the Government and the State well. I emphasise that I do not believe there is anything at all wrong with the fact that they both chose to go into private enterprise. I will ask the director-general to elaborate on the work that one of those people will do.

**Mr WILLIMS:** A Paul Balfe has been contracted by the department to do some work in relation to legislation and matters related to the development of coal seam methane in the State. He has been contracted on the basis that he has the greatest deal of expertise. The estimated cost is $7,500.

**Mr GILMORE:** So the contract did not go to tender because it was less than $10,000?

**Mr WILLIMS:** That is one major reason. The other major reason is that it was recognised that Mr Balfe had the greatest level of expertise on that matter.

**Mr GILMORE:** With respect, one would have thought that it was an awkward decision to make, given his previous employment with you, the fact that he was now working for a company of consultants and no tender was called. Who else was considered for the task?

**Mr McGRADY:** Surely in this day and age we are not barring people with the top——

**Mr GILMORE:** Who else was considered?

**Mr McGRADY:** Mr Gilmore, you asked the question; I will answer it. Surely in this day and age we are not barring people who have expertise in this area simply because they at one time or other worked for the department or the State Government. I hold this person in very high regard. If he applied to come back to the department tomorrow, as the Minister I would welcome him with open arms. I was not aware of his services to the department, so I will direct that question to the director-general.

**Mr WILLIMS:** The fact that tenders were not called on this occasion related very much to the urgency of the work. A number of companies were seeking urgent resolution of the matters on which advice is being provided by Mr Balfe. That was a major consideration in not going to tender and in not delaying the advice that has subsequently been obtained. I am very confident that the advice that will be given by Mr Balfe will be of highest order.

**Mr GILMORE:** I do not doubt that at all. However, I ask you, Minister, why it is that, given the size of your department and your policy division, you could not do that job in house given the fact that your very competent officers have completed the redrafting of some very complex legislation in house recently. Why could you not do that in house, which would have saved about $150 per hour?

**Mr McGRADY:** In fairness, decisions at this level are not referred to the Minister. I mentioned before that I was not aware that this contract had been given to Mr Balfe or anybody else. The director-general will confirm the fact that I am very careful of the amount of money which the department spends across-the-board, but in particular on consultants and other such activities. Obviously, the director-general felt that it was the correct decision to outlay the small amount of $7,500 for consultancy work. But you would appreciate that the Minister does not make decisions of this nature. Obviously, if it was a larger contract, I would be involved, but I would certainly not be involved in relation to a contract for $7,500.

**Mr GILMORE:** As we have entered into the subject, how much will be spent this year by your department on consultancies?

**Mr McGRADY:** The estimate for this year for consultancies is $658,000, which is lower than the figure spent last year. Some $50,000 was included in the 1994-95 budget for the development of the business plan for PRINCE. That was completed in 1994-95 and is not reflected in the 1995-96 figures. Expenditure on consultancies in the department is restricted to issues for which specific expertise is required. As I said before, it is monitored very closely. Major consultancies in 1994-95 included a quality control consultant for the AIRDATA survey operation and to ensure that a data quality standard was maintained. That consultancy cost $104,000. As I mentioned before, the amount spent on consultancies for the development of a business plan for PRINCE was $50,000. A series of studies to cost and prioritise rehabilitation work, which I mentioned before, at Horn Island, Chariah, Irvinebank and Croydon cost $245,000. So the bulk of the consultancies last year were in the area of rehabilitation.

**Mr GILMORE:** In respect of gas pipelines, I note on page 102 of Capital Works that $50,000 is set aside for new pipeline preliminary studies. As the Government has a quite considerable program of pipeline installation—that is, the south-west Queensland pipeline through to Brisbane and the Mount Isa pipeline—that seems to be a very small amount of money for such a considerable undertaking. In respect of the Mount Isa pipeline, have we established a market for gas in Mount Isa?

**Mr McGRADY:** In answer to the second part of the question—as you would know, on 23

December I signed an agreement with AGL giving it preference to build a pipeline. It is in the process of negotiating with potential users of gas to try to, if you like, stitch up the markets. My information is that at this point in time those contracts have not been signed and, without spelling it out here, I think you would understand one of the reasons why one of the major anticipated purchasers has not signed. So the answer to your question is that, at this point in time, AGL has not tied up those contracts. However, it is working extremely hard on it. I am in regular contact with the major players, and I keep on being assured that it is going to happen.

As you know, a tremendous amount of work has gone into the pipelines—both the Tenneco one, which will come across to the south-east corner, and the AGL one, which will go up to Mount Isa. I am confident that both pipelines will become a reality in the not-too-distant future.

**The CHAIRMAN:** The time allotted for the consideration of the Estimates of expenditure for the Department of Minerals and Energy has now expired. However, there are a couple of housekeeping matters which I wish to draw to the attention of the Minister and his staff. One is that all answers to questions that have been taken on notice this evening must be supplied to the Committee by no later than 5 p.m. tomorrow, 7 June. May I also take the opportunity of thanking the Minister, his ministerial staff and his departmental staff for their cooperation in answering the questions from the Committee this evening.

**Mr McGRADY:** Mr Chairman, may I take this opportunity of congratulating you in particular for the very professional way in which you have conducted yourself tonight. I congratulate also all the members of the Committee. As I stated in my opening remarks, my aim and the aim of the department tonight was to provide the information which was sought. It is not a contest between the Committee and the Minister; it is simply a way of explaining how we intend to spend our moneys in the coming financial year. It is part of the process of open government which our Government has initiated in this State. I believe that it is working well. I can assure you that the questions on notice will be answered in the time allotted, which is before 5 o'clock tomorrow. In conclusion—I believe that this has been a good exercise. I thank you all for your cooperation. I thank those members of my staff, and in particular Mr Farmer and Mr Hilless, for the information that they gave the Committee. I think that is what it is all about—passing on information from Government, and a Government and a Minister in particular justifying how the department operates. I think that it has been a success.

**The CHAIRMAN:** Thank you, Minister. The Committee will adjourn for five minutes to allow the changeover of portfolios.

Sitting suspended from 9.33 to 9.37 p.m.

**DEPARTMENT OF BUSINESS, INDUSTRY AND REGIONAL DEVELOPMENT**

**In Attendance**

Hon. W. Pitt, Minister for Business, Industry and Regional Development

Mr Ron Boyle, Director-General

Mr John Woods, CLLO

Mr Ray Pulsford, Manager, Finance

Mr David Eagle, General Manger, Queensland Small Business Corporation

Mr Mark Bermingham, Manager, Resource Planning and Development

**The CHAIRMAN:** The next item for consideration is the Department of Business, Industry and Regional Development. The time allotted is three hours. For the information of new witnesses, I point out that the time limit for questions is one minute and for answers is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. As set out in the sessional orders, the first 20 minutes of questions will be from non-Government members, the next 20 minutes from Government members, and so on in rotation. Opposition members will have five allocations of 20-minute periods and Government members will have four allocations of 20-minute periods. The end of each time period will be indicated by three chimes. I ask departmental witnesses to identify themselves before they answer a question so that the Hansard staff can record that information in the transcript.

I now declare the proposed expenditure for the Department of Business, Industry and Regional Development to be open for examination. Before I go any further, may I remind the department that any answers to questions that are taken on notice this evening must be supplied to the Committee by 5 p.m. tomorrow, Wednesday, 7 June. The question before the Chair is—

"That the proposed expenditure be agreed to."

Minister, is it your wish to make a short introductory statement, or do you wish to proceed direct to questioning? If you do wish to make a statement, the Committee asks that you limit it to three minutes.

**Mr PITT:** It is my intention to make a short statement. Firstly, I would like to introduce the officers who are with me at the table tonight: the Director-General of the department, Mr Ron Boyle; the General Manager of the Queensland Small Business Corporation, Mr David Eagle; the Manager of the Resource Planning and Development subprogram in DBIRD, Mr Mark Bermingham; the Finance Manager of the department, Mr Ray Pulsford; and the Cabinet Legislation Liaison Officer, Mr John Woods. Also in attendance tonight are the program managers and a number of subprogram managers from the department.

The department's mission is to promote the growth, diversification and competitiveness of business throughout the State. The department achieves this by implementing a number of key strategies across four programs: Business Development, Industry and Technology, Regional and Project Development, and Organisational Development and Corporate Services. The department's budget for 1995-96 is $93.7m, similar to this year's estimated actual expenditure of $96.3m, which has resulted in clearly defined outcomes in each of the department's four programs.

In the year ahead, the department will continue to service the manufacturing sector in Queensland as well as provide enhanced services to export service firms and small to medium-sized enterprises, especially those in rural and remote areas. The department will also provide increased support for innovation through the implementation of a $4.4m Innovation Initiatives Package. That package will build on the strength of existing infrastructure such as the Information Industries Board and the Queensland Manufacturing Institute. In addition, $2m has been provided in 1995-96 for a three-year, $15m Queensland Research and Innovation Grants Initiative. That initiative will support the expansion of high-quality final stage research and development activities within the State.

An $800,000 Enterprise Improvement Initiative will enhance the existing NIES infrastructure to provide a focus on firms in the building, construction and tourism sectors as well as for women in business. The QSBC will also implement a Marketing Plus Program to complement the existing Business Plus Program. A further $200,000 will be provided for a range of initiatives to improve the environment for small business. These initiatives include enhancements to the information available through the Queensland Business Licence Information Centre and an assessment of the feasibility of a one-stop shop for business licences. The success of the Main Street Program has led to a further $300,000 being allocated to a Rural Queensland Main Street Program. This will allow a mixture of up to 10 regional locations and up to five rural shires, encompassing up to 30 locations, to be included in the program over the next three years.

Thank you, Mr Chairman. With that short statement, I am now happy to answer questions from the Committee.

**The CHAIRMAN:** I will take the opportunity of introducing the members of this Committee to those present this evening. From my right, we have Mr Bennett, the member for Gladstone; Mr Pearce, the member for Fitzroy; Ms Power, the member for Mansfield; Ms Cornwell, our research director; Mr Connor, the member for Nerang; and Mr Perrett, the member for Barambah. Having done that, the first period of questions will commence with non-Government members, and I will hand over to Mr Connor.

**Mr CONNOR:** I refer to last year's Estimates Committee and in particular to the fact that David Eagle of the Queensland Small Business

Corporation, with all his preparation, was not asked any questions, and I do apologise for that. It was noted. It is on that basis that my first question leads directly into the Queensland Small Business Corporation. I note that the Budget papers show that the Queensland Small Business Corporation funding in relation to Business Plus has had a carryover which indicates that the full funding for the Business Plus scheme has not been expended. Why has it not been expended and what measures are you taking to ensure better acceptance of the program next year?

**Mr PITT:** I thank you for giving Mr Eagle the opportunity to be questioned this year. Could you indicate the page to which you refer in the PPS?

**Mr CONNOR:** Page 14.

**Mr PITT:** The Government has provided $1.5m per annum over the three years 1993-94 to 1995-96 for the Business Plus scheme. The carryover of funds from 1993-94 was $650,000. The carryover from 1994-95 is expected to be in the order of $1.28m. Take-up funding for 1993-94 commenced after the program launch in October 1993. Following corporation field and promotional activity, lead time for the new program take-up was three to four months. The late launch and the slow initial uptake of the program contributed to the underspending of the 1993-94 allocation. An analysis in mid-1994 of the previous six months' activity resulted in enhancements to the program after careful research and consultation. This included an increase from $1,000 to $2,500 in the maximum subsidy level and the introduction of subsidies as low as $300 for the early entrant, introduction of group plans for like businesses and travel reimbursement for consultants to remote and regional areas.

Enhancements were launched in September 1994. Following acceptance of these changes by consultants and clients, take-up of Business Plus improved significantly in the September to December 1994 period. Some 258 completions of business plans in the January to March quarter of 1995 reflect that take-up. Total subsidy payments for that quarter were over $300,000. Despite this increased uptake, a significant carryover of funds from 1994 to 1995 is expected. Some $800,000 of unspent funds from 1994-95 will be devoted to financing the portfolio's budget initiative on enterprise development. This will include the expenditure of $100,000 for the implementation of the Marketing Plus scheme. The initiative also covers enhancements to the NIES program to increase coverage of small to medium-sized enterprises in key service sectors right throughout Queensland.

A continued increase in the uptake of the Business Plus scheme in 1995-96 will be facilitated in the following manner: new consultants joining the program, consultants introducing their own clients to a greater extent, joint ventures under way with the Registrar of Business Names and DEVETIR and pilots being conducted with the trade and industry group QRTSA and a cooperative in Mackay. Following the successful pilot to the Group Plan, Group Plan is now fully launched. A low-cost business diagnostic is being piloted under the Business Plus scheme, and this will open up the scheme to a greater number of consultants and small-business operators. In south-east Queensland, in excess of 200 seminars will be presented in the calendar year 1995 to promote business plans to identify prospects for the Business Plus scheme. The Business Plus scheme is creating an impact in the way businesses operate and consultants are now offering business planning to their clients.

**Mr CONNOR:** I refer you to the board of the Queensland Small Business Corporation. What is the estimated costs of running the actual board in the next financial year? Where does it come up in the Portfolio Program Statements? What directors' fees are paid to the directors and what direct expenses are incurred for each of the directors and the secretariat?

**Mr PITT:** I will ask Mr Eagle to answer that question.

**Mr EAGLE:** I do not have the exact figures with me right now, but they will be supplied and taken on notice if you would like exact figures. If you would like an estimate—the estimate is not more than $30,000. There is no actual cost of the board's secretariat; that cost is absorbed in the running of the Queensland Small Business Corporation. We will supply those figures.

**Mr CONNOR:** I note that, in February last year, a leaked report of the Public Sector Management Commission recommended the scrapping of the Queensland Small Business Corporation or changing it around quite remarkably. I also note that the Queensland Small Business Corporation's mandate expires in September this year, which is about the time that the election is due. I also note that there is a full commitment in the budget for the Queensland Small Business Corporation's continued funding right through 1995-96. It is on that basis that I ask: is the budget stating that the Government will continue the Queensland Small Business Corporation in its present form under Government management and/or does this funding level indicate that it will be granted to any other organisation for the running of the Queensland Small Business Corporation?

**Mr PITT:** As you quite rightly point out, the QSBC Act requires a review of the corporation to be commenced by 30 June 1995 and a report to be tabled in Parliament by 30 September of the same year. The Act requires a review to examine the effectiveness and the need for continuation of the corporation, and I will shortly be announcing that that review will be getting under way.

As you are aware, the PSMC completed a program evaluation of the QSBC in December 1993. The review team conducted over 180 interviews with key stakeholders and 276 small-businesses were surveyed in all. The terms of reference for that evaluation were—and I know you will be interested in this—to report on the role, structure, operations and management of the QSBC, in particular the degree to which the operations of the corporation reflect its responsibilities as contained in the Queensland Small Business Corporation Act 1990 and in current Government policy regarding small-business; to report on the needs of small-business for advisory services and other forms of assistance and the degree to which these are being met by the corporation; to report on the relationship between the corporation and the Department of Business, Industry and Regional Development and the Minister; to make recommendations aimed at improving the efficiency and effectiveness of the corporation; and to report on any other matters of significance arising during the course of the evaluation.

As a result of that, a steering committee was established to oversee the evaluation. It comprised of the then Minister for Business, Industry and Regional Development, Mr Elder, the Director-General of DBIRD, Mr Ron Boyle, the then Chair of the QSBC, Mr Ian Ovens, the then Chair of the PSMC, Mr Peter Coaldrake and the Director of Review PSMC, Mr Frank Quinton. A number of crucial recommendations from the evaluation have already been implemented, and I might list those for you: the co-location of DBIRD and QSBC into 111 George Street, the establishment of a Policy and Research Unit within the QSBC and the improved cooperation between the QSBC and DBIRD, an example of which is DBIRD's NIES branch and the QSBC's improved arrangements of referring clients to each other's programs. Both organisations are working together to further develop the Management Skills Development Program for small business. Another example of implementation is that QSBC has increased its consultation with key stakeholders in planning and developing programs. For instance, the QSBC sought extensive small business and industry input for the development of Marketing Plus and the group plan. To summarise, previous reviews of the QSBC have contained options to alter the functions and, indeed, the location of the QSBC, and clearly the Government is committed to a continuation of the QSBC. Equally clearly, I am not going to pre-empt the outcome of that investigation.

**Mr CONNOR:** I refer the Minister to page 15 of the PPS, and in particular to the Queensland Small Business Corporation budget which shows that expenditure in 1994-95 on the QSBC was $6,545,000. You have estimated expenditure for 1995-96 to be $6,417,000, a reduction of approximately $130,000. This represents a 5 per cent or more reduction in real terms in funding for the QSBC. I ask: is the reduction in spending as a result of a deal struck with some outside organisation to take it over, or is there some other reason? Where else are the cuts coming from?

**Mr PITT:** Following the move to 111 George Street, the QSBC was reimbursed for some one-off relocation expenses in 1994-95. It has also deferred $800,000 of Business Plus to 1996-97, because it is unlikely to be needed before then. I will ask Mr Eagle to follow up on that.

**Mr EAGLE:** In 1994-95, payments to the QSBC to cover one-off costs included a total of $185,000. Those amounts are not required again in the coming year, so there would be a natural expectation that there would be a reduction of approximately that amount. There are small differences along the way; for example, there is a small reimbursement for audit fees because we now pay on a user pays basis for our annual audit. However, the fundamental difference was the one of supplementation costs for relocation to 111 George Street.

**Mr CONNOR:** There was also a QSBC board report rebutting the PSMC report. Will the Minister make that report available?

**Mr PITT:** I understand that document has become part of the Cabinet process.

**Mr CONNOR:** The Minister at the time said that the PSMC report would be done on an annual basis. If so, what did the latest annual report state as far as funding levels are concerned, and will you make that report available?

**Mr PITT:** The annual report is a public document tabled in Parliament. I can refer you back to that.

**Mr CONNOR:** This is the PSMC report.

**Mr PITT:** I understand that that document is part of the program of evaluation and the next one will not be required for some time. It will be part of the review we are undertaking now.

**Mr CONNOR:** It has not been completed yet?

**Mr PITT:** There was no requirement for it to be done.

**Mr CONNOR:** The PSMC last year identified shortcomings in the QSBC operations including "a tendency by the Corporations Board to identify more with private enterprise than with the Government." Is it not one of the major focuses and pluses for the QSBC, being able to properly understand and communication with small business so it can effectively represent it to the Government? Does not the strength of the QSBC lie in the fact that it can represent itself as independent and that its staff are not Government public servants telling people how to suck eggs?

**Mr PITT:** That is a very interesting question and a colourful comment. I am having some difficulty finding reference to that in the PPS.

**Mr CONNOR:** Turn to page 15 of the PPS, the Queensland Small Business Corporation line item. That is the only financial mention of the Queensland Small Business Corporation. You only have one line item in relation to it, so that is the only one I can refer to.

**Mr PITT:** It is like the window into the black hole, is that what you are saying?

**Mr CONNOR:** If you make it a black hole, what else can I do? If you do not wish to answer that question, that is all right.

**Mr PITT:** No, please wait a moment. You are really talking about inputs to the PSMC review. That is over and done with and a new process will be starting. As I said, I will be initiating a new review. I do not know how we can help you there.

**Mr CONNOR:** I refer to page 13 of the PPS document, in relation to the review of the Queensland Small Business Corporation under the Act. It is required that a report of the inquiry into the continuation of the Queensland Small Business Corporation Act must be tabled in Parliament by 30 September this year, as you referred to earlier. Who will be undertaking the review and will it be tabled before the election?

**Mr PITT:** I can assure you that the review will be done by an external organisation; it will not be done internally by the department. The timing of that is up to me and I cannot give any indication as to when the election is going to be.

**Mr CONNOR:** It is in the Act.

**Mr PITT:** It is up to me as to the timing to appoint those people. I cannot give an indication as to whether it will be finalised before the election because, like everyone else here tonight, I do not know when the election will be.

**Mr CONNOR:** The Queensland Small Business Corporation undertakes a number of activities. What licences and/or permits are members required to have for State Government, local government and Federal Government to operate the Queensland Small Business Corporation? How much are they estimated to cost in the 1995-96 financial year? For instance, I would imagine that you would be required to have a workplace registration, and maybe a workplace health and safety licence as well. What are they and how much do they cost?

**Mr PITT:** What is the connection between the QSBC and those licences?

**Mr CONNOR:** Members are required to have them, I would imagine, the same as everyone else. I am wondering what they cost.

**Mr PITT:** I guess they cost the same as they cost everyone else.

**Mr CONNOR:** This is an Estimates committee, and if you do not know offhand——

**Mr PITT:** I do not know offhand. I will ask Mr Eagle if he has that figure available.

**Mr EAGLE**: I do not have it available with me this evening. I will take that on notice and supply it with the other detail that I undertook earlier on to provide to you.

**Mr CONNOR**: I draw the Minister's attention to last year's Estimates Committee at which the then Minister, Mr Elder, commented on the retail shop leases mediator's report in which he stated, "In the procedural area the management decision made in the latter part of the year without consultation and without adequate information will undoubtedly have a detrimental effect on the functioning of the mediation process in the coming year." The then Minister stated that this was as a result of a trial using regionally based DBIRD officers to undertake roles in the mediation process. I ask: is it now the normal practice that DBIRD officers handle mediation of a minor nature in the regional areas?

**Mr PITT**: I might ask the director-general to answer that for you.

**Mr BOYLE**: That project last year coincided with the regionalisation of the department where the number of offices, as you know, was doubled from six to 12. It was trialled in a number of areas. However, overall, the economies of scale meant that it is far better to handle the majority of these out of Brisbane—the Retail Shop Leases Registry in Brisbane.

**Mr CONNOR**: I had better get this on the record, seeing that you were so keen in question time. This is in the Yellow Pages survey. You may have noted that the trend is down in relation to business confidence in Queensland. I ask: what does the Queensland Small Business Corporation intend to do about it?

**Mr PITT:** That is a good question. I would suggest you ask me that question during question time in the appropriate forum. I would be most pleased to answer. I was waiting for you to ask that question all last week, but you got the leader of your party to ask it for you.

**Mr CONNOR**: If you do not want to answer it, that is fine. I might forego the balance of my 20 minutes, because I have a fairly long question that I want to ask.

**The CHAIRMAN:** I will hand over now to the Government members. I ask Ms Power to continue.

**Ms POWER**: I refer the Minister to page 34 of the Portfolio Program Statements, "Capital Outlays", which is part of the Program Outlays, and I ask: can he please explain the difference between the 1994-95 budget and the 1994-95 estimated actuals?

**Mr PITT**: The 1994-95 estimated actual decrease is due to delays in capital works projects. The capital works projects delayed the extensions to the QMI building, which I am sure you are aware has now been commenced, and the Clunies Ross Centre. I would like to take the opportunity to inform the members of the details of these projects. Firstly, the QMI and the department have been working closely with the Commonwealth in developing a rationale for expanding the QMI. In the 1994 Commonwealth industry White Paper One Nation, the Commonwealth established a major initiative to build a national technology access and diffusion network. The QMI was the best practice model considered and endorsed by the national task force, commissioned by Senator Cook, to develop the background for the White Paper initiative.

The State has recently secured $2.725m from the Commonwealth in support of this initiative. The department has been running an implementation process for developing an expansion in conjunction with the implementation of the national technology access and diffusion network. This has involved a detailed needs analysis in conjunction with QMI partners, completion of a design process and the establishment of project cost estimates, a call for tenders and completed tender evaluation. The process of program implementation being undertaken by the Commonwealth has been moving somewhat slower than had been articulated by the Commonwealth to the State, and due to issues beyond the department's control there have been delays in implementation of the expansion. The expansion, however, will result in improved efficiency and improved effectiveness of service delivery for the benefit of Queensland industry as a whole.

As to the Clunies Ross Centre—while recognising the merits of the Ian Clunies Ross Memorial Foundation proposal, it was decided to undertake a comprehensive business plan in an attempt to define such issues as the centre's operating focus and building configuration. The subsequent business and strategy plan prepared by the 2I Corporation Pty Ltd recommended a stronger industry focus for the centre noting that Brisbane and, indeed, Queensland did not have the diversity of professional associations that were the tenant base for Clunies Ross House which, as you would be aware, is located in Melbourne. On that basis, it was decided to provide the opportunity to afford stronger linkages between industry and academia and at the same time take advantage of the strategic location of the Brisbane Technology Park, with attention to the growing industrial areas of south-east Queensland with respect to transport corridors and the proximity to the growing industrial areas of south-east Queensland. It was decided that the centre should be located on the technology park. The report also noted the opportunity to interact with the nearby QMI, thus forming the hub of a technology precinct. The Clunies Ross Centre has the potential to make a significant contribution to the development of science and technology in Queensland.

**Ms POWER**: I refer the Minister to page 10 of the Program Statements and quality assurance. The Queensland Government's quality assurance policy affects all suppliers to Government, including small business. The provisions of the policy are due to come into effect on 1 January 1996. Given the recent adverse press articles relating to the cost and relevance of quality assurance to small business, I ask: can the Minister please explain, firstly, what gains the Queensland Government has achieved as a direct result of its quality assurance policy; and, secondly, does the Government intend changing the policy as a result of recent media reports?

**Mr PITT**: Firstly, I would like to remind the honourable members of the Committee that the quality assurance policy is a bipartisan policy. It was developed by the Opposition when it was in power and it has since been endorsed by the Goss Government on two subsequent occasions. I would also like to remind members that the Government is the largest purchaser by far in Queensland and, in line with other major clients in the mining industry such as BHP, and in the retail industry such as Coles Myer, it has a right to demand quality assured products from its suppliers. It is then a commercial decision on the part of the supplier as to whether or not it chooses to meet the demands of its customers or, if it so desires, to do business elsewhere. There is an onus on the Government to seek the best return on the taxpayers' dollar in the same way that the major corporations seek the best return on their shareholders' funds. It may or may not surprise you that these other corporations are uniformly seeking a quality assured supply base in the same way as is occurring across the world.

The purchasing power of Government should also be used to develop local industry. Global evidence points to the development of quality assured supply chains as a major factor in sustained industry growth. It must also be recognised that Government is seeking second party certification. Roughly translated, this means that supply is only needed to implement quality assured systems relevant to the product or service they are providing. While such systems may be based on the ISO 9000 or AS 9000 standards, the rigorous provisions of these standards are only applied to small businesses where there is significant cost or risk involved with the product or the service. In most cases, small businesses need to implement only simple systems that give Government purchasing officers the assurance that they will consistently receive the product of service that they are actually contracted to receive. More than 1,207 suppliers to the Queensland Government are now quality assured along the lines of international quality standards. This is expected to reach 3,000 by January of next year based on predictions or projections from recent surveys that have been done. Suppliers of low value, low risk products and services, of course, do not have to be certified.

Gains derived from using quality assured suppliers include reliability of supply for goods and services, conformance to specifications, fewer re-works and consistency of product and service, which all adds up to big savings for both the customer and the supplier. As a result, Queensland businesses are more competitive, they are less wasteful, they are more efficient and, I believe, more profitable in the long term. Recent adverse media reports on quality assurance should, I believe, be kept in perspective. The mobile survey conducted earlier this year indicates that to June 1994 there were 70,517 ISO 9000 certified companies in the world, which is an increase of 153 per cent in 18 months. The overwhelming majority of those certificates—I will leave it there.

**Ms POWER**: I refer the Minister to page 33 of the Program Statements and the Industry Location Scheme. Since the implementation of the ILS on 1 July 1994, has the performance of the land services delivered under the scheme been monitored? If so, has the land service been successful in terms of its achievements?

**Mr PITT:** Information on development proposals submitted by successful applicants for land under the ILS is collated and used to gauge the performance of that scheme. Outcomes are then measured through the level of employment created and/or the amount of capital investment generated through the establishment of projects on DBIRD land. Data supplied by proponents who have accepted offers of sale or lease of DBIRD land during the first nine months of the scheme's operation indicate that at least $32m will be invested and over 500 new jobs created. The successful performance of the ILS land service is also demonstrated through the level of sales achieved. The department expects the target of $21m for the current financial year to be reached.

**Ms POWER:** Page 2 of the Portfolio Program Statements refers to the diverse client base of your department. It states that women in business have specific requirements and that the department will continue to adapt existing programs and develop new programs to support women as part of the diverse client base. We all know that women are an important part of the business world, particularly in the small-business sector and as business owners. Can the Minister please outline specific initiatives that are being undertaken and those proposed by DBIRD to assist women in business?

**Mr PITT:** I can concur with the member on the important role that women are playing in small business in the modern business climate. The Women in Business and Industry Project commenced in DBIRD in 1991-92. The major focus until 1994 was on the Women in Business and Industry Grants Project, which provided three years of funding for research projects on women in business and the labour force generally. During 1994, research published as a result of this grants program included reports on women in the food-processing industry and the information technology industry. Research conducted during 1994-95 to be published this year on women and business owners highlighted the economic potential of the rapidly increasing numbers of female business owners in Queensland.

My department's initiatives for women this year and in the coming year focus on this increasingly important client group for the department. In 1994-95, $40,000 was provided to program areas to develop initiatives for women business owners and the funding was used to include a component specifically for women in the Management Skills Development Scheme. This resulted in three innovative projects to enhance the skills of women in business and to develop a kit and a training package for NIES field officers and consultants to enhance their awareness of the specific needs of this client group, that is, women. In addition to this funding, targeted sponsorships were used to enhance women's awareness and usage of DBIRD's services. These sponsorships included the Women Chief Executives of International Enterprises conference that was held in Brisbane in October last year, a booklet and breakfast series on remarkable women organised by the newspaper *Business Queensland* and sponsorship of events held by regional business women's associations such as the Cairns Business Women's Club in my part of the world.

Following on from the research that was done into women and information technology, the department recognises the need to encourage women and girls to take up careers in the burgeoning IT & T industry sectors. The Information Industries Board provided funding over two years for a project to encourage girls to take up careers in information technology. The project recognises the disadvantages faced by rural girls and the disadvantages they may face in being exposed to new information technology concepts. As such, the project, which is being conducted by the University of Southern Queensland, is targeted at girls from the western part of the State. Initiatives for women in 1995-96 will focus on regional workshops for women business owners and the production of a guide for trainers of small-business people to enhance the relevance of both existing and new training activities to women.

**Ms POWER:** As the Minister for Business, Industry and Regional Development, your department is responsible for assisting small businesses. Page 9 of the Portfolio Program Statements refers to cutting costs and improving the performance of small business. Can the Minister please inform the Committee of what services and programs his department is providing to assist and improve small business?

**Mr PITT:** I think everyone recognises the important part that small business plays in the Queensland economy, and I think almost everyone recognises the support that this Government gives to small business. My department has a number of programs and services which not only assist small business but also help businesses to improve and to become more competitive. One of those is BRRU. Through the systematic review of business legislation and regulations, the Goss Government has cut red tape, making it easier for businesses to operate. The economic benefits and cumulative savings from this process are estimated to be in the order of $370m per year.

QBLIC, the Queensland Business Licence Information Centre, provides a centralised, free information service on business licences and permits. That central access point saves businesses time and money. A recent analysis by Price Waterhouse of QBLIC found that it saves business nearly $5m per year.

The Government Business Information Service or GOBIS contains information on Government services and support for business. Those services and support mechanisms are aimed at making business more competitive and more efficient. The single access point for information ensures that individual businesses receive the right help with the right service.

The Queensland Industry Information Service, QINDIS, contains information on over 10,000 organisations. That service provides business with product matching and sourcing, allowing private and public sector clients to access Queensland suppliers. It also increases the exposure of Queensland-made products and services to the wider world.

The QSBC provides an extensive range of services which are specifically targeted toward small business and provides an advice and referral service to intending and existing small businesses. The corporation also offers programs aimed directly at improving small-business management skills. Within the QSBC, the Business Plus Scheme helps business operators to prepare a business plan. I can assure you that for business this means improved expertise, growth and employment opportunities. Marketing Plus, which is a new initiative, aims to improve the skills of marketing, advertising and promotion by small-business operators. This program has a particular emphasis on regional and rural areas of Queensland.

**Ms POWER:** You have mentioned some of the groups that I will now refer to. The first one is BRRU. I refer to page 10 of the Portfolio Program Statements and the systematic review of business legislation and regulations. This massive review is nearing completion and is expected to be mostly completed by 30 June 1996. Can the Minister please outline what this review has achieved and what it has meant for Queensland businesses in terms of savings and regulatory burden?

**Mr PITT:** Let us look at the budgets for BRRU. The total for 1994-95 was $1.127m and for 1995-96 will be $1m. I suppose that change probably requires some explanation. There has been a reduction in salaries allocated due to the relocation of BRRU administrative salaries to a new administrative staff cell. The BRRU subprogram is a small unit which oversees and monitors the regulatory review activities of the various State agencies. The BRRU subprogram facilitates achievement of regulatory efficiency, principally through the systematic review of business legislation and regulations. Activity for the unit commenced in March 1991 as an initiative of this Government.

Business is assured that all regulatory regimes having significant impact on the conduct of business in Queensland are thoroughly reviewed and they are either repealed or simplified if shown to be justified, based on a cost-benefit analysis. I will tell the Committee some of the successful activities of the unit. To 30 April 1995, over 400 reviews have been completed under the systematic review. That is a completion rate of about 85 per cent. To the same date, 30 April, 68 Acts and regulatory regimes have been repealed since the review process commenced in earnest 1992.

There are another 16 that are now ready for repeal. Earlier this year, I received a letter from the then Transport Minister, David Hamill. In that letter, he pointed out that the Transport Department was reducing its legislative base from 57 Acts down to 23. I would point out that Queensland is clearly ahead of all other States and, indeed, the Commonwealth in regulatory reform. Just by way of note, recently, butcher shop and delicatessen regulations have been streamlined by the use of this process.

**Ms POWER:** I refer to GOBIS, the Government Business Information Services. On page 12 of the PPS it states that there is a 98.8 per cent client satisfaction rate with the service. It is obviously operating successfully. Could the Minister please outline the progress of this service and its benefits to Queensland business?

**Mr PITT:** GOBIS is a free central information service, which allows businesses—that is from large businesses right down to small businesses—to access information on State and Commonwealth support services and assistance programs. There are 1,100 support services for businesses listed on the GOBIS database. That includes information on research and development, quality assurance, business planning and diagnostics, financial programs and training schemes. Clients can either telephone or visit GOBIS, although I would say that most choose to use the telephone for ease of access. A 008 number has been provided for country clients, ensuring that these businesses can access information readily at no cost to them.

**The CHAIRMAN:** That concludes the time allotted for the Government members. I turn now to non-Government members. Mr Connor?

**Mr CONNOR:** I note in one of your earlier answers to a question from Government members that you were promoting DBIRD as a champion of women in business, so I ask: DBIRD is currently involved in initiatives to improve equity of access of women to DBIRD services, yet how effective has DBIRD been in establishing the equality of access of women within its own organisation? How many women are employed within the Senior Executive Service? How many men? How many women are employed permanently and full time as subprogram managers? How many men? How many women are employed permanently full time at an AO8 level? How many men? How many women are employed permanently full time at an AO7 level, and how many men?

**Mr PITT:** Mr Connor, it would appear that DBIRD is not the only champion of women in business. You have decided to take up that mantle yourself.

**Mr CONNOR:** I will take it on notice if you wish.

**Mr PITT:** No, we have the information. I will give the SES level. It is a total of 13 SES officers and of those, 13 are male. If you could just indicate what categories you want, I can give you the listings as we go through.

**Mr CONNOR:** Subprogram managers.

**Mr PITT:** They tend to be at the AO8 level. There are 12 male officers there, no females; a total of 12.

**Mr CONNOR:** AO7?

**Mr PITT:** AO7, 25 total—and this is as at 31 March; things could have changed since then—and 23 of those are male. The remaining two are female.

**Mr CONNOR:** I note that you also mentioned QA before. In view of the department's lead role for pushing quality assurance and its implementation by Queensland business, how much has your department spent in the last three years trying to implement its own quality assurance system, including the money spent on training by Deloitte Ross Tohmatsu?

**Mr PITT:** Say that again?

**Mr CONNOR:** No, I will not. I think you have got the message. How much money in wages for continuous improvement facilitators, how much money in wages for QA coordinators, how much money in wages for team training, continuous improvement contract staff, how much money spent on consultants for quality assurance?

**Mr PITT:** You are going on with a bit of long-line fishing. We will take that one on notice. I cannot provide those details straight up.

**Mr CONNOR:** Thank you. What have been the achievements for this expense? Was there ever any documented evaluation of training provided by that firm? What was achieved by the employment of the continuous improvement facilitator? Was there a performance appraisal for this officer?

**Mr PITT:** Obviously, that would have to be on notice as well.

**Mr CONNOR:** Thank you. The department's quality council has been running now for over a year. Previously, it involved monthly half-day meetings of the entire senior executive. What was achieved by this council? Do you have documented outcomes?

**Mr PITT:** I will get the director-general to answer that one for you.

**Mr CONNOR:** Thank you.

**Mr BOYLE:** It is true that the council ran every month. We are now running every two months because of the progress that has been made. Specifically, the outcomes relate to a whole raft of issues across the department. What particular outcomes were you seeking, Mr Connor?

**Mr CONNOR:** I want to know what was achieved by those meetings of the council and have you documented the outcomes?

**Mr BOYLE:** We have documented the outcomes, but we will have to take that on notice to supply that information.

**Mr CONNOR:** Thank you. Again on QA, given recent findings that AS3902 is unsuitable for small businesses—much like 9000, I guess—what is the department doing to adapt its QA program and change its State Purchasing Policy? Do you now feel any responsibility for the hundreds of small-business operators in Queensland who, under your direction, spent time and money on implementing quality assurance systems that are now agreed unsuitable?

**Mr PITT:** The cost of implementing the QA system will, of course, depend on the size of the company and the complexity of the company's business process and whether or not they implement QA themselves or they actually engage the services of a consultant. A recent survey that has been done by the State Purchasing Council has indicated that 30 per cent of companies surveyed implemented their QA systems for $5,000 or less. Of course, larger companies would incur higher costs. However, from other surveys, the average return on the invested dollar in QA systems is 4 to 1 per annum. Early indications from a survey currently being conducted by DBIRD itself show that out of the companies that attended the Government's free QA training seminars, 70 per cent of those that proceeded to implement their QA systems are doing so without having to engage consultants.

Since October 1993, the Queensland Government's Quality Development Unit has provided 366 free training seminars for suppliers and Government purchasing officers. As at the end of the March this year, these free seminars have provided free quality assurance training to a total of 7,653 people. They have been available in 50 locations throughout Queensland and of the total number of those people trained, 700 were purchasing officers.

In addition, DBIRD has funded the appointment of QA facilitators in the Metal Trades Industry Association and the Queensland Chamber of Commerce and Industry, as well as providing in-house assistance by specialist DBIRD quality assurance officers located around the State—in Cairns, Mackay, Ipswich, Toowoomba and Brisbane. In addition, agreements have been signed and financial assistance has been provided to eight peak industry associations to develop quality training programs for their individual industry sectors. In addition, the Government, via the Quality Assessment Unit in the Administrative Services Department, continues to provide free audits to suppliers to the Government. This package of assistance is recognised widely as being at the leading edge of initiatives anywhere in the world.

There was a survey of the take-up rate of suppliers who have attended the DBIRD QA seminars and of those who have proceeded with implementing a QA system. As I said, it was conducted by DBIRD's QDU. A sample of 900 business have been surveyed with 517 respondents. I am just breaking down the results from that: 91 per cent say that they have benefited from the seminars; 81 per cent would like a further, more advanced seminar; 72 per cent have proceeded to implement a QA system; and 95 per cent of these expect to have their system fully implemented by 1 January 1996.

**Mr CONNOR:** Thank you, Minister. Mr Cooke in last year's Estimates committee meeting brought to our attention the fact that DBIRD was undertaking a long-term study in quality assurance in conjunction with QUT "to try to gauge the impacts across approximately a three-year period", and I ask: has the study been completed? If so, would the Minister make it available?

**Mr PITT:** I am advised that we should take that question on notice.

**Mr CONNOR:** I refer to page 7 of the PPS. As to the RED Grants Scheme—it is understood that money allocated within the DBIRD budget for the Regional Economic Development Grants Scheme can be expended only in accordance with documented procedures, including an assessment of project proposals through the processing of appropriate applications. Do you have the reference?

**Mr PITT:** On page 7?

**Mr CONNOR:** That is the general reference. I can find the specific reference, if you like.

**Mr PITT:** Yes, if you would.

**Mr CONNOR:** It comes under current grants and subsidies. Can the Minister confirm that no money was expended from this budget in the past two years on projects other than on those approved through the official application process? Of the money allocated for expenditure under the RED Grants Scheme, was any used for other projects or consultancies? Has the program manager responsible for the scheme ever authorised expenditure of money on projects or consultancies without following the documented procedure?

**Mr BOYLE:** The moneys appropriated for the RED Grants Scheme are used purely and simply for the RED program. You mentioned consultancies. Those consultancies would be in relation to the RED Grants Scheme as well. Anything that strictly does not meet the dollar-for-dollar criteria for the RED Grants Scheme would be treated as a discretionary grant and would have to be approved by the Minister.

**Mr CONNOR:** Has the program manager responsible for the scheme ever authorised the expenditure of money on projects or consultancies without following the documented procedures? Do you want to take that question on notice?

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

**Mr CONNOR:** I will move on to industrial estates. I remind you that, last year, you budgeted over $15m for capital works and, according to page 34 of the Portfolio Program Statements, you spent $5,014,000. The year before that, you budgeted $17m and spent $6m. The year before that, you budgeted $13m and spent $4m. The year before that, you budgeted $9m and spent less than $2m. Last year, I asked the then Minister about this discrepancy. Mr Elder stated—

> "There were a number of delays last year to this year. Bad weather held us up with the Lytton Industrial Estate. There were other deferments with the Clunies Ross Science Centre. That was based on formulating a business plan."

Further, your predecessor stated—

> "In framing the budget for the capital works program within a department, one always looks at the need. Based on the best advice available at that time . . ."

I ask the question that I asked your predecessor: do you overestimate the capital works funding each year to make the figures look good? Have you had a number of years of bad luck in which projects did not come together? Are you having trouble getting things through red tape, or is there some other reason?

**Mr PITT:** I can answer only in relation to the past year. As I said before, it was basically in relation to the QMI and Clunies Ross.

**Mr CONNOR:** Is that your answer?

**Mr PITT:** That is my answer.

**Mr CONNOR:** That is the total answer? Amazing! It seems that it has been the track record of your department and Government over the past five years or so that, if a multiple of three is used for your capital works funding figure, it works out to be reasonably accurate; in other words, if you say "15", you actually mean "five". Would that be a reasonable summation on that basis?

**Mr PITT:** No.

**Mr CONNOR:** Last year, your predecessor maintained that these Estimates were based on the best available advice at the time. Who is giving you that advice?

**Mr PITT:** I think we have found the information that you require.

**Mr BOYLE:** The information which goes to make up our Capital Works Program is put together by the department's project management and assistance people. As the Minister has said, the two major items which contributed to the short run in relation to the Capital Works Program last year, and which it is anticipated will be completed in the forthcoming year, are the Queensland Manufacturing Institute extensions and the Queensland Clunies Ross Centre. Going through each of those in turn—tenders for the construction of the QMI extensions closed in March this year and were approved to go ahead only a few weeks ago. As to the reasons for the delay—during planning, the project was doubled in size to accommodate the additional requirements of the participants, and this will be funded by a grant under the Commonwealth Technology Access Program. Delays occurred in the negotiations with the Commonwealth Department of Industry, Science and Technology. However, it is pleasing to note that on 25 May Senator Cook announced that a grant of $2.75m had been provided over the next four years. But there were delays in that happening. The extensions are now proceeding and are well advanced.

In relation to the Queensland Clunies Ross Centre—the design and development of that project have been completed, and tender documents for a construction contractor have also been completed. Tenderers have been short-listed, and the project is now awaiting finalisation of the formal agreements between DBIRD and the Ian Clunies Ross Memorial Foundation. It is acknowledged that there have been delays in relation to the Clunies Ross Centre. However, it is emphasised that DBIRD cannot dictate this process. It is a process which involves both us and the Clunies Ross Foundation, as the other partner in the negotiation. We are pursuing these agreements vigorously. However, as I said, they are dependent upon the foundation's response.

**Mr CONNOR:** I refer again to page 106 of Budget Paper No. 3, on which it is stated that there is $2m for special assistance. You might remember this question from last year as well. I ask: what, if anything, was the $2m or part thereof spent on this year? That is a reference to the special assistance fund that you do not spend.

**Mr PITT:** As it says, it is for special assistance provision. It is provided on the basis of any special needs arising. That is why it is there.

**Mr CONNOR:** Did you spend any this year?

**Mr PITT:** No.

**Mr CONNOR:** The same as last year? So it is used to bump up the Capital Works Program?

**Mr PITT:** No.

**Mr CONNOR:** I refer the Minister to last year's hearings of Estimates Committee E, when the then Minister acknowledged through Mr Peng that there was a one-off extra $17,143,000 repayment to the QTC in addition to the normal $13.7m per year. The Minister maintained that that was as a result of being "able to rid ourselves of some of those industrial estates that play no strategic advantage". On that basis, I ask: has there been another one-off extra payment to the QTC in addition to the normal repayments, or will there be in the next financial year? What are now the normal repayments?

**Mr PITT:** You would be aware from your perusal of this document that the department did make a one-off repayment of $17.1m in 1994-95. That was to reduce the outstanding balance of our QTC loan. This has had a significant effect on the annual interest bill, and for 1995-96 we have conservatively made allowance for an increase in the prevailing interest rate. As to current repayments—there was $3,428,887.65 due and payable on the 15th of the last month of each quarter.

**Mr CONNOR:** Are you intending to make any other one-off payments to QTC?

**Mr PITT:** That is not proposed at this stage.

**Mr CONNOR:** What is the balance of the Industrial Estates Account Trust Fund?

**Mr PITT:** As at the end of this year, it will be $26.852m.

**Mr CONNOR:** What income and expenditure from that fund is that based on?

**Mr PITT:** The income for this year is $21.295m from the sale of land and the expenditure is $21.312m.

**The CHAIRMAN:** We will now move to the Government members, and I call on Ms Power.

**Ms POWER:** I want to go back to the Business Development Program. Page 13 of the PPS refers to the Queensland Business Licence Information Centre. According to the Price Waterhouse review of all States' business licence information services, the average client approval rating was 94 per cent. Page 12 of the PPS mentions a client approval rating of 97.5 per cent for the Queensland service. Will the Minister please inform the Committee of the service that QBLIC provides and what it means for Queensland business?

**Mr PITT:** The Queensland Business Licence Information Centre provides a centralised free information service on State and Commonwealth business licences and permits. As I indicated earlier in the evening, it was initiated by the previous coalition Government and it commenced its operations in April 1990. People can access QBLIC by telephone, fax or letter, or they can visit the centre. Trained operators search the QBLIC database and provide business clients—those who are intenders or those who are already operating—with information on the full range of State and Commonwealth business licences, usually in the form of printed information packages. Those packages include departmental contact details, most—but not all—licence application forms, costs and renewal details and other relevant licensing information. Packages are mailed the same day as the inquiry is received. Currently, over 20,000 clients per year contact and make use of QBLIC.

Because QBLIC has details of all State and Commonwealth licences, these clients save significant time in locating and collecting information on licensing requirements. In effect, the service is an excellent mechanism in the reduction of red tape—something we are all desirous of cutting down. A recent cost-benefit analysis from external consultant Price Waterhouse advised that QBLIC saves business nearly $5m per year and its own costs in savings to other departments. QBLIC not only assists business; it also increases legislative compliance by ensuring that businesses are aware of their full obligations. The service has an exceptionally high customer satisfaction record—as indicated, over 97 per cent—and this has been highlighted in two recent external reports by independent consultants.

In 1995-96, an investigation into extending QBLIC to include the processing of the most common licences will be undertaken. Under this proposal, it is envisaged that the most common licences would be combined into a single common business licence which would be completed by the QBLIC operator, including allocation of the business name and requiring the client only to check the details, sign the form and then return it to QBLIC. QBLIC would then transfer the information electronically to the administering departments for their records and action. I believe that this proposal has the potential to be extremely popular with business and increase compliance at the same time.

**Ms POWER:** On page 8 of the Program Statements reference is made to QINDIS, the Queensland Industry Information Service. As I understand it, this service can be accessed by the private and industry sector as well as Government agencies. Will the Minister please explain what services QINDIS provides and the benefits to Queensland business?

**Mr PITT:** QINDIS is the department's major client database, and it contains detailed information on 8,500 manufacturers and will, over time, be expanded to include service firms as well. Copies of QINDIS are held by other agencies, including Queensland's overseas offices, and details are held on products and services provided, contact information, turnover and employee numbers. The latter information is commercial in confidence and therefore is not released to the public. The primary role of QINDIS is to increase the exposure of Queensland-made products and services, including the promotion of opportunities for export and import replacement and investment. The service also provides business with a product matching/sourcing facility. For example, if a business sector customer wishes to source Queensland suppliers, QINDIS will often be able to help them in that endeavour.

Last year, 15,000 searches of the database were conducted on behalf of clients and details of 900,000 suppliers were thus provided. Information on the QINDIS database is accessed by a number of sectors and organisations, and they include: the industry sector; the private sector; other Government departments, State, Federal and local; peak bodies; industry bodies; and, last but not least, regional development organisations. All information and the services provided by QINDIS are totally free. A PC version of QINDIS is located in the four Queensland Government overseas trade offices for use by staff in sourcing Queensland industry information. The PC version of QINDIS is also distributed to some other Government departments and regional development organisations.

I might add that another role of QINDIS is as a management information system for DBIRD. Field officers can have QINDIS on their laptops and access industry information when servicing their clients. QINDIS information can be used in many ways. One example is that a field officer rang QINDIS requiring urgent information on Queensland companies with construction capabilities. This was faxed to him within just 15 minutes while he was still with the client. The information resulted in one contract to date generating $3m to $4m and another estimated to produce somewhere between $50m and $100m worth of business to this State.

**Ms POWER:** I refer to page 10 of the Program Statements and the Retail Shop Leases Act. When the Retail Shop Leases Act came into operation in 1984, the purpose of the legislation was to set the guidelines by which retail shop leases are bound. It has been said that the dispute resolution activities conducted under the Act are a model that all other States endeavour to copy. In the latter part of last year, the Act was amended. Why was it considered necessary to review the legislation? Were the views of interested parties in the retailing industry obtained prior to those changes being adopted? How will the changes be of benefit to the retailing industry?

**Mr PITT:** You asked why the legislation was reviewed. There were three major reasons for that. Firstly, the Government is committed to a systematic review of business legislation and regulation. Secondly, there were market-based concerns, particularly in relation to the 1984 Retail Shop Leases Act, coverage of rent and ongoing outgoings issues. The third point is that the Act itself provided for a review to commence prior to May 1994. There was widespread consultation with stakeholders as part of the review. An issues paper was distributed throughout Queensland, and four meetings were held at the key stakeholders' advisory forum. Meetings were subsequently conducted at 12 regional centres throughout the State.

Following consideration of submissions received on the issues paper and after further discussion with retail lessees, lessors and professional advisers, the Government established its preferred position on the issues under review. A position paper containing the Government's preferred position was published, and that in turn was widely circulated for further additional comment. Formal submissions on the issues paper and the position paper numbered 85 for the issues paper and 69 for the position paper, and they included major submissions from representative industry associations.

Follow-up discussions were held with a wide range of major stakeholders, including two joint meetings on the position paper proposals with key industry associations representing retail lessees and lessors. The key associations referred to, namely the Retailers Association of Queensland, the Queensland Retail Traders and Shopkeepers Association and the Building Owners and Managers Association, were also invited to consider and comment on the draft of the Bill. The review identified an imbalance in market power in lessor/lessee relations in favour of lessors and the subsequent changes to the Act rectify this position.

The Act now provides that a lessor must supply a comprehensive disclosure statement to retail lessees before a retail shop lease is entered into. Many problems that were previously confronted by retail lessees will now, as a result, be avoided. The practice of lessors passing on to retail lessees the legal and other expenses involved with lease preparation is now prohibited by that Act and a lessee can now enter into a retail shop lease and be aware of what method will be used to determine how rent will be calculated through the life of the lease. The new Act also prohibits ratchet clauses and multiple rent review clauses for determining how rent will be reviewed, as the use of such clauses and leases was one of the most obvious manifestations in an imbalance in market power in favour of lessors.

**Mr PEARCE:** I refer the Minister to industry and development on page 18 of the PPS and the work done in securing defence contracts for Queensland firms. As I understand it, the department has recently supported increased industry involvement in defence procurement. Can you explain how the Government is providing support to industry to take advantage of opportunities for new defence contracts and what this has meant for Queensland business?

**Mr PITT:** As background information, the national defence budget for 1993-94 was $9.5 billion and defence expenditure in Queensland for 1992-93 was only approximately $350m, with about $200m of this going in salaries. Over the next decade, defence is relocating a large percentage of its operations to northern Australia as part of the Federal Government defence policy. Defence spending within South East Asia is increasing as forces are being modernised. Queensland industry is, of course, therefore in an advantageous position to reap commercial dividends in both domestic and export markets.

With this in mind, in January of last year, the then Minister endorsed a new defence strategy which provided a new strategic direction that was geared towards leveraging opportunities for Queensland industry in defence purchasing. The strategy paper is built upon several years of defence opportunities' work undertaken within this department. The key to any success lies in a number of factors: the early identification of defence opportunities; matching the strength of Queensland industry with specific major and minor capital projects; promoting increased involvement by firms and networks to achieve critical mass in providing equipment, supplies and services to defence at both local and international levels; providing a range of customised Government initiatives geared towards supporting a successful tenderer; and also promoting joint ventures between local Queensland firms and overseas firms.

As I said before, the relocation of personnel north, combined with local purchasing of minor capital replacement and services by defence, provides many opportunities for the individual Queensland firms. DBIRD has initiated the development of four defence industry supply networks within Brisbane, Townsville, Cairns and the Gold Coast. Over the next year, the networks will be expanded to include firms from the Toowoomba area as well. As a result of early identification of defence opportunities for Queensland firms and increased interaction between firms in networks, throughout this financial year Queensland firms had, by 31 March of this year, won some 839 defence contracts, each worth more than $10,000, to a total value of $128m. DBIRD has had a direct influence in securing contracts worth $21.74m and partial influence in securing contracts worth $16.32m.

**Mr BENNETT:** The Department of Business, Industry and Regional Development has lead responsibility within Government for the development of the Queensland food-processing industry. Page 20 of the Portfolio Program Statements states that there will be an increased focus on the food-processing sector. How is it intended to increase the international opportunities for the food-processing industry and what results have been achieved to date?

**Mr PITT:** The Government is taking positive steps to improve the food-processing sector's export performance. My department, in association with the Department of the Premier, Economic and Trade Development and the Department of Primary Industries, is implementing the Queensland Agribusiness Export Strategy, QAES. The role of QAES is to increase exports of primary products and to coordinate the delivery of Government support services to the sector.

DBIRD has lead agency status for the development of Queensland's food-processing sector, and Cabinet endorsed the main elements of the Queensland Food Industry Strategy in late July of 1993. In December of that year, the Queensland Food Industry Strategy was amalgamated with the Queensland Agribusiness Export Strategy. The department will commit additional resources of up to $3m over the next two years to support the food-processing sector in identification and development of commercially based projects aimed at increasing value adding, exports, import replacement, investment and employment. This increased activity will be drawn together under the title Queensland Food Project.

The Queensland Food Project will specifically target new value-adding opportunities—both products and processors. It will target specific investment in support of these projects and the development of centres of excellence in research and development and training and the development of supply and distribution training infrastructure. It will target regulatory impediments and, of course, the promotion and adoption of new management technologies, including networks, which I have mentioned before, and commercial alliances, including various joint ventures.

During the past year, 14 major food projects have been identified and developed to an advanced stage, representing potentially $25m in investment, $500m in new exports or import replacement and, very importantly, 1,000 new jobs. Special emphasis will also be placed on the commercialisation of investment opportunities in the food-processing sector in regional areas. The project will be supported by dedicated food-processing specialist positions established within DBIRD.

**Ms POWER:** On page 19 of the PPS, reference is made to the Queensland Grants for Industrial Research and Development scheme. I understand that the QGRAD scheme has been operating for four years and that it is intended to increase the competitiveness of Queensland firms in the manufacturing and traded services sector by providing financial assistance towards significant new product or process development. Can the Minister explain what response the scheme has received from industry and the outcomes achieved?

**Mr PITT:** The QGRAD scheme was established to complement and boost the impact of Commonwealth innovation programs by providing additional support for industrial R and D in Queensland. This was considered necessary, given the importance of technological innovation as a prime drive of enterprise development and economic growth and the particularly low level of industrial R and D that had existed in Queensland. Although essentially a back-up scheme to the Commonwealth Innovation Program, the QGRAD scheme has played a valuable role in this regard. It has done this by providing support to worthwhile projects that would otherwise not be funded and therefore would have been most unlikely to proceed.

Since the scheme became operational in 1990-91, applications relating to over 140 projects have been evaluated and 55 grants have been approved in principle, with formal agreements having been put in place in regard to 45 of those projects. In relation to the other 10 projects out of the original 55, six were subsequently withdrawn and I understand that four are still under negotiation. Some $6,228,351 has been committed to support the 45 formalised projects and there is a further $804,362 in commitments pending the acceptance of grant offers and negotiation of formal agreements. A total of 23 projects had completed their R and D as at 31 December 1994, with 15 projects having already achieved some level of sales.

The QGRAD scheme has the role of encouraging firms to apply for and utilise Commonwealth innovation support funds. This is being achieved through advice, liaison and referral. In 1993-94, 70 per cent of Queensland projects funded under the then Commonwealth Discretionary Grants Scheme were referred through QGRAD itself. Support of R and D in firms through QGRAD has generally resulted in an enhanced competitiveness of assisted firms, with significant flow-on effects to the Queensland economy. In January this year, a survey of 18 completed projects was conducted to determine the direct and spin-off results to recipient firms and the external benefits to the economy. In summary, therefore, each $1 of QGRAD assistance was matched by $1.64 in R and D investment in recipient firms and was estimated to lead to the following commercial results: up to $69.96 in additional sales, $42 in export sales and $21.06 in import replacement sales.

**The CHAIRMAN:** We will move to non-Government members.

**Mr CONNOR:** Is it not the case that you have a stated policy to deplete Government-owned industrial estates around Queensland so that they can be used to reduce the State Government debt and make the Government debt figure look better? How many of the industrial estates do you intend to sell off this year, and which ones did you sell off last year? Which ones are you targeting this year? How much do you expect each to return? If you are selling off industrial estates in the rest of Queensland, why are you spending over $3m in developing new Government industrial estates in and around Brisbane?

**Mr PITT:** The answer to your first question is: no. Of the industrial estates inherited by this Government throughout Queensland, some were not performing, and Government has a responsibility to ensure that——

**Mr CONNOR:** But you did not have performance indicators.

**Mr PITT:** Let me finish. The Government has a responsibility to ensure that its funds are placed in the right quarters. The Government has changed its policy on the provision of industrial land. Since the establishment of the forerunner of this department in 1963, the Department of Industrial Development, land has always been purchased or appropriated by the Crown for the development of industrial estates throughout the State. With the wisdom of hindsight, some of the land has proved to be inappropriate for use by the manufacture industry, generally because of poor location. Some country town estates which were established as a result of political direction have generally proved to be unsuccessful. To name a few: Childers, Gin Gin, Nanango and Bowen come to mind.

All DBIRD land-holdings have been assessed by the department and classified as being: strategically important to underpin the economy; able to satisfy immediate market gaps or market failures; non-strategic land which can be sold at a profit; or even unsuitable land for business and industry and for disposal on the best available terms. Land-holdings in those first two classes are being retained as a resource base or a land bank for the industry location scheme. The other categories are being sold by the best means to reduce the borrowings and debts associated with the previous Industrial Estates Program, or are being disposed of through the Government Land Register. Proceeds from the sale of land in 1993-94 were $22.5m, and the $21m target for the current financial year is expected to be achieved. Forecast sales for 1995-96 are $18.9m, and these figures include free-holding of some leases. The best performance indicator of many of the estates developed under the previous Government is the funds we are now securing through their disposal.

**Mr CONNOR:** Which ones were they? Which ones did you sell off last year, and which ones do you intend selling off this year?

**Mr PITT:** I have already mentioned that we have sold some off, and I gave the examples of Childers, Gin Gin, Nanango and Bowen. I do not have the full list, but I can provide that information on notice.

**Mr CONNOR:** I now refer to page 31 of the Portfolio Program Statements. The capital works budget for 1995-96 is $15.56m. The Queensland Clunies Ross Centre will cost $5.8m; the QMI extension, $4.14m; major industrial development at Hamilton, $2.1m; Yatala, $1.8m; and the Brisbane Technology Park, $0.37m. If you add up those figures, $15.56m is to be expended, with $13.26m being spent in and around Brisbane. That means that in excess of 85 per cent of your Capital Works Program—assuming it actually occurs this year, which is doubtful—is being spent in the south-east corner. However, page 2 of the PPS states—

> "Approximately 70% of Queensland business is located outside the Brisbane metropolitan region."

Why are you spending 85 per cent of your Capital Works Program on approximately 35 per cent of the business community? Why is it, when you are selling off industrial estates all over the State and are able to pay off $17m of the industrial estates, that at the same time you are spending in excess of $13m in the Brisbane area?

**Mr PITT:** Thanks to the policies of the previous Government, we have more than the requirement outside the south-east corner. The pressure right now, due to the lack of foresight of the previous Government, means that we have to make purchases in this area.

**Mr CONNOR:** I remind the Minister that as a region Brisbane regularly has one of the lowest unemployment rates in Queensland. Areas such as the Gold Coast, the Sunshine Coast and other regional areas of Queensland have, in some cases, double the unemployment rates—not to mention youth unemployment rates. However, you are targeting your Capital Works Program for industry development in the area with the lowest unemployment rate. Can you explain that to me?

**Mr PITT:** I repeat that if you are going to draw a connection between industrial land and employment levels, I point out that we have adequate land in those areas. The metropolitan area has been short-changed by previous Governments.

**Mr CONNOR:** If the industrial estates are not ultimately to provide employment, what are they for?

**Mr PITT:** The industrial estates are to provide access to land for business to establish, and ultimately that will provide employment opportunities. As I said before, if access to land is the only indicator, we have an excess of land in the non-metropolitan areas of Queensland.

**Mr CONNOR:** I bring your attention to page 3 of your ILS document. In the top left-hand corner it is stated—

> "The role of the ILS will not sustain a purely commercial operation providing a commercial return."

I now refer you to the fourth dot point on the other side of the same page where it says—

> ". . . to provide appropriate zoned and serviced land to eligible clients on a commercial basis."

Does that not contradict itself?

**Mr PITT:** We have just found the document. Will you repeat the question?

**Mr CONNOR:** It states—

> "The role of the ILS will not sustain a purely commercial operation providing a commercial return."

Then you go to the fourth dot point on the other side page, which states—

> ". . . to provide appropriate zoned and serviced land to eligible clients on a commercial basis."

Does that not contradict itself? If not, why not?

**Mr PITT:** I do not understand your inference.

**Mr CONNOR:** I will try to spell it out a little more clearly. On one side of the page you are saying that you are going to supply land on a commercial basis; on the other side of the page you say that it will not sustain a commercial operation.

**Mr PITT:** I have got it. Again, I cannot understand your inference, that is all.

**Mr CONNOR**: You are supplying land to the market place—

**Mr PITT**: You do not have to repeat it.

**Mr CONNOR:** I am not repeating myself.

**Mr PITT:** You have asked a question. If you just wait a moment, you might get an answer.

**Mr CONNOR:** I thought you had answered, sorry.

**Mr PITT:** You have got two of the brightest brains in Australia working on this and we still cannot understand your question.

**Mr CONNOR**: You are supplying land to the market place, as you say in the second lot of dot points, the fourth one down, "to provide an appropriate zone and serviced land to eligible clients on a commercial basis." I would say you are selling into the market place at commercial prices. But then at the top left-hand corner you are saying that it cannot be judged on a commercial basis. If you are supplying into the market place real estate leases at a commercial rate can you then not judge the operation on a commercial basis?

**Mr PITT**: The director-general, I think, has fathomed out your Chinese puzzle.

**Mr BOYLE**: As the Minister mentioned before, we basically supply land for two purposes. One is for strategic purposes and the other is to fill market gaps. Clearly, land held for strategic purposes—and we are talking about land, for example, held in Gladstone where we buy well ahead of the market—it is impossible to put a commercial value on it because of the strategic purposes that we are holding it for. It may not be developed for many years to come, yet the Government has to meet that demand. That is particularly the case with the larger sites which are used for special industries—noxious offensive hazards, those types of industries—because the private sector will not meet that demand.

**Mr CONNOR:** You have two types of holdings; commercial and non-commercial holdings.

**Mr BOYLE**: When it comes on stream it is treated commercially, but where we are purchasing land well ahead of when it is required, obviously it is being held for strategic purposes. It is a land bank.

**Mr CONNOR**: Fair enough. This question relates to grants to industry organisations. I refer to page 69 of the Estimates Committee E from last year, and I quote a question I asked when I referred to the current grants and subsidies—

> "Why has the detail from last year which shows the actual amounts of grants to industry organisation been deleted? I ask: will the Minister detail the actual amount of grants to industry organisations and will he give an undertaking that details of that will be included in the Budget Paper next year?"

I will take it on notice, if you like.

**Mr PITT:** No, do not bother doing that.

**Mr CONNOR**: The point was that up until last year you had a separate line item for grants to industry organisations. That was deleted last year. I brought it up and it was deleted again this year. When you have a big item such as the QSBC, a Government organisation, included in the same area, it makes it very difficult to indicate the performance level of your department when a major part of that line item is going within the department.

**Mr BOYLE**: Back to your original question, these are the sorts of grants we provide. We provide grants to ISO, the industry associations for quality development, the Queensland Institute of Technology for quality development. They are the sorts of things. By way of explanation, I think you should be aware that we do not define what goes into the tables in the PPS, that is up to Treasury. They define the format and the content of the PPS itself.

**Mr CONNOR**: Can I get an understanding from the Minister that he would at least make representations to the Treasury, if it is the case that they decide these things, to have a proper dissection of the Budget papers so that we can understand exactly what you are on about. The fact is that it had been there in the past so a decision has been made in the last two years to take it out of the Budget papers and, as I said before, to properly dissect where the funds are going, that should be in there. I would ask him to give an undertaking that he would make representations in that regard.

**Mr PITT**: Your comments have been noted.

**Mr CONNOR**: I refer you to last year's Estimates Committee E, page 74, in which your predecessor said in relation to the Queensland Small Business Corporation—

> "We will put in place a policy coordination group which will deal with the policy issues in relation to small business across departments".

It was also stated at the time—

> "Members of that group would be the director of strategic planning, the general manager and the executive officer of persons heading up the secretariat."

I ask: what is happening with that group? Who presently is on that group? What are their terms of reference? What is the estimate for that group for 1995-96? Where would it appear in the Budget papers? What has it achieved in this financial year? What is it expected to achieve in the 1995-96 financial year?

**Mr PITT:** I refer that question to the director-general.

**Mr BOYLE:** Following the meeting of the board after the review by the PSMC it was decided that a far better approach to that would be for the portfolio coordination to be handled both by the Chairman of the QSBC, Mr Andrew Stewart, and by myself as director-General of the department, recognising that by virtue of my office I am also a member of the QSBC board. So Mr Stewart, as Chairman of the QSBC, and myself, as CEO of the department, meet on a monthly basis either just prior to or immediately after monthly board meetings to discuss major policy issues, possible agenda items, for example, progress with the review recommendations and so on. Clearly, there is no cost because we see that as part of my ongoing duties and Mr Stewart sees it as part of his. We meet monthly.

**Mr CONNOR**: What has been achieved in this financial year and what is expected to be achieved in the 1995-96 financial year?

**Mr BOYLE**: I think I just said that we basically discuss possible issues for inclusion on the board agenda and they would be issues such as the spending on Business Plus and co-location issues in relation to DBIRD and QSBCs offices. One of the particular issues that we have discussed in recent times has been the adoption of a more seamless approach to portfolio business planning between the Business Plus scheme, which is delivered through the QSBC and NIES, the National Industry Extension Service, which is delivered through the department. So issues of that nature are discussed as well as the progress of the implementation of the review recommendations.

**Mr CONNOR**: I now refer to Main Street Program. Four grants were given to electorates held by ALP members and one grant to an electorate held by a National Party member. What are the selection criteria? Who made the decisions? How are the grants monitored and evaluated? It is on page 4 of the PPS, the second bottom paragraph.

**Mr PITT**: You would understand that the Main Street Program, which has been an initiative of this Government, has been very successful indeed. If you are suggesting that there is any weighting or loading in a political sense for the siting of those programs or projects, I refute that. As far as selection criteria are concerned, I have a public document entitled Queensland Main Street Program Outline which perhaps you could have read before you asked the question.

To assist you, submissions are based on the following points—the anticipated benefit to the BID business community in terms of employment turnover, profitability and investment; the ability of the community to match the State Government funds—funds that we are providing through this department; the commitment to, and cooperation of, all key players to the program—key players are the relevant businesses and building owners, the local authority, and business and economic development associations in the area; the extent of initiatives already commenced or proposed by the BID; and value for money, of course, in the funding sought relative to the anticipated benefits that people see coming from it. They are the selection criteria that are used and they are rigidly applied.

The Main Street Program tries to enhance the business performance identified in main street areas, cities, towns and other localities throughout the State. This is achieved by bringing business people, local government and community representatives together to establish a coordinated method of managing those areas.

**Mr CONNOR:** Could that document be tabled?

**Mr PITT:** We will make that available to you. It is a public document.

**The CHAIRMAN:** That ends that allocated period of time for questions by non-Government members. We return to the Government members.

**Ms POWER:** It is noted on page 17 of the Portfolio Program Statements that up to $15m will be provided over three years for Queensland Research and Innovative Grants. Moreover, a Queensland Research and Innovative Council is to be established. Could the Minister please inform the Committee of the proposed aims and activities of the grants and what it will mean for Queensland industry and the role the council will play?

**Mr PITT:** Perhaps I could start by defining QRIG, Queensland Research and Innovation Grants. The purpose of the scheme is to provide a significant boost to innovation and research and development activity in the State by increasing the funding that is available for final-stage research and development directed towards the commercialisation of science, engineering and technology projects undertaken in Queensland.

Perhaps we could indicate what it does. An interdepartmental steering committee will be formed to oversee the further development and implementation of the council and the scheme. Generally, projects funded under the scheme will have to involve applied research towards development of the project. They will have to demonstrate a potential to lead to a commercial application and also be able to attract collaborative funding from industry or other sources and be of strategic importance to industry development in Queensland.

The scheme was announced in the document From Strength to Strength. The council is yet to be established and the scheme has yet to be implemented. The scheme is expected to become operational by January of next year. As indicated, $15m has been allocated to the QRIG scheme over a three-year period. It is proposed that $2m will be expended in year one, $5m in year two, and $8m in year three.

It begs the question: what will this scheme actually do for Queensland industry? We all understand that innovation is a major driver of economic and social advancement. Research and development in particular is a key enabling mechanism that provides innovative solutions for business to enhance productivity, to increase competitiveness and expand employment opportunities. It has been identified that there is a need to further enhance our research and development and innovation performance if Queensland businesses are to successfully keep pace with international technological developments and, in the process, remain competitive. It has also been identified that there is a need for Government to support and enhance private sector research and development efforts.

QRIC, that is, the council, will be established as a collaborative body with representation from Government, industry and tertiary research institutions to advise on the administration, the focus and the development of the QRIG scheme. QRIC will be responsible for providing independent advice to the Government, assessing projects, providing advice on projects funded under QGRAD schemes and providing a forum to enhance information flows among Government, industry and the various tertiary research institutions.

**Ms POWER:** I refer to page 17 and the Industry and Technology Program in the Portfolio Program Statements and the Queensland Manufacturing Institute, which, of course, is in my electorate. I might point out for the benefit of the member for Nerang that there have to be a few benefits when you get the road system that I have in my electorate, and siting technology parks makes good business sense. Minister, you referred earlier to the expansion of QMI. Could you please outline what QMI does and the benefits to Queensland?

**Mr PITT:** QMI provides a range of technology support services to the manufacturing industry. The basic role of the institute is to assist companies to search out, implement and apply new manufacturing technologies in assisting to build an internationally competitive advantage for the firm. You asked what we are doing for regional Queensland. I am pleased to inform you that plans are being developed to make QMI services available to industry in regions outside south-east Queensland and consultancies are currently developing cases for north Queensland and also for central Queensland.

QMI is currently in the process of a $5.5m expansion which will, in effect, triple the size of the facility. The Commonwealth has just recently agreed to contribute $2.75m over four years towards the costs of this expansion. That was announced by Senator Cook only recently. Contributions have increased to cover the DBIRD share of the increased lease costs of the bigger building, certain fit-out and new equipment costs and continuing involvement in the Intelligent Manufacturing System Project, the IMS Project.

I will tell the Committee some of the successes of QMI. Whitco is one of the many companies in Queensland that have benefited from a resource such as QMI. Through QMI searching internationally and assisting companies to adopt technology, Whitco has secured multi-million dollar orders in overseas markets. I point out that QMI was a best-practice model considered by a Commonwealth task force on advanced manufacturing technology of fusion. The recommendations of that task force were endorsed and they were funded in the 1994 Commonwealth policy statement Working Nation. I believe that the QMI plays a very important role in developing technology-based skills in industry in this State. As I have said before, the net result will be real and long-term job opportunities for Queenslanders.

**Mr PEARCE:** I refer the Minister to page 21 of the Portfolio Program Statements, in particular the Industry and Technology Program and the Management Skills Development Scheme. I understand that the Management Skills Development Scheme was launched as a pilot activity in 1993-94 and was continued in 1994-95. It provides financial assistance of up to $10,000 on a dollar-for-dollar basis for business associations to improve the business management skills of their members through workshops, courses, instruction manuals and other educational methods. It has now been incorporated into the NIES suite of programs for Statewide promotion and delivery. What outcomes has the scheme achieved and what was the rationale for aligning it with NIES programs?

**Mr PITT:** The scheme has been quite successful. It aims to encourage business and industry associations to assist their membership to undertake business skills development programs. As you would realise, there are over 143,000 small businesses in Queensland. It has been estimated that they represent approximately 97 per cent of all business in this State. Therefore, it is impossible for any one organisation or agency to work individually with all of those firms.

The MSDS is able to harness resources to complement the activities of industry associations and the various business groups. It does this by subsidising such activities as business planning and quality assurance workshops and the development of self-help manuals. The scheme embraces all sectors of industry and has a Statewide focus. Some examples of successful outcomes for MSDS would include: the Motor Trades Association, which has now developed a quality assurance system in conjunction with DBIRD's Quality Development Unit—QDU; and the Queensland division of the National Institute of Accountants, which has now developed seven distance education modules for the continuing professional development of accounting professionals in remote areas. This work has been adopted for national use and distribution.

Another successful outcome rests with the Association for Competitive Employment, which has developed a Statewide management program that has resulted in a better understanding of the problems associated with the placement of disabled people in the work force. We also have the Retirement Villages Association of Queensland, which has improved the effective skills of retirement village managers to the benefit and wellbeing of residents of those villages. The national association has expressed interest in adopting and using this management skills development program. The incorporation of the scheme with NIES programs ensures that maximum use is made of proven NIES business improvement methodologies, especially NIES' emerging self-paced, self-help delivery programs. In turn, that will ensure that the scheme is delivered at the regional level.

**Mr PEARCE:** I understand that in 1994-95, NIES expanded its service to the manufacturing and internationally tradeable service sectors. The enhancement was to seek to increase the suite of programs available to firms and to improve their international competitiveness. Can you outline the achievements of this project?

**Mr PITT:** The initiative, comprising three main components, assists small to medium-sized enterprises to not only identify the need to become world competitive but also to implement and sustain the change process. The first component is product and process design assistance. The existing NIES design subsidies help businesses to retain the services of professional design consultants in order to improve the design of new and existing products as well as assisting in the implementation of advanced manufacturing technologies.

These services have been enhanced by providing subsidies for the engagement of temporary employees for up to a maximum of 12 months. They are engaged to work on specific design projects. They have also been enhanced by providing financial assistance to allow internal employees to go off line, again for a maximum of 12 months. That is designed to allow them to work on specific projects where a clear need can be actually demonstrated. Of course, it provides an increase in the level of funding for these and existing NIES design activities from the $15,000 existing maximum up to $50,000 per project.

The other component is the change agent assistance. Recent surveys, as well as a review of NIES and TKM programs undertaken by Reark Research, confirm that it is essential for a champion, or a change agent, within an organisation to be responsible for the implementation of the enterprise improvement process. This role can be undertaken by the CEO of the organisation in the short term. However, individual work activities and pressures can often divert attention away from the detail of the management of the change process itself. Therefore, this assistance has allowed firms which meet stringent criteria and have already undertaken the appropriate NIES programs to accelerate and internalise the enterprise improvement process. This can be achieved through subsidies for the engagement of temporary change agents. Again, there is a time limit—a maximum of 12 months— and they are able to drive and manage the improvement process from within the firm through to operational success.

The third of those processes that I talked about was the tradeable services sector assistance. This initiative has provided for additional funds to target specifically the traded services sector.

**Mr PEARCE:** I understand that the NIES program is assisting firms to improve their export and import replacement activity. As the Government is committed to equity of access throughout the State for Government services, there is a need for those services to be readily accessible to all eligible Queensland firms regardless of location. Can you inform us what steps have been taken to ensure equity of access to NIES services throughout Queensland?

**Mr PITT:** I am glad you have raised that, because I represent a north Queensland electorate. I can assure you that I am acutely aware of the need for equity of access to various Government services. I support fully the initiative of regionalisation of programs such as NIES. DBIRD has 12 regional offices in addition to three metropolitan service centres: the Queensland Manufacturing Institute, the Information Industries Board and DBIRD's Central Business Office. So we have a pretty fair spread across the State. Each region is resourced with skilled staff, and they are able to deliver NIES services. Presently, we have 53 officers throughout the State who play a pro-active role in the actual delivery of NIES services.

These service are not only delivered at the local level but also, since the middle of 1992, each region has assumed responsibility for approving those NIES applications that come in. Since the program has been regionalised, there has been a dramatic increase—a measurable increase—in regional firms participating in the program. From May 1992 to the current date, 597 firms have been assisted in the regions. I am pleased to say that that represents 56 per cent of firms receiving NIES assistance in Queensland; this compares with 457 firms over the previous seven years. The regional percentage of NIES funding for firms in 1994-95 is 20.3 per cent. I have referred to north Queensland. In central Queensland, it is 14 per cent and, in southern Queensland, 16.6 per cent. Of course, that excludes Brisbane itself. Assistance to Brisbane regional clients makes up the remaining 49.1 per cent. I guess this is a clear demonstration that regional firms are not only aware of the NIES program but they are also implementing NIES programs in those areas. There are now 58 regional consultants registered on the NIES consultants database. Furthermore, NIES will subsidise the cost of Brisbane-based consultants travelling out to regional clients. This is an important consideration for remote clients, who wish to source expert advice and assistance. NIES is developing a comprehensive series of low-cost services which will be easily accessible to regional clients. These will include such things as workshops, computerised learning techniques, user groups, access to mentors, self-help manuals and the like.

**Mr PEARCE:** Can you outline how the NIES services will be affected by the launch of the Commonwealth AusIndustry concept?

**Mr PITT:** There was a memorandum of understanding signed on 26 October 1994. All Australian Industry Ministers agreed that they would work in a partnership to improve the access to, and expand the reach of, the effectiveness and efficiency of Commonwealth and State enterprise improvement programs and services. As you probably recall, the AusIndustry concept was a major plank in the Commonwealth's Working Nation initiative in May 1994. It was based on the success of NIES in bringing other Commonwealth and State programs under a single delivery umbrella.

The AusIndustry agreement enjoys bipartisan support throughout the Commonwealth. The AusIndustry proposal is an enhancement to the current NIES arrangements in terms of both scope and funding, and it will result in a greater coordination and delivery of Commonwealth and State programs. The current NIES bilateral agreement between Queensland and the Commonwealth is due to expire on 30 June this year. It is proposed that an AusIndustry agreement be signed by me prior to that date. That will extend DBIRD's delivery of the NIES program and other programs, both State and Commonwealth, right through to 30 June 1998. I point out that the Opposition spokesman will receive an invitation to that function, and I welcome him to attend. DBIRD's extensive Statewide delivery network of some 53 field staff will therefore enable AusIndustry programs to be accessed by those firms regardless of where they may be in Queensland.

Our negotiations with the Commonwealth have secured an increase in Commonwealth contributions to NIES joint programs. That funding is currently $2.5m. We will be able to gain an extra $1.5m to bring that funding to $4m for 1995-96. That increase in funding has been achieved by Queensland gaining a higher proportion of the Commonwealth funding allocation, which has increased from 15.2 per cent to 17.91 per cent. That is an acknowledgment of the growing importance in Queensland, especially in the services sector. Through the program, DBIRD field officers will have an expanded role to become client managers not only for NIES programs but also for other programs, both State and Commonwealth.

**The CHAIRMAN:** We will now revert to questions by non-Government members.

**Mr CONNOR:** I refer the Minister to the Auditor-General's report, which noted that DBIRD has 93 active BP cards, 30 of which—or 32.3 per cent—relate to disposed-of vehicles. What financial management structures have been implemented to rectify the situation? What steps have been taken, firstly, to recover the 30 cards relating to disposed-of vehicles and, secondly, to document and recover any amounts which are found to be outstanding against the cards?

**Mr PITT:** Fuel contracts with Ampol and BP are established by the Administrative Services Department. They are designed to ensure that departments receive value for money as well as maintaining a high level of accountability. A feature of these contracts is to issue each departmental vehicle with a personalised fuel card for the purchase of petroleum products and to access workshops for any minor repairs that may be required. The vehicles located outside Brisbane and south-east Queensland have access to Ampol fuel cards only. Other regional vehicles have access to BP fuel cards only. I understand that the drivers of SES vehicles have access to both.

A number of spare cards from both companies are held for the purpose of Brisbane-based vehicles travelling outside the south-east Queensland zone and for the purchase of fuel for new vehicles when the personalised cards are not yet available. A new procedure is now in place. A register of fuel cards has been ordered. A record of fuel cards ordered, received, despatched and destroyed is kept for each vehicle. The relevant fuel company is advised when the fuel cards are destroyed.

**Mr CONNOR:** What are you doing to recover the 30 outstanding cards that the Auditor-General spoke about?

**Mr BOYLE:** Part of the problem relates to the fact that the fuel card shows the brand and registration number of the vehicle. Until such time as we order the car and it is registered, we are unable to supply the fuel company with the brand and registration number of the car. There is a gap between the time that we are able to advise the fuel company of the brand and the registration number of the car. It was during that intervening period that we were using the cards which were supplied to the previous vehicle. My second point is that no expenditure was made against any of those cards and they have all been destroyed.

**Mr CONNOR:** All 30?

**Mr BOYLE:** Yes. There was a technical issue of our ability to supply the fuel company with the information and its ability to provide us with a fuel card.

**Mr CONNOR:** There were no moneys outstanding against those cards?

**Mr BOYLE:** No.

**Mr CONNOR:** I refer you to page 33 of the PPS, which mentions the RED Grants Scheme. I now turn to regional development, in particular the grants and subsidies to regional development organisations. In particular, I ask you to explain any grants that have been given to regional development groups on the Gold Coast. At the same time, could you detail all of the amounts for all of the different regional groups? You might like to table your answer.

**Mr PITT:** It is too comprehensive. It will take up all of your 15 to 20 minutes. We might table the answer. In my own area of north Queensland, the Atherton Tableland Promotion Bureau received $28,200; the Cape York Peninsula Development Corporation, $21,000; the Cassowary Coast Development Bureau, $85,400; the Gulf Local Authorities Development Association, GLADA, $16,850; and the north Queensland REDO, $45,500. You referred to the Gold Coast in particular, did you not? You obviously have an interest in that area. The Beaudesert Development Association received $20,000. The Gold Coast/Albert Regional Development Committee received $76,818. Do you want me to mention any other area in particular?

**Mr CONNOR:** That is all projected for 1995-96?

**Mr PITT:** That is for the last three financial years.

**Mr CONNOR:** That is over the last three?

**Mr PITT:** Yes.

**Mr CONNOR:** What about projected figures for 1995-96?

**Mr PITT:** That is hard to give you a figure for, because they are application based. They have to make an application for them.

**Mr CONNOR:** Is there a breakdown for the 1994-95 year?

**Mr PITT:** There does not appear to be one.

**Mr CONNOR:** Could you do that for me?

**Mr PITT:** We might extrapolate that for you.

**Mr CONNOR:** Thank you. I would like to ask about the funding of Currumbin Made, which is a directory that has been touted to bolster business in the electorate of Currumbin. On what basis is it being funded?

**Mr PITT:** I might take you back to your last question. You asked for a breakdown by region of the funding supplied to each of those groups for the last three financial years.

**Mr CONNOR:** I did not ask for that.

**Mr PITT:** A question on notice about that issue came in on Friday, 24 March, and we have answered that.

**Mr CONNOR:** That was not the question that I asked here. I asked about the 1994-95 year. You gave me those figures. That was not what I asked for.

**Mr PITT:** You mean to say that you did not get what you wanted?

**Mr CONNOR:** I am not talking about the questions on notice that I asked; I was talking about the question that I asked you during this hearing.

**Mr PITT:** We will provide that for you.

**Mr CONNOR:** Thank you very much. On what basis is the Currumbin Made directory being funded?

**Mr PITT:** To my knowledge, the department has no financial input into it at all. I understand that it is the initiative of a hard-working local member. You could have started one of your own—a Nerang Made, if you like. The member for Currumbin has actually done that off her own bat.

**Mr CONNOR:** As I understand it, she is getting some sort of assistance. According to the media, $36,000 is being supplied by your department through a regional development organisation on the Gold Coast.

**Mr PITT:** You must have seen the TV clip of the visit I made to the Gold Coast when I visited Neumann Steel and made that statement. That $36,000 has nothing whatsoever to do with the Currumbin Made project. It was for regional development strategic planning.

**Mr CONNOR:** So the member for Currumbin is not getting any funding from that towards Currumbin Made?

**Mr PITT:** There is no direct funding from this department.

**Mr CONNOR:** That was not the question.

**Mr PITT:** As I said, there is no direct funding from this department. If any other organisation disburses funds and they see worthwhile projects, that is their business. But I can assure you that there is no direct funding from this department. I doubt very much if Currumbin Made would be seen as part of a strategic planning activity by the organisation which received the funds.

**Mr CONNOR:** But you are not aware of whether that organisation is in turn funding——

**Mr PITT:** How would I be? They have just got the cheque. They probably have not even banked it yet.

**Mr CONNOR:** It is just that, as you probably know, the member for Currumbin was a ministerial staffer of DBIRD, and she would be in a position to——

**Mr PITT:** I might just pull you up there.

**Mr CONNOR:** This is my minute.

**Mr PITT:** You are not asking a question; you are making a statement and you are making an inference about another member of Parliament.

**Mr CONNOR:** I am not making any inference.

**Mr PITT:** Mr Chairman, if I could just interrupt——

**Mr CONNOR:** This is my minute. I have made no inference.

**The CHAIRMAN:** Order! If you can relate the question to the budget, I am happy to allow the question. If you cannot relate the question to the budget, I will ask you to move on.

**Mr CONNOR:** I refer the Minister to page 33, the Regional Economic Development Grants, directly under the heading "Program evaluations/reviews".

**The CHAIRMAN:** I think the Minister has already said to you on no fewer than two occasions that I recall—maybe three—that there was no direct funding from his department.

**Mr PITT:** That is correct.

**The CHAIRMAN:** The Minister has indicated that that is his answer. If you are not happy with that answer, you can ask him the question again, but he has given you an answer.

**Mr CONNOR:** Fine, thank you. As I said, I refer to page 33, Regional Economic Development Grants, and in particular I refer to the fact that the current member for Currumbin has previously worked for DBIRD as a ministerial adviser. I ask: did that have anything to do with her knowledge of these grants, and does it have anything to do with her obtaining funding through this regional development organisation, which she has claimed in the *Gold Coast Bulletin* on either Monday or over the weekend?

**Mr PITT:** All I can say in reference to that is that members of Parliament are always lobbying Ministers for a fair go for their region. I understand that you do a fair bit of that yourself. But if you are indicating that, because of her previous association with this department or the ministerial office side of this department, you think that the member for Currumbin has any inside running, I think that that is reprehensible. If that were said in the House, I am sure that she would stand and ask you to withdraw it.

**Mr CONNOR:** Moving on—who are the representatives on the regional board?

**Mr PITT:** Which regional board?

**Mr CONNOR:** The regional board that was given the $36,000.

**Mr PITT:** I understand that the membership of that board is dictated to by the local authority, and they actually recommend the names of those people. I do not have their names.

**Mr CONNOR:** Could you get them for me?

**Mr PITT:** Yes, that would be a simple matter.

**Mr CONNOR:** When was the decision made for the grant of the $36,000, and what was the criteria upon which the determination was made?

**Mr PITT:** The determination was made strictly in accordance with the guidelines of the RED Program. I cannot give you the actual date on which the determination was made offhand, but I could get it for you. The guidelines are quite clear. They are here, and I can assure you that that grant was made in accordance with those guidelines.

**Mr CONNOR:** Thank you. I turn now to BRRU. In particular, I refer to page 9 of the PPS, which cites "the adoption of National Competition Policy in relation to regulatory review" as an issue impacting on the program. I gather that to mean that the Business Regulation Review Unit will be required to look at the regulatory regime of Queensland in the light of the Hilmer recommendations and COAG decisions in relation to competition policy. I ask: what regulatory regimes have been targeted to again be reviewed as a result of the competition policy? As I understand it, the main thrust of competition policy is in Government-owned instrumentalities and authorities such as electricity, gas, transport, water, rail, etc. On that basis, I will assume that you will be reviewing regulations in those areas. Do you have guidelines for the process of review? If so, what are they, and will you supply them on notice?

**Mr PITT:** The guidelines in respect of Hilmer are currently being derived; but, as I said before, Queensland has done its homework in this respect. We are a fair way down the track. We are leading Australia in our current systematic review of business legislation and regulations. It is all bar completed at this stage. The regulatory burden on business in Queensland, in my view and in the view of business generally, has been considerably lightened and substantial net benefits have accrued from that. Queensland is therefore well placed to continue its regulatory review and reform process to the year 2000.

**Mr CONNOR:** So there are no guidelines at this stage for the review as a result of the competition policy?

**Mr PITT:** I will get the director-general to add more on that.

**Mr BOYLE:** A National Competition Policy Unit is being established within the Treasury Department which will be looking at those issues. Its first meeting is scheduled for later this month.

**Mr CONNOR:** I refer now to page 17 of the PPS and in particular the section on the establishment of a Cooperative Multimedia Centre. I am probably taking one of your Government members' questions, but I ask: how much will this Cooperative Multimedia Centre cost? Is it funded from other departments or areas as well? Where will it be located? How will it be structured and what is its total funding? What expertise will be drawn on and what industry support does it have? Who has designed it and who is designing the program? What businesses have shown an interest and when?

**Mr PITT:** In general terms, it is pretty hard to give you all those details because our application is only with the Commonwealth now. We have people going down to advance that. I point out that the Commonwealth announced in the Creative Nation statement that it would see development of up to six Cooperative Multimedia Centres over two years. Each centre is expected to receive funding of $2m a year for seven years. The suggested level of funding by the Queensland Government over the three years 1995-96 through to 1997-98 is $1m per year, which provides a two-to-one leverage for Queensland over the contribution that the

Commonwealth Government will make. The Queensland Government response will be reviewed after the initial three years.

The Cooperative Multimedia Centre Program will facilitate the development of cooperation and networking among educators and trainers, other organisations controlling repositories of information that is appropriate for presentation using multimedia, and organisations involved in multimedia, especially the interactive side of multimedia production and distribution, and that of course includes export markets. Individually, the CMCs will emphasise different activities. Collectively with Commonwealth support, the CMCs will be complementary to stimulate networking and collaboration across areas of concern to the national multimedia industry.

The activities that will be undertaken by CMCs will fall, generally speaking, into two broad categories. The first of those is activities relating to education and training. The CMCs will undertake and/or support the undertaking of collaborative activities to meet the challenge of providing the skills needed by the multimedia industry to produce and distribute multimedia. The other category is the income-generating activities. Under that, CMCs will undertake and/or support the undertaking of collaborative activities in other areas, including product distribution, provision of access to high-cost equipment facilities, research and development, product evaluation and management of intellectual property issues. These activities complement broadly the CMCs' core skill formation objective.

**Mr CONNOR:** What would you see as the initial private sector involvement? Do you want that question on notice?

**Mr PITT:** No. Actually, the IIB, which you know is the Information Industries Board, draws heavily from the private sector, and that will be worked up via that mechanism, I should imagine. We understand that up to 15 companies have already pledged some financial support for that.

**Mr CONNOR:** Could I ask the director-general to expand on it?

**Mr BOYLE:** I cannot really say much more than that other than that the multi-media proposal has largely been driven through the Information Industries Board. As you know, the Information Industries Board is chaired by someone from the private sector/academia and it is largely made up of people from the IT industry, the manufacturing industry and the finance industry. So, it is very much private sector driven.

**The CHAIRMAN:** That completes the time for non-Government members. I return now to the Government members for their last allocation of questions.

**Ms POWER:** I refer the Minister to page 19 of the PPS and the Information Industries Board assistance to firms who attended the CeBIT exhibition in Germany. Reports have indicated that the CeBIT '95 exhibition was judged to be a great success for the information technology and telecommunications industry. Why is the exhibition in Germany an event that Queensland IT and T firms would want to attend, what role did the IIB play in assisting Queensland companies to exhibit at Hannover and what were the results of this mission for the Queensland IT and T firms that exhibited at it?

**Mr PITT:** CeBIT is the world's largest information technology and telecommunications exhibition and it is held each year in March at Hannover, Germany. It attracts 6,000 exhibitors, with over 700,000 visitors going through the exhibition. It is approximately three times larger than COMDEX USA, the largest IT exhibition in that country. The number of foreign, that is non-German, exhibitors at CeBIT also exceeds the total number of exhibitors at COMDEX. CeBIT is understood to be the gateway to the European IT and T market, and most significant IT and T firms in Europe at least visit CeBIT, making the show an ideal venue for Queensland firms to find distributors for their products.

Interest was aroused within the local IT and T industry with seminars and personal discussions. The IIB exports centre then organised a reconnaissance trade mission of 25 Queensland firms to CeBIT '94 to review the market, to assess the level of competition for their products and to evaluate the venue for a European launch of those Queensland products. The reconnaissance mission achieved its objective, with 16 of the firms planning to enter the European market via exhibiting at CeBIT '95.

Other benefits included a number of firms finding distributors and others finding ideas and tools to accelerate product development. One firm won a $100,000 R and D contract. With this high level of interest in Europe, the IIB began preparing for CeBIt '95 and the IIB located a veteran CeBIT exhibitor who wanted work experience in Australia for an MBA and it used that lady to assist firms with logistics, translation and advice on exhibiting and locating potential distributors. A European exporters' network was therefore established and seminars were subsequently conducted. Some 23 Queensland firms exhibited at CeBIT '95.

To reduce the high cost of exhibiting for the small firms—and the cost per exhibit is between $20,000 and $30,000—the IIB organised 12 firms to share one large stand, sending one or two people each and using other exhibitors for necessary back-up. The IIB was successful in securing the best location on the Australian stand and that gave Queensland firms an advantage before the exhibition began. A market research campaign was undertaken to set up meetings with potential distributors, and details of the firms and the products were subsequently published on the Internet. In summary, the IIB Entree Europe program has been very successful in educating Queensland's IT and T industry about the opportunities that exist in Europe.

**Ms POWER:** Page 17 of the PPS refers to the extension of the Information Industries Board. The IIB has played an important role in the development of the information technology and telecommunications industry in Queensland. Can you outline how the IIB will assist in the development of this important industry for the State?

**Mr PITT:** The prime role of the IIB is to implement the Queensland information technology industry's strategic plan. The board undertakes this role by providing advice to the Government, and this is done through the Director-General of DBIRD. It provides advice on priorities, strategies and tactics to implement the plan that I mentioned. The 11-member board consists of eight industry and three Government ex officio representatives, is chaired by a senior non-Government executive, Dr Reinecke, and it is supported by a small team of full-time professionals. The board meets monthly to discharge its responsibilities. Individual board members work closely with the IIB professional staff on project-related issues, so it is not just going along to a monthly meeting. There are several portfolios within the IIB and each of those portfolio groupings works throughout the interim on specific projects.

The Chair of IIB, Dr Reinecke, also chairs the Information Policy Board. The mission for the board is to enhance Queensland's capability in the information and technology industry to match or to even exceed the world's best standard so that Queensland in turn becomes a regional leader in information technology over the next decade. This enhanced capability will be used to develop and leverage greater economic prosperity for Queensland through growth in both the local and the export markets.

The goals of the board are to attract IT organisations to Queensland, to increase the exports of IT products and services, to enable the industry to reach critical mass and to achieve some degree of regional leadership in the area. A goal is also to assist other Queensland industries to in turn exploit the benefits that are provided by information technology. The board also has a goal of facilitating provision of IT infrastructure to the Queensland community.

There is a continued need for the IIB, and that need is based on the Government's requirement of accomplishing the goals that were set out in the plan and the acceptance of its underlying economic rationale, current goals and strategies and the level of participation by the stakeholders in the programs. Industry confidence and consequent investment in the IT and T industry will, I am sure, be enhanced by the Government's continued involvement and its commitment to this strategic plan.

**Mr BENNETT:** The department's strategic plan states that one of the key strategies to increase employment and investment is to assist regional communities to achieve the economic potential of their region. The principal programs to achieve this goal are the Queensland Regional and Economic Development Grants, Future Research Program and the Business Advice for Rural Areas Program. As I understand, these programs have been recently reviewed. To what extent has the evaluation of these programs proven the effectiveness of them and have the recommendations from the evaluations been implemented?

**Mr PITT:** It is fair to say that the evaluations that have been carried out have in fact proved the effectiveness of my department's regional economic development programs. Just listing a couple of those: there has been a $25m increase in sales or turnover, $5m in capital investment, and 200 new jobs have resulted from my department's RED Program Grants Scheme. Opportunities identified under the scheme have the potential to create a further 300 jobs and anticipated further investment of up to $50m. Taking into account the new investment and sales and turnover generated from these grants, they have provided a return to the Queensland economy of $12.81 for every dollar expended between 1991 and April 1994. If potential capital investment is then taken into account, this ratio would increase to the order of $34.15 for every single dollar expended.

The Future Search Program has resulted in a number of outcomes, mainly in rural and remote areas of Queensland, including 50 full-time jobs, 14 new businesses started, 350 traineeships entered into, $600,000 in capital investment, grants to the community, and access through information acquired through Future Search amounts to $6.3m. It is estimated that there have been additional exports to the tune of $600,000. The success of the Business Advice for Rural Areas Scheme— BARAS—has been measured by the establishment of 150 new firms and the stabilisation of a further 50 firms. It is also measured by the expansion of 55 other businesses and the creation of 300 full-time and part-time jobs. Three hundred jobs were retained in rural Queensland, and I think that is quite significant.

Recommendations from the evaluations of the RED Program Grants Scheme and the Future Search Program have largely centred around my department's increased drive for regionalisation and a more targeted strategic approach to regional economic development. Some of the recommendations from the evaluation of the RED Program Grants Scheme are being implemented. I will list those for you: increasing the roles and responsibilities for regional officers and regional directors; individual needs of clients being met; and the provision of more targeted training to regional staff delivering and administering the RED program.

**Mr PEARCE:** Towns which are dependent on income from primary producers to sustain their local non-farming businesses are vulnerable to a range of factors outside their control, including low commodity prices and rising input costs in drought. The current drought situation and low prices for rural produce have resulted in an economic downturn which is not uniform across the State. Its impact has been dependent on the ability of each rural community to attract income from other sources, such as mining, manufacturing, the provision of services and the ability of regional firms to respond to changing situations. There are currently 42 shires, four part shires and a further 782 individual properties in 24 other shires which have been drought declared. This represents about 39 per cent of the State, or in excess of 20,000 primary production enterprises. Five shires—Bowen, Burdekin, Herbert, Millmerran and Taroom—have been drought declared since 1991, indicating the level of hardship being experienced by their residents. Treasury estimates that the drought may reduce cross-State growth by up to 0.5 per cent in 1994-95. If no significant rains fall during the next two to three months, the prospects for significant improvements in 1995-96 are not encouraging. Page 30 of the Program Statements refers to non-farm business assistance being offered in drought-affected areas. Can you describe how DBIRD is assisting rural areas to cope with the effects of drought and low commodity prices?

**Mr PITT:** DBIRD's role is that of a catalyst of local economic development in rural communities, linking those local initiatives into broad-based regional economic development strategies. The objective, from the department's point of view, is to ensure that local development efforts are coordinated and linked right across regions so that the limited resources available for specific projects and initiatives can actually achieve maximum benefits. One effect of this approach is to facilitate the establishment of new businesses. This provides a more diversified economic base and, therefore, it will assist in reducing the negative impacts of drought and low commodity prices.

Another effect is the expansion of existing non-farm businesses, resulting in more jobs and new investment in plant and equipment in regional Queensland. The purpose of DBIRD activities is, therefore, to engender in rural and remote communities, which basically have their backs to the wall, a sense of hope and determination to build a new future for themselves and to mobilise those communities to work together and, in the process, take responsibility ultimately for their own economic development.

The regional economic development activities form a continuum of assistance. The first element of that is providing data of a community's past and present circumstances for a community profile, and from that we can get indicators for the future. The second step is a community self-help program which builds on that information and sees the community itself coming up with viable economic initiatives. Since 1990, 24 Future Search Programs have been conducted west of the Great Divide and, as a result of those, we have seen yields by way of 43 full-time jobs, 14 new businesses, $600,000 in capital investment, $1m in grants to those communities and $600,000 in additional export earnings. The third part of this process is the testing of the feasibility of these proposals and the targeted marketing of resulting products through RED grants. To date, those grants have resulted in $25m in increased sales or turnover, $5m in capital investment and some 200 new jobs.

There is a fourth aspect, which is the provision of business advice and information to non-farming small businesses seeking to improve their profitability and expand their operations, as well as those who wish to start a new business. This is achieved through the employment of BARAS facilitators by regional development organisations under contract with the Queensland Government or the Commonwealth Government.

**Ms POWER:** I note on page 29 of the PPS the consideration of your department to the important planning initiative of the Government, SEQ2001. South-east Queensland is the fastest growing region in Queensland. It is forecast that, by 2001, there will be another one million people living in the region. I understand that the regional framework for managing growth was released earlier this year. Please outline the involvement and contribution your department has made to SEQ2001.

**Mr PITT:** This department was fully involved in the SEQ2001 project. Right from the inception of that project an officer was provided to manage the industry location and tourism project, which set the framework for future business and industry planning in the region. The importance of the issues raised by SEQ2001 was largely responsible for the establishment in March 1993 of the Planning and Information Subprogram within DBIRD. This subprogram is now being merged with the Regional Economic Development Subprogram to form the Regional Economic Development and Planning Subprogram. This recognises the link between economic development and land use planning.

The planning component of the subprogram has been entirely resourced to date from a relocation of departmental resources, except for a special funding allocation of $120,000 in last year's budget to help further progress initiatives under SEQ2001. The subprogram's planning role is to work with local governments to ensure the adequate supply of serviced land for business and industry and to create a land use planning environment that supports environmentally sensitive investment. These roles are embodied in the SEQ2001 initiatives, but they also need to be carried out throughout the State. Therefore, the subprogram is delivered Statewide, not just in south-east Queensland. However, much of the subprogram's current planning work does involve implementing SEQ2001 initiatives. The department has taken a key role in the sub-regional structure planning process and has examined the availability of land for business and industry in the northern, southern and western subregions. DBIRD is committed to the process of investigating and planning areas of regional significance for business and industry; that is not only in south-east Queensland but, as I said, throughout the State. An amount of $1,015,000 of DBIRD's base budget has been allocated over the three years 1994-95 to 1996-97 for SEQ2001 related projects, also from areas beyond south-east Queensland.

**The CHAIRMAN:** That concludes the questioning from the Government members. For the final session I will now hand over to the non-Government members.

**Mr CONNOR**: With the Minister's indulgence, I will get through this as quickly as I can. In relation to the industry newsletter called *Industry*, can you provide the Committee with a breakdown of the cost of the publication, including a breakdown of the editorial cost, printing and distribution costs and how business is targeted by the newsletter or journal? Where has the mailing list been obtained? What is the size of the mailing list? How is it dispersed around the State? What other journals are produced by your department? What are their costs? On what basis are they distributed?

**Mr PITT**: What was your first question?

**Mr CONNOR:** That is the question.

**Mr PITT:** No, that is a multiple question. We will have the first question and we will address them one by one for you.

**Mr CONNOR**: I will repeat my question, if you wish.

**Mr PITT**: Take it section by section. I want to give you the answers, but it is pretty hard to absorb a seven-part question.

**Mr CONNOR**: Can you provide the Committee with a breakdown of the cost of the publication *Industry*, including editorial costs, printing, distribution costs, etc?

**Mr PITT**: We will take that one on notice.

**Mr CONNOR**: How are the businesses targeted by the newsletter? How are the mailing lists obtained?

**Mr PITT:** The director-general will enlighten you on that.

**Mr BOYLE**: In two ways. Either on application by an individual firm which becomes aware of *Industry*, pro-actively by departmental officers after they make contact with new firms, or by references from other agencies.

**Mr CONNOR**: What is the present size of the mailing list?

**Mr BOYLE**: We will take that on notice.

**Mr CONNOR:** What other journals are produced by your department? I am not talking about the how-to-type journals; I am talking about trade magazines and the like.

**Mr BOYLE**: No other journals such as *Industry*.

**Mr CONNOR**: Does your department pay a workers' compensation premium? If so, how much? Where in the Program Statements is it shown and how is it assessed?

**Mr PITT**: As from 1 July of this year, the department will be moving into a premium-based workers' compensation system, as will all other Government agencies, with the likely premium for DBIRD being assessed at $45,414 for the 1995-96 financial year.

**Mr CONNOR**: How does that compare with the previous cost of workers' compensation for your department?

**Mr PITT**: For 1994-95, for nine months, it amounted to $3,018.64.

**Mr CONNOR**: What was projected for the full 12 months?

**Mr PITT**: It was approximately that. I do not have a firm figure on that.

**Mr CONNOR**: How are your new premiums assessed? I would imagine it is similar to private enterprise—a schedule, scale ratings and the like? If so, do you have a copy of it?

**Mr PITT**: We do not decide that. The Workers' Compensation Board will actually make a determination on that. I am sure that we will abide by whatever it comes up with.

**Mr CONNOR**: How many redundancies have been made in your department; from what section; for what reason; how much did it cost; and where is it shown in the Budget papers?

**Mr PITT**: There have been two redundancies issued to officers from 1 July 1994. Do you want me to name those people?

**Mr CONNOR**: No, I do not want their names.

**Mr PITT**: The second part of your question was?

**Mr CONNOR**: What section are they from and for what reason?

**Mr PITT:** The costs for those are included in salary costs. The sections are executive support and policy.

**Mr CONNOR**: What was the actual cost of the redundancies?

**Mr PITT**: The cost of the payout in the executive support area was $20,943 gross. That is the redundancy package—the severance benefit, recreation and long service leave. For the other, the individual was paid an amount of $39,881.85 gross, being a redundancy package. Again, there was a severance benefit and, again, recreation and long service leave.

**Mr CONNOR**: Has your department any off-Budget paper entities such as GOCs or authorities—other than the QSBC, of course? If so, what are they and when were they established? If there are a multitude of them, they can be tabled.

**Mr BOYLE:** There is a multitude of one—the industrial supplies office, which trades as the Industry Search and Opportunities Office. The purpose of the ISO is to enhance receptiveness of businesses and organisations to existing or potential products of local industry. It receives $700,000 through the department.

**Mr CONNOR:** Does it put out an annual report?

**Mr BOYLE:** It puts out quarterly reports to the Minister.

**Mr CONNOR:** Under its charter, does it put out annual reports to be tabled in Parliament?

**Mr BOYLE:** No, it operates as a private company. It is fully funded, but it operates as a private company.

**Mr CONNOR:** So its annual report is incorporated into DBIRD's annual report?

**Mr BOYLE:** It complies with the company laws. Its performance is included in our annual report.

**Mr CONNOR:** Thank you. Have there been any moves within your department to bring in enterprise agreements? If so, on what basis, what sections and what are the bases of the negotiations at the moment?

**Mr PITT:** This applies to the whole department. There is an agency agreement that has been completed. The agency agreement was endorsed by Special Purpose Cabinet Committee No. 29 and was certified in May. The agreement includes a number of significant productivity initiatives. The adoption of best practice will lead to productivity improvements to cover a 4 per cent wages and salaries increase that amounts to $592,000.

**Mr CONNOR:** That is reflected in the budget?

**Mr PITT:** The salary increases are reflected in the salary component of the 1995-96 budget.

**Mr CONNOR:** They came into effect in May; is that correct?

**Mr BOYLE:** The agreement was ratified by the Industrial Relations Commission in May.

**Mr CONNOR:** It becomes operative when?

**Mr BOYLE:** It was backdated to 1 May.

**Mr CONNOR:** I refer to the schedule of fees under the Environmental Protection Act, which was gazetted earlier this year. What involvement did your department have in determination of the schedule and the regulations as a whole?

**Mr PITT:** BRRU played a key role in ensuring that impact on business of the new environmental protection regulation was to be minimised and, through BRRU, DBIRD was successful in achieving a couple of things. Representation on the interdepartmental consultative committee will be established to ensure minimum impact on business of the regulation and having a watchdog role for advising of any anti-competitive fee setting practices by local authorities. DBIRD also played a major role in achieving the removal of third-party appeal rights. Those appeal rights had the potential to significantly hinder the development of business and industry through injunctions requiring lengthy delays for representations being made to the Planning and Environment Court. This issue will now be subject to proper consideration and DBIRD will be able to continue to have input through its membership of the interdepartmental consultative committee.

Environmental regulation is causing considerable concern across some sectors of business and industry, affecting as it does all businesses which carry out an environmentally relevant activity, that is, things like emission of air, water, noise and radiation. At the outset, it will not be applied equally to all businesses since the type of businesses affected depend to an extent on the level of environmental risk surrounding the activities they are undertaking. As the process of categorisation of businesses according to their environmental risk progresses and the impact of the requirements of the regulation become clear, BRRU will continue to address inquiries regarding its impact through its regulatory complaint function. In this way, BRRU will gain additional information about any particular problems which may need to be addressed further.

**Mr CONNOR:** The last question is the same as I asked last Estimates Committee. It is multi-faceted and you will probably answer it on notice. That is what was done last time. Your department administers tax concessions to attract industry to Queensland. How many businesses have been attracted to Queensland under this scheme? What is the total amount of tax concessions given? What is the break-up on an industry-by-industry basis? Without naming the actual businesses, what have each of these businesses been given in tax concessions and on what basis?

**Mr PITT:** The Government considered the results of a review of the Major Project Incentive Scheme in mid-1994. Based on the results achieved by the scheme since its introduction in July of 1990, it was approved that the MPIS should continue for a further three years, taking it through to July 1998. There is a further review to be undertaken in 1997. Since the introduction of the scheme in July 1990 until the time of the review in mid-1994, the MPIS had assistance packages estimated at about $17.8m accepted. That was from 21 projects involving investments of $645m, and resulted in the direct creation of 2,636 new jobs and an additional 5,000 indirect jobs through the multiplier effects. The average of about $6,750 per direct job compares with other States where packages worth $30,000 per job have been widely reported. Payments processed in this financial year up to mid-April 1995 have totalled $1,073,926. However, it is estimated that expenditure for the full year could reach about $5m. This difference is caused by delays in the actual receipt of claims being made.

Although you would understand that specific details of individual projects would have to be treated as commercial and confidential, companies that have accepted assistance packages during the financial year to April include AT & T, Hills Industries, the Pratt Group, Alcan Australia, Casinos Australia, LWR Industries, Pacific Star Communications, Warwick Woollen Mills and Woolworths Limited. These nine projects involve capital investment of about $275m and they create 1,150 new direct jobs.

MPIS operates within the market enhancement policy of the Government by limiting financial assistance to those major projects where exceptional circumstances exist that prevent them from going ahead without some short-term assistance. The scheme does not provide institutionalised subsidies, and projects must have clear economic benefits for Queensland. The Government also approved modifications to the eligibility criteria to include tourism projects of regional significance, but not hotel or accommodation-type projects, and national head offices are now eligible within the category of tradeable services.

**The CHAIRMAN:** The time allotted for consideration of the Estimates of expenditure for the Department of Business, Industry and Regional Development has now expired. In closing, I would like to take this opportunity to thank the Minister, his ministerial staff and his departmental staff for their cooperation in answering the questions of the

Committee this evening. I would also like to take this opportunity to thank our research director, Ms Michele Cornwell, and a particular thanks to our research officer, Ms Meg Hoban. I would also like to thank my colleagues on the Committee. This Committee has worked in the last two years in a spirit of great cooperation. It has been a long day and at times tempers do get a little bit frayed towards the end. Nevertheless, this Committee has worked very well, and I want to thank all my colleagues.

**Mr CONNOR:** On behalf of the non-Government members, I reiterate what the Chairman said and again thank especially the Honourable Warren Pitt and all of those others who helped tonight. I thank you for a genuine spirit of cooperation.

**Mr PITT:** Mr Chairman, if you do not mind, I might add a few words. I would like to thank the Committee for its genuine interest and attention to the details of the PPS and of the Budget in general. I think the session has reached its overall objective. It has given us a better appreciation all round of the programs that are offered by DBIRD. I would like to thank the Chairman for his role in conducting affairs and acting as referee on one occasion. I would like to thank the members of the panel who have assisted me—Ron, Ray, David, Mark and John, and any other departmental officers who provided assistance.

I think Queensland businesses have generally been seen to be the leading performers in Australia, with growth exceeding 20 per cent on many occasions. Almost 3,500 new businesses are putting their names on the register each month in this State, and all the indicators are positive. We have falling interest rates, and predictions of capital investment growth and business growth. I believe that that growth will continue. I can assure members of the Committee that my department will be doing everything in its capacity to ensure that that growth is supported and enhanced. I do not think it matters on which side of the House one sits; each and every one of us is quite firmly a parochial Queenslander, and we want to see our State do well. I thank you for your support and assistance tonight.

**The CHAIRMAN:** I did not thank the Hansard reporters this evening. They have done a marvellous job. That concludes the Committee's consideration of the matters referred to it by the Parliament on 26 May 1995. I now declare this public hearing closed.

The Committee adjourned 12.40 a.m.