

ESTIMATES COMMITTEE A

Mr R. J. Mickel (Chair)	Mrs J. I. Cunningham
Hon. R. E. Borbidge	Mr M. J. Horan
Ms D. Boyle	Dr D. J. H. Watson

LEGISLATIVE ASSEMBLY OF QUEENSLAND**IN ATTENDANCE**

Hon. R. K. Hollis, Speaker of the Legislative Assembly
 Mr R. D. Doyle, Clerk of the Parliament
 Mr N. J. Laurie, Deputy-Clerk and Clerk of Committees
 Mr R. E. Fick, Director, Corporate Services
 Mr M. J. Hickey, Manager, Finance

The Committee commenced at 9 a.m.

The CHAIRMAN: I declare this meeting of Estimates Committee A open. The Committee will examine the proposed expenditure contained in the Appropriation (Parliament) Bill 1998 and the Appropriation Bill 1998 for the areas as set out in the Sessional Orders. The organisational units will be examined in the following order: Legislative Assembly, Office of the Governor, Parliamentary Commissioner for Administrative Investigations, Queensland Audit Office, Criminal Justice Commission, Department of the Premier and Cabinet, Treasury Department and Department of State Development. The Committee has also agreed that it will suspend the hearings for the following breaks: morning tea, 10.45 a.m. to 11 a.m.; lunch, 1 p.m. to 2.15 p.m.; and afternoon tea, 3.45 p.m. to 4 p.m.

I remind members of the Committee, Mr Speaker and Ministers 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. The questioner may consent to an extension of time for answers. A double chime will also sound two minutes after the extension of time has been given. The Sessional Orders require that at least half of the time available for question and answers in respect of each organisation or unit will be allotted to non-Government members and that any time expended when the Committee deliberates in private is to be equally apportioned between Government and non-Government members. I ask departmental witnesses to identify themselves before they answer a question so that Hansard can record that information in the transcript.

In accordance with the Sessional Orders dated 15 September 1998, a member who is not a Committee member may, with the Committee's leave, ask Mr Speaker or a Minister questions. In this regard, the Committee has agreed that it will grant leave to any non-Committee member who wishes to question either Mr Speaker or a Minister. Also, in accordance with the Sessional Orders, Mr Speaker and each of the Ministers is permitted to make an opening statement of up to five minutes.

In relation to media coverage of the Estimates Committee A hearing, the Committee has resolved that silent television film coverage will be allowed for the Chairman's opening statements, Mr Speaker's and each Minister's opening statement.

The first item for consideration is the Estimates of expenditure for the Legislative Assembly. The time allotted is 30 minutes. I now declare the proposed expenditure for the Legislative Assembly to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

Mr Speaker, would you like to make a brief 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 five minutes.

Mr SPEAKER: I would like to make a statement, Mr Chairman. The 1998-99 Budget Estimates for the Parliament are the first for which I am directly responsible and I feel privileged to appear before the Committee today.

When elected as Speaker on 28 July this year, I thanked the Parliament for the great honour that had been bestowed upon me. The focus of that day was, of course, the new role that I was to play in the Legislative Assembly Chamber. Today, however, I appear in my role as the person charged with responsibility for preparing the budget for the Parliament and supervising the management of the Parliamentary Service.

As Committee members would be aware, the Appropriation (Parliament) Bill seeks to provide funding for salaries and allowances for members of the Legislative Assembly and funding for the Parliamentary Service, which provides administrative and support services to the Legislative Assembly. The total budget for the Parliament in 1998-99 is \$43.910m, which represents an increase of approximately 3.8% over the previous budget. The additional funding will be directed in part to the upgrade of the Parliamentary Service computer network and also to funding for the Office of the Parliamentary Commissioner for Criminal Justice.

The Committee will note from the Budget documentation that the program structure for the Parliament has changed in 1998-99. This change has been introduced to provide a clearer picture of what resources are to be provided directly to members and what resources are to be directed to the Parliamentary Service.

Assuming responsibility for the management of the Parliamentary Service presents a tremendous challenge for me. In the two months since I was elected Speaker, I have gained a greater appreciation of the various activities of the Parliament and the Parliamentary Service. I have had the opportunity to speak with many Parliamentary Service staff. I have attended several management meetings with subprogram managers. I have also taken the opportunity to visit over 19 electorate offices to hear the needs of members and their electorate officers. While I still have much to learn, I feel that I have gained an appreciation of the

tremendous contribution made by Parliamentary Service staff to the functioning of the Parliament. I would like to place on record my thanks to the staff for their commitment and support and assure them that in recognition of their efforts I, too, am committed to maintaining and improving the terms and conditions of Parliamentary Service employment relative to the wider public sector.

In recent years, there have been welcome improvements to the safety, security and functionality of the members' accommodation, both within the parliamentary precinct and in electorate offices. In my first term as Speaker, I hope to provide a continuation of these improvements. The 1998-99 Budget includes funding for the ongoing refurbishment of the Parliamentary Annexe and the Parliament House stonework restoration project. Beyond these accommodation improvements, I have set myself a goal in my first term as Speaker to provide members with greater access to improvements in information technology and communication. The Committee will note that the Budget Estimates for 1998-99 include new initiative funding for improved computer networking within the parliamentary precinct.

Advancements in information technology and communication provide tremendous opportunities for members to serve constituents more effectively, particularly members representing rural and regional areas. I believe that in order to maximise these benefits, it is essential that we not lose sight of what members and constituents actually need. My staff and I must not fall into the trap of presuming what members need without consulting members. To this end, I will be establishing an information technology advisory group. The group will consist of myself and representatives from Government and non-Government parties. The objective of the group will be to determine the direction of information technology and communication services to members. The advisory group will provide members with an opportunity to participate directly in the decision making about how advances in information technology and communication may be introduced to help them, their electorate officers and their constituents.

Finally, I would like to place on record my appreciation to the Premier and Treasurer. Throughout the 1998-99 Budget development process, discussions concerning funding for the Parliament have been conducted in a positive and cooperative manner, with appropriate recognition of the principles underpinning the separate Appropriation Bill currently before the Parliament. Mr Chairman, I wish the Committee well in its deliberations.

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

Mr BORBIDGE: Mr Chairman, as the Budget is essentially the same as that presented earlier this year, we will limit our questions to the Speaker. In terms of the ongoing renovation program here at the Parliamentary Annexe, might I ask whether the Speaker could advise the Committee what projects

are envisaged to be able to be completed during the course of this Budget year?

Mr SPEAKER: Yes, Mr Borbidge. As you know, the members' offices, Levels 9 to 13, formed Stage 1 of the current three-year project. That work was completed in June of this year and, of course, on time and within budget, which was the important thing. Stage 2 is about to commence with a refurbishment of the bedrooms, starting with Level 18 and progressing down through the ministerial levels to Level 15, as well as the creation of a block of four meeting rooms on Level 5, which have just been completed and handed over this week and which, of course, will be a great asset to members and committees with their meetings.

Also, on those ministerial levels where there are meeting rooms at the moment and toilet blocks, we intend to turn those into bedrooms and, in particular, one suite for the Chairman of Committees, which will release that accommodation on Level 6. We anticipate doing those rooms within this budget, but of course there could be some variations because of the fact that we have included in that the demolishing of the toilet blocks and making them into bedrooms, which was not envisaged previously. Of course, the important thing is that we do that while we have the workers on the floor, which will effectively be a cost saving in future years.

Mr BORBIDGE: So the proposal is to do the ministerial floors first and then the bedrooms?

Mr SPEAKER: The bedrooms will come into the next year.

Dr WATSON: I have a quick question with respect to information technology and how you see it developing. Two things come to mind: first of all, with the electorate offices, obviously the email has been fixed up recently although we have had a few problems with it. Can you see us getting into Internet access in the near future? Secondly, with respect to the running of the Chamber, do you see the introduction of technology in the foreseeable future?

Mr SPEAKER: Do you mean with laptop computers in the Chamber and linkages?

Dr WATSON: I am talking about laptop computers, and their being wired so that we can communicate with one another.

Mr SPEAKER: There have been plans to introduce a backbone, although we have not yet worked out how that can be done in the old House. In the Annexe, the backbone is already through to all levels. The \$0.38m that we allocated this year to new initiatives will facilitate linkages to that backbone, so that members can then access it through laptops and other computers.

As I said in my opening speech, over the next 18 months I envisage that we will be looking at ways in which we can improve the efficiency of members through the use of technology. I think we would all be aware that it is much cheaper to have a computer than a staff member. Wages are the biggest killer as we move into the next century. If we can be more efficient, it takes the pressure off electorate officers and off the members themselves. That is the idea. The Information Technology Advisory Group will

look at what members are seeking and how to facilitate that as well as possible. The Internet is part of the issue that the group will be looking at. When we look at what is happening around us within the public and the private sectors, there would not be too many people who are not linked to the Internet. I know the value of it, so you can be assured that during that year we will be looking at every opportunity to facilitate that.

Dr WATSON: What about staffing with respect to that? Are there plans to make sure that we can retain within the Parliament people who are suitably qualified to look after that?

Mr SPEAKER: Yes. There is no doubt that we will be retaining the IT section; that is very important. It is one of the most important areas of the Parliamentary Service because we have to rely on those people to keep us in touch.

You mentioned email before. I realise that that has been a huge problem—it has been a problem in my electorate office as well. That has been fixed on the basis of what we have now by way of modems, but that is probably like fixing the boilers in a power station: you sometimes need to upgrade the technology. I think that is what has to happen there.

Mr BORBIDGE: With regard to the televising of the proceedings of the Parliament, is it proposed to retain the current system or will further consideration be given to televising proceedings that are perhaps controlled more directly by the Parliament itself in respect of excerpts that can be used on news and current affairs programs? Has that been essentially ruled out on the basis of cost?

Mr SPEAKER: I have not had any costs at all put to me on that matter. It is one of the areas that I inherited from two previous Speakers. I think that there is a good case to look at televising and photography, to ensure that proper procedures are carried out and that there is propriety with the use of those mediums. Yes, I would be very pleased to look at that in the coming year.

Dr WATSON: With all due respect, I suggest that you might like to visit the Western Australia Parliament. I am serious about that. You could look at the procedures that they have, because they have a fairly cost-effective system over there.

Mr SPEAKER: For televising Parliament?

Dr WATSON: Yes. As Mr Borbidge said, it puts the televised proceedings under the control of the Parliament and Mr Speaker. I think that has some advantages in the longer term. The Western Australia Parliament has actually quite a good system at, I think, a fairly modest cost.

Mr SPEAKER: Thank you for that comment. I will certainly take it up.

Mr HORAN: Mr Speaker, I know that your visits to the electorate offices have been appreciated. What are the key needs that you have seen in the electorate offices? Is there adequate funding in this budget to cover some of those immediate needs?

Mr SPEAKER: It has been varied. In 19 electorate offices, I have seen physical needs as far

as the make-up of the offices and their size is concerned. I have seen other needs such as, again, the computer/IT needs that we are addressing. Another need that has existed for some time was addressed in the last Parliament, that is, the extra staff member for \$10,500 per year. That has probably not been utilised as effectively as it could have been to take the pressure off electorate officers. Maybe in the future we should look at some sort of think tank of members to see how we can utilise that better to take the pressure off electorate officers, so that they can do their jobs better and feel more comfortable in doing it.

Mr BORBIDGE: There are no more questions from Opposition members.

The CHAIRMAN: I refer you to page 2 of the Portfolio Statements, under the heading Key Initiatives/Enhancements. Can you tell the Committee what the amount of \$400,000 for the Office of the Parliamentary Commissioner for Criminal Justice covers? Why is there a decrease in the 1998-99 Estimates against the 1997-98 expenditure?

Mr SPEAKER: The funding for this budget is provided only on a salary related basis. You would appreciate that this is a new office. It is very difficult to predict what the actual costs for that office will be for the full year. On that basis, we knew approximately what the salaries would be, so we budgeted for that. In the half-yearly review, the other funding, which we anticipate will be somewhere in the region of \$300,000 to \$350,000—and that is only an anticipation—will be made available to us.

Ms BOYLE: I refer you to page 8 of the Portfolio Statements, and in particular to the Attendants Subprogram, which mentions an expansion of the School and Public Tours Program. Can you outline details of this expansion, whether visitors are to be charged, and the expected costs and receipts from this program in the coming year?

Mr SPEAKER: On 24 May we started Sunday tours of the Parliament. That was introduced as part of the enterprise bargaining agreement to provide better access for the public to the Parliament without increasing the budget. The tours are available on Sundays, every 20 minutes between 10 a.m. and 2 p.m. To date, we have had 81 Sunday tours with some 255 people in attendance. Looking at those figures you may say that that is not very many people, and I agree with you. Perhaps something needs to be done in marketing those services. There is no charge for people visiting the Parliament. Quite frankly, I do not think that there should be a charge. The Parliament belongs to the people and we should try to make it as accessible as possible. We should also advertise the beauty of the Parliament and the tours, so that we increase the visitor numbers. The only cost associated with the tours is overtime for the attendants. Since May, the cost of overtime totals just under \$4,000. In 1998-99, it is expected that, if we continue this program, the cost will be somewhere around \$10,000. It is not a hugely expensive project.

The only receipts that we have in that area are the gift shop receipts. It might interest the Committee to know that I have already had

discussions with a TAFE college, which is going to provide a retail plan for the parliamentary precinct. We have a turnover of some \$8,000 to \$9,000 a year and I would hope to increase that substantially in the next year. Of course, the money retained for the Parliament is used for the Parliament, which is a fairly cost-effective way of looking at the gifts and the Attendants Subprogram.

Mrs NITA CUNNINGHAM: I refer to page 14 of the Speaker's Portfolio Statements and in particular to the Catering Services Subprogram. Would you outline for us what function services the Parliament is currently engaged in and what level of increased function trade is being sought?

Mr SPEAKER: Any functions to be held within the precincts of the Parliament must be first approved by the Speaker. Those functions normally take the form of official receptions, launches, awards, presentations and so on. When we approve the use of those function rooms, we have to ensure that they serve appropriate community and apolitical purposes. We also have to ensure that we do not compromise the normal sittings of Parliament or even the functions of Ministers who wish to use those function rooms. That policy will not be changed. However, in recent times the use has changed considerably, with more and more weddings and other social events being held here—21st birthday

parties and so on. These are mainly for relatives of the staff and relatives of members of Parliament.

Although I support this expanded role, I am also very much aware that we should not be in competition with providers in the private sector. Similar to the industries found in jails, we have to be very careful not to jeopardise the financial viability of other people because we have premises on which we are not paying a huge lease payment. We have to be very aware of the private sector while we are doing this. For this reason, I will be ensuring that in addition to the normal criteria I mentioned earlier the pricing for these functions is consistent with commercial rates. If we are going to do this, we will be offering the same prices as outside providers. We will not be trying to attract functions to this place at reduced costs. It will not be a case of saying, "If you want a cheap wedding, come to Parliament." I do not think we should be in that sort of business, and we should not be jeopardising the private sector. However, we do foresee an expansion in that area.

Mr BORBIDGE: We have no further questions.

The CHAIRMAN: There being no further questions, that concludes the examination of the Estimates of expenditure for the Legislative Assembly. On behalf of the Committee, I thank you, Mr Speaker, and your officers for your attendance.

Mr SPEAKER: Thank you, Mr Chairman.

OFFICE OF THE GOVERNOR**IN ATTENDANCE**

Hon. P. D. Beattie, Premier
 Mr J. O'Connor, Official Secretary and CEO
 Mr S. Blinkhorn, Executive Officer

The CHAIRMAN: The next item for consideration is the Estimates of expenditure for the Office of the Governor. The time allotted is 15 minutes. 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. A double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers. A double chime will also sound two minutes after an extension of time has been given.

The Sessional Orders require that at least half the time available for questions and answers in respect of each organisational unit will be allotted to non-Government members and that any time expended when the Committee deliberates in private is to be equally apportioned between Government and non-Government members. For the benefit of Hansard, I ask departmental officers to identify themselves before they first answer a question. I now declare the proposed expenditure for the Office of the Governor to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

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

Mr BORBIDGE: As with the allocation to the Parliament and the Office of the Speaker, as the allocation to the Office of the Governor is essentially the same as that in the previous Government's May Budget, the Opposition does not intend to delay unduly the business of the Committee, and we will not be directing any questions in respect of the Office of the Governor.

The CHAIRMAN: We have no questions for the Office of the Governor, either.

Mr BEATTIE: I appreciate the courtesy that has been extended by both Opposition and

Government members. However, there is one issue that I think is worthy of comment. There have been some public remarks in relation to the maintenance and operation of the Rolls Royce. The Office of the Governor operates an official fleet of four vehicles, comprising a 1972 Rolls Royce sedan and a Ford LTD for vice-regal transport, a Ford Fairmont sedan for general purposes and courier tasks, and a Ford Courier utility for security patrols. The operation of this small fleet is under continuous review to ensure that the transport needs of the Governor's Office are met effectively and that transport tasks are undertaken in a safe and cost-effective manner.

In relation to the Rolls Royce vehicle, the chief executive officer of the Governor's Office—the official secretary—has flagged his intention to assess the feasibility of continuing to operate the Rolls Royce. Such an assessment will be completed by an executive staff member from the Office of the Governor, with advice from the Q-Fleet workshop and spare parts suppliers. His Excellency the Governor supports such an approach.

Committee members will be aware that the Rolls Royce is an old vehicle, having been operated by the Governor's Office since 1972. The ability to obtain replacement parts for it is becoming increasingly limited, and its use is generally limited to ceremonial tasks. The vehicle's capital cost has been fully extinguished for some years. Its annual cost of maintenance is around \$5,000. Against this background, any decision to retain or retire the Rolls Royce will be based on a simple cost-benefit assessment. No thought has been given to any replacement vehicle. I should mention to the Committee that it increases in value every year. It is an increasing asset, not a diminishing one. I think there is a bipartisan view on this issue. As I understand it, both sides of politics are not in support of selling or disposing of it. We leave it very much in the hands of the Governor. We will consult on the issue, but we do not see it as any great drama. However, bearing in mind that there had been some public comment in relation to it, I felt we had an obligation to clarify the Government's view on it, and that is our view.

The CHAIRMAN: There being no further questioning, that concludes the examination of expenditure for the Office of the Governor. I thank officers for their attendance.

**PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE
INVESTIGATIONS AND INFORMATION COMMISSIONER****IN ATTENDANCE**

Hon. P. D. Beattie, Premier

Mr F. Albietz, Parliamentary Commissioner

The CHAIRMAN: The next item for consideration is the Estimates of the expenditure of the Parliamentary Commissioner for Administrative Investigations. The time allotted for that will be 30 minutes. For the information of new witnesses, the time for questions is one minute and for the 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. The questioner may consent to an extension of time for answers. A double chime will also sound two minutes after an extension of time has been given. Sessional Orders require that at least half the time available for questions and answers in respect of each organisational unit be allotted to non-Government members and that any time that the Committee deliberates in private is to be equally apportioned between Government and non-Government members. For the benefit of Hansard, I ask the departmental officers to identify themselves before they first answer a question.

I now declare the proposed expenditure for the Parliamentary Commissioner for Administrative Investigations be open for examination. The question before the committee is—

"That the proposed expenditure be agreed to."

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

Mr BORBIDGE: For the reasons stated before—and I guess also because I understand there has been some enhancement in respect of what was previously proposed back in May—the Opposition will not be directing questions to the Ombudsman. Obviously, I would place on record the very strong bipartisan support that the Ombudsman enjoys and obviously will continue to enjoy from the Opposition and I wish him well in his endeavours. I place on record my appreciation for the outstanding job that he has done over a period of years.

Ms BOYLE: May I refer to page 3-3 of the Ombudsman's section of the Ministerial Portfolio Statements, in particular, the reference to additional funding for office staffing, and I ask: what classification and number of staff will be hired using the \$0.344m increase to base funding and how will the \$1.631m additional funding to overcome excessive delays in processing complaints be spent?

Mr BEATTIE: Perhaps I will start and then we could share the answer. The \$0.344m increase in base funding will be used to employ the following staff: four additional AO6 investigative officers to assist with the ever increasing demand being placed on the services provided by the Ombudsman, one additional AO2 support officer to provide

administrative support for the increased number of investigative officers and one new PO3 information systems officer to maintain the office's computer network. To date this has been carried out by an external service provider, however, this option has been increasingly unserviceable and expensive as the network has grown in size and complexity. The \$1.631m additional funding will also be spent on a range of other staff matters, which I will leave to Mr Albietz.

Mr ALBIETZ: With the \$1.631m additional funding, we are looking at \$555,000 for additional funding for staffing and associated temporary staff resources to overcome excessive delays and reduce the serious backlogs. That is the major problem with the office—the delays, the very serious backlog problem that has accumulated over about six or seven years. We are looking at \$382,000 additional funding for temporary staff resources to overcome, as I just mentioned, excessive delays. The difficulty is that increasing numbers of complaints are coming in and there is an increasing backlog, so it is coming on at both ends. That is why we need the additional staffing.

The \$244,000 additional funding is for computer upgrades and additional computer infrastructure. The information technology in the office is not good. It seriously needs updating, and that will occur. It will also be looking at things such as email, web sites and perhaps new faxes and printers. So it will be an additional upgrade right around, and hopefully that will speed up investigations as well.

Looking at \$300,000 for additional accommodation funding, I point out that the office has completely run out of accommodation. We have looked at measures such as changing office walls to create an additional room here and there. We have looked at workstations that can accommodate two people in the place of one, but we have reached the stage at which no more accommodation is available. So we clearly need some additional accommodation. We are looking at a package for a new financial system—the SAP system—and perhaps a new human resource payroll system. We are hoping to do that in conjunction with—

Mr BEATTIE: I think the important thing is—

The CHAIRMAN: Do you need an extension of time to complete your answer.

Mr ALBIETZ: I have completed my answer.

Mr BEATTIE: Just briefly, I think it is important that there be increased resourcing, and the Ombudsman sought to do that. I think we both agree that it is an important role and it needs to be supported, which is basically why that extra funding has been allocated. As you can see from the answer that has been given, the funding has been well used in direct provision of investigative officers. That is where the core work needs to be done. Clearly, the money is being well used, and I congratulate the Ombudsman section for the way it has been applied.

The CHAIRMAN: Mr Premier, I wanted to take your attention to page 3-6, the Program Performance Assessment, particularly to the bottom of that

section where it says that 66% of cases will be resolved within 12 months of lodgment. Are you satisfied with that and, if not, what measures in these Estimates have you taken to address this problem?

Mr BEATTIE: The answer is that the backlogs that did exist were unacceptable. I think the Ombudsman had, in fact, said that at past appearances before the Estimates committee, which is why there had been a significant increase in the allocation of funds. While the 66% figure you referred to is clearly less than ideal, it is the consequence of a set of circumstances that are well documented in the Information Commissioner's last five annual reports, namely, that no-one foresaw the high levels of demand for usage of the FOI Act and of the Information Commissioner as an appeal tribunal. The consequence of that is that, for its first few years of operation, the Office of the Information Commissioner was inadequately resourced to cope with the high level of demand for its services and a subsequent backlog of unresolved appeals accrued. That has really been the heart of it. The Office of the Information Commissioner is in the middle of a major push to finalise the appeals in those older files, hence the significant proportion of cases that will be resolved more than 12 months after their lodgment. So that explains the figures to which you refer.

To put a proper perspective on that figure, it should be noted that, with a more satisfactory level of resourcing in the last two years, the Office of the Information Commissioner actually closed more files than it received in both of those years. Indeed, in the last financial year it received 210 files and closed

270, so it closed 60 more files than it received. I am sure that the Leader of the Opposition would agree with me about the positive nature of that, because there are positive indications there for both sides of Government funding.

The Information Commissioner will be given additional temporary funding in the 1998-99 and 1999-2000 financial years and expects to have eliminated the backlog by 30 June 2000. That is the target. It is then expected to achieve much better standards of timeliness, with 90% of cases to be finalised within 12 months of their lodgment.

The Information Commissioner continues to receive a significant proportion of complex cases which require in excess of 12 months to resolve. I am sure that we can all relate to those difficult cases. Sometimes they just cannot be resolved within the 12-month period. These cases typically involve large numbers of documents in issue, multiple exemption claims and multiple participants whose interests may be affected by disclosure, each of whom must be given fair opportunity to participate in the appeal process.

In a nutshell, what we are saying here is that there was a backlog. Funds have been allocated to improve it. There is a target set for the removal of the backlog. I think the Ombudsman is doing an excellent job of achieving it under the circumstances.

The CHAIRMAN: There being no further questions, that concludes the examination of the Estimates of expenditure for the Parliamentary Commissioner for Administrative Investigations.

QUEENSLAND AUDIT OFFICE**IN ATTENDANCE**

Hon. P. D. Beattie, Premier

Mr L. Scanlan, Auditor-General

Mr D. Jones, Acting Assistant Auditor-General,
Administrative Services

The CHAIRMAN: For the information of the new witnesses, the time limit for questions is one minute; for answers, it is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of this.

Mr Premier, I have been at fault already. I should have told the questioners that they can ask for an extension of time. I have not done that. With the consent of the questioners, you can have an extension of time for answers, if they wish you to have that. A double chime will also sound two minutes after an extension of time has been given.

The Sessional Orders require that at least half the time available for questions and answers in respect of each unit be allocated to non-Government members and that any time expended when the Committee deliberates in private be apportioned equally between Government and non-Government members.

As we are now getting more witnesses before us, for the benefit of Hansard I would ask the departmental officers to identify themselves before they first answer a question. I now declare the proposed expenditure for the Queensland Audit Office open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

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

Dr WATSON: First of all, I congratulate Mr Scanlan on his appointment to the position of Auditor-General. Given that we are both members of the same profession and I have known Len for a long time, I know that his appointment was well deserved and I congratulate him on it. I want to explore the staffing issue. Firstly, are you happy with the situation as it relates to attracting and retaining auditing staff? Have you had any difficulties retaining appropriate staff at levels?

Mr SCANLAN: It is a perennial problem of the accounting profession at this time to attract and retain good people. We have noticed a trend of a high level of turnover not only within the Audit Office but throughout the entire Queensland public sector. People employed with the Audit Office do get very good training in terms of accounting and auditing skills and they become very marketable, especially at the AO3, AO4 and AO5 levels, where we do see quite a drift of talented people away from the Audit Office—fortunately primarily to the public sector.

I am pleased to say that we are continuing to attract a very high standard of graduate to the Audit Office. Increasingly we are seeing people employed

with double degrees, such as in law or information technology, which is an added benefit as far as we are concerned. I think it is fair to say that the Audit Office has always had this unofficial training role for the public sector. It is one that we accept. I think a certain amount of turnover is in fact healthy. It would be fair to say, though, that the level of turnover has not been unduly excessive and has not impaired our operations in terms of our ability to discharge the audit mandate.

Dr WATSON: I was looking at the issue of information systems auditors, particularly with the Y2K problem. Do you have sufficient competent staff in that area? Secondly, what are you doing with respect to auditing in relation to the Y2K problem?

Mr SCANLAN: We have had a specialised unit now for several years focusing on information systems in a generic sense. That certainly has been one of the areas of higher turnover within the Audit Office, with the difficulty of acquiring the necessary skills to be able to provide those in a very meaningful way across the entire public sector. We have adopted a number of strategies to help us through, such as bringing our graduate staff through the information systems audit area in order to build up skills at the bottom—to develop more completely in a mainstream sense the expertise of staff across field audit and to free up those people to be able to deal more and more with the specialised, more complex tasks such as development of computer assisted audit techniques in order to more gainfully and more effectively utilise those resources for a more cost-effective audit outcome across-the-board, and especially with the introduction of new systems such as SAP. Their expertise has become invaluable. That is not to say that we do not lose those people, and we are continually trying to put more staff through those areas to build up that expertise.

As far as the year 2000 is concerned, we have taken it upon ourselves for quite some time to raise the level of awareness with public sector entities across-the-board—we have done that deliberately—in addition to writing to all members of Parliament, following a reference from the Public Accounts Committee that we do that. We are insisting on suitable notes to the financial statements this year for 1997-98 in terms of the actions that are being taken by entities with respect to that issue. Typically, we are seeing more fulsome, complete information in terms of taking the appropriate action on a timely basis. Of course, time is becoming very short in terms of being able to deal with those systems.

Dr WATSON: Are you doing more contracting of staff in that area? The staffing resource indicated that there were salaried and contracted staff. Is that the way you are handling that issue?

Mr SCANLAN: We are not contracting out the year 2000 in particular. The practice to date has been to contract the entire audit out to a private sector auditor and for us to quality control the work, set the audit fee and so forth. What we are looking at for 1998-99 is the possibility of contracting out some specific systems or functional areas of audits to the private sector, rather than taking necessarily an all-or-

nothing type approach in terms of audit. The year 2000 issue cannot be underestimated. Agencies really need to take very spirited, early action, as we indicated in our report to Parliament tabled on 18 September, to deal with that in a timely manner.

Mr BEATTIE: In relation to the millennium bug issue, we take this very seriously, too. We noted what the Auditor-General said about it. We have established a process in Government. Terry Mackenroth, as the relevant Minister, has been in charge. We have called the various departmental heads together. Cabinet is driving a program to deal with it. As you know, it is a non-political issue. It is one for Government. We are trying to pursue it as quickly as possible. We are mindful that perhaps not as much work has been done as could have been done over the past five years or six years. I am not trying to be political about this. We are trying to work very closely with the Auditor-General to resolve it. It is fair to say that it is a significant problem which we are trying to deal with.

Dr WATSON: I agree with you. We were doing the same thing, of course.

Mr BEATTIE: Sure. It is not a cheap shot from my point of view.

Dr WATSON: It is an issue that we all have to face, and we have to face it in a realistic administrative sense.

Mr BEATTIE: I guess that what I am really indicating is that we are endeavouring to tackle it head on. And we take very seriously the comments that were made in the report by the Auditor-General.

Dr WATSON: My final question relates to a more technical issue. With respect to the move to accrual output budgeting, are you well developed with your own audit programs in terms of being able to audit those processes? Have you been conducting some trials already?

Mr SCANLAN: We are developing our approach right now. I am confident that we will be in a position to be able to add some real value in terms of that whole Managing for Outcomes process. It has not yet been precisely defined as to what our role will be in precise terms with Executive Government. However, I have been having discussions with the Under Treasurer on a reasonably frequent basis, and I think we are getting close to some finality in terms of the type of audit certification primarily, which will then determine the type of specific audit work that is undertaken. But it does seem to me that there will definitely be a role in terms of the appropriateness of output measures that are looked at. From my own perspective, I would see our ability to add credibility to the quality of the financial and non-financial performance and information that is made available.

Mr BEATTIE: Perhaps I could add that we are obviously involved in discussions at the moment, because this is a significant move this year. The output issue is one that we are addressing. Obviously, there is a key role for the Auditor-General in all that. You may want to direct some of these things specifically to David Hamill when he comes in, but rest assured that it has been a matter of discussion within Government. We are keen to work with the Auditor-General in terms of his role.

Dr WATSON: I understand that. Obviously, we were looking at the issues in my own portfolio when I was there.

Mr BEATTIE: That is why we have left the Budget until September next year, as you would understand.

Dr WATSON: Yes. I raised some issues within my own department at the time about how the Public Service was going. I was really interested in whether or not, in a technical sense, the Auditor-General's office was going to be in a position to have the programs developed to be able to actually conduct the audit.

Mr SCANLAN: We have certainly developed our approach. As far as finetuning what the programs might be, that really is dependent upon the form of the certificate at this stage. We welcome the opportunity to be involved. We are geared up and ready and able to do it. We are confident that we will be able to add some real value to that process.

Mr BEATTIE: No doubt that will be the headache discussion after the Budget next year: how well did it go? That process is going to be character building.

Dr WATSON: It may raise more issues than it resolves.

Mr BEATTIE: As I said, that is why the Budget is September next year. We need the time. There are a lot of issues to work through.

The CHAIRMAN: Mr Premier, I refer you to the audit section, particularly the question of audit fees. Under what circumstances are fees charged for an audit? Who determines the fee? How many of last year's audits were charged for? And what income did this generate for the Government?

Mr BEATTIE: Section 95 of the Financial Administration and Audit Act 1977 states that the Auditor-General may charge fees for an audit conducted by the Auditor-General. That is what the Act says. In accordance with existing Queensland Audit Office policy—G13, audit fees and fee charging—the Queensland Audit Office charges fees for all financial and compliance audits. That includes departments, statutory bodies, Government-owned corporations, local authorities, Aboriginal and Islander councils and entities controlled by these bodies, and also, by arrangement, audits undertaken in accordance with sections 73 and 78 of the Act.

I am briefed that 628 financial and compliance audits were conducted in the 1997-98 financial year. The Queensland Audit Office does not charge for audits performed at the request of Parliament, that is, section 77, and audits of performance management systems, that is, section 80. So they are not charged for. Due to the number of special investigations undertaken by the Queensland Audit Office, consideration is currently being given to charging audit fees for audits at the request of auditees from 1998-99.

The Auditor-General, following the approval of charge-out rates by the Treasurer, determines audit fees. That is section 95 of the Financial Administration and Audit Act. Individual audit fees are determined by the Auditor-General, the Deputy

Auditor-General or Assistant Auditors-General on the basis of the number of hours taken by various levels of audit staff to complete each audit. A review of audit fee charge-out rates is currently being conducted by the Queensland Audit Office. To answer specifically your question: the total audit revenue for the 1997-98 financial year was \$11,791,810. I am not aware that there were any cents.

Ms BOYLE: I would like to follow up the questions that were asked earlier in relation to staff and staff turnover. I refer the Premier to page 2-4 of the Audit Office section of his Ministerial Portfolio Statements and ask: could the Premier outline plans to enhance the use of computer-assisted audit techniques and staff development through management and leadership development programs?

Mr BEATTIE: I guess that I should start with the computer-assisted audit techniques. With the demise of centralised systems such as the Queensland Financial Management Strategy and the Human Resource Management System, computer-assisted audit techniques for Government-wide systems must now be performed at each audit rather than through a central group, as was previously the case. In addition, the use of computer-assisted audit techniques is more difficult when dealing with audits in regional areas because of the absence of specialised information technology assistance. As you would understand, coming from Cairns, that is a particular issue.

In addition, with the introduction of accrual output budgeting and reporting, audit examination of information from operational rather than purely financial systems may be required. That has not been previously performed. For these reasons, all audit staff must have the requisite skills to be able to obtain client data and perform computer-assisted audit techniques. Based on the question that Dr Watson asked before and the answer given by the Auditor-General, that gives you some assurance of the skills that the staff have.

So to assist in the enhancement and expansion of the use of these techniques to all audits, training in ACL/MS access and advanced MS/Excel to all staff is required. In addition, training of staff in data downloading techniques and provision of software to aid in this process is required to ensure data downloading can occur without specialised IT assistance. The introduction of more complex systems, such as SAP and sophisticated technologies in client sites, requires the acquisition of specialised audit tools, such as those to perform audits of communications or network software.

In terms of staff development, although we have covered part of this it is worth saying that the development of the leadership skills of managers and executives is an area where the Queensland Audit Office recognises there is the greatest potential for improving its performance. That will be achieved and enhanced through three different levels of leadership management programs. The first level is the Management Development Workshops for all staff at the A06 level. They will continue and incorporate topics such as general management skills and have

external guest speakers, case study exercises and corporate information sessions. The second level is a Leadership Development Program for selected A07 staff and above. Participation in the program is based upon successful applications. That program was initiated in 1997 and achieved accreditation with QUT as a Graduate Certificate in Management 1998. That program will continue to be developed and expanded in 1998-99 and include subjects such as personal development, organisational analysis, human resource management and leadership. Finally, the third program is the Executive Development Program for all SES and SO officers. That program will continue to develop the skills of the Queensland Audit Office senior management. It includes subjects such as leadership skills and strategic thinking and includes guest speakers and general management skills.

Those programs are designed to develop Queensland Audit Office officers in both their knowledge of key management practices and the application of the acquired management skills. If you consider all that material, I think you will realise that, generally, the leadership programs are working very well. I think the programs for developing skills are well advanced. Bearing in mind the non-political role of this office and the need for bipartisan support, I think both sides of politics can be reassured that the skills are being developed to carry out the work effectively and efficiently with the required technological backup of computers and programs.

Mrs NITA CUNNINGHAM: I refer the Premier to page 2-5 of his Ministerial Portfolio Statements for the Queensland Audit Office and audits of Performance Management Systems and sector-wide issues. I ask: What are the 15 audits estimated to be undertaken in the coming year and what funding has been allocated for that work in the 1998-99 Budget?

Mr BEATTIE: As to the 1998-99 proposed special audits and audits of performance management systems—the first one on this list that I have here is Competitive Procurement Practices Report, which was reported in September 1998. The Risk Management Corporate Governance Interim Report will report in December 1998 and is ongoing. The Review of the SAP Implementation reported in September 1998 and is ongoing with sensitive information, and you can refer to section 104 of the Financial Administration and Audit Act. The Year 2000 Report is reporting in September 1998, December 1998 and ongoing. We have obviously had some discussion about that already today. The Gold Coast City Council Probity Audit was completed in September 1998. September was a big month. No. 7 is the Expo 2002 Special Investigation, which is to be reported by December 1998. The International Garden Festival Special Investigation is to be reported by December 1998. No. 9, Superannuation Guarantee Legislation Compliance, is to be reported in December 1998. No. 10, Developing Strategies for Implementation of Managing for Outcomes from a Public Sector-wide Perspective, is ongoing with the update of activities to be included in the December 1998 report. No. 11 is the Health Legal Service Probity Audit, which is in progress. No. 12, the Management of Moneys Owed

to the States, is due for completion of reporting during 1999. No. 13 is Government Companies, with completion of reporting during 1999. No. 14 is the Families Youth and Community Care Preliminary Review, which is being undertaken to determine whether further detailed audits are warranted. No. 15 is Rental Housing Education. You can see that they will be busy. You should note that where preliminary findings on a particular topic indicate that further audit involvement is not warranted, the Auditor-General may determine that no further audit report or reporting be undertaken. The 1998-99 funding for those activities amounts to \$458,820. Until I went through all that detail I did not realise how busy they were. Perhaps we should look at their budget again and give them some more resources.

Dr WATSON: Get that in writing.

Mr BEATTIE: Yes, they should get that in writing; it is on the record.

The CHAIRMAN: Mr Premier, I take you to page 2-10, which details the Program Outlays for the Corporate Services Program. I take you to the Current Outlays section where it says "Salaries, Wages and Related Payments". The budget item for 1997-98 was \$1.5m. The actual amount spent in 1997-98 was \$1.89m. The estimated non-labour operating costs were \$374,000. The actual amount was \$700,000. That led to a total current outlays blow-out of more than \$700,000, which you are planning to bring back a bit in this year's budget. What was the cause of that blow-out? That is the first question. I will come to the second one in a moment.

Mr BEATTIE: In 1996-97, the total current outlays for the Corporate Services Program were \$2.417m. The budget was \$2.215m. That was represented by \$1.488m for salaries, wages and related payments and \$0.929m for non-labour operating costs. The 1997-98 budget figure of \$1.889m was represented by \$1.515m for salaries, wages and related payments and \$0.374m for non-labour operating costs. The actual 1997-98 expenditure of \$2.597m is represented by \$1.890m for salaries, wages and related payments and \$707,000 for non-labour operating costs. The difference between the 1996-97 and 1997-98 actual expenditure of \$0.180m is largely due to the incorrect allocation of Technical Services and staff development expenditure. That was \$418,000 to the Corporate Services Program for 1997-98. In 1996-97, those costs were allocated directly to the Public Sector Auditing Program.

The CHAIRMAN: Are you saying that it represents a change of functions?

Mr BEATTIE: There was an incorrect allocation of Technical Services and staff development expenses. That is what the difference was. Coming to the second part of the question, the additional expenditure incurred during 1997-98 in excess of the original Budget Estimates include increased Queensland Audit Office equipment leasing costs, following the Queensland Audit Office's decision to lease the majority of its computer equipment on a three-yearly basis and bureau charges resulting from the implementation of the SAP

R3 Financial System in August 1997. The estimated expenditure for 1998-99 reflects the allocation of Technical Services—and this goes back to my first point—to the Public Sector Auditing Program, the finalisation of leasing arrangements for all Queensland Audit Office computing and additional bureau charges for the implementation of the SAP HR System in September 1998. I think that covers it.

Mr SCANLAN: I think so, Mr Premier. To reinforce the point in relation to the Technical Services function, I will add that not only is it functionally more appropriate that it be part of the Public Sector Auditing Program but recently it has been structurally part of the Public Sector Auditing Program.

The CHAIRMAN: You intend to rein it in this year by doing what?

Mr SCANLAN: In terms of 1998-99, I am confident that that budget will be met in that respect. I suppose it is more of an issue in terms of a total budget. We have no arguments about the process, but in terms of the total budget and the numbers that have been allocated, there are a number of uncertainties in the system in relation to Managing for Outcomes and other issues that could impinge in time on the budget allocation. I hope that we would be able to come back for other consideration if the situation were to change.

Mr BEATTIE: I am happy to say that that will be the basis of ongoing discussions during the year based on how things progress.

The CHAIRMAN: Would you consider a mid-term review?

Mr BEATTIE: If necessary, we would do that, yes. You know what Premiers are like: "if necessary". You know what Auditors-General are like: "if necessary". We are both very frugal.

Mr BORBIDGE: "In the fullness of time".

Mr BEATTIE: Yes, in the fullness of time.

The CHAIRMAN: I do not have any other questions on that matter. Ms Boyle, do you have any questions?

Ms BOYLE: I have a question in relation to page 2-5 of the Audit Office section. I direct the Premier particularly to that section dealing with audit reports to Parliament, and I ask: what were the seven reports referred to? If one of them was a report on a review of ministerial expenses of the former Minister for Families, Youth and Community Care and the guidelines on ministerial expenses, what were the costs of preparing this report? Further, what evidence would the Audit Office have required to establish beyond any shadow of a doubt that the now infamous Charlie Doyle was a totally fictitious character created by the then Minister to thwart ministerial expenditure guidelines?

Mr BEATTIE: The seven reports referred to are the report on audits of universities and grammar schools for the financial year 31 December 1996. That was tabled on 11 July 1997. The second was a first report on audits performed for 1996-97, including performance management systems. That was tabled on 9 December 1997. The third was a report on a special audit of the residents' trust

accounts at the Basil Stafford Centre at Wacol. That was tabled on 12 December 1997. The fourth was reports on audits of local governments performed for 1996-97, and 18 March 1998 was the tabling date. The report on a review of ministerial expenses of the former Minister for Families, Youth and Community Care and the guidelines for ministerial expenses was, in fact, tabled on 9 April 1998. The second report on audits performed for 1996-97 was tabled on 31 July 1998. The final one was a report on audits of Aboriginal and Islander Councils for 1996-97, which again was tabled on 31 July 1998, and there was some debate about that.

The total salary and printing costs of the review of ministerial expenses of the former Minister for Families, Youth and Community Care and the guidelines for ministerial expenses was \$72,570. Audit responsibility in connection with ministerial expenses is to ensure documentation supporting expenditure is adequate. The FBT declaration form in relation to official entertainment lists, attendees at functions, is certified by the Minister. Full disclosure of audit review of this matter was published in the Auditor-General's report to Parliament which, as I said, was tabled on 9 April 1998. On page 9 of that report, the Auditor-General stated that to verify actual attendance would be beyond the scope of standard professional audit practice.

Can I just add in response to your question that, clearly, this is a matter of importance. The Criminal Justice Commission pursued this matter in its inquiry and was unable to conclude any impropriety. So that, I think, is the end of that particular issue. Obviously, I have sought to set the highest possible standards in relation to ministerial accountability. We have produced a ministerial handbook. There has been ongoing correspondence between myself as Premier and the Auditor-General in relation to the standards that I expect of my Ministers. Earlier today, if I recall, in response to one of your questions, David, the Auditor-General signalled that there is a continual assessment of expenditure of not only Ministers but also members of Parliament—a process that the Auditor-General began some time ago. I have signalled to the Auditor-General that he will have the full cooperation and support of my Government in making certain that his role is carried out in an independent and impartial way. I expect the highest standards of my Ministers and there will be no compromise.

The CHAIRMAN: Are there any other questions? The time allotted for the consideration of the Estimates of expenditure for the Queensland Audit Office has expired. I thank the members for their attendance.

CRIMINAL JUSTICE COMMISSION**IN ATTENDANCE**

Hon. P. D. Beattie, Premier
 Mr F. Clair, Chairperson
 Mr G. Brighton, Executive Director
 Mr N. Hung, Finance Manager
 Mr P. McCallum, Assistant Director, Official
 Misconduct Division

The CHAIRMAN: For the information of the new witnesses, and I thank you for your attendance, the time limit for questions is one minute; the answer 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. A questioner may consent to an extension of time for answers. A double chime will also sound two minutes after an extension of time has been given. The Sessional Orders require that at least half the time available for questions and answers in respect of each organisational unit be allotted to non-Government members and that any time expended when the Committee deliberates in private is to be equally apportioned between Government and non-Government members. For the benefit of Hansard, I ask departmental officers to identify themselves before they first answer a question.

I now declare the proposed expenditure for the Criminal Justice Commission be opened for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

The first period of questions is for non-Government members.

Mr BORBIDGE: I refer the Premier to the Portfolio Statements on 4-3, and I note that the budget for 1998-99 for the Criminal Justice Commission is \$1m more than the \$22.731m that was allocated in the May Budget. I ask the Premier: could he please detail the additional expenditure?

Mr BEATTIE: The Leader of the Opposition is, of course, correct. There has been an increase of \$1m. That \$1m was an amount of money that was for a specific investigation. The CJC's appropriation for 1998-99 includes supplementary funding on a recurrent basis of \$1m for the purpose of conducting proactive investigations into areas of suspected police corruption. Proactive investigations into corruption have been conducted by the CJC since shortly after its establishment. In more recent years, several proactive investigations into drug-related corrupt activity have been conducted by means of covert police operatives.

In mid 1996, retired Supreme Court judge, the Honourable W. J. Carter, QC, was engaged to review current operations and to make recommendations as to the future directions of investigations. Acting on Mr Carter's advice, in October 1996 an investigation into cases of alleged or suspected drug-related misconduct by police officers was launched. Mr Carter presented his

report, *Police and Drugs: A Report on an Investigation of Cases Involving Queensland Police Officers*, in October 1997. As a result of recommendations made by Mr Carter, the CJC has maintained a multidisciplinary team exclusively devoted to the investigation of drug-related allegations against police and the preparation of briefs of evidence arising from operations.

In 1998-99, the CJC remains committed to proactive investigations in this area and a number are under way. The Parliamentary Criminal Justice Committee recently endorsed the CJC's proactive approach to the investigation of police misconduct and provided support in principle to the CJC's integrity testing strategy. Even the most simple integrity test is resource intensive. The resources required go beyond the continuing contribution of one multidisciplinary team that the CJC has maintained to the area as one of its core responsibilities.

The resources of this multidisciplinary team have now been augmented with funding approved by the previous Government. The funding has provided additional investigative support, legal supervision to consider complex issues and to support investigative hearings. The continuation of this additional funding is essential to enable the CJC to pursue its integrity testing strategy, which is consistent with that extensively used by the New South Wales Police Service as well as overseas law enforcement agencies. So that is where the money is.

Mr BORBIDGE: So these are for programs arising out of recommendations from Mr Carter? From memory, it seems to me that the previous Budget actually incorporated funding for the recommendations of Mr Carter. That is why I am a bit confused.

Mr BEATTIE: I am happy for Mr Clair to address this issue. This was a matter that I pursued at our Budget review to ensure that they were properly resourced in this area, but I am happy for Mr Clair to provide more detail.

Mr CLAIR: Perhaps I can go into recent history in respect of the Deputy Chairman's question. Back in March or April, the CJC put two proposals for supplementary funding to the Cabinet Budget Committee. On that occasion, the CJC was firstly seeking an amount of \$1.678m in respect of what I will call the Project Shield investigations, that is, in respect of the proactive investigation of police corruption. That request arose out of the recommendations contained in Mr Carter's report, which was delivered last year. The second initiative that was the subject of our application was the request for \$2.232m to establish and continue with a multidisciplinary team and the necessary support to conduct complaints investigations and proactive investigations in respect of QCSC and Q Corr, which was a jurisdiction that effectively came to the CJC in September of last year.

As a result of the discussions at that Cabinet Budget Committee meeting and its subsequent deliberations, the CJC was advised that it would be provided with \$1m in respect of the proactive

investigation of police corruption and that that allocation would become a part of the permanent base budget next year and would continue as part of the CJC's Budget. The CJC was also advised that it would be provided with an amount of \$612,000 for the investigation of the QCSC and Q Corr matters. That amount was allocated very much on the basis that, at the time of the Cabinet Budget Committee discussions, it was too early to anticipate just how much work would arise in that area. I might say that I argued somewhat enthusiastically that we be allowed the amount of \$2.2m that we were seeking, because it was necessary to establish a team up front and get out and do things proactively. Nevertheless, the decision was that an amount of \$612,000 should be allocated, but it was very much on the basis that we would be back at the mid-year review of budget and, specifically on the undertaking of the Under Treasurer, that if we could demonstrate that the work was there we would be funded to do the work.

After the change of Government, I had discussions with the Premier about the budget situation. From what I learned at about that time, it appeared that there was to be a whole new Budget process. The concern that I had then was that by the time that this Budget process was finished, we would be overlapping with the mid-year review. I discussed with the Director-General of the Premier's Department that as part of this Budget process we should make the application for the additional funds that we needed. The additional amount that we sought was \$1m rather than an amount that would bring it up to \$2.2m, because the limited funding meant that we had not got under way as early as we would have liked. It meant that for this current year we will have a total for Q Corr and QCSC of \$1.612m. The request for the additional \$1m as part of this process was the \$1m that was granted by the new Government. That accounts for the difference.

Mr BEATTIE: I am sure that there is no difficulty or difference between us on this.

Mr BORBIDGE: That is correct.

Mr BEATTIE: This is for a specific program.

Mr BORBIDGE: Mr Clair's recollection of the CBC meeting accords with mine. It was simply brought forward in view of the September Budget. Premier, you have previously indicated some concern in respect of the possible overlap of law enforcement agencies, in particular the Crime Commission and the Criminal Justice Commission, and you have suggested that during the course of the year there may be a review. Are you able to provide the Estimates Committee with any update on what is proposed at the present time? Are you considering an expansion of the role of the CJC and a diminishing of the role of the Crime Commission? If so, has any allowance been made in the Estimates before the Committee?

Mr BEATTIE: There are some general matters here that are perhaps a bit broader than the specific matters, but I am quite happy to answer Rob's question because I think it is an appropriate one. Basically, prior to the election I indicated that I did not support the establishment of the Crime Commission in its current form. That is a matter of

public record. In fact, I received some vilification in the Courier-Mail for having taken that view, as you may recall. I have assessed the position in very practical, blunt terms. I do not believe that there is numerical support in the Parliament for the removal of the Crime Commission. Being a practical, hard-headed individual, as you well know, I deal with the realities that exist in this world. Therefore, I have taken the position that while I am concerned about overlapping—you are quite right—and while I am concerned that some law breakers may fall through the cracks, I have decided to discuss with the CJC, the Crime Commission, the police and all the various law enforcement agencies what they think appropriate reforms to improve the existing system may be. Therefore, any changes would only be undertaken after full consultation and discussion with Tim Carmody at the Crime Commission, Mr Clair and the incoming chairman. As you know, the parliamentary committee has unanimously endorsed a new chairman and he is entitled to be consulted. I have met with Mr Carmody and made it very clear to him that I am not seeking to abolish the Crime Commission. I have made it clear to Mr Clair that I am seeking to come up with a model that I think will incorporate a better delivery for tackling law enforcement.

As I signalled in a statement to the Parliament when we announced the new chair of the CJC, the bottom line is that there will be some changes to the Act governing the CJC. As you would be aware, over a long period a number of committee recommendations have been made in relation to possible changes to the Act—including when I was Chair of the Parliamentary Criminal Justice Committee—that have not been acted upon. I am not proposing another review of the CJC. I think that the CJC has been reviewed to death. I am looking at the proposed changes that the parliamentary committee has recommended to see whether they should be implemented.

None of that will happen until there has been full consultation with the CJC, the Crime Commission and the police. When we are close to reaching some view on it, I intend to consult with you as Leader of the Opposition and with the Independents. I do not want this to be a political exercise. I am trying to do this in a bipartisan way. I am happy to give an undertaking today, on the parliamentary record, that before the Bill goes to the Parliament you will be consulted and you will be involved in the process. I am not looking for a fight on this. I am looking to get the system that will work the best, and to deliver a law enforcement system and a criminal justice system that tackles people who are breaking the law. I know that this is difficult; it is not easy. However, I am trying to do it with consensus. We can agree on things to improve the system, and that is what I am seeking to do.

Mr BORBIDGE: What sort of time frame are you looking at: this year or into next year?

Mr BEATTIE: I had hoped that towards the end of this year we would have some general ideas. Maybe it will be early next year before we introduce any legislation. Of course, time gets away and we are now at the beginning of October. It may well be next

year before it happens. If we can move quicker than that, we will certainly try. As I say, before any Bill is introduced I will certainly be consulting with you after I have talked to Tim Carmody, Frank Clair, Frank's successor and Jim O'Sullivan. It is an attempt to get a sensible outcome, which is what I will seek to do.

Dr WATSON: I refer to page 4-6 of the Ministerial Portfolio Statements. Firstly, who established that list of key performance criteria?

Mr CLAIR: They were established at the CJC.

Dr WATSON: They were established by the CJC?

Mr CLAIR: Yes, that is right.

Dr WATSON: In comparing the actual measures/units with the established measures/units in 1997-98, we see that more than half are down; the actual performance was under the budgeted performance in more than 50% of cases. When I look at the estimated measures and outputs for 1998-99, again I see that most of them are down. What is the justification for the budget going up when your performance on the measures you have established is down?

Mr CLAIR: Obviously, different considerations would arise in respect of each of the line items. Mr Chairman, I would ask that we be permitted to take that question on notice and deal with each of the line items. As I say, there will be different considerations in respect of each. I could speak about general factors.

Dr WATSON: I will point out a couple of them in particular. It is a few years since I was on the Parliamentary Criminal Justice Committee. Things could have changed, but it always seemed to me that areas such as complaints, breach of disciplinary matters, review of police and public sector investigations and witness protection were always high-cost areas. Each and every one of those is down, but the budget is up?

Mr CLAIR: If I can speak in generalities—

Dr WATSON: I am willing to place the question on notice so you can answer it in detail.

Mr CLAIR: Sorry?

Dr WATSON: I am willing to place it on notice. I am just pointing out that, from memory, those were high-cost areas.

Mr CLAIR: Dealing with our core jurisdiction and activity, the number of complaints was up during the previous year. In fact, it was the third highest year.

Dr WATSON: It was down on what was budgeted, though? It was 2,512 as against a budgeted figure of 2,600?

Mr CLAIR: That is in respect of the estimate. In reality, 1997-98 was the third highest year that we have had.

The CHAIRMAN: Mr Premier, are you happy to take this on notice?

Mr BEATTIE: Sure.

The CHAIRMAN: Dr Watson, as per the agreed procedure, I will ask you to write out the question, and the answer will be lodged on Monday. The point is that the time for Opposition questioning has expired and we are drifting into the time of Government members. I think we can easily resolve this matter by placing it on notice. Mrs Cunningham, do you have any questions?

Mrs NITA CUNNINGHAM: I refer the Premier to the Criminal Justice Commission section of his Ministerial Portfolio Statements and in particular to the section headed Planned Performance. What level of complaints have been received about the conduct of police and public officials to 30 June 1998? Further, what is the clean-up rate for such complaints? What sort of expected additional workload is likely to flow from the expansion of the CJC's jurisdiction to cover the QCSC and Q Corr?

Mr BEATTIE: During 1997-98, 2,512 standard complaints were received, which you will notice is highlighted on page 4-6, to which Dr Watson was partly referring before. That number of complaints is the third highest annual total in the CJC's eight completed years of operation. Combined with the number of breach of discipline matters received—731—a total of 3,243 matters were received, which is a substantial number. The 2,512 standard complaints received contained 5,187 allegations. There was not just one allegation per complaint; some people have quite a number. There was an average of 2.1 allegations per complaint. The three major subject areas—policy, Public Service and local authorities—accounted for 93.1% of those allegations. A total of 2,617 standard complaints were finalised during the year. The median time for the completion of matters was 12 days compared with 13 days in the previous year. Some 25% of matters were finalised within five days of registration, 50% in under a fortnight, and only 12.4% took longer than six months. Thirty-one more matters were finalised during 1997-98 than in the previous year.

The number of matters still on hand at the end of 1997-98 was 360, which represented the lowest number of matters on hand since November 1994. The Commission estimates that it will receive 375 matters involving Corrective Services per annum. As you know, Corrective Services has not always been in the domain of the CJC. During September 1997 and August 1998, 113 matters were registered, which is close to the growth rate to achieve the expected intake by December 1998. This represents approximately a 15% increase in the workload of assessments, preliminary and simple investigations review and education and liaison.

That is the sort of basis on which we operated when we determined the budget. That is the sort of basis that we operated on, too, when we considered the issue of the \$1m, which Rob referred to before. On that basis, you can see that we made a sound decision in a budgetary sense. Those were the sorts of reasons that we took into account in our budget review.

Ms BOYLE: I refer the Premier to page 4-8 of the Criminal Justice Commission section of the Ministerial Portfolio Statements, particularly the

staffing section, and I ask: will you give me a breakdown of the 262 positions set out in the 1998-99 financial year estimate?

Mr BEATTIE: As you would appreciate, basically there has been a difference of only one. In 1997-98, the actual was 261; the 1998-99 estimate is 262. I will give a breakdown of the 262 positions. Staffing is a significant part of any budget. Therefore, when you consider what work is being done, you do not have a lot of flexibility with respect to funding if that staff is being used effectively, which it is in our assessment. The employment category can be broken down as follows: policy officer, 92; administrative officer, 70; legal officer, 24; investigator, 14; manager, 13; research officer 13; computer officer, 10; intelligence analysis, 10; financial analysis, seven; complaints officer, six; technical officer, two; and librarian, one.

The allocation of positions to divisions and units of the Commission is as follows: executive, including the Office of General Counsel, five; Office of the Commission, six; Official Misconduct Division, which is the major work of the Commission, 141; Witness Protection Division, 28; Research and Prevention Division, 27; Intelligence Division, 20; and Corporate Services Division, 35. That gives a total of 267. Sorry, I said "policy" officer in my speed to provide this detail. I should have said "police officers, 92". I am sure that Frank would not mind a few more policy officers. The CJC's approved staff establishment as at 30—

Dr WATSON: I did not realise the CJC made Government policy.

Mr BEATTIE: I think we have established over time that that is not correct with respect to both sides of politics. As I said, the CJC's approved staff establishment as at 30 June 1998 was 262, comprising 170 civilian positions and 92 police positions. Staff numbers on a full-time equivalent basis total 261.2. I have just gone through the breakdown for each division. There is more detail here, but I think I have covered most of it. The establishment of the Official Misconduct Division includes 16 positions that were created following advice of additional funding for the proactive investigation of police corruption and the investigation of official misconduct involving officers in Government correctional institutions. But those positions were not filled as at 30 June 1998. In respect of your initial questions, I think Mr Clair has explained why that was not done.

The Witness Protection Division contains 26 police positions and two civilian positions, giving a total of 28. The remaining 93 civilian positions were allocated as follows: Research Division, 18; Corruption Prevention Division, six; Intelligence Division, 23; Corporate Services Division, 40; and the executive, including Office of General Counsel, six. I can give you more detail if you wish. Mr Chairman, as you would appreciate, these matters are the subject of negotiation between the CJC and obviously my department and the Treasury. As you know, I have assumed responsibility for the CJC in the limited way that it is accountable to the Executive. These are all relevant issues in

determining the budget matters. We have had a detailed look at it and we think the budget is a fair thing.

The CHAIRMAN: Can I take you to page 4-7 of the Ministerial Portfolio Statements, Program Outlays, for the Criminal Justice Commission 1997-98, and ask: how much has been set aside for inquiries for this financial year, bearing in mind the cost of the previous inquiries, and can you tell me how you arrived at this cost?

Mr BEATTIE: Let me give you an assessment of it. We do not envisage specific inquiries outside the cost of the Forde inquiry, which is not in this area, of \$2.8m—that is generally from the Government point of view—but I am happy to give you an indication that the Connolly/Ryan inquiry cost \$10.527m. That has been on the public record before. I can give you some breakdown, however, in terms of some of the costs. A lot of this was in relation to legal fees. The Department of Justice was \$7.5m; independent legal representation was \$519,000; the Criminal Justice Commission, \$2.258m; and Department of Police, \$250,000. But in terms of breakdown, the total fees for the commissioners and counselling fees paid during the inquiry were \$4,062,215. Commissioner Connolly was paid \$514,500, Commissioner Ryan \$520,500, Senior Counsel Hanger \$645,120, counsel Couper \$506,900, counsel Carmody \$445,350, counsel Dorney \$517,725, counsel Thompson \$447,000 and counsel Wilson \$465,000. That is a total of \$4.062m.

Legal costs were also paid out to a number of parties and there was a total of \$2,242,157.84—there are actually some cents in this. This is cents as well. Mr Cooper's lawyers were paid \$522,259.69; Mr Borbidge, \$449,409.46; the Queensland Police Service, \$248,004.50; Mrs Sheldon, \$13,867.50; the Sporting Shooters, \$90,363.35; Mr Santoro, \$18,489.05; Mr Heery, \$62,835.25; the ALP, \$232,284.50; and the Police Union, \$604,644.54. That is a total of \$2,242,157.84.

Mr BORBIDGE: Was Commissioner Carruthers included in that?

Mr BEATTIE: Yes, he was. Yes, I will come to that. The legal costs paid by the Criminal Justice Commission—Commissioner Carruthers, \$436,760.31. Do you want me to go through the rest of the detail? The total was \$865,148.34. The total cost was very expensive. From our point of view as a Government, we do not support inquiries of this nature which we regard as a waste of taxpayers' money.

The CHAIRMAN: Sorry, I missed the figure. How much have you allocated for inquiries this year?

Mr BEATTIE: Nothing in the sense that the only inquiry we have announced is the Forde inquiry. There will not be a Connolly/Ryan inquiry. The other inquiry that was referred to was the Carruthers inquiry. Any other matters have to be dealt with out of the CJC's budget. There will not be any. There are enough lawyers circling Government as sharks in a circle as it is. I think we should put the sharks to rest.

Dr WATSON: I thought some of the sharks were in the Government.

Mr BEATTIE: I was very fair about it. I did not leave anyone out. I mentioned everyone's fee.

The CHAIRMAN: I want to ask one more question. I refer you to the section—

Mr BEATTIE: It is called shark hunting.

The CHAIRMAN: I am organisational hunting here. I want to refer you to the section particularly dealing with the revised organisational structure. Can you explain the changes you have made, what the present structure is and what subprograms were deleted and what amalgamations occurred during the changes?

Mr BEATTIE: Sure. This is a different issue to the one that Mr Borbidge raised earlier. Following the amendments made to the Criminal Justice Act 1989 in December 1997 which defined what were to be the future role and functions of the CJC, a major organisational review was undertaken during the first half of 1998 to ensure that the commission had in place the program and organisational structures and operational strategies necessary for the discharge of its modified range of statutory functions and obligations. The review was undertaken by the Consultancy Bureau and was finalised at the end of June 1998. The review resulted in a number of significant changes to the commission's program and organisational structures which took effect from 1 July 1998.

The new program structure consists of one program—Criminal Justice—with just three subprograms, namely, Investigations, Research and Prevention, and Witness Protection. The previous subprograms of Intelligence and Corporate Support were abolished. The changes made to the program structure reflect the desire for greater integration of commission activities, particularly with a view to proactive prevention measures involving joint action by all areas of the commission. The changes were also designed to reflect, among other things, the commission's intention to achieve a real reduction in public sector misconduct and to promote greater public understanding of criminal justice issues.

The commission's new organisational structure comprises four operational divisions—Official Misconduct, Research and Prevention, Intelligence, and Witness Protection—which are assisted by the Corporate Services Division of the Office of General Counsel. The revised organisational structure sees the amalgamation of the Research and Corruption Prevention Divisions into the Research and Prevention Division, which recognises the common interest of those two areas in effective prevention measures. The new organisational structure included an Office of the Commission, which will facilitate the

coordination of accountability processes and corporate governance procedures as well as provision of secretarial support to the commission.

In response to your question, I should say that, while we are looking at what recommended changes were proposed by the Parliamentary Criminal Justice Committee—and I signalled before in relation to a question from Mr Borbidge that we would consult—clearly what has already happened is relevant to our review. As I said, I think the CJC has been reviewed to death and I am not keen to begin another process, but there will be some changes. I should add that, bearing in mind what I said before in relation to what Rob raised, those matters that have already been changed which really came out of a time during the previous Government are relevant to whether those areas should be changed again. I do not think there is any point in people simply looking at their navel time and time again. There may well need to be some consideration, but we will do it with consultation.

In response to my previous question, I do not want anybody to reach the view that I was simply seeking to pick on one side of politics in the detailed answers in relation to legal expenditure. I think it would be fair with your permission and I am happy to show you this document—in fact, I table it so that there can be some assessment of it.

Leave granted.

Mr BEATTIE: It is a matter for you. You asked me a question about Mr Carruthers. I am happy for that to be on the record. There is more detail in here than I have given to you on the record.

The CHAIRMAN: The time allotted for consideration of the Estimates of expenditure for the Criminal Justice Commission has now expired. Mr Clair, I thank you and your officers for your attendance. The Committee will now adjourn for morning tea and the hearing will resume at 5 past 11. Given that we are running ahead of schedule, could I ask whether the Premier's Department will be ready to commence at 5 past 11 rather than 11.30?

Mr BEATTIE: We are ever ready.

The CHAIRMAN: The Committee has asked for a series of departmental officers to be present and I am hoping that those people will be in attendance for that.

Mr BEATTIE: All the people you have asked for are here, to the best of my knowledge.

The CHAIRMAN: In that case, the Committee will now adjourn and the hearing will resume at 5 past 11.

Sitting suspended from 10.49 a.m. to 11.05 a.m.

PREMIER AND CABINET**IN ATTENDANCE**

Hon. P. D. Beattie, Premier
 Dr G. Davis, Director-General
 Ms J. Bertram, Acting Deputy Director-General,
 Policy Co-ordination
 Mr T. Hogan, Deputy Chair, Premier's Native
 Title Task Force
 Mr J. Hows, Director, Financial Services
 Ms S. O'Carroll, Management Accountant
 Mr E. Bigby, Deputy Director-General,
 Government and Executive Services
 Dr B. Head, Commissioner, Office of the Public
 Service

The CHAIRMAN: In relation to media coverage of the Estimates Committee A hearing, the Committee resolved that silent television film coverage will be allowed for the opening comments made by, in this case, the Premier and the opening comments made by anyone else. I would ask the media assembled to respect that. Mr Premier, are all your officers ready and seated?

Mr BEATTIE: Yes, Mr Chairman. As far as I am aware, everyone asked for is here—ready, willing and able.

The CHAIRMAN: For the information of the witnesses, the time limit for questions is one minute and for answers is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers. A double chime will also sound two minutes after an extension of time has been given.

The Sessional Orders require that at least half the time available for questions and answers in respect of each organisational unit be allotted to non-Government members and that any time expended when the Committee deliberates in private is to be equally apportioned between Government and non-Government members. For the benefit of Hansard, I would ask departmental officers to identify themselves before they first answer a question.

I now declare the proposed expenditure for the Department of the Premier and Cabinet be open for examination. The question before the Committee is that the proposed expenditure be agreed to. Mr Premier, is it your wish to make a short introductory statement in relation to the elements within your portfolio?

Mr BEATTIE: Yes, it is.

The CHAIRMAN: In that case, you have five minutes.

Mr BEATTIE: I look forward to this Estimates Committee process, even though I have participated in the earlier Estimates, prior to this part of the process. I regard the Estimates Committee process as an important part of government. It was

introduced in the Goss years and I am delighted to see it continue.

I have always promised openness and accountability. I am therefore very pleased to be here today as Premier to be questioned on the Estimates of the Premier's Department. I have outlined in a policy document our plan to oversee the return of good government to this State, and the Estimates Committee process is part of that. I note that, prior to the election, the previous Government had brought down a Budget but there was not an opportunity for Estimates. As you know, our Budget was subsequently introduced and this Estimates Committee process is now being pursued.

I have pledged that my Government will reintroduce honest, accountable government. We have already reformed question time so that Ministers actually answer questions within a three-minute limit. Again, this Estimates Committee process is an important part of that accountability.

This Budget is crucially important to Queensland because it comes at a time when the effects of the Asian economic crisis are spreading beyond Asia like a giant cyclone. It is now causing economic damage on a global scale. No-one can know how bad the crisis will eventually be, nor how long it will last. What we do know is that we as a Government must provide leadership and have a strategy to ensure that Queensland emerges from this economic cyclone in the best shape possible, which is what the Budget was aimed to do.

The record \$4.8 billion capital works budget will ensure that the all-important building and construction industry keeps generating jobs—47,800 ongoing jobs and 17,800 additional jobs. In addition, we have already taken steps to spend more on capital works in the 1999-2000 financial year, with spending up by \$140m.

I can also assure Queenslanders that the State Government will continue for the next three years with the same determination, efficiency and work rate that it is displaying in its first 100 days, which we chalk up on Saturday. It happens to coincide with the Federal election, but we will overlook that on John Howard's part. Right from the start, my Government has delivered leadership, certainty, direction and job creation strategies when after the 13 June election many commentators and the business community feared three years of chaos because of the uncertain result. I said that we would govern as if we had a majority of 10, and we are.

The Budget brought down by David Hamill on day 82 delivered, in addition to the 65,000 jobs from the Capital Works Program, 24,500 job placements, apprenticeships and traineeships under the Community Jobs Plan and Breaking the Unemployment Cycle. It contained record spending on health, education and police. It followed a \$5.4m package on day 25 to boost building and construction jobs with up to 3,000 apprenticeships to be established from a special fund created in the industry.

There has been immediate action to deal with native title. The Native Title Bill, to give certainty on

leases issued between 1994 and 1996, was introduced at the earliest time possible—the end of the parliamentary sitting day on 30 July, day 35. It will become law tomorrow. I set a three-month timetable for developing a comprehensive response to the recently amended Commonwealth Native Title Act. The intention of the Government at this point of time is to introduce the second piece of that native title legislation at the end of October.

We held a trade and tourism summit to find strategies to deal with the Asian economic crisis and to overcome damage created by international reports arising out of the State election in relation to One Nation. We followed this up with a five-day visit to Hong Kong and Japan to start repairing the damage.

It was a Cabinet initiative that won the world Goodwill Games with 1,800 new jobs and an economic boost of about \$167m. I launched a \$47m crime prevention program and announced the Forde inquiry into institutional child abuse.

We have made Government more accessible to all Queenslanders through the Community Cabinet process and through a plan for 32 ministerial forums to be held each year throughout Queensland. We have already held four Community Cabinet meetings where people could walk into a meeting without prior notice to chat to a Minister on a Sunday afternoon. I should say to the Committee that there is a modest cost that goes with that Community Cabinet process, but I believe it is an important process and worth the expenditure. There have been nearly 500 formal delegations to Ministers.

The CHAIRMAN: Order! Is it the Committee's wish to grant an extension of time?

Mr BEATTIE: I am nearly finished. If I could make one other remark.

MR BORBIDGE: Yes.

MR BEATTIE: I want to stress the importance of multiculturalism in my portfolio. It is a matter that I value highly. I have appointed Gordon Nuttall as one of my Parliamentary Secretaries to have day-to-day responsibility for this matter, but I have overview and overall responsibility, which I take very seriously. Mike Reynolds is my Parliamentary Secretary in north Queensland, and I value that part of the State as making its significant contribution. Generally, we have demonstrated that we are a can-do Government, and that is what this Budget is all about.

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

Mr BORBIDGE: Premier, you have been keen to promote the perception that you lead a frugal Government. I note that the budget of the Department of the Premier and Cabinet has almost doubled—from \$84.5m to \$170.5m. I also note that the Co-ordinator-General is out but the CJC is in, and that roughly equates—within \$2m or \$3m. I make the observation in relation to page 5-4 that you are proposing an increase in departmental staff from 607 to 697 and that you have increased ministerial staff—numbers were frozen from the period of former Premier Goss—in your office from 18 to 24. Why are these very substantial increases considered necessary?

Mr BEATTIE: I thank Mr Borbidge for that question. There are two actual questions in this. I hope that, if I do not have enough time to deal with the detail, I will be given an opportunity to respond to both. One question deals with the staff of the Premier's Department, and the other deals with ministerial staff. So some of these are obviously quite detailed.

There are a number of matters that need to be addressed here. In relation to the staff in my office, I have adopted a very transparent process. Rather than bring in public servants, as was the case in the previous Government, and have them located in my office, like Wendy Armstrong, I have transparently had staff who are indicated as members of my staff. The previous Government in 1997-98 had formal staff numbers of 18. The actual staffing level as at 26 June 1998 was 21. The estimated 1998-99 staff in my office is 24. That includes two staff members who have the total responsibility for the Community Cabinet process. I do not think that anyone would seriously suggest that that very valued process—Community Cabinet—should not have staff allocated to make it work. I have made it very clear that that Community Cabinet process is non-political. Wherever we go we invite the local members of Parliament, regardless of their politics. Indeed, at the recent meeting in Nambour, we had the local Federal coalition member there. I think he is a Liberal, or maybe he is with the National Party. That has been the case with One Nation and other members; wherever we go, they will be invited. So two of those people are specifically allocated towards Community Cabinet. So added to 21, that takes it to 23. To get to 24, the extra person is, in fact, the attendant. When you were Premier, the attendant was seconded from Parliament and, therefore, did not show up in your numbers. He was returned to Parliament. I have appointed someone to do that job, but that person is transparent. In other words, that position is, in fact, an additional one numerically. But had that person not been seconded from Parliament, you would have had 22 and I would have had 22. With the addition of the two Community Cabinet staff—that is exactly where they come from. In other words, you had 21—

The CHAIRMAN: Mr Premier, I ask you to address your comments through the Chair.

Mr BEATTIE: Of course, Mr Chairman. The former Premier had 21. I have used one of those staff positions to appoint someone else, as opposed to having someone seconded from Parliament. So in other words, in practice the previous Government had 22, we have 22, and there are two additional people from Community Cabinet. So in essence we are talking about two people who perform the role of being Community Cabinet organiser. So that is the only difference between my office and Mr Borbidge's office.

Mr BORBIDGE: If that is the case, why has the Cabinet Secretariat staff also increased by 50%?

Mr BEATTIE: That is not true. If I could just complete the answer—the other additional thing that I have not done is that I have not brought in public servants, like Wendy Armstrong, who are allocated

as public servants—when you look at the numbers—but in fact worked full time for the then Premier. I have not done that. So if you look at it in net terms, my staff is less than that which existed in real terms under the previous Government.

Let us talk about the overall numbers for the department. That was the other part of the question that Rob asked. We have taken on Corporate Services for both the Premier's Department and the Department of State Development. Instead of having two Corporate Services there is one. In other words, we run Corporate Services for the Department of State Development. We thought that was an efficient and effective way to use resources. We thought that the duplication was a waste. As a result of us running Corporate Services, there is an increase in numbers in the Premier's Department. That is the first thing.

The second thing that needs to be said here is that we are establishing a Policy Co-ordination Unit. I made it absolutely clear prior to the election that we would have one. I have made no attempt to hide that. We are establishing a Policy Co-ordination Unit. Frankly, policy is determined either out in the ministerial offices in a haphazard way—and, with respect, Mr Chairman, I am not seeking to be too divisive on this occasion; but with respect, I think that one of the difficulties of the previous Government was a lack of coordination. I think that a policy unit within the Premier's Department is an appropriate way to do that. Let me stress that policy is either done in each one of the ministerial offices or departments or it is done in a coordinating role centrally. It has to be done somewhere. From my point of view, I have made the determination that it will be done centrally through a Policy Co-ordination Unit, and that is part of the increase. I see no difficulty in that. I think that is all about good government and delivering good services.

Mr BORBIDGE: Mr Premier, you did not detail the very substantial increase in the budget of the department from \$84.5m to \$170.5m. But regardless of that—

Mr BEATTIE: I am happy to do that.

Mr BORBIDGE: I will ask my other question relating to the Cabinet Secretariat. You said that you had not increased the size of the Cabinet Secretariat by 50%. I refer to 5-39 and the fact that the Cabinet Secretariat has funding this year of \$1.1m, compared with actual expenditure of \$872,000 in 1997-98, and to its expansion from eight staff to 12 within the new Office of the Cabinet configuration. I also refer to 5-37, where we see that the Secretariat will deal with virtually the same number of tasks, about the same number in relation to submissions and decisions, and the same number overall of country Cabinet and community forums. I ask again: if the Secretariat's activities are essentially the same, why do we see a 50% expansion of its staffing, particularly taking into account your admission that two of your ministerial staffers are to deal with regional Cabinet meetings?

Mr BEATTIE: Regional Cabinet is not handled by just two members of my staff. They are important for coordination, but that is not their total responsibility. As you know, with Community Cabinet, a total consultation process with the community is an extensive one.

Let me deal with these issues head on. As to the Cabinet Secretariat—the 1998-99 budget will be \$1.104m, an increase of \$225,000, for increased staffing resources to support the additional responsibilities and functions undertaken by the program as a result of program restructuring across the department. The budget will provide staff labour costs for 12 staff, non-labour operating costs, and so on. Again, as you would appreciate, the Cabinet Secretariat has a role to play in the Community Cabinet consultation process. This is a comprehensive process. This is not a breeze in and out of town on one day and then don't listen to the people and don't come back process. This is a follow-up process which requires some resources. I have never hidden the fact that it requires some resources. My commitment to regional and country Queensland is such that we will resource it properly. That is why it has been resourced properly.

Let me talk about the department budget. As to the 1997-98 actual expenditure—the increase of \$2.329m on the 1997-98 budget primarily reflects additional expenditure, part-year leases to the Treasury Corporation for the new Hawker 800 XP aircraft, additional funding for Crown law legal expenses, and additional carryovers for 1997-98 compared to estimated carryovers included in the previous budget. During 1997-98, the department's expenditure provided for administrative costs of \$26.884m, including \$7.458m for user-pay rents, current grants, capital outlays, and so on. The bottom line with all of this is very simple. There will be staff required, as I said, for Corporate Services. There will be staff required for the Policy Unit. The 1998 budget represents an increase of \$89.4m on the 1997-98 budget principally due to these things: \$32.783m for the South Bank Masterplan; \$21.880m for the Queensland Heritage Trails Network; \$10m for the department contingency; \$5m for the native title compensation provision; \$5m for the establishment of the Policy Co-ordination Program; additional funding of \$3.195m for Ministerial Offices; \$3.272m in carryovers; \$3m for the Centenary of Federation initiative; \$2m for the redevelopment of the Cairns Esplanade; \$1m in new initiative funding for the Cultural Diversity Program; \$1m in new initiative funding for legal expenses—the list goes on.

The CHAIRMAN: Time has expired, Mr Premier.

Mr BEATTIE: Okay. There is the answer to your question.

Mr BORBIDGE: I refer to page 5-15, Program Outlays—Parliamentary and Government Services. In the Capital Grants and Subsidies line we see that \$9.674m is allowed as opposed to zero in the May Budget documents. Although it states in Note 6 that the principal reason for the increase over 1997-98 is essentially explained by a commitment of \$3.5m for the Willows raceway by the previous Government, I ask: what constitutes the other \$6.1m?

Mr BEATTIE: I am glad you asked about the Willows Sports Complex, because my Government has moved to validate an unfunded commitment that was given by your Government during the caretaker period. I think the Willows is a very valued sporting

facility. A number of pieces of correspondence that had been exchanged between the then head of your department and Willows bound the Government legally, yet there was no funding allocation from Treasury. In other words, we had \$3.5m for the Willows Sports Complex, the Malanda Stadium, work that was involved in drainage and water—

Mr BORBIDGE: I am not questioning that.

Mr BEATTIE: I am sure you would not, because of the history of it.

Mr BORBIDGE: I asked what constitutes the other \$6.1m. That was the question.

Mr BEATTIE: I happy to go through that. The 1998-99 budget for capital grants will provide \$8.35m to allow me to respond rapidly to emerging capital works projects of economic, social, regional and environmental significance to Queensland and includes carryovers of unspent funding from 1997-98 of \$1.324m for the departmental contingency. Part of the difficulty has been that, since I have been Premier, I have found a number of projects that have come out of left field that were promised by the previous Government and that were not funded. That is part of the purpose of that funding.

Dr WATSON: That was an answer to a question about Note 6. I thought the departmental contingency was covered in Note 2 on that page. The question that was just asked referred to the Capital Grants and Subsidies line.

Mr BEATTIE: The answer that I gave specifically to that was that, as you can see, in 1998-99 the budget will be \$9.674m, with that representing an increase of \$4.374m over the 1997-98 budget. The variation primarily reflects \$3.5m new initiative funding for the Willows Sports Complex, as well as carryovers for unspent funding from 1997-98 relating to the departmental contingency. I provided the other detail.

Dr WATSON: If you look at Note 2—

Mr BEATTIE: It says "The decrease in the 1997-98 Actual principally"—

Dr WATSON:—it states "funding for the Departmental contingency provision". That is included in Note 2. The answer you gave refers to Note 6.

Mr BEATTIE: There is an overlapping between the two. I have dealt with both in response to the question that was asked.

Dr WATSON: What is the overlapping?

Mr BEATTIE: In terms of the difficulty that we have, I will go through the detail.

Dr WATSON: Yes, but I mean—

Mr BEATTIE: No, I am happy to answer it. The 1998-99 estimate will provide for these things: aircraft running costs, including maintenance of \$708,000; consumables of \$168,000; motor vehicle running costs of \$174,000; travel costs of \$405,000; telecommunication costs of \$196,000; consultancies and contractors of \$205,000; building service costs of \$1.519m; legal and audit expenses of \$2.082m; and general administrative expenditure of \$16.663m, including \$11.405m in contingency provisions.

Mr BORBIDGE: I make the observation that, in respect of commitments made by the previous Government, there was adequate provision in the Coordinator General's capital works budget for any irrevocable commitments given by the previous Government. There would be documentation to that effect. I refer the Premier to page 5-3 of the Ministerial Portfolio Statements and the Program Outlays tabulation. The Policy Co-ordination line shows the figure \$83.326m, up from \$18.094m actual in 1997-98. Clearly this is the re-emergence of the Office of Cabinet under another name. I refer to the 70% increase in the number of jobs in that area, 58 to 98 as per the tabulation on 5-39 and to the more than doubling of the salaries, wages and related payments as reflected in the Program Outlays lines on 5-38. Why do we see a doubling of the wages bill as a result of a 70% increase in the number of people employed in the new Office of Cabinet? What are the salaries applicable? What is the actual number of staff being contemplated for the Office of Cabinet or Policy Co-ordination Division as opposed to the full-time equivalent number?

Mr BEATTIE: Let us go through all this. I have already said that we are establishing a Policy Co-ordination Unit. Let us be very clear about costs. That has to be done somewhere. It is either done with the Ministers or it is done in a Policy Co-ordination Unit. As has been indicated previously, we have made the decision to do it as part of a Policy Co-ordination Unit. As the previous Government established, the lack of coordination cost them dearly. On 31 August 1997 in the Sunday Mail, Mr Borbidge is quoted as admitting that the Government's decision to scrap Labor's much-criticised Office of Cabinet had caused policy coordination problems for the Government in its early months in office. He said that the Government's failure to provide an alternative mechanism quickly had created the problems. He said that that had been rectified with the re-establishment of the Co-ordinator General's Office. The article went on.

We are not establishing an Office of Cabinet in the way the Leader of the Opposition is seeking to suggest. We are establishing a unit to coordinate policy. I have said so publicly. I have no hesitation in saying so again today. There is a cost: it is either in the departments or it is central. The cost is going to be in the Premier's Department. I make it absolutely clear. I make no apology about it. My Government is going to be coordinated. It will be well run. It will not be a ramshackle cart with three wheels missing. We will have a direction for where we are going. That is achieved through this unit.

In terms of the detailed question that has been asked, let me go through each of the particular units. Following the outcome of the 1998 Queensland election, the Department of the Premier and Cabinet was subjected to some restructuring. As a result, existing organisations within the Department of the Premier and Cabinet, specifically the Government and Infrastructure Coordination Division, the Regional Offices Program, the Cabinet Secretariat and Intergovernmental Relations were reorganised and augmented to form the Policy Co-ordination Unit. That is how it was formed. The role of the

Policy Co-ordination Division is to facilitate the coordinated development and implementation of policies across Government departments and agencies consistent with the Government's priorities and commitments. That is what the previous Government missed. That is why they ran into difficulty. There was no coordinated approach to Government policy. The division will develop in cooperation with other agencies a forward program of activities that provides Cabinet with a strategic, long-term view for the resolution of current and emerging issues, including its legislative program.

The Policy Co-ordination Division consists of six directorates, specifically Economic Development, Legal Policy, Social Policy, Strategic Policy, Infrastructure and Intergovernmental Relations as well as the Cabinet Secretariat, Regional Offices and the Office of the Deputy Director-General. Each directorate is responsible for liaison with agencies whose primary business is relevant to their area of interest. This is all about good Government. If you want more I am happy to go through it.

The CHAIRMAN: No, the time for that answer has expired. Dr Watson?

Dr WATSON: With respect to the question that was just asked by the member for Surfers Paradise, I noted that, according to the salary, wages and non-labour operating costs figure, the average cost of the 58 people in the Policy Co-ordination Division was about \$90,000 per person. The average cost for the extra people is \$125,000 per person. Would you explain why it has gone from the \$90,000 to \$125,000 on average?

Mr BEATTIE: Let us go through the detail. The budget figure for salary, wages and related payments includes payments to contractors and employment agencies as well as a range of salary on-costs, which include fringe benefits tax, payroll tax, contributions to superannuation, overtime and allowances, cash equivalent and long service leave. As such, the simple calculation of dividing the budget figure for salaries, wages and related payments by the number of staff considerably overstates the actual average salary paid to the staff of the department. That is the answer.

Dr WATSON: That means——

Mr BEATTIE: By appropriating——

Dr WATSON: Hang on——

Mr BEATTIE: Hang on, wait a minute.

Dr WATSON: No, you just said that that was the answer.

Mr BEATTIE: Hang on, let me finish.

Dr WATSON: That would mean——

Mr BEATTIE: Mr Chairman, I have not finished yet.

Dr WATSON: That would mean that they would be overstated in both cases. I asked you to explain the difference.

The CHAIRMAN: Order! Dr Watson!

Mr BEATTIE: By program, the average salary costs for the department are as follows: Legislative

services, staff estimate 1998-99, 49; average salary——

Mr BORBIDGE: It would have been the same before, though.

The CHAIRMAN: Order!

Mr BEATTIE:—of \$58,878. Parliamentary and Government services, 115; salary average, \$48,965; Office of the Public Service—these are the average costs. If you allow me to go through it: Office of the Public Service, the staff estimates is 53, the average cost is \$64,792; corporate services, 122, \$19,246; multicultural affairs, 24, the average is, \$46,917; Policy Co-ordination Division, 98, \$60,500; Ministerial offices, Opposition crossbench, 236, \$56,000. There is hardly much difference. For the Office of the Public Service, the average is \$64,792; for the Policy Co-ordination Division, \$60,500. I do not see the point, David.

Dr WATSON: The Policy Co-ordination Division was 58 in 1997-98, right?

Mr BEATTIE: We are talking about 1998 now at \$60,500 as an average.

Dr WATSON: If you look at the Program Outlays, the average cost for the 58 was about \$90,000 and the incremental costs, which is what I am talking about, is about \$5,040,000 for about \$125,000——

Mr BEATTIE: I will tell you what I am giving you——

Dr WATSON: What is the reason for the incremental average cost increase?

Mr BEATTIE: I am giving you what the Policy Co-ordination Division will have: 98, and the average salary for 1998-99 will be \$60,500. If you compare that to the Office of the Public Service——

Dr WATSON: You have got a lot of non-operating costs.

Mr BEATTIE: The staff estimate is 53, the average salary is \$64,792; ministerial officers, Opposition and crossbenches, the staff estimate there is 236. The average salary there is \$56,100. So there is hardly much difference between your staff and what is being paid to the Policy Co-ordination Unit. I do not see the point.

The CHAIRMAN: Order! The time for Opposition questions has expired. Mr Premier, let us stick with the theme of the Policy Co-ordination Division, page 5-35. What role does this division play in the administration of your portfolio? What funds have been directed towards the function?

Mr BEATTIE: Let us get one thing very clear: this is about good Government. This is why the previous Government failed, because it had no policy coordination. The previous Premier, in fact, acknowledged that in that interview that I referred to before—that there was no coordination, which is why the previous Government lacked direction and purpose. My Government will have direction and purpose, because I am determined that we will have coordination of policy. We will have good Government. That is what this is about: it is about good Government, not petty politics.

The Policy Co-ordination Division was established on 13 July 1998. The existing functions within the Department of the Premier and Cabinet, specifically the Government Infrastructure and Coordination Division, Regional Services, Cabinet Secretariat and Intergovernmental Relations, have been reorganised and augmented to form the one division. Let us be very clear about this. We are bringing together, and I said this before in response to a question from Rob, a number of functions into one policy unit to have direction. These policies would have been carried out somewhere else in Government. We are talking about bringing them together and having a direction and a purpose about where we are going. That is what good Government does.

The goal of the Policy Co-ordination Division is to develop and coordinate strategic policy advice to the Government of the day that will maximise the economic and social position of Queensland. This is about using money effectively—getting the policy divisions right; getting the policy decisions right. The role of the Policy Co-ordination Division, and I will just stress this, is to facilitate the coordinated development and implementation of policies across Government departments and agencies consistent with the Government's priorities and commitments. In other words, instead of having it done in each department—and I will stress this—it is being done in a coordinated way with the departments.

Its other function is to develop in cooperation with other agencies a forward program of activities. In other words, we plan for the future. It provides Cabinet with a strategic long-term view for the resolution of current and emerging issues, including its legislative program. So we actually know what Government is doing.

The division will be responsible for providing briefs to me for each Cabinet meeting. It will assist agencies to ensure that a whole-of-Government perspective is achieved for all benefits by facilitating and, wherever possible, accelerating consultation between agencies. It is a priority of mine to ensure that all matters before Cabinet enhance the overall policy directions of the Government. It is my goal to ensure that all Cabinet business is focused and has the objective of improving the performance of this Government. The division will also monitor the implementation of this Government's forward policy program whereby it will make regular reports to me and my Ministers about the performance of this Government and its agency in meeting the Government's objectives.

There are a couple of other things to mention, if I can. I am committed to achieving a more coordinated approach to Government through strategic policy direction in order to deliver better programs and services to Queenslanders. In the 1998-99 program, the budget will be \$83.26m primarily comprising of the following—

The CHAIRMAN: You can have an extension, Mr Premier.

Mr BEATTIE: Thank you. We have to understand what is included in this amount. It includes \$41.783m for South Bank, including

Masterplan funding; \$21.88m for the Cultural Heritage Network; \$5m for native title compensation; \$3m for the Cairns Esplanade enhancement initiative—this is all in my area—\$302,000 for the Indigenous Communities Infrastructure Co-ordination Strategy; \$250,000 for the Crime Prevention Task Force Initiative; \$100,000 for the Capital Works Monitoring System; and \$75,000 for the Youth Suicide Prevention Strategy.

So that is what the budgetary amount is for. The Policy Co-ordination Division has received additional funding of \$5m to meet its increased role and responsibilities—\$5m is what we are talking about here. The rest of the money goes to the programs.

Can I say that the difference between good government and bad government is coordination. The difference between good government and bad government is a policy unit—a policy unit like the one I have put in place—and the reason Mr Borbidge is not sitting where I am is that he did not have one.

The CHAIRMAN: The member for Cairns.

Ms BOYLE: I am pleased to hear about the Policy Co-ordination Unit. My question certainly is about detail, but I admit that it is about detail of particular interest to me. Mr Premier, I refer you to Budget Paper No. 2 and the section headed General Public Services, page 135, with reference to the Cairns Esplanade redevelopment. My questions are these: what was the previous Government's commitment to the project? Does this commitment have any real status? What was the original State Government contribution committed to the Cairns City Council for the redevelopment? What funding will this Government be directing towards the project? Over what time frame will this occur?

Mr BEATTIE: The first thing to note is that in the amounts of money that are allocated, which have been the subject of some discussion, there is an amount allocated in there for this project. That is the first thing. In response to the question, the previous State Government announced a \$5m contribution towards the planning and construction of the Cairns City Council's \$20m Esplanade enhancement project. In the context of the election, the former Government's commitment was later increased to \$9m over four years pending the outcome of the election. The announcement regarding the additional \$4m amounted to an election promise by the former Government and, as such, has no standing and was not funded.

More recently, my Government has assessed this project and decided to commit \$5m over two years to the project. Additional funding beyond this time frame will be considered in terms of the normal budgetary process. I wrote to the Mayor of Cairns in the last couple of days—I think it may even have been yesterday—saying that I am happy to consult with him about a future continuing commitment to this program. I have indicated to him my support for the project. It will be the subject of further discussions. Because of how the program is going, it only requires the \$5m over the next two years. That is the timing of it. He has explained that to me and we have agreed to that funding. Future funding which, of

course, will be forthcoming, will be the subject of future Budgets. So I just need to stress that, in terms of the allocation, that \$5m falls within my area of responsibility. It is included in the amount of money that has been allocated, which I have detailed previously, and there will be an ongoing commitment to that project, because we value Cairns, as you do, as the humble local member.

The CHAIRMAN: The member for Bundaberg?

Mrs NITA CUNNINGHAM: I refer the Premier to his Ministerial Portfolio Statements at page 5-37 under the heading of Key Performance/Activity Information and in particular to the well-received Community Cabinet meetings, which are occurring regularly around the State and occurred so very successfully in Bundaberg just one week ago, and I ask the Premier: how frequently does he intend to hold the meetings and what costs are involved?

Mr BEATTIE: This is a very important question. I want to say right at the outset that, in terms of Community Cabinet meetings, of course there is a cost. They cannot be run for nothing but, in my view, it is a cost well expended. The process requires the commitment of two members of my staff, as I indicated in relation to Rob's earlier question. It also requires a commitment from the Public Service. With these Community Cabinet meetings, not only the Ministers but also the directors-general are required to go and the community is invited, as you know. As the honourable member would know, when we were in Bundaberg the community was involved. It is a non-political process.

The Government has made a commitment to hold regular Community Cabinet meetings throughout the State to ensure that the highest level of community consultation is maintained. There is an anger in the community. People feel disconnected from Government. This is about reconnecting with the community and, yes, there is a cost. Is it worth paying? The answer is: yes.

I have indicated that we wish to hold 15 Community Cabinet meetings in the first year of the Government. This financial year we have held Community Cabinet meetings in Edmonton on 20 to 21 July 1998, Ipswich on 23 to 24 August 1998, Nambour on 6 to 7 September 1998, and Bundaberg—as the honourable member well knows, because she was there—on 20 and 21 September 1998. The next Community Cabinet meeting will be held in Mount Isa on 25 and 26 October. It is expensive to go to Mount Isa. The air fares are expensive. We take a director-general, a Minister and limited staff, but staff have to go as well. We keep staff to a minimum, but of course there is expense.

The average cost of a Community Cabinet meeting has been projected at \$9,300. The costs have been calculated based on the following: advertising—of course we advertise to ask the community to come. We have to tell them that we are there and involve them. We have to say, "Come along and make a submission." That cost is \$1,200. Catering costs \$5,000. Of course, when one invites all community representatives, there are costs. A number of functions are held. We provide

sandwiches and cups of tea at lunch time on Sunday, lunch after the Cabinet meeting and morning tea before the Cabinet meeting. When a large number of people are invited—and as I have said, we have already had 500 delegations—and as a whole lot more come, indeed several hundred people have come, there is a cost involved with catering. We do it very frugally, as the member knows. Venue and equipment hire costs \$1,000. We have to hire things. Other costs equal \$2,100. That makes a total of \$9,300. Some meetings will be more expensive than that. I imagine that the Mount Isa meeting will be more expensive. I should stress that all costs are estimates only and may vary depending on the meeting location and associated flight costs.

Every provincial and country town in Queensland wants a Community Cabinet meeting and we will try to meet that goal over the years. Because they have been such a success, every town and city wants one. Some of them will be more expensive to hold than others because of location. In 1998-99, the total estimated departmental cost of the Community Cabinet meetings is \$139,700. The total departmental cost of 11 regional Cabinet meetings for 1997-98 was \$131,600. Those are the total figures. I am sorry I do not have the cents to go with the dollars.

The CHAIRMAN: Premier, I take you to page 136 of Budget Paper No. 2, under the heading Crime Prevention Task Force. I ask this question not only because it is of great interest to my own electorate but I know that it is also of interest to the people of Queensland as a whole. What funding has been set aside in this year's Budget for the work to be undertaken by the task force? What do you see as the key tasks? When and how will its effectiveness be evaluated?

Mr BEATTIE: On 10 August 1998, my Government established a task force on crime prevention to address the causes of crime and to implement effective crime prevention activities across all areas of Government. The task force is due to meet for the first time on 9 October, drawing representation from key departments and agencies as well as significant community members. I approved three community members last night. Funding of \$250,000 to support the operation of the task force has been allocated in 1998-99 and a further \$500,000 each year for 1999-2000 and 2000-2001. This funding will be used to employ research and secretariat staff and to resource meetings of the task force.

The task force's terms of reference will require it to perform the following key tasks: develop a comprehensive crime prevention strategy and cohesive policy framework across all areas of Government and report to Cabinet for endorsement; oversee the implementation of the Government's commitments contained in the New Directions statement, Crime Prevention that Works, namely the Community Renewal Program, employment, anti-violence programs in schools, youth crime prevention initiatives, early childhood and parent support initiatives, domestic violence and sexual assault programs, alcohol and drug initiatives,

violence in licensed venues, continued improvement of police practices, victim support and public education. It is a broad area. The task force will also identify and assess existing Government crime prevention programs and make recommendations concerning their viability, improvement or enhancement; develop, propose and oversee the implementation of crime prevention initiatives at the local and State level to address both existing and emerging problems that contribute to crime; coordinate and integrate Queensland's participation in the National Anti-Crime Prevention Strategy—and the list goes on. I will not detail all items.

It is important to understand that this is a whole-of-Government approach. It is not just one out; it is a whole-of-Government approach, which is why I am running it. That is one of the reasons why a policy coordination unit is so important. If we are going to tackle crime, we have to do it on a whole-of-Government approach, otherwise it just falls through the cracks. We sound good and we sound tough, but we solve nothing. We are going to be tough on the causes of crime, which is what this is all about, and we will produce outcomes. It is hard work, but it will deliver outcomes.

The Department of Public Works and Housing has been allocated \$52.5m over the next four years for the Community Renewal Program initiative. An additional \$3.5m in recurrent funding and \$2m in capital funding has been allocated over four years to the Queensland Police Service to improve policing practices. A sum of \$10.5m has been allocated over four years to Queensland Health for early intervention and a further \$10.5m over four years has been allocated for drug and alcohol strategies. The list goes on.

The CHAIRMAN: As an aside, I hope that you will consider my electorate when you are looking at the Domestic Violence Program.

Mr BEATTIE: I take that on board. You may have noted that I referred specifically to that in my answer.

Ms BOYLE: I refer the Premier to the Ministerial Portfolio Statements at page 5-15, Note 2, in particular to the departmental contingency provision allocation. What commitments were made by the previous coalition Government from the recurrent portion of this allocation for this year? What funds remain in this fund for disasters this year? Are there any previous commitments that warrant review?

Mr BEATTIE: This partly covers some of the matters raised earlier. The \$5m departmental contingency provision was established by the previous Premier to enable him access to recurrent funding for emergent issues in his role as head of Government. The \$5m Co-ordinator General's capital advance was also established by the previous Government to provide the Premier with emergent resource funding for high-priority State strategic projects, special projects requiring unforeseen expenditure and natural disaster relief. The ability of the Premier to respond effectively to emerging issues and opportunities is dependent on immediate access to appropriate levels of resources. I endorse

what happened under the previous Government in that sense.

The Premier is often required to provide funds immediately to either take advantage of economies of scale as they present themselves, provide for whole-of-Government contributions to charitable organisations and disaster appeals, or assist local authorities, community groups and individuals with specific projects. As Mr Borbidge would know, a lot of very worthy causes come through the door on a regular basis. They come to me as head of Government and I have to respond. I have responded in a similar way to Rob when he was in this position.

As head of Government, the Premier is often approached to facilitate a variety of issues of economic, social, regional and environmental importance to Queensland. As one would expect, the nature and type of projects undertaken is highly influenced by the public agenda, hence flexibility together with the ability to respond rapidly and act on new issues as they emerge is imperative. Adequate financial resources are therefore essential if those demands are to be met on a timely basis, particularly those that emanate from unforeseen events or those that require expeditious decisions and actions, which is why one needs this fund. It is not a lot of money, but it is needed.

The following examples illustrate the diverse range of issues that the Premier is often required to address: economic and regional development; social needs and development addressed by charities, religious organisations, community groups and so on; industry and tourism development; investment attraction; and the facilitation of environmental issues. While the departmental contingency provision and Co-ordinator General's capital advance of 1 July 1998 had \$10m allocated to provide for contingent issues as they arose, most of this funding was already fully committed through commitments entered into by the previous coalition Government in 1997-98.

In 1998 major coalition Government commitments against these funds included the following: the Willows Sports Complex, \$3.5m; St John's Cathedral restoration, \$200,000—I am not being critical, I am stating the facts—the Cook Shire Council Interpretative Centre, \$350,000; the provision of airconditioning equipment at the Moranbah school, \$300,000; the Urangan pier, \$300,000; the University of Southern Queensland chair and land-use studies, \$150,000; and the list goes on. That gives the Committee some idea of what the fund was used for and what we will use it for. I think you would agree that it is a very worthwhile fund.

Mrs NITA CUNNINGHAM: I refer the Premier to page 5-38 of his Ministerial Portfolio Statements and in particular to the section headed Program Outlays. Is it true that the former Premier's Representative in North Queensland promised in writing \$7.5m for the redevelopment of the North Queensland Cowboys Football Stadium in Townsville in the last weeks leading up to the 13 June election? If so, on whose authorisation did he

make that commitment? Was it an unfunded commitment? What measures have you had to take to deliver on this commitment?

Mr BEATTIE: Although I partly referred to this issue before, I did not specifically respond to the question the member has asked, and I appreciate this opportunity. It has been brought to my attention that on 11 June this year the coalition caretaker Government, through the Premier's Representative in North Queensland, committed the Queensland Government, against the advice of relevant departments, to providing funding of \$3.5m in 1998-99 and \$4m in 1999-2000 for the North Queensland Cowboys Football Stadium. It is my understanding that this was on the direct authorisation of the then Premier. This was two days prior to the 13 June election. It is a bit red hot. This blatant political act clearly demonstrates, in my view, the coalition's contempt for the caretaker convention and its willingness to go to any lengths to cling to power. It also bound the incoming Government to provide funding to meet what was clearly an election commitment by the previous Government.

In view of this, my Government has been forced to override the normal accountability and evaluation processes to provide funding to meet this commitment. Regardless of the shoddy manner in which this deal was put together, my Government will ensure that the people of Townsville will not be disadvantaged. The \$3.5m in funding has already been allocated to meet the commitment for 1998-99. The funding for the 1999-2000 component will be considered in due course. We will fund it. I have been to Willows—

The CHAIRMAN: Order! I ask those people with mobile phones, pagers and so on to either turn them off or go outside so that the decorum of these Committee hearings can be maintained. Thank you, Mr Premier.

Mr BEATTIE: Thank you, Mr Chairman. That was probably Willows ringing to thank me for the money!

In terms of what happened here, we did honour this commitment. I have been to Willows and I attended a match there. As you probably know, I am the Cowboys No. 1 fan. I attended a match there in the course of my duty and I did indicate to them that we would honour this commitment. But I have to say that I think it was a bit rude for this commitment to be given two days before the election. Let us be clear about this. The commitment has been given. We will honour it. It relates to some drainage issues near the ground and also to parking. Bearing in mind the popularity of the Cowboys, the funding will serve that community well—we all know the important relationship between sport and good health—and I think it will be well spent. The Cowboys are popular not just in Townsville but also in Cairns, as the honourable member for Cairns would know. I am sure that the honourable member for Bundaberg has some Cowboys supporters in Bundaberg as well—probably my mother-in-law, who I think would love me to run on and play in one of their games.

Mr BORBIDGE: It was not such a bad idea, after all.

Mr BEATTIE: I made the best of an interesting situation.

Mr BORBIDGE: You are very noble.

Mr BEATTIE: It is exactly what you would have done.

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

Mr HORAN: In an earlier answer regarding staffing numbers in the Premier's Department, you said that staff in your department had accepted responsibility for corporate services for the Department of State Development.

Mr BEATTIE: That is right.

Mr HORAN: The Budget papers show that the corporate services section of the Department of State Development is increasing staff numbers from 33 to 43, most of which is in executive support and personnel support services. The Budget papers also show that the funding for corporate services in the former Department of Small Business and Industry has been transferred to the Premier's Department. Are you saying that you provide all of the corporate support services from within your budget for the Department of State Development? What do the 43 corporate services staff in the Department of State Development do?

Mr BEATTIE: I will go through the detail in a minute, but, as you would appreciate, we are now in the process of making these transfers. One of the things that I sought to do was to make certain that the provision of corporate services was done in a cost-effective way, which is what we are seeking to do. Following the change of Government, the Department of State Development was created as a result of the renaming of the former Department of Economic Development and Trade, an addition of functions from the DPC and Treasury and the transfer of the Office of Business and Industry from the former Department of Tourism, Small Business and Industry. It is important that we understand the history of this and why the corporate services role was done in this way.

As a consequence of the administrative arrangements, the corporate services program for TSBI remained with the new Department of Tourism, Sport and Racing. Following a review under the auspices of the director-general of the DPC, and to enable the DSD to focus immediately on core business, the Premier decided that the DPC would expand its existing corporate services support for the former DEDT to the new DSD. A cross-agency working party representing each of the departments involved was established to ensure the delivery of high professional corporate support to the Department of State Development, the arrangements of which will be governed by a partnership agreement. The partnership agreement sets out the services to be provided to the DPC and the performance standards required for each service, as well as establishing the formula by which corporate services costs are allocated to the Department of State Development. The formula may be adjusted on a twice-yearly basis as required.

Additional funding of \$2.59m was made available to the DPC corporate services from the corporate services funds of the Department of Tourism, Sport and Racing to support the transfer of the 285 staff of the Office of Business and Industry from TSR to DSD. This increased the DPC corporate service client base from 686 to 1,053. As a result of the increase in client base, the requirement for an additional 29 positions in DPC corporate services was identified, thereby increasing corporate services staff levels from 93 to 122. Nineteen corporate service staff from TSR transferred to DPC, with 10 additional positions being made available as funded vacancies. The partnership agreement was signed by both directors-general of DPC and DSD on 23 September 1998. That is how close we are to organising all of this, and that is why it has taken a little time.

Mr BORBIDGE: We are talking about a 30% increase in the number of people employed in corporate services. As you correctly pointed out in your last statement, this is not a new arrangement. The old Department of the Premier and Cabinet used to provide the corporate services to the old Department of Economic Development and Trade. All you have done is effectively extend and renew a practice that was previously in operation. But in spite of that the numbers have gone from 93 to 122, which is a 30% increase. Can you give a further assurance to this Committee that, bearing in mind that under the old system Economic Development and Trade was the client to DP & C, this very substantial increase in corporate services personnel is justified?

Mr BEATTIE: In very simple terms, there is a one-line answer to this: there has been a 50% increase in the client base. That is why the numbers have gone up. I am happy to provide more detail to the Committee, but the answer to the Leader of the Opposition's question is that there has been a 50% increase in the client base. You have to have an increase in corporate services. If you add one and one you get two. That is the way it works. I am not going to argue about the detail of what the Leader of the Opposition said, but I have already outlined in my answer that the additional funding of \$2.589m was made available to the DPC corporate services from the corporate services funds of the Department of Tourism, Sport and Racing to support the transfer of 285 staff from the Office of Business and Industry from Tourism, Sport and Racing to the Department of State Development. The DPC corporate service client base went from 686 to 1,053. That is the reason why. There is no big drama about it. We have simply organised corporate services. There is nothing untoward about this. There is a mechanism to put questions on notice. If after today you feel that you want more detail, I will be happy to give it to you, but there is nothing secretive or untoward about this. We have put together corporate services. The client base has gone up by 50% and so has the support. There is nothing secretive about it. When the Committee considers these matters, if you want more detail on this corporate services area, in answer to either Rob's question or what Mike asked before, I am happy to do it. I think I have given you all the answers, I have to say. I think I have already

responded to the questions, but the offer is there if you want to take it up.

Mr BORBIDGE: In the Program Outlays tabulation at 5-3 and in reference to the increase in the budget for ministerial officers, Opposition and crossbench support, I note that in the tabulation at 5-44 the Independent member for Nicklin is to receive some \$178,000 in support whereas the Independent member for Gladstone is to receive some \$150,000, or some 20% less than the Independent member for Nicklin. Could you explain that variation and inherent difference in the treatment of the two Independent members of Parliament?

Mr BEATTIE: Yes, I can. I approved these personally, as the Leader of the Opposition would know. The reason why the costs for the Independent member for Nicklin are higher is that he has establishment costs and the member for Gladstone does not. Once those establishment costs are over, which is the initial year, I would imagine they would come back to being the same. They were both offered the same position. I have the detail here if you want me to go through it. They were both offered the same package, if you like, the same opportunities for staff, but there are additional expenses in establishment. That is the only difference.

If I could just go to the detail here. Independent resources at 28 September 1998 are: nominal staffing provision for both Independent members, policy adviser AO7 by two—one for each member; administrative officer AO3 by two for each member. So there is a total of four staff. Actual staffing resources as at 28 September 1998: research officer AO5 to Mrs Cunningham, research officer AO5 to Mr Wellington—so they are the same—administrative officer AO3 to Mrs Cunningham, administrative officer AO2 to Mr Wellington. So there is a total staff of four. In fact, his administrative officer is paid less. But the nominal provision of other resources for both Independent members may be altered by reallocation from nominal staff budgets, etc. But the bottom line is that it was simply due to establishment costs.

Mr BORBIDGE: A one-off?

Mr BEATTIE: Yes, it is a one-off establishment cost and they will go to the same thing. They were offered the same. My policy is to treat them exactly the same, but there were establishment costs in the first year. Mrs Cunningham as a continuing member did not have some of those costs and that is the only difference.

Mr BORBIDGE: Flowing from the Program Outlays at 5-3 and the substantial increase in the cost of Policy Coordination at 5-38, there is a very significant increase in the amount of funding for the South Bank Masterplan from an estimated \$3.865m in the May Budget documents on a total project cost of some \$67m to \$32.8m in this Budget on a total project cost of \$81m. Can I ask the reasons for the project being brought forward to the extent that it has and which departments are carrying the responsibility for the remainder of the expenditure this year if the total capital expenditure is of the

order of \$60.5m as at page 72 of Budget Paper No. 3?

Mr BEATTIE: You were dead right. Do you know why I did it? Because you promised it! Basically there was an overrun in terms of a lot of the—I will go through the detail in a minute, but there was an overrun. They came to see you and you indicated your support for it because of the importance of the project. They have been to see me since and indicated that, based on your support, they had gone down certain roads. Quite frankly, it seemed to me that your judgment was right and I have supported your judgment on this matter. So in other words you and I are as one on this matter, but the reason why there is a cost increase is that—I will just go through the detail that I have before me rather than rely on memory.

In November 1997 Cabinet approved the South Bank Masterplan. The masterplan represents the next stage of the urban plan for the South Bank Corporation areas provided for in the South Bank Corporation approved development plan. Under the masterplan \$81m of public infrastructure works are to be undertaken by December 1999 and development sites with an estimated realisable value of \$30m are to be established. This just goes on and on. That \$81m is, in fact, the increased figure. The initial budget—and do not hold me to this, I am going on memory now—was \$13m less so it would have been \$68m. That was the initial budget that you approved. They then came back and wanted an additional \$13m which you had ticked off.

I have had a look through what that extra \$13m is and I am sure you did not want to pay it but I think you were compelled to have to agree to it. I was, too, because it is South Bank and it is the face of the city. I can give you the total of what the \$81m works out to, but my recollections of the meeting with the head of South Bank are very clear. I think under the circumstances it is money well spent. As I say, I think you were right and I was right. The \$81m consists of \$29.464m in State Government grant funding; \$20.185m recoverable funding from Queensland Treasury; \$20.991m commercial loans from Queensland Treasury Corporation; \$10.360m land sale proceeds. That is \$81m in total funding. There are a number of major—

Mr BORBIDGE: So what is the total funding this year?

Mr BEATTIE: \$81m. That is the total amount. A number of major announcements will be made in relation to South Bank. I have been over there to have a look. We have made no changes to the South Bank board. The head of my department and the head of Treasury will eventually go on the board. I will be putting up legislation to the Parliament, and I use this opportunity to indicate to you that I will be knocking on your door to seek bipartisan support for that because I think that is important for the running of the board. I have not changed the board because I feel that they were making a sensible contribution. Like you, I believe South Bank is an important part of the city and we will drive it as hard as you were during your term.

Mr BORBIDGE: Can I just make the point that, like the Premier when he was Opposition Leader, I will be more than happy to offer bipartisan support. In respect of the Heritage Trails funding, at page 5-38 there is a reference to a \$21.9m State commitment to the Queensland Heritage Trails Network initiative submitted by the previous Government to the Commonwealth under Centenary of Federation funding which is given as a reason for the very significant increase in the Capital Grants and Subsidies line on that page, but there is no reference to that expenditure in the Premier's Department's lines and Budget Paper No. 3. I just ask: what is the actual status of this commitment?

Mr BEATTIE: The Queensland Heritage Trails Network expenditure for 1998-99—as you know the Leader of the Opposition when he was Premier was very supportive of this program. In fact, he announced it with the Prime Minister, I think in Toowoomba. It has our full support. Cabinet has endorsed it. If I recall correctly, it provides about 2,800 jobs in the bush and we think it is valuable. In order to ensure a transparent process for the distribution of projects and funding across Queensland, funding for projects is still to be finalised and endorsed by the Queensland Committee for the Centenary of Federation. The committee will endorse each project for inclusion in the network and determine a contribution to each project. This will ensure that projects link with the events and celebrations planned for Queensland in the centenary of Federation.

The projects which have been identified and announced are the Ipswich Rail Technology Centre, the Richmond Marine Fossil Museum and Ipswich Global Arts Link. Funding which has been determined for 1998-99 is as follows: Ipswich Rail Technology Centre is \$5m, Richmond Marine Fossil Museum is \$0.2m and Ipswich Global Arts Link is \$3m. That is a total of \$8.2m.

In relation to that \$20m, we have given the same commitment to that. I just do not have the detail in front of me. The Commonwealth had allocated a certain amount, which was \$50m, and the State was \$20m. In the 1998-99 Budget, \$18.8m has been provided to establish the State elements of the network. That is almost \$20m. The total of funding will be \$100m, of which the Commonwealth will provide \$50m over the next four years, the Queensland Government will provide \$39m and local government and the private sector will provide the remaining \$11m. So yes, we are on track.

Mr BORBIDGE: I refer to the expenditure for the Centenary of Federation Committee and the fact that the previous Government quite deliberately made this committee non-party political. Indeed, I appointed the honourable member for Bundaberg, amongst others, to that committee. Premier, could you comment on unconfirmed reports that it is the intention of the Government to replace Mr Ian Russell, OBE, as chairman of that committee with well-known personal and Labor Party supporter Professor Ross Fitzgerald?

Mr BEATTIE: I am happy to respond to that. I have made a number of changes. I believe that the

Centenary of Federation Committee is an important one. The Queensland committee was established with a membership of 12 in July 1997 to provide direction for and manage the State's involvement in Centenary of Federation celebrations and to facilitate the participation of the Queensland community in these celebrations. The State Government has recently revised the structure, role and responsibility of the Queensland Centenary of Federation Committee in the process of creating a new committee with an expanded brief and new terms of reference. I felt that this committee needed both of those because of its importance—not only in relation to the Heritage Trail but also because of the importance of the Centenary of Federation.

Yes, I have injected some changes, because I think it will produce a better outcome. The new committee will have a brief to direct and manage both the millennium and Centenary of Federation celebrations and activities in Queensland and is to be named the Centenary of Federation Queensland, incorporating the celebrations of the millennium. I am happy to announce that today, since Mr Borbidge has asked the question.

The composition of the restructured committee will reflect the diversity of the Queensland population in relation to gender, skills and background and to wide representation regionally and from ethnic and indigenous communities. The committee will also have a high profile chair, and I am happy to announce today that the chair will in fact be Professor Ross Fitzgerald. He is a prominent and well-known Queensland historian and a widely-published author on the history of Queensland and Australia, and has authored various other publications and novels. He has a high profile, is a social and political commentator and is currently a professor and lecturer at Griffith University.

I have also invited the honourable Justice Paul De Jersey, the Chief Justice, to be a representative. Mr Neil Roberts will continue on the committee. He is recognised for a range of matters. He is a managing partner of Minter Ellison. Councillor Tom Pyne is on the committee, along with Mrs Jane Bell from Barcardine, Nick Xynias, Jenny Wong and Jane Lennon. The list goes on. We have invited a range of people. I have invited a number of other well-known people to be on the committee, some of whom I cannot announce today because we are waiting for them to accept. They are well-known sporting representatives. Mr Russell is not continuing as chairman because of the change of role of the committee, but I have invited him to remain on the committee. I would be delighted if he did.

Mr BORBIDGE: Do you think it is wise to have someone who obviously has such a distinct political flavour heading up the committee?

Mr BEATTIE: That is a matter of interpretation. He is not a member of the Labor Party. He is someone who has been a political commentator. He seems to be one of those people who treads on people's toes. It is obvious that Mr Borbidge does not like him, and Wayne did not like him either.

Mr BORBIDGE: He always wrote good stories about you, Mr Beattie.

Mr BEATTIE: Probably by the end of this term, I will not like him either, if that is the trend of Premiers. The last two Premiers have not liked him, so perhaps I will not as well. The bottom line is that he is a respected academic. We need someone who is a Queensland historian. This is a non-political committee. We will announce the full details. We will highlight publicly that this is a non-political committee. We have invited people such as Billy Brown, who is a well-known Queensland actor. No-one could say that he is a party political person. We have invited Alex Ackfun, who is the general manager of Aboriginal and Torres Strait Islander Housing. Suzannah Conway is also on the committee. This is a really dynamic, high-profile committee that is going to make certain that we celebrate the Centenary of Federation in the way that it should be.

Mr BORBIDGE: Does the chairman remain an honorary position?

Mr BEATTIE: No. There will be a part-time role whereby he will be required to carry out responsibilities. This position and this committee is so important as we get close to 2000. In my view it should have someone at the top who is giving some commitment in terms of time. There will be a part-time remuneration with the Griffith University. I have had discussions with the vice-chancellor about that. The position will be for two or three days a week. These matters are still being finalised, but I am giving the Committee all the information we have.

Mr BORBIDGE: What range?

Mr BEATTIE: These matters are still the subject of negotiation. I am happy to brief Mr Borbidge when these are finalised.

Mr BORBIDGE: That is a change. The previous position was honorary.

Mr BEATTIE: I am being very up front about this, because we have nothing to hide. I think as we head into the straight, if you like, and as the Centenary of Federation approaches, we need this to be driven in a way that produces outcomes. The Heritage Trail process is involved in all of this. There are jobs out of this. There are major opportunities for the State. I have also asked the Treasurer, David Hamill, to take a keen interest in this. I make no excuses for saying to Mr Hamill, "I want you on there driving some of these outcomes so that these projects actually get up."

I view the Centenary of Federation as an ideal opportunity for this State to get on the national map and, to some extent, even the international map in terms of tourism from Britain and other places. I regard this as a very important issue. I have invited Mr Russell to stay on the committee. I have no criticism of him; I have made that clear to him. I have a lot of respect for him, but I have refocused this committee to deliver better outcomes.

The CHAIRMAN: The time for Opposition questions has expired. I refer the Premier to page 5-43 of his Ministerial Portfolio Statements, and in particular to points 1 and 2. I particularly want to address resources made available to Pauline Hanson's One Nation Party. I ask: what total amount is provided for the next three years and how has

Pauline Hanson's One Nation party chosen to spend this amount?

Mr BEATTIE: One Nation resources were settled on the basis of a rearrangement of the budget allocation for recognised parties in the Legislative Assembly following discussions between Heather Hill of the office of the Leader of One Nation and an officer of the Department of the Premier and Cabinet. I also met with and had a couple of phone calls with the Leader of One Nation about the matter.

The budget of \$1.26m over three years originally provided for four staff, a chauffeur-driven car, a generous consultancy fund and greatly enhanced staff, travel, entertainment and office equipment. In essence, the One Nation Party has exchanged its chauffeur-driven car and additional staff member entitlements for a higher staff salary and consultancies. They are entitled to do that. I said to them that there would be some flexibility in what I put to them.

Initially the staff structure for the office of the Leader of Pauline Hanson's One Nation Party was three at an AO7 level and one at the AO3 level. However, on 7 September I approved a staffing restructure proposed by the leader as a consequence of the cessation of employment of two staff at the AO7 level. The reviewed staff structure for the office of the Leader of Pauline Hanson's One Nation is as follows: AO7, one; AO6, one; AO4, one; AO3, two. There is still room in there for consultancies as well. What I have effectively done, I think, is pretty fair. It is \$1.26m over three years.

I have written to Mr Borbidge about this, as I have the Leader of One Nation. In February next year, after everyone has had an opportunity to settle in, I am happy to discuss staffing further. I have tried to be—and I think both sides of politics would accept this—fair to the Leader of the Opposition and to the Leader of Liberal Party. We recognise the Liberal Party as a major party, and I think it should be recognised, and I have tried to be fair to One Nation. Staff is always going to be the source of ongoing angst between Oppositions and Government.

Mr BORBIDGE: In most Parliaments it pays to cover one's bases.

Mr BEATTIE: I thought I had done that. We will do this with a spirit of goodwill. I think there is a spirit of goodwill that exists between myself and Rob and David on this issue. I will endeavour to develop the same goodwill with One Nation. I understand that they still believe they are underresourced. There was some criticism from within One Nation because I had treated the Liberal Party as a major party. There was some criticism from some sections of One Nation because I had treated the Leader of the Opposition and the Opposition as being the formal Opposition to the Government. My view about that is that the Opposition Leader has additional responsibilities which the leader of a party that is not actually the formal Opposition does not have. The Leader of the Opposition is required to attend a lot more functions and is required to respond to all the brilliant strategies and policies that my Government has. He is required to respond in a policy sense to those.

The pressure on the Leader of the Opposition to perform on these matters, particularly in these extraordinary times, is very high, and he has my sympathy. I understand the angst within One Nation about it. I have tried to be fair. I think I have been very fair. At the end of the day, I have to account to committees like yours about the expenditure, and I have to account to the people of this State. I think we have been fair. I signal today that I have said to the Leader of the Opposition, the Leader of the Liberal Party and the Leader of the One Nation Party that, come February, I am happy to review it. It is not going to be a huge expansion, but if there is a justifiable case then let us look at it.

We have debates about things like computer systems. Rob and I have correspondence at the moment about the computer system that exists in the Opposition office. Rob has pointed out to me that it is not a good system. He is right. We had it, and I know that it is not a good system. In the long term, we need to ensure that the Opposition has appropriate computer equipment, and we will. We are arguing about where it comes from at the moment in terms of a budgetary sense. But they are entitled, in Opposition, to have a decent computer system, as is a Minister's office. Some of the Ministers' computer systems are not real flash, either. We should bring ourselves into the 21st century when it comes to computer systems. Surely the Government is entitled to the best when it comes to computer systems, and so is the Opposition. I do not have a problem with it. We will talk about where the money comes from and come up with something reasonable.

The CHAIRMAN: I am seeking clarification of the answer you gave. Did you say that there were two positions that were terminated in One Nation?

Mr BEATTIE: They made some changes. There were three staff at an AO7 level and one at an AO3 level. I said to them that they could rearrange it however they liked as long as the budget remained the same. But they have dropped the three at AO7. There were three AO7s and one AO3. They have gone to one AO7, one AO6, one AO4 and two AO3s. In other words, there are five staff members. They have money for consultancies, if they want to put on a staff member, but they have increased the number of staff by reducing the classification. So two AO7s have been converted into lower positions.

The CHAIRMAN: Was Mrs Beaven given a termination payment?

Mr BEATTIE: I am briefed that she was. It would have been four weeks—normal termination.

Ms BOYLE: I refer the Premier to page 5-42 and the section headed Key Performance/Activity Information—Ministerial Offices, Opposition and Cross Bench Support. In particular, I refer to the changes made to the use of Amex credit cards by Ministers and their staff since this Government has come to office. My question is: would you outline the new policy, particularly as it relates to overseas travel and entertainment?

Mr BEATTIE: I am happy to do that. Ministers and their staff are no longer provided with Amex credit cards for domestic use. If they need to use a

credit card, they are expected to pay with their own private card and claim a reimbursement from the Ministerial Services Branch. Specialist cards, that is, Cabcharge, fuel and toll cards, are still available where a business need exists.

Mr BORBIDGE: I take a point of order. I do not want to be difficult on this issue, but Ministers were only issued with Amex cards for overseas travel during my term in Government.

Mr BEATTIE: I am happy to have a debate about all of this.

Mr BORBIDGE: I am sure that if you check with MSB you will find—

Mr BEATTIE: I will go through the question and come back to that.

Mr BORBIDGE: You are misrepresenting my position.

Dr WATSON: And you did it in Parliament. We pointed that out to you then. I thought you understood that.

Mr BEATTIE: I am happy to go through this.

Mr BORBIDGE: They were issued only for overseas travel—to Ministers.

Mr BEATTIE: But staff were allowed the cards.

Mr BORBIDGE: You said "Ministers and their staff".

Mr BEATTIE: I see. So we are going to be a bit clever.

Mr BORBIDGE: No, you said "Ministers".

The CHAIRMAN: Let the Premier give his answer, and then we will see how we go after that.

Mr BORBIDGE: It is just that if I am going to be misrepresented, Mr Chairman, I reserve the right to respond.

The CHAIRMAN: We will hear the answer and then we will see.

Mr BORBIDGE: Okay.

Mr BEATTIE: Staff are no longer provided with Amex credit cards for domestic use. No argument about that? Okay. The point is that they were under the previous Government. The point I am trying to make is valid, and it was in the question. Unlike with the previous Government, staff are no longer provided with Amex credit cards for domestic use. If they need to use a credit card, they are expected to pay with their own private card and claim a reimbursement from the Ministerial Services Branch. Specialist cards, that is, Cabcharge, fuel and toll cards, are still available where a business need exists. Credit cards will be made available for overseas use only. This is necessary due to the high cost of accommodation and official entertainment overseas and difficulties in having bills sent back to Australia for payment. When not being used for official overseas travel, these cards will be held in safekeeping by the Ministerial Services Branch. Training is provided on the use of official credit cards prior to issue, and the condition of use form must be signed.

All credit card usage overseas will be closely monitored by the Ministerial Services Branch to ensure that all expenditure meets the provisions set out in the Ministerial Handbook. The Ministerial Handbook explicitly states that entertainment is for the purpose of furthering official business with non-Government attendees. It should not be seen as a substitute for general business meetings, which would ordinarily be conducted in the workplace. The provision of entertainment is generally reserved for the Minister. Ministerial staff and Parliamentary Secretaries may only entertain where I have given my prior approval. I have also made it clear that this will be an infrequent occurrence. The list goes on.

This is a significant departure from the practice of the previous Government, and it should be noted as a significant departure. One of the things that I think is important here is that we do have full accountability. There were a number of incidents—or one in particular, which was the subject of an Auditor-General's report in relation to the use of one of these cards. I am determined that that will not happen in my Government. In terms of ministerial cards—and frankly, my point here is about staff, so I am not really interested in a debate about it—as I understood it, while ministerial cards were issued in a private capacity, they were still issued through Amex.

Dr WATSON: Only for overseas travel.

Mr BORBIDGE: For overseas travel only. It would have your name and the department. So it would have "R. Borbidge, MLA, Premier's Department" and it would be kept by MSB except when required for overseas travel.

Mr BEATTIE: Okay. I have made the point in relation to staff cards.

Mrs NITA CUNNINGHAM: I refer the Premier to page 5-16 and the fifth note point in relation to the Parliamentary and Government Services Program within the budget, and particularly to the former Government's introduction of its annual report titled *Delivering for Queensland's Future*, and I ask: how many copies of this report were produced? When and by whom? What were the total costs of production and circulation? Further, what was the breakdown of those costs, and what is the Premier's attitude to such productions?

Mr BEATTIE: The former Government's 1997-98 report *Delivering for Queensland's Future* was produced and distributed in April 1998 and comprised a booklet detailing policy initiatives and Government service delivery. A total of 50,000 copies of this report were produced. It was circulated via direct mail to business and industry organisations, with copies also available through MLAs' offices and on the Internet. The report was compiled through the Department of the Premier and Cabinet in consultation with the Office of the Premier. All departments were circulated to provide details of their activities over a 12-month period. Project management for collation and copyrighting of the report was tendered to an external contractor. After a competitive tendering process, McLisky Young Communications was successful in gaining this contract. The publication was produced to give the public a report of the Government's activities

over 12 months. The costs of the production of the report and associated promotion of it were \$309,177. This compared with more than \$400,000 for the previous year's report. Supplier and production costs comprised: McLisky Young Communications—collation and copywriting, \$33,670; Queensland Treasury—design, printing and production supervision, \$38,507; production in media, television commercials, \$200,000; the Government website, print advertising and distribution of reports via industry databases, \$37,000. The total was \$309,177 of wasted taxpayers' money.

Ms BOYLE: I refer the Premier to the MPS page 5-15 under the section headed Program Outlays—Parliamentary and Government Services, and in particular to his recent targeted advertising campaign in Asian media designed to counter negative business sentiment generated by One Nation. I ask: how was the contract for this campaign handled? What did it cost? What did it achieve?

Mr BEATTIE: I thank the member for Cairns for the question. We all know the importance of trade, because trade means jobs. That is why I was concerned about this State's reputation overseas, which is why I made that trip and why I will be going to China some time in October. I note with appreciation the support of the Leader of the Opposition for that trip, because he understands as I do the importance of links with China. An initiative flowing from the Government's Trade and Tourism Summit was a targeted advertising campaign in Asia's media to counter negative business sentiment generated predominantly by news coverage of the outcome of the 1998 Queensland election and One Nation. I released that advertising campaign while I was in Asia to maximise the coverage in the free media that we managed to achieve. In accordance with State purchasing guidelines, selective expressions of interest were sought from three Brisbane advertising agencies for the development of "creative" for the campaign. The agencies approached were George Patterson Bates, Jarvis Fielding and Moore and Mojopartners, with the latter being evaluated as the successful agency. Production costs for the campaign were about \$8,000. A media schedule targeting selected Asian

business media was developed in conjunction with the State Government's master campaign agency, Advertising Investment Services Ltd. The media "spend" of \$172,000 involved the placement of advertisements in the South China Morning Post, the Asian Wall Street Journal, the Far Eastern Economic Review and AsiaWeek and Asia Business magazines.

The campaign was also successful in terms of leveraging the impact of news coverage generated by my visit to Hong Kong and Japan. Funding for the campaign was provided from the budget of the Corporate Communications and Information Office, DPC, where specific provision is made for whole-of-Government business attraction and trade promotion activities.

From Queensland's point of view, we got good value out of that, because we piggybacked it onto free time not only in interviews with CNN, which went to millions of households through Asia, but also with a radio station in Hong Kong and other free media opportunities through interviews and so on. The important thing that also has to be said is that we were able to use an effective campaign, which said something along the lines of: if you want to do business in Queensland, if you want to find out how it is, ask a Queensland businessperson. The advertisement showed a Chinese Australian businessperson who is, in fact, a real person who does business in this State. It really rammed home the message of multiculturalism and the message that this State believes that multiculturalism is important, that we value our trading partners in Asia and that they mean jobs. I believe the visit was a success. In my view, the advertising campaign was an incredible success.

The CHAIRMAN: Order! The time allotted for the consideration of the Estimates of expenditure of the Department of Premier and Cabinet has now expired. I thank you, Mr Premier, and your officers for your attendance.

Mr BEATTIE: Mr Chairman, I thank you and the Committee members for the courtesy demonstrated to my staff and me today.

Sitting suspended from 12.39 p.m. to 1.45 p.m.

TREASURER**IN ATTENDANCE**

Hon. D. J. Hamill, Treasurer
 Mr G. Bradley, Under Treasurer
 Mr M. Gray, Deputy Under Treasurer
 Mr G. Poole, Assistant Under Treasurer
 (Portfolio and Executive Services)
 Mr G. Waite, Assistant Under Treasurer
 (Corporate Services)
 Mr D. Ford, Executive Director, Office of
 Gaming Regulation
 Mr D. Smith, Assistant Under Treasurer
 (Economics), Government Statistician
 Mr K. Sedgwick, Director, Government Owned
 Enterprises Unit

The CHAIRMAN: The hearings of Estimates Committee A are now resumed. The next item for consideration is the Estimates of expenditure for the Treasury. The time allotted is 2 hours and 30 minutes. For the benefit of the media, I say that the Committee has resolved that silent television film coverage will be allowed for the Treasurer's opening statements. Treasurer, are all your officers seated?

Mr HAMILL: As far as I know, they are.

The CHAIRMAN: I will make this statement at the outset. I have received a notice from the Assistant Under Treasurer that one of the officers, a Mr Rochester, was supposed to be here today. There has been an excuse given that he is absent from Brisbane on leave. While I acknowledge that it is up to the Minister as to which of his officers appear, and we accept that, I pass this comment: I regard the Committee hearings as very important and, accordingly, I believe it is appropriate that senior officers be available for the Estimates committee hearings for their department.

Having said that, I remind all witnesses of this: the time limit for questions is one minute; for answers, it is three minutes. A single chime will give a 15-second warning. A double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers. A double chime will also sound two minutes after an extension of time has been given. The Sessional Orders require that at least half the time available for questions and answers in respect of each organisational unit be allotted to non-Government members and that any time expended when the Committee deliberates in private is to be apportioned equally between Government and non-Government members. For the benefit of Hansard, I ask departmental officers to identify themselves before they first answer a question. I now declare the proposed expenditure for the Department of Treasury to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

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

Mr HAMILL: It is.

The CHAIRMAN: I therefore call upon you to make a statement. The time limit is five minutes.

Mr HAMILL: The Beattie Government was elected on a platform of economic management founded on fiscal responsibility. The Government has met its fiscal responsibilities by adhering to the following principles in the framing of this Budget: firstly, a competitive tax environment, that is, the Government will maintain Queensland's low-tax status by ensuring that State taxes, charges and revenues remain below the average of other States; secondly, the Government will maintain full actuarial funding of all accruing employee entitlements, including Public Service superannuation, employee benefits and workers compensation; thirdly, the Government will ensure that borrowings and financial arrangements equivalent to borrowings are restricted to those bodies, projects and activities that can service such obligations from their own revenue stream.

Fourthly, the Government will maintain an overall State Government surplus in GFS terms and a cash surplus in the Consolidated Fund. Fifthly, the Government will at least maintain and seek to increase total State net worth. During the recent State election campaign, we provided details of our policy commitments and their costings. We demonstrated that this program was affordable within the existing budgetary framework. These are the five principles which the Government has used to frame our first Budget. On 15 September, I delivered the Labor Government's 1998-99 State Budget, outlining initiatives across the whole of Government, which has delivered on these commitments while honouring our fiscal responsibilities.

It gives me great pleasure now to have the opportunity to focus on the expenditure in my own portfolio. Queensland Treasury plays a vital role in the realisation of the Government's outcomes. The Estimates for 1998-99 are a clear articulation of how that role will be met. Treasury's mission is to provide financial economic leadership for this State and, to this end, works to maintain the State's fiscal position, to improve the performance of the Queensland economy and to promote employment opportunities for Queenslanders. As a first step, Treasury will advise on options for a charter of social and fiscal responsibility which addresses the Government's social obligations in a responsible fiscal framework. Accordingly, the charter represents a commitment to an accountable, open and transparent Budget process which delivers quality services to achieve the Government's policy objectives.

In 1998-99, Treasury will continue to be the driving force behind the whole-of-Government transition from cash-based budgeting to accrual output budgeting. The Budget that I have just released will be converted to accrual during the next few months ahead of the development of the first accrual Budget for 1999-2000. This process will include the development of new systems to support the accruals data. In line with the Government's commitment to breaking the unemployment cycle, an employment secretariat will be established with

Treasury to undertake more detailed research analysis of labour market conditions. It will also work closely with other departments in the design and implementation of effective labour market programs.

The Office of State Revenue will focus this year on implementing the recommendations of the office's review, conducted in 1997-98. As part of this process, an organisational development program will be established and a number of projects will be undertaken to promote voluntary compliance to provide an improved client service and to increase taxpayer certainty in relation to their tax liabilities. The Tax Administration Bill will be drafted and work will continue in the rewrite of the Stamp Act 1984.

During 1997-98, the Office of Gaming Regulation participated in the development of a national model to encompass the regulation of interactive gaming, including gaming on the Internet. The Interactive Gambling (Player Protection) Act 1998 was passed with bipartisan support in March this year and will come into effect in October. Further legislative and administrative changes will also be undertaken to enable the recommendations of the review of the Queensland gaming machine regulatory arrangements to be fully implemented.

The impact of the Commonwealth Government's superannuation policies and the Queensland Government schemes will continue to be assessed by the Queensland Government Superannuation Office in 1998-99. The office will also further investigate gains which may be possible from the merger of the QSuper Fund and will build on its strong client focus.

In recent times, the political independence of Treasury has been brought into question. As Treasurer, I am determined to restore Treasury's reputation as a source of independent fiscal and economic policy advice to Government and, to that end, usher in a new era of accountability in the administration of the public finances in Queensland.

The Treasury officers and I are here to assist you with your inquiries this afternoon. I want to say, though, in relation to the matter that you mentioned with respect to Mr Rochester, that it was an oversight within the department. We were unaware that Mr Rochester was actually on leave, and that is the why he is not here today. However, we have made arrangements for other senior officers of the Queensland Treasury Corporation to attend the Committee hearings. So if there are matters that need to be pursued in relation to the QTC, the expertise and those officers are here to assist the Committee.

The CHAIRMAN: It is time for Opposition questions. Dr Watson?

Dr WATSON: Treasurer, I thought that, during the questioning, I would go through the programs seriatim so as to make it simple. I will start first with the general program. Can you tell me why you have established in Treasury labour market research and related policy development rather than within the portfolio of the Employment Minister. As you would know, during question time I asked why the CP and P went to the Department of State Development. It seems somewhat inconsistent.

Mr HAMILL: I think that there are two questions there. Let me deal with the first one first. In relation to the labour market secretariat, one of Treasury's core activities is to provide advice to the Government in relation to fiscal policy. Obviously, the Government's program, as outlined in the Budget, is heavily focused on employment generation and sustaining employment in Queensland. There are two elements to that. One is obviously the Capital Works Program. We are obviously desirous of ensuring that we get real value from the expenditures—and substantial expenditures they are—in relation to capital works across the whole of Government.

Secondly, in relation to the Jobs Plan initiative, which is outlined more fully in the specific Budget paper Working Queensland, the day-to-day administration of the initiative falls into the responsibilities of my colleague the Honourable Paul Braddy. But Treasury has a pivotal all-of-Government focus, and that is why we as a Government have determined that Treasury should be in there providing that all-of-Government service in terms of macro-economic forecasting and in terms of evaluating the delivery of jobs and jobs growth through both a Capital Works Program and the particular initiatives that are being administered principally by Mr Braddy's department but also in conjunction with other Government departments. The delivery of the Jobs Plan initiatives involves cooperation across a range of departments. I might say that in the overall administration of the Jobs Plan, we have established a Cabinet committee, of which as Treasurer I am a member, to oversee the implementation of those initiatives.

In relation to the second point, the CP and P, I thought that we had canvassed this matter in the Parliament. It is a matter of policy for this Government to draw together in the one place a capacity to deal with major projects and project facilitation. As our policy required us, we drew together the functions that had previously been administered by the industry and small business components of the old TSBI Department along with the economic and trade development functions of the department by that name. There was the expertise in Treasury in terms of project facilitation. It was our view that that expertise needed to bolster the expertise that was there in the Department of State Development. That in no way draws any capacity from Treasury in delivering its responsibilities across the whole of Government in terms of issues of sovereign risk and assessing the particular matters that have an impact on Government finances. I trust that that answer deals with both points that you have raised in your question.

Dr WATSON: This morning, the Premier indicated that the development of the policy unit within his department was to provide coordination across the Government for all of these areas. I notice that he has economic development and social policy there. How does what you are proposing contrast with what the Premier does in that new Policy Co-ordination Unit with respect to labour market research and, in particular, do you have any line responsibilities for labour market policy?

Mr HAMILL: In relation to what Treasury does, Treasury is doing what Treasury has always done, and that is to advise Government, the whole of Government, in relation to fiscal policy—anything that has a budgetary impact. Of course, it is the repository of expert advice in relation to the economy. What Treasury will do through that employment secretariat is work closely with other departments, as I have just outlined, and particularly pay attention to regional impacts, or regional issues, in relation to both capital spending and employment programs.

It is our view of the State that there are quite distinct regional economies operating in various parts of the State. A good example of that has been our response to the very particular problems that we have seen in the case of Bowen, where a regional economy has had grave difficulties because of the closure of major local enterprises. That requires a micro-response, but a micro-response which is consistent with the overall macro-economic policy being pursued by the Government. Treasury is in a good position to do that.

In relation to the policy coordination operations that the Premier's Department must discharge, that is vital to ensure that there is proper consultation and proper coordination of policy delivery across the whole of Government. Treasury is the central agency. The work of Treasury complements that which goes on in the Premier's Department.

Dr WATSON: I have a set of pedantic questions. This will be the only exception to concentrating on one section—

Mr HAMILL: These are the only pedantic ones?

Dr WATSON: The first page that I very quickly want to go through with you is page 11. I merely want some more detail on one of the questions I asked on notice. With Capital Outlays, under Plant and Equipment and Capital Grants and Subsidies, is each item coming out of the Consolidated Fund or the trust funds?

Mr HAMILL: Which items?

Dr WATSON: The sums of \$243,000 and \$1m. I have a whole series that I want to clarify.

Mr HAMILL: We are making sure that we had the right answer. Both those items are Consolidated Fund outlays. In terms of that particular table, the only moneys that are drawn from the trust funds, as you can see, are from the Franchise Fees Compensation Fund. That is the fund into which money is paid to deliver the compensation measures, if you like, in relation to the Commonwealth excise on tobacco, fuel and liquor. Of course, most of that is money that is related to fuel.

Dr WATSON: I wish to loosely refer to each of these areas and then I will come back. Page 17: is the amount for Plant and Equipment, \$5,125,000, from the Consolidated Fund or trust funds?

Mr HAMILL: The funding source is shown at the bottom of the table.

Dr WATSON: It was the Consolidated Fund?

Mr HAMILL: Yes.

Dr WATSON: Page 24: the \$112,000—

Mr HAMILL: The answer is the same.

Dr WATSON: That is from the Consolidated Fund?

Mr HAMILL: That is what it says.

Dr WATSON: Page 30: the \$104,000?

Mr HAMILL: Similarly, it is from the Consolidated Fund, as it says there.

Dr WATSON: Page 35.

Mr HAMILL: I believe that would be the Consolidated Fund. The disbursements from the trust funds there would be those moneys that are distributed on the recommendation of bodies such as the Gaming Machine Community Benefits Fund Committee, which provides periodic distributions of funds to community organisations. They are not included as any sort of capital outlay, but rather they are grants and subsidies.

Dr WATSON: Page 41: \$1,190,000?

Mr HAMILL: The Capital Outlays item that you are inquiring about is drawn from the Consolidated Fund.

Dr WATSON: At page 50 you have three items: \$2m, \$895,000 and \$55,200,000?

Mr HAMILL: I am advised that most of the moneys would be from the Consolidated Fund. However, there may be some small amounts there that are derived from some of the particular trust funds that are listed there. If you want information on that, I am happy to get further information for you.

Dr WATSON: I asked for those details in a question on notice, and I did not get them.

Mr HAMILL: Which one was that?

Dr WATSON: In question 8 I asked you to provide details of why the capital budget figure in Budget Paper No. 2 differed from the \$32,831,000 on page 3 of the Treasurer's Ministerial Portfolio Statements. I was told that there is \$1.4m in capital figures, which was the trust, but you did not give me the details.

Mr HAMILL: That is in the response part B. If you want specific items to make up that \$1.4m, I am happy to—

Dr WATSON: My understanding is that it should be \$1.422m.

Mr HAMILL: We have rounded down, I think.

Dr WATSON: I understand that, but I asked for the details and I would appreciate it if you would give them to me.

Mr HAMILL: That is all right. I am happy to furnish those to you.

Dr WATSON: I will move on to part 2 of the Resource Allocation and Management Program, page 11. I really wanted to explore the issue of the contingency reserve of \$100m in more detail. In response, you have given me some figures. I notice that the \$100m reserve is made for the Consolidated Fund of basically \$3.116 billion and \$200m is reserved for the balance, which is basically what you said. If I look at Budget Paper No. 3, it comes to

about \$5 billion, which leaves a balance of a little over \$2 billion. Given that the \$100m is about 3.2% of the reserve for the Consolidated Fund, and the \$200m represents about 9.6% for the other, can you tell me a little about the estimation procedure you went through to get a 3.2% contingency on \$3 billion-odd and a 9.6% contingency on \$200 billion-odd.

Mr HAMILL: Firstly, the explanation of the item: as you would be aware, last year the then Government announced a capital program outlined in its Budget Paper No. 3 totalling some \$4.25 billion. In relation to the actual delivery of that, actual outlays totalled something in the order of \$3.8 billion. There were carryovers both from the Consolidated Fund and in respect of those Government owned corporations. Of course, their capital programs are included in that \$4.25 billion allocation.

What has been done in relation to this item is to look at the historical levels of carryover for the capital program and, on that basis, the sum of \$300m was arrived at. I might say that that is significantly less than what the carryovers were last year. In fact, it is about only two-thirds of the level of carryover from 1997-98. Then it was apportioned between the two components of the overall capital program.

As you would be aware and as we have already ascertained from the preceding line of questions, a considerable portion of the Consolidated Fund is earmarked for capital expenditure. I think it was roughly half.

Dr WATSON: According to the Forward Estimates, it was 3.16, was it not?

Mr HAMILL: I am talking about traditionally. Traditionally, a considerable amount of the capital program has been delivered through the Consolidated Fund. This year, it is roughly half. The carryover amounts, though, have been determined on the basis of historical performance. We can go back over a number of years and look to see how individual agencies have performed. It was on the basis of that performance that the figure of \$300m was arrived at, with \$100m being ascribed to Consolidated Fund outlays and \$200m being ascribed to the other component of the capital program, which is delivered through the Government owned corporations.

Dr WATSON: In answer to question 9 you said that when you go forward to 1999-2000, the carryover allowance will be \$200m for the Consolidated Fund and the estimate there has gone down to \$2.5 billion. A sum of \$200m is for the non-Consolidated Fund component. Given that you have told us that it is historical, are you expecting a massive boost in terms of the amount of money from non-CF sources for capital expenditure?

Mr HAMILL: No. What we are seeking to do here is to drive capital programs harder than they have been driven over recent times. The level of carryover from last year was significantly above even the estimate made—

Dr WATSON: We are talking about your Estimates for 1999-2000 now.

Mr HAMILL: Hang on. Let me finish. Even on the basis of last year's performance, you would have to describe the levels of carryover that we have factored into that contingency for this year—\$300m—as conservative. I sincerely trust that we can deliver that capital program. We will be doing everything we can to do so. A \$400m contingency is not unreasonable. If you look at the 1999-2000 figure in the Forward Estimates, you see half on the Consolidated Fund side and half in the other component of the capital program. Again, \$400m is a conservative figure based on recent performance. Last year, the figure of carryover from 1997-98 was \$452m.

The CHAIRMAN: The time for questions from Opposition members has expired. Treasurer, I turn to page 28 of your Ministerial Portfolio Statements, which deals with Suncorp-Metway. Can you provide details of the funds set aside to maintain an income stream equivalent to that received as though Suncorp and QIDC had remained in public ownership?

Mr HAMILL: A number of important points need to be made. When the former Government announced that it was going to sell Suncorp and the QIDC, it was made clear that an amount sufficient to generate the income streams from those two entities when they were public sector entities would be set aside. Indeed, I think even recently Dr Watson made comments along these lines publicly and suggested that we were not so committed to pursuing such a policy. The facts are that we are committed to that policy, but there are some issues that we need to canvass here. The former Government, in its May Budget, decided to sell down Suncorp-Metway to 10% and also to sell the whole of the Bank of Queensland. The moneys in the Budget reflected those policy decisions, although I suspect it was only ever announced publicly that Suncorp was going to be sold down to 15%.

Dr WATSON: No, 10%.

Mr HAMILL: It was 10% in the May Budget. What was also determined was that \$553m was to be retained from the proceeds and invested with Queensland Treasury Holdings. Had the coalition honoured its commitment to set aside sufficient money to maintain the revenue streams, \$948m should have been budgeted to be set aside from the sell down of Suncorp-Metway. In other words, the position in the May Budget was that the coalition had short-changed the provisioning by some \$395m. We are determined to adequately provision for the sell down of Suncorp-Metway. A considerable part of the proceeds that we will derive from the sell down will go to that provisioning, because it is important in terms of our overall budgetary position that we do not short-change the Budget by denying a revenue stream that previously existed when those two entities were in public ownership.

The CHAIRMAN: The shortfall was \$395m?

Mr HAMILL: That is correct. That was based on the budgetary position which the coalition announced in its May Budget, when it announced that \$553m was to be retained, when the figure ought to have been \$948m.

The CHAIRMAN: How do you propose to honour your public commitment that sufficient funds will be set aside?

Mr HAMILL: We propose to honour our commitment through the sell down of the remaining component of Suncorp-Metway. We will use funds from that to bolster the provisioning. But I might say that it will be difficult, because there ought to have been more funds set aside in the budgeting right from the outset. It is quite clear to me that the proposition being pursued by the former Government was in fact to tip the proceeds of a number of privatisations into the same pool and effectively cross-subsidise the lack of provision out of the sell down of Suncorp-Metway with funds that would be derived from other sell downs. The other ones which were canvassed were the TAB. There was also the sale of the 100% of the Government's stake in the Bank of Queensland. But there is no doubt that there were other fish to fry, and the electricity industry loomed large as a source of funds to try to boost that provisioning.

The CHAIRMAN: In terms of framing the next Budget, given the difficult economic conditions that the State will experience both nationally and internationally, can I take you to page 26—

Mr HAMILL: Of the MPS?

The CHAIRMAN: Yes. It specifically refers to those economic conditions and modelling. What are the implications for Queensland of the Asian financial crisis?

Mr HAMILL: The Asian financial crisis has had a range of impacts on the State. Perhaps the most significant of them has been the impact on the national economy in Australia, which has caused the Commonwealth to downgrade its growth forecast for this year to 2.75%. Similarly, we have downgraded our own growth estimate for Queensland's economy for this year to 3.5% growth. But there have been some regional impacts as well. The first area of concern was in relation to the tourism sector. Cairns and the Gold Coast are particularly dependent on Asian tourism. We saw a significant fall off in tourism numbers in aggregate, certainly from Asian sources and in particular south-east Asian sources. But the Japanese market has also been affected. We have seen some compensation through some take-up in longer stay visitation out of North America and Europe, but the tourism industry as a whole has suffered.

That is in contrast to our export performance. Earlier this year our export performance in commodities was showing considerable growth. We believe that to be attributable to the fact that a number of Asian economies with which we trade have sought to trade out of their economic difficulties and still require certain raw materials to feed their industries that are producing manufactured goods for export. There can be no doubt that we cannot be insulated from what is happening in the region. That is why we have put so much effort and so many resources behind fuelling domestic growth through our capital program. We also recognise that through our continued strong population growth—certainly when compared with the average

for Australia as a whole—we have in-built in our State's economy a factor that will contribute to domestic demand and which in turn will contribute to growth in excess of that being experienced by the national economy at this time.

The CHAIRMAN: You mentioned the assistance being given to Bowen. In your answer you touched also on the implications for regional areas. As you know, Bowen is an area that has been in great need of assistance. I notice in the third last paragraph on page 7 of your Ministerial Program Statements that assistance is being provided to the Bowen Shire. What is that assistance? The Bowen Jobs Plan is mentioned.

Mr HAMILL: Last week I was in Bowen and had discussions with the mayor, other officials and community leaders to convey again the fact that our Budget delivered on a commitment that we gave whilst in Opposition. There are two elements to the jobs plan or regional strategy for Bowen. The first element is measures that will enable the local council to reduce the cost structures on business in that community. Bowen has experienced a declining population in recent years, very much as a result of the closures of a range of its local employment generators, the most recent being the closure of some meatworks and the loss of some 400 jobs.

It has to be recognised that 400 jobs going in Bowen has a greater impact than BHP closing its steel works on the population of Newcastle. We need to get this in perspective. The measures that we have put in place will enable the council to reduce the rate burden which was crippling that community, particularly in the context of a declining population, enabling business to invest and expand on a lower cost structure.

The other element of the jobs plan is \$1m per annum—this is over the life of a \$10.8m total program—to local community employment initiatives. I am pleased to say that, as a result of the Government's initiative working with the Bowen Shire Council, there will be some 40 people in employment in Bowen within the next three weeks—some in Collinsville and some in Bowen itself—undertaking community infrastructure works and, importantly, obtaining vocational training skills in the process. They will leave a legacy of improved local infrastructure but also acquire skills in plant operation, in various trades—in concreting, tiling and so on—as the council has worked to put in place particular projects which meet the Government's requirement. The Government's requirement here was for labour intensive local works which were of value to the local community.

Mrs NITA CUNNINGHAM: I refer the Treasurer to page 8 and the Resource Allocation and Management Program which among other issues has responsibility for the administration of the Statutory Bodies Financial Arrangements Act 1982. Can the Treasurer please advise what action the Government has taken to reduce the cost of borrowings by Queensland public sector agencies?

Mr HAMILL: The public sector agencies in Queensland benefit through the credit rating which the Queensland Government enjoys and through the

capacity of the Queensland Treasury Corporation to undertake borrowings on behalf of statutory bodies and agencies. Over a period, because of our AAA credit rating, we have been able to borrow funds at rates which are advantageous to Queensland, sometimes up to five basis points cheaper than the rates which are available to other States. The benefits of those borrowings are able to be cascaded back to local authorities and statutory bodies in Queensland because they are able to benefit from the credibility of Queensland in terms of its own strong fiscal position.

I might say that, in the lead-up to the recent State election, the margins closed quite dramatically between the rates at which funds were available to Queensland and the rates at which funds were available to other States. Obviously that was a reflection of the amount of uncertainty at that stage surrounding the election and its likely outcomes. For that reason, I travelled both to Sydney and Melbourne with officers from the Queensland Treasury Corporation shortly after the change of Government to convey to the financial markets in those places the general thrust of fiscal policy under the Beattie Government—indeed, the very principles which I outlined in my introductory remarks this afternoon, the principles which lay beneath the Budget strategy. As a result of those efforts and I think also just generally of the financial markets in Australia seeing the policy directions of this Government and also understanding—and I might say this is an important point because there was a lot of concern about the impact of One Nation in a policy sense. Talk about printing money and all sorts of funny money type policies were not going down well in financial markets. There was an assurance required to say, "Really, these were not the policies that were going to guide the Queensland Government nor were they the policies which would influence policy making in Queensland."

Over the next month or two, I will be travelling into international financial markets to further this message. I might say that since the election we are again able to borrow money at more favourable rates than other States in Australia, and there is now about a three to four basis point margin in our favour.

Mrs NITA CUNNINGHAM: Moving on now to page 28, could the Treasurer please advise us why the State Water Projects and local government water and sewerage activities are being commercialised?

Mr HAMILL: Sorry, why?

Mrs NITA CUNNINGHAM: Yes.

Mr HAMILL: I think all honourable members would be aware of the requirements under the National Competition Policy in relation to public sector enterprises. The general thrust here is not only to achieve operational efficiencies but to ensure that these utilities are operating in an environment of competitive neutrality with potential private sector providers. In relation to water infrastructure—and this has been a course of reform here which was commenced following the signing of the competition agreements, but it was certainly a major policy issue which the previous Government was struggling with and which we now need to address—our

competition payments will depend upon our performance in delivering reforms in this area.

In relation to irrigation, considerable work is being done through the Department of Natural Resources—and, I might say, Treasury is supporting this—arriving at appropriate pricing policies for water. In relation to bodies such as the South East Queensland Water Board, there have been discussions with local government. In fact, they occurred earlier this year when I think the then Government was entertaining an arrangement whereby a corporate model would be established for the South East Queensland Water Board wherein the State may have around 20% of the equity and local councils would have the balance. Further consultation is still to occur in relation to that issue, but our performance in relation to these water reforms will be examined by the National Competition Council and our performance or lack thereof will have bearing in terms of our ability to access second tranche payments in relation to competition policy.

Mrs NITA CUNNINGHAM: Referring to page 47, why was it necessary to increase the compulsory third-party premium?

Mr HAMILL: In relation to compulsory third party, the Insurance Commissioner undertook a review earlier this year. At that time, the report came back to the then Government that a 5.6% increase was required for premiums to ensure that the pool from which claims could be met was actuarially sound. The system that we have now, of course, is that all of the coverage for compulsory third party is actually delivered by private sector firms. Suncorp was a major provider, but of course Suncorp now is part of the finance banking conglomerate with Metway. So there was a need to deal fairly with those private sector firms that were actually underwriting the fund.

The report that was made by the Insurance Commissioner back to the previous Government was not acted upon in time for the new premiums to be put in place effective for 1 July, which was the basis of the Insurance Commissioner's report. Consequently, it was one of the very early decisions of myself as Treasurer that I advised Cabinet of this matter, that the matter required our early and urgent attention because it would be a disgraceful situation to find ourselves in where the compulsory third-party insurance fund was not actuarially sound. We took measures which came into effect on—in fact, they came into effect last week—24 September which will ensure the soundness of the fund. We did actually have to make some other slight adjustments to the increase. It is a little bit higher than what it would have been had it been implemented on 1 July, but again that was on the basis of the advice of the Insurance Commissioner.

Mrs NITA CUNNINGHAM: Again referring to page 47, what research projects are being sponsored by the Motor Accident Insurance Commission as part of its work to reduce the social and economic costs of motor accidents?

Mr HAMILL: The Motor Accident Insurance Commission actually provides funds to a wide range of research projects and worthwhile community

projects to further the cause of road safety. A number of additional projects were added to the Motor Accident Insurance Commission's listed beneficiaries by the Government as a result of recent changes to third-party insurance premiums. In short, they totalled some \$192,000. I can go to particular details of the projects. As well, back in July the CARRSQ Centre was officially launched. It commenced operations early in 1997. Some \$800,000 in competitive grants was awarded to 12 researchers for a range of projects.

To give a flavour of the sorts of projects that have received support, in the recent round there have been projects to provide rehabilitation for children in relation to muscle relaxation. There has also been the establishment of a mobile centre for orthotics. It is important that rehabilitation is able to be brought out to people in the regions, as opposed to requiring people to come to, say, Brisbane to have rehabilitative therapies. In the recent round, \$57,000 was allocated to purchase a machine assisting the rehabilitation of children by revealing the energy levels required by a child in the process of learning to walk again.

The Statewide Paediatric Rehabilitation Service has also been in receipt of funds. This services a number of projects under the umbrella of the Centre of National Research on Disability and Rehabilitation Medicine. That particular project has been important in the area of accident prevention. CONROD is also doing work in ongoing management and rehabilitation with its core funding. It has received some \$199,000 in related grants in fields in recent times. By the way, the increase in funding for these projects is of the order of 18% this year.

Dr WATSON: I go back to what we were finishing off before. You mentioned that history determined the split of the \$300m contingency carryover—\$100m for the Consolidated Fund and \$200m for the non-Consolidated Fund area. What are you doing in 1998-99 which is going to require you to go from \$100m to \$200m contingency fund while consolidated capital works funding is falling from \$3.116 billion to your estimated \$2.497 billion? What are you doing this year to change that course of history and in fact make the contingency grow?

Mr HAMILL: I think far too great a reliance can be put on figures for capital outlays in Forward Estimates. Let me remind Dr Watson of a couple of facts in relation to this. What he sees in relation to capital programs is that over ensuing years particular projects are completed, and the Forward Estimates generally will indicate a lower level of actual capital spending than what is in fact the case. He would see that over the Forward Estimates, whether we are looking at the May Budget which the coalition brought down or indeed the September Budget, as we go into the outyears the capital programs fall off quite dramatically. That does not mean that those capital programs are necessarily going to be at those lower levels. They may not be, as new capital programs come on stream.

In relation to this year, however, we have taken a conservative view that the contingency of \$300m ought to be sufficient, given the pattern of carryover

over the last number of years. In fact, I have tabled those figures in the Parliament in this session. I commend them to Dr Watson's attention. As for next year, we have there the 50/50 split between the Consolidated Fund and the GOCs. This year, on the basis of the information that we have at our disposal, we have allocated \$100m as the carryover, as correctly pointed out, for the Consolidated Fund agencies and \$200m for the GOCs. That performance on the GOCs is very similar to what it was last year.

Contrary to the claims made a few years ago by the former Treasurer that there would be no such thing as capital carryovers, I suggest that there will always be capital carryovers. It is important, in providing the best possible information and reporting, that we recognise that fact so that we do not have a situation where Budget papers might contain capital programs of \$6 billion, \$7 billion, \$8 billion—pull a figure out of the air, if you will—and then find that 10 months later the actual delivery of that program is by no means near the figure which was arrived at when the Budget papers were first published. That is why we have actually contained such a contingency fund within our Budget Estimates. It is a practice which has been adopted by other Governments around the country.

Dr WATSON: I am not disputing that. The reason for the capital works budget falling off is that projects are complete. One would have thought, from looking at history, you would have had a lower forward estimate as projects are completed. You are telling me that you cannot rely on them. I presume I cannot rely on your Forward Estimates for contingency either.

Mr HAMILL: What I said was that you should not put too much store by Forward Estimates in the outyears. I did not say that you cannot rely upon the Budget Estimates.

Dr WATSON: Treasury has already done that. It is found in footnote (v) of table 5.5 on page 146 of Budget Paper No. 2. What you have stated is already recognised in footnote (v) when Treasury says, "Such a provision is considered to be unnecessary at this time", because new capital projects to replace projects which will be completed have not been determined. So that is recognised explicitly by the Treasury in 2000-01 and 2001-02. You are telling me that I cannot put any reliance on your estimates for 1999-2000 either.

Mr HAMILL: I am not saying that you cannot put any reliance upon them.

Dr WATSON: That I should not put too much store by them.

Mr HAMILL: Those figures are clearly indicative. Let me just make another point in relation to the Budget before the Committee. This Budget, having been brought down in September, is some three months into the fiscal year. There is much greater ability to assess the capacity of Government departments and their ability to deliver their programs, and the estimate for this year for \$100m for the contingency on the Consolidated Fund has been arrived at accordingly. If we are going to play

around and say, "Who has the better estimates?" or, "Who has a better capacity to forecast?" I might say that the \$452m of capital carryovers which occurred out of last year was certainly not forecast in the coalition's Budget which was brought down in May.

Dr WATSON: With all due respect, we are debating the issue of your Forward Estimates and I am questioning the basis for your estimates. Whatever has been done in the past is not relevant to the questioning of the basis for your estimates.

Mr HAMILL: To the contrary. What has happened in the past is relevant. As I said at the very outset, the fact that there is a contingency there has been determined based on performance, and the performance last year was woeful.

Dr WATSON: According to your Estimates, it is going to get worse next year.

Mr HAMILL: The performance last year was woeful. In fact, even the contingency which has been set aside for 1999-2000 is less than the woeful performance of last year.

Dr WATSON: And it is blowing out in 1999-2000 by—

Mr HAMILL: It is \$52m less than the woeful performance of last year.

Dr WATSON: And yours is blowing out the following year. Your own figures show that. Moving on to a question asked by a Government member, you did not give as much information as I would like.

Mr HAMILL: Was this a question on notice?

Dr WATSON: No, it was a question asked a moment ago. I just want to follow up on the QIDC and Suncorp. What was the revenue that you needed to replace for each of QIDC and Suncorp and in each area of dividends and taxation equivalents?

Mr HAMILL: You want the revenue stream that came from Suncorp—

Dr WATSON: The revenue stream that you needed to replace for Suncorp and the QIDC and, in each, dividends and taxation equivalents. Those were the two areas.

Mr HAMILL: For which year?

Dr WATSON: You have given me an estimate of \$948m that is required for investment. I want to know what revenue stream you need to replace in each of those areas to get to the figure of \$948m that you gave earlier.

Mr HAMILL: I will take that on notice. I do not have those figures with me. I have a total of \$948m, which was what ought to have been set aside to generate the revenue stream—

Dr WATSON: And you do not know what the revenue stream is? I cannot believe that.

Mr HAMILL: Let me just add that the revenue stream which was required was estimated at 7% interest earnings. That was to replace the revenue stream which had been derived from Suncorp, the QIDC and the stake which the Queensland Government had in the Bank of Queensland. You might recall that, in the May Budget, it was proposed

by the coalition to sell down Suncorp-Metway to 10% and to sell all the Government's stake in the Bank of Queensland. So 7% of \$948m—

Dr WATSON: It is about \$70m.

Mr HAMILL: That is pretty close to the mark. But you want the breakdown?

Dr WATSON: I want the breakdown, yes.

Mr HAMILL: We will get you that information.

The CHAIRMAN: Are you happy to take that on notice?

Dr WATSON: I will take that on notice.

Mr HAMILL: I could spend some more time trying to find it this afternoon, if you like.

Dr WATSON: No, we will take that on notice. The expected rate of return—is that a risk-adjusted rate of return, the 7%, and how did you do it?

Mr GRAY: The 7% is an average rate of return based on the QTC and QIC returns over a period of years.

Dr WATSON: How are you going to invest the funds—the \$948m? Is the investment of \$948m going to have the same risk associated with it as QIDC and Suncorp?

Mr HAMILL: The \$948m would have been the amount that you should have set aside—

Dr WATSON: No, I asked the question—

Mr HAMILL:—but you did not. It is proposed that the funds—the provisioning, if you like—to ensure the revenue stream will be invested with the QIC and the QTC, with the objective, of course, of obtaining a return which will allow us to enjoy a similar revenue stream to what we would have enjoyed had the coalition not sold Suncorp and the QIDC.

Dr WATSON: Is the long-run return from the QIC 7%?

Mr HAMILL: From the QIC?

Dr WATSON: Yes. You said that you were going to invest part of it in the QIC. I want to know whether the long-run return from the QIC is 7%.

Mr HAMILL: I think you will find that the QIC's rate of return is actually better than that.

Dr WATSON: So that means you would need less than \$948m to get it?

Mr HAMILL: You have a range of areas of investment. The QIC has been able to return a rate better than 7% of recent times. However, you would be well aware—

Dr WATSON: In the long run, I said. Is the long-run return from the QIC better than 7%?

Mr HAMILL: You would be well aware that returns on investments over recent years have diminished quite dramatically.

Dr WATSON: What about the last year with the QIC?

Mr HAMILL: The QIC is reporting a lower rate of return than what has been the case over the last couple of years. The advice here was the advice,

presumably, that went to the Budget Review Committee earlier this year.

Dr WATSON: You have made the statement. I am asking—

Mr HAMILL: I am using the figures that, in Government, you should have been aware of—or you would have been aware of.

Dr WATSON: I was the Minister for Public Works and Housing.

Mr HAMILL: The former Premier would have been aware of that—as the sum that would have been required for reinvestment.

Dr WATSON: That is why I wanted to know what the proposed investment was and what the rate of return was. You tell me it was 7%. You said it was going to be in the QIC/QTC. If you look at the long-run return from the QIC, it is greater than 7%. If you look at last year's performance of the QIC, I think you will find it is better than 11%. Does that affect—

Mr HAMILL: You are not surely suggesting that the long-run return from the QIC will be a rate of 11%?

Dr WATSON: No. You said you needed \$948m, and you needed a rate of return. I am asking what the rate of return was. You said it was 7%. You said it was going to be in the QIC. I said the long-run rate of return is greater than 7% in the QIC.

Mr HAMILL: The Under Treasurer may have a bit of advice that might help you.

Mr BRADLEY: The 7% figure is broadly consistent with a real rate of return which is assumed by the State Actuary for return on our superannuation fund. So it is around the 3% to 4% real return over the long term.

Dr WATSON: So you are telling me the assumption for the Actuary has the same risk profile as the returns you were getting from the QIDC and Suncorp?

Mr HAMILL: What we are saying is that—

Dr WATSON: If you are using it—

Mr HAMILL: Hang on. Let me answer the question. What we are saying is that we are seeking to honour a commitment which your Government gave when you were in office and which you failed to deliver in your May Budget statements. So we are determined to try to secure the revenue stream which we would otherwise have had from Suncorp and the QIDC.

Dr WATSON: And I am questioning the basis for the figures you gave earlier.

Mr HAMILL: We will provide you with the actual details of the revenue stream on notice as promised.

Mr BORBIDGE: You do not have them here, so we cannot continue the line of questioning.

Mr HAMILL: You could perhaps cast your memory back to what it was when you chose to sell—

Mr BORBIDGE: With respect, you are the person having trouble supplying the information.

Mr HAMILL: I have no trouble supplying the information. I have indicated that we will supply the information that you have asked for. I will take it on notice now. We will need to go back to when you were the Premier and when your Government took a decision to sell Suncorp—

Mr BORBIDGE: It is very convenient, because it stunts this line of questioning.

Mr HAMILL: And we will look at the record. We will get the information from that time to determine what were the dividends paid by Suncorp and the QIDC and what contribution they made to the State Budget. But it is quite clear from the information I have presented to the Committee this afternoon that your Government was not prepared to make adequate provision—

Mr BORBIDGE: No, you failed—

Mr HAMILL:—back in May to ensure that the people of Queensland had a commensurate flow of money to budget that they would have had had Suncorp and the QIDC failed to remain in public ownership.

Mr BORBIDGE: You have failed to substantiate that.

Dr WATSON: The amount you require to invest depends very much upon your expected rate of return, the risk profile associated with that—whether or not you are matching them—and, of course, the revenue stream you have to replace.

Mr HAMILL: Sure.

Dr WATSON: You have given me a figure. As the Leader of the Opposition has indicated, you have failed—despite all the expertise you have here and all your preparation for this—to be able to provide either the dividend or tax equivalent streams you need to replace. You have failed to be able to provide a justification for using a 7% rate of return. So the figure of \$948m is irrelevant to the other figures.

Mr HAMILL: To the contrary, it is not—

Dr WATSON: Without the other figures to judge, it is irrelevant.

Mr HAMILL: It is not irrelevant. It is—

Dr WATSON: You can pick any figure out that you like.

The CHAIRMAN: Order! I will tell you how we will handle this. Ask the question, let the Treasurer answer the question, then ask the next question when he is finished.

Mr HAMILL: It was rather a statement which was made, with respect, and I suppose that it is only fair to respond with a statement, and that is this: Suncorp and the QIDC have not been paying dividends to budget since they were wound up and sold into the conglomerate with the Metway Bank.

You need to go back and look at the Budget papers over the past three years and look at the papers that lie beneath them in terms of returns from Government owned corporations. This happens to

be the hearing on the 1998-99 Budget. I did not bring with me materials that pertain to the three Budgets that preceded this one. Nor would I readily have access to all that material anyhow, because some of those papers, presumably, are in the possession of the former Government. However, I will do my best to get the particular figures that Dr Watson has requested. As I indicated, I will take that on notice and I will furnish those figures. We will see quite clearly that there is a revenue stream that has been forfeited by the former Government's actions. It is a revenue stream that we wish to reinstate by the proper setting aside of funds to adequately provision ourselves so that we receive that revenue stream into the future.

Dr WATSON: I accept that. After all, it was just fortuitous that you had the figures for the question without notice from the member for Logan.

Mr HAMILL: It is always fortuitous to have the right set of figures.

Dr WATSON: I refer to page 8 of the MPS. Can you explain the advantages of establishing a whole-of-Government lease facility funded and managed through the QTC? What is the overall advantage of having a lease facility managed through the QTC, which is a Government statutory body, vis-a-vis purchasing assets funded by the QTC?

Mr HAMILL: The issue of an all-of-Government leasing arrangement is derived from some policy guidelines that were circulated, titled Leasing in the Queensland Public Sector. There was considerable concern that public sector agencies were not necessarily distinguishing the true costs to them compared with leases for purchase or operating leases in relation to capital items. Consequently, Treasury conducted some research. As a result of that, there has been some endeavour to provide some guidelines across the whole of Government. The QTC is not seeking here to exclude other financiers from the provision of lease arrangements to Government agencies. The QTC will establish a participation panel of lessors to ensure that residual risk takers can participate in leases. The QTC will be able to bid. The QTC will be able to formulate quotes and put them before the panel, but this whole process is all about the Government ensuring that it is minimising its exposure, its risk. As I said, the individual agencies are not precluded from obtaining finance from other entities. They are not being tied to the QTC.

It is important to the Government that several factors are being met here. Firstly, it is important that leasing is occurring for legitimate reasons. We will not allow Government agencies to get around the Government's own fiscal principles by entering into leases in a way that exposes the Government to undue risk. The facility that we are talking about will provide an overall monitoring of the lease exposure of the State. Where the QTC is offering the facility, the QTC will still have residual risk exposure where necessary, but it will also be consistent with competition in the marketplace.

Dr WATSON: Basically, you are saying that the leasing facility through the QTC will match external leasing proposals. If you are going to lease

something you will compare the private sector proposal vis-a-vis a QTC proposal; it is not a question of whether or not you might achieve the same thing by purchasing through the QTC.

Mr HAMILL: We are not trying to exclude the private sector from providing finance arrangements to Government agencies. The QTC already provides that facility and provides it at a very competitive rate. We are seeking to safeguard against agencies circumventing the fiscal policies of the Government. One of the principles that I outlined at the outset in relation to borrowings was that we had guidelines about what would constitute legitimate borrowing policy. There is a whole range of products on the market now which, on the face of them, would look like a leasing arrangement which, in fact, are not much better than a hire-purchase agreement. By having this overall monitoring of leasing policy, we will safeguard ourselves from agencies making the wrong decision in relation to their finances.

Dr WATSON: Will Treasury vet every lease that the Government enters into?

Mr HAMILL: Is Treasury going to vet it?

Dr WATSON: Yes.

Mr HAMILL: The QTC.

Dr WATSON: So the QTC will vet every lease that the Government enters into? Is that what you have provided for?

Mr GRAY: It will not involve every single lease of every single photocopier. Over a period, departments have been entering into a series of leases for items such as office equipment, photocopying equipment and so on. There needs to be a more consistent whole-of-Government approach to whether there is a serious and rigorous assessment of the lease versus buy decision and to ensure that the most cost-effective method of acquiring that equipment is achieved.

The CHAIRMAN: Order! The time for non-Government members' questions has expired. The member for Cairns?

Ms BOYLE: I refer the Treasurer to the Corporate and Specialist Services Program. I am looking at page 43 of the MPS. I would like some further detail in relation to the replacement of the Commonwealth-funded Rural Adjustment Scheme, which has been administered by the Queensland Rural Adjustment Authority. Would you tell me what action is being taken in that regard?

Mr HAMILL: This issue has been around for several months. The Federal Government has been proposing a successor arrangement to the Rural Adjustment Scheme. Quite considerable negotiations have been taking place since December last year in relation to this matter. In February this year, the then Treasurer and Minister for Primary Industries proposed a State contribution of some \$20m to the Commonwealth's new FarmBis Program. The Commonwealth responded in April with an offer of \$11m in funding with the intention that FarmBis would operate from 1 July for a period of three years. At that stage, no agreement was entered into. I think the former Government had made a decision

that, pending an agreement being struck with the Commonwealth, the existing arrangements would continue. The RAS would be funded from reserves at the Queensland Rural Adjustment Authority.

At the recent Bundaberg Cabinet meeting, Cabinet considered the whole FarmBis question on a submission from me and Henry Palaszczuk. We have proposed that we accept the Commonwealth offer of \$11m. We recognise that the State must make a matching contribution of \$11m. That is a matter for future Budget review.

We will certainly continue honouring existing obligations under the RAS scheme, but we also believe that there are a number of programs which the State currently provides through the Queensland Rural Adjustment Authority. There are a number of programs that are currently being provided that ought to be considered, if you like, consistent with FarmBis and we ought to be recognised for our contribution through those programs. So I guess while we are still in the Federal election campaign and the Federal Government is in a caretaker mode, we are not going to be able to strike the final agreement in relation to this. Certainly, the Commonwealth just before the election was called was able to finalise agreements with certain other States. We believe that that indicates that, finally, the RAS scheme will go and that the new FarmBis arrangements will be in place. We stand ready to sign on the dotted line and get on with it.

Ms BOYLE: I might ask you to attend to a small matter in the span of your portfolio, but one of some importance nonetheless to charities. I am referring to page 34. Can you tell me how the review of the Art Unions Act will affect charities?

Mr HAMILL: There was actually a white paper issued earlier this year on reviewing legislation in relation to art unions. I think that white paper elicited around about 20 major responses. A number of issues in that white paper touched on the regulatory arrangements that govern the operation of art unions for charitable organisations. The general thrust of the white paper—and it has since been considered by Cabinet and I intend to have legislation in the Parliament in the relatively near future—is to reduce the regulatory burden on charitable organisations with the consequence that those charitable organisations should be roughly about \$3m better off. In other words, regulatory fees which otherwise would have been paid to the State under the Art Unions Act would remain in the pockets of those charitable organisations. That can be only to the benefit of those organisations.

I might say that we would still have quite strict controls over areas such as bingo. Lucky envelopes would still be regulated and the production of them would still be regulated. I guess the major reform that is being envisaged is that instead of organisations having to come and obtain a permission in return for a fee each time that they have a major art union or something of that ilk coming on, they would be able to obtain the one licence, probably on an annual basis. That would assist them not only in terms of their administration costs but also, as I said, financially.

It has been suggested, I think rather optimistically by Treasury, that with the organisations being \$3m better off there may be some lessening in the demand for disbursements from the Gaming Machine Community Benefit Fund and other sources of support to the community sector. I might say that I do not share that optimism. Certainly, the review of the legislation will benefit charities in Queensland.

Ms BOYLE: Thank you. I have another question. I am interested in the Industry Consultative Committee referred to on page 32 and the role that it will play following a review of the gaming machine regulatory arrangements.

Mr HAMILL: Page 32, is it? In fact, Dr Watson would well remember the exciting days that surrounded the white paper on gaming reform. I indicated to—

Dr WATSON: It came with 99% support.

Mr HAMILL: You should never take us for granted. We gave substantial support on measures contained in that review. As the Opposition spokesperson before the election, I indicated to the hotels, clubs and other participants in the industry that we would honour the general thrust of policy that had been adopted under the white paper. In fact, there is some more legislation to come to Parliament to tidy up some of the loose ends in relation to those reforms.

The Industry Consultative Committee was a creature that grew out of the review—a body which was to bring together in the one place the representatives of the Office of Gaming Regulation which, of course, is the State regulator of the gaming industry, representatives from the Queensland Hotels Association, the Registered Licensed Clubs Association and also, I guess the new kids on the block, the licensed operators. The purpose of that committee is really to monitor the implementation of the reforms and to be able to give feedback in relation to any issues that may arise. I might say that since I have become the Treasurer I have found that those particular groups, collectively and individually, are not backward in coming forward in letting the Government know if there are any issues that they find challenging or difficult or if they wish to have some sort of policy issues addressed.

Dr WATSON: Where are you on the tax rate?

Mr HAMILL: Can I take the interjection? I think that it is a good interjection. Let me just say that in relation to the measures on the industry, every issue in relation to revenue has been implemented. In fact, one of the issues that was causing a lot of distress when I first became Treasurer was the tax rate applicable to gaming machines in hotels. Outside of the meeting of the Industry Consultative Committee, I had representations from the Queensland Hotels Association which was most concerned that adjustments to the gaming machine tax applicable to gaming machines in hotels, which was to have effect in July, should, in fact, be put in place. I might say that that adjustment in the rate from 50% down to 45% was effected in I think late July, but because of the time lags involved in getting the returns in, they had the full measure of that taxation relief. Thank you for the interjection.

Dr WATSON: I was going to ask the question, so I saved some time.

Mr HAMILL: Good.

Ms BOYLE: To the Gaming Machine and Casino Community Benefit Funds, which is mentioned in the MPS on page 36, I am interested, beyond the Cairns perspective that I have, in the broader impact that you would say that this fund has had on community groups.

Mr HAMILL: I guess, apropos my comments in relation to the art unions, there is, in fact, continuing strong demand from community groups for funds through the Gaming Machine Community Benefit Fund and the particular benefit funds established around the casinos. If you have a look at page 36, the estimated disbursement through the community benefit funds this year is some \$23.8m. That makes a significant contribution to lots and lots of small community organisations. Given that I think the maximum grant for these is about \$15,000 when they make their application, that money is really spread far and wide around the community. I know that community organisations eagerly await announcements of funding through the fund. Certainly, the largest single component of that source of funding is derived directly from the gaming machines in the pubs and the clubs. Last year, almost \$17.5m was derived from the operation of gaming machines in those venues. So the fund has actually operated quite successfully. It has enjoyed bipartisan support. There is a community committee which sits and deliberates over the various applications that are made by community organisations. They have several rounds in any one year. Really, as I said, it has been a process that has enjoyed bipartisan support and it is still very popular out there in the wider community.

The CHAIRMAN: I want to ask a question in relation to gaming machines in casinos.

Mr HAMILL: "How much money is being spent in Logan?"

The CHAIRMAN: I will come to that. I have, of course, been approached by the Greenbank RSL, which is the significant contributor to this. In what is an excellent and outstanding suggestion, they have said that half the money that should be appropriated to Treasury should be retained in the local area so that they can disburse it. I know that that is a wise suggestion on their part. Is that wisdom shared by you?

Mr HAMILL: We would share many things, but probably not that particular view. The point needs to be made in relation to the operation of the Gaming Machine Community Benefit Fund, which is this: the fund was established in recognition that the introduction of machine gaming in Queensland was going to perhaps impact on some of the fundraising of small local charities. I think there is plenty of evidence to suggest that that has been the case. The Gaming Machine Community Benefit Fund was put in place to ensure that there was an avenue for small local charity groups, which perhaps could no longer successfully run their chocolate wheels and so on, to make periodic applications for funds for specific

projects for community benefit. I think \$40m, maybe more, has now been distributed through the fund over recent years. Those funds have gone to a wide variety of groups, not only those in Greenbank but those across the length and breadth of the State. As I was saying in answer to the question from the member for Cairns, it is a distribution that is eagerly awaited by community groups. While funds of up to \$15,000 may not seem much, for some of those groups it is a king's ransom and it makes all the difference. Scout groups, Meals on Wheels groups—the whole spectrum of community organisations—have tapped into these funds. In so doing, it has also been a way in which those funds can be distributed according to need in the community. That has been important, particularly in some of the smaller rural areas where there have been few other avenues to generate the sort of funds that have been available through the Community Benefit Fund.

The CHAIRMAN: I will tell them that you said no.

Mr HAMILL: I said no in the nicest possible way.

Mr BORBIDGE: But he will consider their application for casino licensing!

Mr HAMILL: A "no" to that as well.

The CHAIRMAN: I now turn to matters that are equally as heady. Page 7 of the Ministerial Portfolio Statements refers to the Charter of Social and Fiscal Responsibility. How does that enhance the Budget process?

Mr HAMILL: You might recall that the first discussion of having a Charter of Social and Fiscal Responsibility came out of the Commission of Audit report, which was commissioned by the former Government. Obviously fiscal responsibility has to be one of the pillars on which we must conduct certainly the public finances of the State and the business of Government. In my view, Governments also have social responsibilities. It is all very well to keep a fine set of books, but if you do not do anything worth while in terms of the broader community, you are letting the community down.

The concept that we are talking about here is a very important one, because the Charter of Social and Fiscal Responsibility will enable us, on the one hand, to put in place the parameters in which fiscal management should take place in the State. I draw your attention again to the sort of principles that are highlighted in relation to the Budget formulation. The other side of it is important as well. This leads to the point about accrual output budgeting. The fact that next year's Budget will be put together on an accrual basis and will be focusing on outputs is very important, both in terms of accountability and accountability in terms of delivering services. By marrying those budgetary reforms and improved accountabilities with the fiscal parameters that we would have within our Charter of Social and Fiscal Responsibility, we believe we get the best of both worlds. We get a sound foundation for the future and also a mechanism whereby we can be more certain that what we are doing is in fact delivering the

goods. That is important, because so many Budget rounds that I have witnessed over a number of years tend to be, of their very nature, working at the margins. They tend to be incremental. They do not get down to the nitty-gritty of examining the outcomes that are derived from the resources that you are putting towards a particular policy position.

The CHAIRMAN: We will adjourn for afternoon tea and resume at 3.30 p.m..

Sitting suspended from 3.15 p.m. to 3.33 p.m.

The CHAIRMAN: The hearing is now resumed. It is time for non-Government questions.

Dr WATSON: I have to skip through a couple of different programs. Turning to the Financial Performance and Measurement Program, page 15, the top paragraph states—

"... the tax equivalent regime will be extended to apply to a number of significant business activities not already covered."

To which business activities will that be extended, what is the expected tax revenue from each of those extensions and how will that affect the cost structure of each of those activities?

Mr HAMILL: As you would be aware, the tax equivalent regime is an important one, certainly in terms of demonstrating competitive neutrality for GOCs and other public sector agencies. As particular agencies have been corporatised—for example, the Golden Casket, which is now in the business of paying tax equivalents—we have tax equivalents also being applied to the commercialised units, particularly those that exist within the Public Works portfolio. The operation of the tax equivalents regime in some of those agencies needs to be enhanced. There has been some debate over a considerable time as to whether the exact measures have been applied there. Obviously, it will be necessary to review those in the wake of any changes that might occur in terms of the Commonwealth's tax regime, because for a lot of those particular agencies we are dealing with matters such as wholesale sales tax, for example.

I have mentioned that some of those commercialised businesses are in Public Works—for example, Queensland Property Management, Project Services, and Q-Build Maintenance and Operations and Sales and Distribution Services. Depending on which policy direction we take in relation to some of the water assets, the list might include those units administered, say, through the Department of Natural Resources. For example, the South East Queensland Water Board was mentioned before. It would then come under a tax equivalent regime. With respect to other agencies, the Road Transport Construction Services Division, the Transport Technology Division and Plant Hire Services in the Department of Main Roads would need to be brought under the tax equivalent regime where they are competing with, say, private sector agencies.

The other point concerns the NCP reforms occurring in relation to local government. We still have that vexed issue about a tax equivalent regime applying to municipal business units. I might add yet again that at every available opportunity the

Commonwealth has been quite bloody-minded in not allowing local government to access a tax equivalent regime in a similar fashion to that available to State Government instrumentalities and agencies. One would hope that the Commonwealth Government is genuinely keen about seeing important reforms in that area and not penalising local government and ratepayers by creaming off tax payments from their corporatised bodies.

Dr WATSON: So you have not worked out any expected tax revenue for any of these extensions?

Mr HAMILL: No.

Dr WATSON: You obviously do not know how it will affect the cost structure?

Mr HAMILL: In terms of tax equivalent payments overall, you will see that tax equivalent payments for this year were diminished quite substantially indeed on the figure received last year. A major factor is that last year there were some significant one-offs, for example, the stamp duty payable on the St George Bank/Advance Bank acquisition. The amount of money we expect coming out of commercialised businesses by way of tax equivalents is broadly in line with where we were last year.

Dr WATSON: I wish to address a couple of technical issues. I turn to page 24 and the heading Program Outlays—Revenue. Are the one-off costs referred to in note 1 associated with the completion of the restructure process for revenue to do with the restructuring of the office in terms of staffing? I presume it is not to do with the movement to the new premises?

Mr HAMILL: You are referring to the one-off costs that are showing up with respect to current outlays—salaries, wages and recommend payments—are you?

Dr WATSON: Yes, that is right.

Mr HAMILL: It indicates in that table that the current outlays for salaries, wages and related payments are expected to increase by some 16%, which are the figures that you see there, from \$14.883m to \$17.28m. Those are one-off costs associated with the completion of the restructuring process, such as voluntary redundancy payments, and the full staffing complement for the new structure. Also, another factor is involved which shows up in those figures, and that is the 4% wage increase associated with the office's enterprise bargaining agreement.

Dr WATSON: How many VERs will be given and what will be the timing of those?

Mr HAMILL: To date in 1998-99 there have been 24 VER payments in the Office of State Revenue. That process has now been completed. That comes on top of eight last year, 10 in the year before and 15 in the year before that.

Dr WATSON: On page 23 under the same program I notice that the collection costs as a percentage of revenue are increasing. I realise that revenue collections have fallen and that that provides some explanation. However, there was a fall in

revenue collection in the previous year, too. Can you explain that? Is that purely a volume effect?

Mr HAMILL: Yes. The major issue there has been the loss of direct State taxing in respect of tobacco and liquor. There is not much change in terms of the fixed costs of the Office of State Revenue. But the revenue that has been collected is being diminished quite substantially, because that is now coming as part of a Commonwealth payment which is not being directed through the Office of State Revenue. The difference is in the order of \$1.2 billion that is coming through by way of the payments in lieu.

Dr WATSON: The amount of revenue that you expect to lose is about half a billion?

Mr HAMILL: That is from liquor, tobacco and fuel. That is going into the Financial Transactions Fund. It is not flowing through the Office of State Revenue. Therefore, that is not being added to the pool. Tobacco would have been in the numbers previously. That is why there has been a marginal increase in the percentage.

Dr WATSON: I figured that out. I just wanted to confirm that that was what it was. I turn to page 36 and the Gaming Program.

Mr HAMILL: You cannot get away from this.

Dr WATSON: No, I cannot get away from it. I had a couple of other questions. The estimated expenditure on the Gaming Machine Operations Subprogram has fallen to \$24.8m. Obviously, part of that fall is due to the fact that you are not financing machines any more?

Mr HAMILL: Yes.

Dr WATSON: I just thought it would have fallen further. Is the OGR doing more things there that are picked up in that? I notice that no personnel are assigned to that. I was wondering what the \$24.8m was.

Mr HAMILL: I will ask David Ford, the Director of the Office of Gaming Regulation, to come forward. What did you do with the money, David?

Dr WATSON: I just want to make sure he is not hiding it like he used to.

Mr FORD: I suspect the answer really is that we are still winding up a number of the operations of the gaming machine account which includes the operations of the maintenance account with Wang which has still got about nine months of this financial year to run. That is in the gaming machine operation side of things.

Dr WATSON: Have you implemented fully the monitoring operation from the private monitors or are you still doing a fair bit of monitoring yourself? Is that in that?

Mr FORD: There would still be an element of that in the transactions, yes. Off the top of my head, we are still actually monitoring about 80% of the gaming machines. We are gradually transferring over this month. This month is probably the biggest month in terms of transfers from us to the licensed operators.

Dr WATSON: So it did not actually all take place on 1 July?

Mr FORD: No. In fact, with eight licensed operators—getting system approvals for each of the operators, getting them to run test sites for a reasonable period so that we could be confident of the monitoring and then actually transferring the bulk of sites across has taken some time. We always expected it to take to around the end of September/October, and that looks like being fairly accurate.

Mr HAMILL: It would not have been like that if you had still been the Parliamentary Secretary.

Dr WATSON: We will not comment upon my efficiency versus the fall-off since then. I have one other quick question while Mr Ford is here. In relation to the implementation of the regulations with respect to interactive gaming about which we had lots of discussions, I know that you just promulgated some regulations in that area and I notice you want to start off from October 1998. Why has it taken so long? Have we lost a bit of the competitive advantage? One of the ideas, of course, was that we would have our legal structure through and approved, our regulations in. I think since that time Tasmania and the ACT have done similar legislation; they just pinched ours. Have we lost the competitive advantage there or not?

Mr HAMILL: I think I might ask David to respond. I just might make a comment at the outset. It has been an issue which I have been following very closely because, as you would well remember, we had a lot of discussions about this in times gone by. There have been some discussions at a national level in relation to the taxation rates that would be applied. There has certainly been some variation and some States, to wit Tasmania, wishing to go their own merry way and I think the Northern Territory similarly. I will ask David if he might respond more fully to your particular inquiry because it has been going on for some time.

Mr FORD: As the Treasurer rightly said, there has been a little bit of splitting away from the national model by the Northern Territory and Tasmania, both of whom have adopted the very simple expedient of extending existing gaming licences to cover interactive gaming which, of course, has the advantage that it can be done fairly quickly. The disadvantage is that it is only operating with the existing operators; there is no development of the market happening in those jurisdictions at the moment. Most of the other jurisdictions with the exception of Western Australia are still working down the national model. In terms of competitive advantage, we are still as far in front as we ever have been.

Mr HAMILL: I just might conclude that. As I said, the regulations have now been gazetted and both the proclamation of the Act and the regulation are effective 1 October. So we now have to go through the process of receiving applications from those who wish to obtain an interactive gaming licence in Queensland and then the Office of Gaming Regulation would proceed with the normal probity checks in relation to those proponents.

Dr WATSON: In relation to the distribution of machines between hotels and clubs, I notice that the number has not gone up significantly; in fact, it has decreased. This is on page 34. The number of gaming machines sites—operations of sites, I should say, not gaming machines, has not gone up as much, presumably reflecting the take-up of hotels has not been as great as expected.

Mr HAMILL: Actually in terms of taking up additional machines, the hotels have taken them up fairly strongly. That was the link you might recall in relation to the reduction in their—

Dr WATSON: Sites, not machines.

Mr HAMILL: We asked that in terms of the number of machines. I think what you are actually finding—and again I will ask David to comment on this—is that some smaller operations have realised that the gaming machines were not the be-all and end-all for them to make their pile; they have taken the decision to get out.

Mr FORD: That is fair comment. The number of hotels that have always been in gaming but at a very low level and have expanded their number of machines quite considerably and taken full advantage of the numbers available is very substantial. A number of small clubs have decided that gaming is not for them. A few small hotels have done that as well, but by and large there has been a very strong take-up in the hotel industry.

Dr WATSON: Can we just go back to the financial performance and measurement issues again?

Mr HAMILL: Which page are we on?

Dr WATSON: The program starts on page 13, but they are just general questions that I am going to ask. First of all, in relation to the legislative changes that you are talking about that are going to be required to implement the accrual budgeting—output budgeting—what is the general nature of those changes? I will ask you a series of questions and you will have five minutes to the end, I guess. Will the Budget be presented only on an accrual basis? If so, are cash flow statements going to be presented and on what basis? They are just the general questions.

Mr HAMILL: I will answer some and I will ask the Under Treasurer to provide some more detail there. Certainly, in relation to the reforms we want to put in place, the charter that I have mentioned earlier on, there will be some changes to the Financial Administration and Audit Act. In the future we will see full reporting on a GFS basis for revenue as well as expenditure, and that will be over the current year and the three out years. As I also mentioned at the outset, the Budget that you have before you which is in its traditional presentation will be reformulated onto an accruals basis so that next year when the Estimates Committees meet they will have before them a statement of the 1998-99 Budget on accruals basis so they can compare with the material there for the 1999-2000 Budget. I should mention as I did in the Budget Speech that we propose to bring the Budget down next year in September for one very good reason, and that is that there is a tremendous amount of work involved in actually reformulating the papers and just bringing all the Government agencies

up to speed with accrual output budgeting and its requirements.

Mr BRADLEY: The current legislation is based around an accounting fund—a cash concept—so clearly to adopt an accrual output concept will require some fundamental change to the legislation itself. In terms of the statements that will be produced next year for the Budget papers, that is summarised in Budget Paper No. 2 on page 270. But it is intended that both for the consolidated whole-of-Government view and for major agencies there will be three statements—an operating statement, a balance sheet and a cash flow statement. So there will be cash flow information available both on a whole-of-Government basis and an individual or major agency basis as well.

Dr WATSON: What form of attestation are the Auditor-General's statements going to make with respect to departments and the overall Government situation? Is the way he attests right now to Government departments going to change? How is that going to work out?

Mr HAMILL: You probably should have asked the Auditor-General this morning.

Dr WATSON: I did, and I think the suggestion was that we should ask the Treasurer. That suggestion came from the Premier, so I thought I would ask it.

Mr HAMILL: I think you should ask the Auditor-General.

Dr WATSON: My understanding is that the attestation has not been resolved yet and the issue of what is going on is actually in Treasury.

Mr WAITE: Essentially there will be two parts to the Auditor-General's process. The first will involve auditing of the financial statements, which will be as it is now, and that is a comprehensive process where the Auditor-General certifies to the accuracy of the financial statements. The attestation part then comes in when the Auditor-General starts to look at the performance issues associated with outputs and the achievement of certain targets and so on.

Accrual output budgeting is based on a department producing a certain level of outputs for a certain amount of budget dollars. The attestation part for the Auditor-General, as it is at the moment—and that may well change as we continue to develop the process—will involve the Auditor-General looking at the processes, the systems and the way in which a department develops its performance management system—the way it is able to produce performance information in the budget. So the Auditor-General will not certify to those but will attest that there is a comprehensive process that has been gone through in achieving that performance information.

Dr WATSON: He will not then be attesting whether or not it is an appropriate set of outputs that are being looked at?

Mr WAITE: I think that is yet to be determined.

The CHAIRMAN: The time for Opposition questions has expired.

Mrs NITA CUNNINGHAM: What action has been taken by the Office of State Revenue to improve its services to the clients?

Mr HAMILL: As Mrs Cunningham would be aware from the question that was asked earlier regarding voluntary early retirements, there has been some restructuring in the Office of State Revenue over recent times. There has been a move in the Office of State Revenue to focus very much on client service. The Office of State Revenue is looking at proposals for the expansion of self-assessment rather than office-based assessment of clients' tax liabilities not only in order to improve cash management but also to reduce the operational costs that are involved.

The Office of State Revenue is also looking at establishing a taxpayers' charter to provide a framework for the client service relationship in which it would detail the rights and obligations of the Office of State Revenue's clients. There is also the implementation of a clients' complaint system and the introduction of improvements to the system of rulings and guidelines, and voluntary compliance projects for the major sources of State revenue—payroll tax, stamp duty and land tax. There are various other publications and so on to back up that process. There is a new division in the Office of State Revenue called the Voluntary Compliance Division. It has the responsibility of managing a number of those initiatives.

Mrs NITA CUNNINGHAM: Could you also explain the purpose of the Criminal Justice Information Integration Strategy?

Mr HAMILL: Where is that?

Mrs NITA CUNNINGHAM: There is reference to it on page 29.

Mr HAMILL: The people of Ipswich think of nothing else, I can assure you. The Criminal Justice Information Integration Strategy commenced in 1995 to improve the coordination of information across various agencies in that area. The Crime Statistics Unit and the secretariat were established to support a chief executive steering committee that has responsibility for the Criminal Justice Information Integration Strategy. Five projects are being coordinated on behalf of the steering committee: offence codes database, the offender histories policy, criminal justice information standards and protocols, the CJIS information flows, and offender identification and tracking.

The Crime Statistics Unit of the Government Statistician's Office has also contributed to the Criminal Justice Information Integration Strategy through its operation as lead agency in the implementation of the Australian standard defence classification in Queensland, participation and development of standard operational codes by use of criminal justice agencies, the publication of crime statistics bulletins, generally inputting into national crime statistics to advisory groups and production of the statistical section of the Childrens Court annual report.

This sort of work demonstrates the capacity of the GSO itself. In fact, the Government Statistician's Office is now contracting with other agencies and with other Governments around the country. Many of them actually relinquished their own statistical

collection capacity and the GSO in Queensland is actually picking up increasing amounts of work in providing these sorts of expert statistical services elsewhere around the country. In fact, probably it is really only the ABS which comes near the sort of range of services which is offered through the GSO in Queensland.

Ms BOYLE: Mr Treasurer, please turn your attention to Government owned corporations and the mention on pages 27 and 28 of one very important GOC, Queensland Rail. Could you tell me the findings and recommendations of the review and what intentions there are for implementation of the recommendations?

Mr HAMILL: The review to which Ms Boyle refers is one that was undertaken by the previous Government. Queensland Rail was corporatised back in July 1995. The review was commenced in the middle of last year and it reported to the previous Government in April this year. There has been no further reporting of the review and its recommendations to this Government. A number of aspects of the review are important and there are some significant policy issues that need to be addressed by Queensland Rail, certainly with the direction of the rail industry in Australia. The rail industry has increasingly gained a national focus. A number of the jurisdictions have been busily privatising their formerly State-owned infrastructure. Certainly that is occurring in the Victorian, Western Australian, South Australian, Tasmanian and Australian National rail lines.

There has been a push to separate track from operations in Queensland. The view that came through in that rail review and which was adopted by the previous Government was that Queensland Rail would remain vertically integrated. That is, the same organisation would have control of both operations and track. That is important. It is also important to recognise, though, that under the competition policy reforms, whilst Queensland Rail would have control of its operations and track, it does not preclude another operator from accessing track. There has been considerable work done in more recent times by Queensland Rail in developing access codes to apply to its infrastructure.

The other reforms which will flow, and which need to flow, include the negotiation of proper contracts for the delivery of community service obligations. The evolution of Queensland Rail with respect to CSOs is a long one. For a time there, CSO payments were roughly equated to the profits being derived from the mineral business. Over time, that has been refined, and it needs to be refined further so that, for the purposes of Government, the Government can actually determine the quality outputs for the particular payments that are made to Queensland Rail for the delivery of those community services, to wit passenger and certain country freight services.

Ms BOYLE: Would you turn your attention to page 21 and the review of the Stamp Act? Could you help me to understand exactly what we are up to with that rewriting?

Mr HAMILL: Well you might ask! This is a bit like Never Ending Story. It does go on and on. Keith De Lacy started the Stamp Act review in about 1991. There has been considerable discussion across jurisdictions as to exactly how the State's jurisdiction and the collection of stamp duty should be exercised. It has ebbed and flowed over a period. There was a time when the Queensland legislation was held up as a model. More recently, the New South Wales Government has enacted its Duties Act, and it now seems to be the template, if you like, for legislative changes in other States. This creates a bit of difficulty for us because there are some differences in the application of the New South Wales duty compared to the revenue base in Queensland. There are issues about terminology and the need to harmonise the terminology, because by doing that we will reduce business compliance costs, and that is important.

It is proposed to go out on an exposure draft early in the new year. But again, what may or may not happen following this weekend will have considerable bearing upon not only Queensland's Stamp Act but every other jurisdiction as well. As you would appreciate, the Federal coalition is proposing, through the imposition of its 10% GST, the removal of a number of areas of State revenue which are currently generated under the Stamp Act. So at least those elements of the Stamp Act that apply to commercial leasing, for example, and commercial mortgages may simply disappear if the present Federal Government is able to implement its tax reform policy. So in a way we are having to adopt a bit of a watching brief again to see what happens. But regardless of the outcome on Saturday, there will be substantial changes to the Stamp Act—whether it be because of the desire to bring our legislation more in line with elsewhere in the country or because we will be relinquishing certain of our revenue-raising powers and having them replaced with the Commonwealth's new goods and services tax.

Ms BOYLE: I note that, on the top of page 44, even though we might be preoccupied with the financial management capabilities of Treasury, there apparently is room for improvement in terms of human resource management. Are you able to tell me what new system is referred to and what is being introduced as far as human resource management systems are concerned?

Mr HAMILL: This is the reference to SAPs?

Ms BOYLE: And the replacement of the current HRM system. I understand that there has been some training and development.

Mr HAMILL: Sure. In June 1996, the then Government established a panel arrangement for human resource information systems, incorporating software consulting services and facilities management. Treasury joined the Human Resource Implementation Consortium to work with other agencies in a partnering arrangement with SAP. This is the chosen supplier of the new information systems to configure a development pilot—a common functional system—for human resources, payroll and the financial management system. This

project commenced in October 1997. Treasury was the pilot site for the implementation of the common functional system. Treasury commenced the SAPs human resource implementation project in January this year. The HR/SAP application will be implemented across the department in the first quarter of next year.

The implementation of SAP generally has various components. When you talk about the HR system here, it is also critical to our being able to move to a new common financial system across the Government. So you have these applications hanging off a common system which is being applied across Government. In terms of any further detail within Treasury, Geoff Waite might like to address that.

Mr WAITE: As the Treasurer has said, the SAP financial system is common across Government. Departments have an opportunity to choose a human resource management system. We have chosen to go with SAP, as the Treasurer indicated, because it provides us with that integration across all of our operations. Treasury, at the rate of progress we are currently undergoing, will probably be the first department in Government to implement both financials, which are already operational in Treasury, and the human resource management system. We believe that will give us a great advantage in terms of the way in which we manage our people, because we believe that people management is critical to our process.

The SAP system itself is split into two parts. One is the payroll part, which does the day-to-day job of keeping everyone paid—which is obviously very important. It also gives us the capacity to manage our human resources, looking at things such as turnover rates, reasons for separation, and training and development—so a whole range of other HR elements which really are not in the current systems that we have.

The CHAIRMAN: Mr Treasurer, I want to take you to page 28 of the Ministerial Portfolio Statements. In particular, I refer to National Competition Policy reforms. What precautions is the Government taking to ensure that the NCP reforms do not have a detrimental effect on local communities?

Mr HAMILL: In relation to National Competition Policy—when legislation was introduced in the Parliament in establishing the Queensland Competition Authority, I moved a series of amendments, which were also supported by the Government of the day, to spell out in detail in the legislation the considerations that could be taken on board by the Competition Authority when dealing with the application of competition policy. One of those areas for consideration was, in fact, employment, regional economies, and so on. Those issues were taken directly from the competition agreements which were entered into in 1995.

On any particular case that comes to Government in the application of competition policy, a public benefit test is applied. Within that public benefit test is that criterion which we have just been mentioning, that is, the issue of regional employment

and regional economies, as well as a range of other issues. There are about 9 or 10 particular elements there that should be taken into account. They include things like the economic efficiency of a particular proposal, environmental issues, industrial relations issues, community service obligations, and so on. So it is all there in the legislation. I can assure you, as one of the two Ministers who are charged with the responsibility of administering that Act, that we are very cognisant of our obligations under the Act.

The CHAIRMAN: On page 28, we get down specifically to the issue of water and water policy. Being parochial, I point out that the Logan City Council, along with a number of other councils, has just introduced the NCP policy in respect of water. What time frames did councils have to introduce that policy?

Mr HAMILL: In relation to the application of the whole of the National Competition Policy to local government, there has been extensive consultation. It occurred during the time of the previous Government. Guidelines were promulgated in terms of the application of the National Competition Policy. In relation to local government in general, local governments in Queensland enjoy the unique position of being the only local governments that are receiving funds directly from the State through moneys the State has received through competition payments. That has been meant to compensate local authorities for any impact of the implementation of competition policy in terms of their local circumstances. In relation to water specifically, Ken Sedgwick will provide some specific details.

Mr SEDGWICK: As the Treasurer outlined, councils—as indeed has the State—have to undertake public benefit tests before implementing the NCP reforms. By legislation, the largest 17 councils had to undertake public benefit tests by the end of last year. All 17 of those determined to apply some level of commercial reform to their water businesses. Most of those are to be implemented by 1 July this year. It should be emphasised that the Government merely set up a framework within which those public benefit tests were to be undertaken. The tests were undertaken by the councils themselves involving full community consultation. The implementation dates were again determined by the councils.

The CHAIRMAN: The time for Government questions has expired. It is time for non-Government questions.

Mr BORBIDGE: I ask the Treasurer: during the election campaign there were a number of comments made by the Premier in respect of the National Competition Policy and the fact that it was causing some discomfort to both sides. Can I take it from the statements that you have made to the Committee today that, in terms of the commitment of the Labor Government to the National Competition Policy, it is full steam ahead?

Mr HAMILL: I do not know what you mean by "full steam ahead", but let me respond to the general point about Government policy in relation to the National Competition Policy. We have held the view

all along that competition is a worthy policy objective when it delivers benefits for the community, our economy, our position in the world and so on. We do not believe in competition for the sake of competition. We recognise that it is important to have a stringent application of a public benefit test when those issues are being considered. That is why, when in Opposition, I moved the amendments I did to the legislation that was before the Parliament. That is why, in Government, we hold to those positions. We are examining the application and implementation of the National Competition Policy in Queensland, because we believe that there will be opportunities in the future to make representations to the Commonwealth in relation to aspects of competition policy that are causing considerable concern in the community, particularly in small rural communities. I draw your attention to some comments that have come from the present Federal Government. I hope they are not just comments in the lead-up to a Federal election. They, too, are concerned about some of the implications that the National Competition Policy has had for some industries and some communities. Our concern about public benefit is a very real one. We will take the opportunity when we complete our own analysis of where competition policy has been going to make strong representations to the Federal Government and to other jurisdictions about the direction of competition policy in the future.

Mr BORBIDGE: Notwithstanding that, is it your intention and your Government's intention to honour the contractual commitments entered into by Premier Goss with Prime Minister Keating in regard to the National Competition Policy?

Mr HAMILL: As you honoured commitments, we will honour commitments; however, we will also take the opportunity to renegotiate and express very strongly any opposition we have to any particular cases that come before us where we believe the public benefit is not being served. We have had cases already where we have considered that, in the public interest, certain outcomes should be maintained. I am not prepared to go into those at present, because in at least one of those cases there has been legal action taken by the unhappy party. If that is what it takes to uphold the public interest, then I am prepared to do that.

Mr BORBIDGE: Could you consider a set of circumstances arising in which your Government gave consideration to withdrawing from the National Competition Policy or not proceeding on the timetable agreed so that payments could be potentially placed at risk?

Mr HAMILL: The whole question of payments is an interesting one at present. Given the Federal election and some of the implications of some of the Federal coalition's policies in relation to payments to the States in general, there is a fair question mark hanging over Federal/State relations. I am not prepared to speculate as to what the future may hold. I will say to you that we will be steadfast in maintaining the public interest in Queensland and being advocates for Queensland's interest in terms of the National Competition Policy in this country.

Dr WATSON: Following up question 4, which I placed on notice, concerning the increase in the dividends forecast or received in this year versus those of the coalition Budget, I refer to that part of the answer that says—

"... additional dividends of \$70M, including income from cross-border leases, announced by the Coalition in the election context".

I remind you that the amount of cross-border leases was \$10m. That figure was included in the announced Treasury document. What was the other \$60m? What has changed between the formulation of the coalition Budget and your Budget which allows the QTC to present another \$60m?

Mr HAMILL: I am going to track down information on the cross-border leases issue.

Dr WATSON: It was \$10m. I have the Treasury document if you want it.

Mr HAMILL: I am trying to locate a note in terms of returns from Government owned corporations. There were some differences, because you were working on estimated actuals in May and there have now been some final figures. There is a difference in the sums that have been reported.

Dr WATSON: Do you want to take that on notice?

Mr HAMILL: No, I will get it for you. The variations are as follows. I will hold to the practice of the previous Treasurer and not divulge individual dividends paid by individual GOCs, because some of that is currently still in negotiation. That position has been held over a number of years.

Dr WATSON: This was identified in the answer.

Mr HAMILL: I will give you the information that I think you are requesting. The increase in dividends from all Government businesses this year is attributable to the following: a distribution from Queensland Treasury Holdings from the State's interest in Suncorp-Metway and a higher level of dividend flowing from the electricity industry following its restructure and some other dividends from other property interests. That has been offset somewhat by a reduction in the dividend payment from Queensland Rail. That is a result of a policy decision of the former Cabinet Budget Committee, which effectively reduced CSO payments to Queensland Rail and, in turn, we would then see a reduction in the dividend payable by Queensland Rail.

The Under Treasurer advises me that the increased funds flowing from the Queensland Treasury Corporation include not only the new cross-border leases but also increased moneys flowing from cross-border leases that had been negotiated in previous years. There has been quite a number of cross-border leases negotiated in Queensland.

Dr WATSON: That is beyond what was included, therefore, in the coalition Budget and the \$10m that was included in the forecast coalition Budget? Is that what you are telling me? So there is another \$60m coming from there?

Mr GRAY: There was \$90m identified during the lead-up to the election by the coalition. That included \$20m in land sales, \$10m in revenue from new cross-border leases and \$60m in revenue from old cross-border leases—a special QTC dividend in respect of previous cross-border leases. So it was a total of \$90m—\$10m in new cross-border lease dividends, \$60m in a one-off dividend and \$20m in land sales.

The CHAIRMAN: Order! The time for non-Government members has expired. The member for Cairns.

Ms BOYLE: On page 28 there is some mention of the Queensland State Model, which I gather is not quite complete yet. I wonder whether you could explain to me what the Queensland State Model is and what its role is in relation to policy analysis as well as forecasting.

Mr HAMILL: I am not going to profess to be an expert in the econometric modelling capacity of the department. It is suffice to say that the Queensland macro-economic model has been redeveloped over the past two years and has been used to produce the economic forecast for the two Budget proposals that have been brought down this year—the one in May and the one that we are analysing here this afternoon, the September Budget. There is also an intention to bring in the Queensland macro-economic model and use it to enhance the modelling capacities of Treasury by bringing into it some of the data that is available through the national accounts database, which is produced by the ABS. If you would care to have some more detailed information about the operation of the model, I will ask David Smith if he would like to come up and dazzle you all with the science that is behind this marvellous thing. I hope that you are all taking notes now.

Mr BORBIDGE: He will have to dazzle quickly.

Mr HAMILL: This will be a lightning flash for the Committee.

Mr SMITH: The Queensland macro-economic model—QMEM—has been developed over the past two years now. It is a dynamic quarterly macro-economic model. It is used for policy analysis for the State and it has also been used to provide some of the economic parameters that underpin the State Budget. We believe it to be one of the better models that are around, having presented a paper on it in Edinburgh recently and getting quite wide acclaim from some of the better modellers in the world. We are also trying to get a link between our Queensland macro-economic model and our QGEM model, which is the general equilibrium model, to measure more accurately the impact of major projects on the State and major shocks to the State. For example, we would hope that if there was an Asian economic—

Dr WATSON: They asked the question.

Mr SMITH: If there is another Asian shock, we would hope with these models to really understand very carefully or closely what impact that is going to have on the Queensland economy and perhaps even go down to the industries to see if there are differential impacts that might occur. So it is quite a

sophisticated model and certainly one that is right up there with what is happening in the Bundesbank in Germany and in England.

Mr BORBIDGE: That is what you thought.

Ms BOYLE: Well, I did not, actually. Thank you.

The CHAIRMAN: She just wanted to check. Order! The time allotted for the consideration of the Estimates of expenditure for the Treasury Department has now expired. Mr Treasurer, I thank you and your officials for your cooperation this afternoon and for your attendance.

Mr HAMILL: Thank you, Mr Chairman. I might just furnish you with the answer to one of the questions that I took on notice. It saves the paper war later. I understand that the other question about the data will be available tomorrow. We will have it to the research director for the Committee. Thank you.

STATE DEVELOPMENT AND TRADE**IN ATTENDANCE**

- Hon. J. P. Elder, Deputy Premier and Minister for State Development and Minister for Trade
- Mr R. Rolfe, Director-General, Department of State Development
- Mr J. Carroll, Deputy Director-General, Business, Innovation and Trade
- Mr S. Booker, Acting Deputy Director-General, Development and Infrastructure
- Mrs S. Ryan, Budget Officer
- Ms L. O'Neill, Management Accountant
- Ms W. Protheroe, Executive Director, Corporate Management
- Mr M. Otago, Acting Executive Director, Export Development and Trade
- Mr M. McCarthy, Acting Executive Director, Project Development and Facilitation
- Mr M. Bermingham, Executive Director, Office of Small Business
- Mr M. Hefferan, Executive Director, Office of Industry Development
- Mr A. Davies, Executive Director, Office of Regional Development

The CHAIRMAN: The next item for consideration is the Department of State Development. The time allotted is two hours and 15 minutes. For the information of the new witnesses, the time limit for questions is one minute; for answers, it is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers. A double chime will also sound two minutes after an extension of time has been given. The Sessional Orders require that at least half the time available for questions and answers in respect of each organisational unit be allotted to non-Government members and that any time expended when the Committee deliberates in private is to be equally apportioned between Government and non-Government members. For the benefit of Hansard, I ask departmental officers to identify themselves before they first answer a question. Minister, are all the officers who you have outlined to the Committee present this afternoon?

Mr ELDER: They are, and this chair will be used for various officers who need to come forward to contribute to the Committee's deliberations.

The CHAIRMAN: Thank you for that. I now declare the proposed expenditure for the Department of State Development open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

Minister, is it your wish to make a short introductory statement in relation to the elements within your portfolio?

Mr ELDER: Just very short, Mr Chairman.

The CHAIRMAN: You have five minutes. Thank you, Minister.

Mr ELDER: Mr Chairman, it is a matter of saying that the Department of State Development is an amalgam of a number of major departments. At the start, I want to thank the department for the work that has gone on in framing the budget and working through this particular process, given that there are elements of four different departments that make up the new Department of State Development. That has been a very difficult and trying task. I want to thank them for that. I look forward to the next two hours examining the record of the previous Government in comparison with what we might do in Government. Thank you.

The CHAIRMAN: The first lot of questioning will be by the non-Government members. Mr Horan?

Mr HORAN: Minister, the Consolidated Fund budget for the Department of State Development has increased by \$45.6m—around about a 45% increase. How much of this increase is due to machinery of Government changes and how much is it due to, as the Budget papers say, a number of major development projects and what are the major components of those major development projects?

Mr ELDER: Lisa has them there. I will allow her to answer the question for you.

Ms O'NEILL: In terms of projects, we have an additional allocation from Treasury for the Western Mining Corporation fertiliser project. That was \$9m. We got some funding devolved from Treasury, which was previously held by Treasury. It was devolved to the department this year for the Queensland Investment Incentive Scheme. That was \$8.1m. We had some carryover funds also for the Western Mining Corporation fertiliser project. That was \$6m. We had some new initiatives for 1998-99, namely Nelly Bay, \$6m; the Regional and Rural Development Strategy, \$5m; the business development new initiative, which is \$4.5m; targeted industry grants, \$4.25m; we had some new funding from Treasury for the Institute of Molecular Bioscience, which was \$3.3m—that also included some carryovers from 1997-98—we had some carryovers from the previous year for the Korea Zinc project of \$3m; we had new initiative funds for the light rail project of \$1.3m; carryovers from the previous year for the director-general's advance of \$1m; new funds in this financial year for the Centre of Excellence of \$908,000; we had some carryovers for the Carpentaria/Mount Isa minerals province study of \$877,000; we had additional funds from Treasury and also carryovers for the Queensland Trade Assistance Scheme, which was \$715,000; and we had additional funding for enterprise bargaining salary increases of \$600,000. The following are also carryovers from 1997-98: for Expo Gladstone, which was \$400,000; for the Gladstone Industrial Land Management Project, which was \$359,000; for the Bilateral Business Export Development Scheme, \$215,000; and a new

initiative of business cadetships, \$255,000. In terms of machinery of Government changes, we got additional funding from the former Department of Tourism for a new corporate services arrangement, which was \$2.6m. We also get additional funding from the Department of the Premier and Cabinet associated with the corporate services agreement, which will be \$600,000.

Mr HORAN: With regard to the Trust and Special Funds, can you outline the changes to the various trust funds that were outlined in Budget Paper No. 2 and in your portfolio statements? Can you tell the Committee the reasons for the changes and tell us why there is a significant increase in total trust funds from \$59m to \$105m, Budget to Budget? In terms of actual to Budget, it was \$36m to \$105m.

Mr ELDER: We can give that to you in detail. I will ask Sue Ryan to do that.

Mrs RYAN: The main increase in the trust funds budget relates to the commercialisation of the Property Services Unit. Basically the two trust funds, the Construction and the Maintenance Trust Funds, are going to close in this financial year and they are going to combine under an administrative arrangement in a new trust fund. The main increase is basically for a technical reason. To close the trust funds, we have to transfer the cash balances into the new trust fund. That is the main reason for that variance.

Mr ELDER: Essentially that process started under your Government. It was a recommendation of the Auditor-General that we actually undertake that process. There has been no change in actually working that process through.

Mr HORAN: Further to that question, page 216 of Budget Paper No. 2 describes how the Trust and Special Funds budget has increased to \$104.6m which, as you said, was an increase of \$45.6m or 77%. It goes on to state—

"After adjusting for interfund transfers associated with the scheduled replacement of the Estates Maintenance and the Industrial Estates Construction Trust Funds with the Estates Construction Trust Fund ... the total Trust Funds Budget is \$51.4m ..."

Where is that decrease shown in the Budget? Can you explain to us how, with three funds being put into one, there is a decrease after you allow for the adjustment?

Mr ELDER: The variation that you are looking for is between the 1997-98 Estimates. I will go through and explain that. Excluding the corporate service allocation, the increase of \$69.858m in 1997-98 relates to the following: the transfer of the balances from the Estates Management Fund and the Estates Construction Fund, as outlined by Sue before, and the closing of the new fund—that transfer was \$53m; an increase in industrial estates construction and building of \$13.78m; tax equivalents and associated payouts of \$9.797m as a result of the commercialisation of the Property Services Group, which was undertaken and continued by ourselves; and a \$5m increase in the contribution of consolidated revenue. The difference

is that it was partially offset by those increases. There was the payout of a Treasury Corporation loan relating to the Property Services Group, which was of \$8.544m, expected reduced land purchases in 1998-98 of \$2.607m and the one-off funds as outlined by Sue earlier of \$1.4m for the Briztram Project, \$435,000 for the Gateway Ports Project and \$398,000 for the Central Queensland Water Project.

Mr HORAN: Are they the interfund transfers that are mentioned?

Mr ELDER: Yes.

Mr HORAN: It says that after adjusting for interfund transfers associated with the scheduled replacement of those two maintenance funds into one fund—

Mr ELDER: We have nothing to add on that. That is the full explanation for the particular Budget position. It relates to the amalgamation of the two funds, the offsets from Treasury and the offsets in terms of reduced land sales. Everything that we have given relates exactly to where you find yourself with that particular trust fund.

Mr HORAN: The decrease to \$51.4m?

Mr ELDER: Yes.

Mr HORAN: Turning to the transfer of the Commercial Policy and Project section from Treasury to the Department of State Development, has a Budget figure been decided upon for the cost of the transfer? How many staff will be transferred from Treasury to your department in that particular move?

Mr ELDER: Stuart would have answered that in Treasury today. Did you ask that question in the Treasury Estimates?

Mr BOOKER: I understood that it was a written question. Firstly, you asked about the Budget transfer to go with that element of CP and P. I do not believe that the figure has been finalised precisely, but, as I understand it, the total CP and P Treasury allocation was approximately \$2.53m. My understanding is that the amount to be transferred is in the vicinity of \$1.5m, with the remainder remaining with the element of CP and P that is staying in the Treasury Department. There has not been a precise division of that money between the two departments with the transition.

Mr ELDER: As outlined in the MPS, the MPS was based on CP and P remaining in Treasury for Budget purposes. The Budget was struck within that. The negotiations in relation to the transfers between Treasury and ourselves are under way and ongoing at the present stage. Those adjustments will be made to both departments in due course.

Mr HORAN: With regard to corporate services, the Portfolio Statements show an increase in staff numbers from 33 to 43. Earlier today the Premier said that the Premier's Department would actually be providing corporate services to the Department of State Development. He indicated that 29 additional staff would be coming into the Premier's Department specifically to provide increased corporate services to the Department of State Development, over and above whatever staff it had currently working in the Premier's Department. In the May Budget that was

brought down by the previous Government, corporate numbers were 13. Can you explain to us why there were 13, then it went up to 33 and is now 43 in the Portfolio Statements, yet the Premier said today that that work will be undertaken in the Premier's Department?

Mr ELDER: There is an agreement between ourselves and the Premier's Department to undertake a range of corporate service requirements for the Department of State Development. The biggest variation, of course, is with the marketing division of the old TSBI department. We actually brought the marketing arm of TSBI with us. That is included in the corporate services sector, which is probably the biggest variance in relation to it. We have pulled additional staff from the Department of Tourism, Small Business and Industry into the program, being all of those who have been associated with marketing.

Mr HORAN: With respect to trade, we asked some questions on notice and you advised that you are not able to provide month-by-month targets or figures. On page 8, your Budget figures show that you hope to achieve—

Mr ELDER: Page 8 of the Budget?

Mr HORAN: Page 8 of the Ministerial Portfolio Statements. It shows that you are looking at achieving export sales of \$360m in that program. Why are you not able to set monthly export sales targets? It would seem good business sense. I refer you to question on notice No. 1 in which you were able to provide an overall estimate of export sales for a range of countries listed but not individual countries. What I am getting at is: how do you get this figure of \$360m? Why do you not have some monthly target? How can you provide an overall figure of \$360m if you cannot provide individual country estimates to us?

Mr ELDER: For the same reason you provided \$350m. I will finish the answer after Michael has made a contribution.

Mr OTAGO: In normal circumstances it is quite difficult to provide monthly figures, because of variations in particular for agricultural and other commodity exports throughout the year. That is why the Australian Bureau of Statistics has to seasonally adjust them. In current circumstances, particularly with the Asian currency crisis and its impact, it is virtually impossible to come up with reliable figures that would be useful for the department and for the Deputy Premier.

Mr ELDER: Based on the fact that the bulk of those sales are in commodities, both in the minerals and primary sector areas, a lot depends on valuations of the dollar and our competitiveness in the international market. We have projected that, based on what we believe will be growth in a number of sectors, even though it is rather difficult with the Asian economies as they are, we can reach \$360m. That is based on our turnover last year and projections in a number of markets this year and the value of the Australian dollar in comparison to a basket of currencies.

Mr HORAN: You have the same target for exports of \$360m. Your department has been referred to by the Premier as a key department in achieving the 5% unemployment target. If you do not have any plan in place to increase export sales in this year, how will you bring about any—

Mr ELDER: You did not ask that question. You asked whether we set monthly targets, to which we answered: no, because of the variances within the market. You did not ask us whether or not we were looking at increasing sales and looking at new markets. If you wish to ask us that question, we can answer it.

Mr HORAN: I am going on the figure you have given for your estimated measures/units for 1998-99, which you have indicated is \$360m—the same as the year before. I am asking you whether as a department under that program you are not prepared to set a higher target. How can you achieve an increase in employment if you are not prepared to bring about more trade?

Mr ELDER: We are thinking about increased opportunities for trade and other markets. But you do not have to be Einstein to work out that there is difficulty in the international global market, with downturns in all of the Asian economies. As they are our major trading partners, that will have an impact. To maintain the current figure and the current status, we have to look at opportunities in other markets and setting up opportunities in growth markets, those being in the Middle East, India, the United States and Europe. Yes, programs are being put in place to deliver in those markets extra opportunities for our producers, manufacturers and those in the tourism market. Those can be outlined to the Committee if you wish me to go through them in detail, or I can give you a comprehensive list which you can incorporate into the minutes of the meeting. I am comfortable with either way. The fact is that there is a range and raft of new initiatives that will maintain the status quo for us, given the fact that we are in difficult economic times in our own market and there are likely to be significant downturns in those traditional markets.

The CHAIRMAN: If you have something that you want to incorporate, it would be easier for us if you tabled it.

Mr ELDER: I can do that at the end of the hearing.

Mr HORAN: How much of the \$20.6m export development and trade budget will be spent on emerging markets, such as South Africa and India?

Mr OTAGO: It is not possible to give a definite figure at the moment. However, I can say that we are currently finishing off a consultancy—a study on emerging markets—which will prioritise these markets for Queensland exporters and identify where there are real opportunities for them. Once that study is out, the recommendations are here and the Deputy Premier has had a chance to look at them, we will put into place some strategies. At the moment I cannot give you the costings.

Mr ELDER: That will look at those new markets—South Asia, southern Africa, the Middle

East and Eastern Europe, central Europe, South America, the US—as well as looking in greater depth at the Middle East. That will highlight those opportunities. It will look at where we need to focus our attention over the coming 12 months.

Mr HORAN: On page 45 of the Ministerial Portfolio Statements, under the heading Key Performance/Activity Information—Infrastructure Development I note that the areas of land preserved for industry have increased from 500 hectares in 1997-98 to 1,500 hectares in this financial year. Why has there been an increase of that magnitude in the areas of land to be preserved and where has this land been identified that needs to be preserved or purchased?

Mr COOK: The land is preserved through arrangements with local authorities principally to incorporate industrial zonings into their town plans. There is advanced work going on on the Sunshine Coast and to the west of Brisbane, basically, that would provide that area of land. I will get the details for you.

Mr ELDER: While he is doing that, I point out that we are also looking at land in Bundaberg, the Sunshine Coast and Townsville. A range of studies is under way that looks at industrial land and industrial land usage. We are under enormous pressure in particular from the SEQROC councils to come forward with new industrial land holdings in and around the south-east corner. That is why we are taking an expansive look on the Sunshine Coast and particularly to the west of Brisbane.

Mr COOK: In Bundaberg they are looking at about an extra 120 hectares. On the Sunshine Coast 1,400 hectares have been identified. Those are the principal areas identified.

Mr HORAN: That is about 3,500 acres?

The CHAIRMAN: The time for questions from Opposition members has expired. I turn to page 11 of the Ministerial Portfolio Statements. In particular, I draw your attention to the second last point, which details the number of projects relating to technology and innovation through the Queensland Science and Technology Council. What did the council achieve in 1997-98?

Mr ELDER: Interestingly, the council has a budget of around \$919,000—almost \$1m. In looking at the Science and Technology Council and the work of the council in this Estimates process, we see there are only three projects that it actually undertook. One was a due diligence project involving an assessment of the Cape York space base. The other was a study into Boggo Road and a development plan, which I am yet to see the results of. The third was the setting up of a technology precinct.

The CHAIRMAN: Did you say Boggo Road?

Mr ELDER: The Boggo Road jail site. The third was an investigation of what would be a science and technology precinct, which was rather interesting considering that we have significant holdings of science and technology precincts as they stand—QMI, Griffith University and the bioscience centre at Long Pocket.

Looking at the work of the Science and Technology Council, I would have to say that their results were very disappointing with that type of expenditure to come forward with, as I understand, a due diligence report on that space base project which was eventually not supported by the Government, considering that the recommendations as I read them were very supportive and global interest was very supportive of a space base. I would say the results from the Science and Technology Council deserve a lot closer inspection from me as an incoming Minister, and they can expect me to have a lot closer investigation of their past activity and what their future activity just might be.

The CHAIRMAN: You said three projects: Cape York, Boggo Road and a science and technology precinct. Was there any travel out of Australia spent on any of that?

Mr ELDER: In relation to the due diligence report—this is another one of the reasons that I need to take a long, close look at the Science and Technology Council. The council itself travelled extensively. In fact, if you look at their budget, you will see that about a third of it is made up of salary and on-costs related to salary. What is then found in looking at expenditure of the council is that there was substantial travel overseas and substantial travel within Australia. Their travel overseas, including this due diligence project, amounts to a figure of \$38,500 plus \$74,000, so it is about \$115,000 in overseas travel in the space of a year—in fact, in less than that.

If you look at the domestic travel, you will see that—there is so much overseas travel I get caught up—it was substantial as well. It was around \$36,000 plus a whole raft of other expenses, so they spent roughly around \$40,000 travelling around Australia and then around \$115,000 travelling overseas. In fact, the due diligence project had the chairman of the Science and Technology Council and the CEO travelling to London, France, Moscow, the USA, Tokyo and ending up on the beach in Waikiki by the look of it. There was extensive travel from the Science and Technology Council whose major concern I thought should have been developing science technology and innovation policy, actually ramping up that policy within the State and actually getting a far more collaborative approach to those types of projects through the universities and a range of other service deliverers. To actually spend the bulk of their budget flying overseas and staying in some of the places they stayed is a little bit disappointing to me as an incoming Minister.

The CHAIRMAN: Was there a report given after each of those trips?

Mr ELDER: I am yet to find comprehensive reports in relation to them. Yes, a due diligence report was done in relation to the space port project. It is interesting, as I said, that the due diligence report shows that there was reasonable support for it. You have to ask: why would you do a due diligence report when the project was not at a bankable stage? The project department should have brought it through to Government at a bankable stage before Government did a due diligence report,

particularly a due diligence report that has significant costs in it as it relates to travel around the globe. That stage of the project, that is, having a bankable project, did not go to Government before it was done.

The CHAIRMAN: You mentioned, I think, that \$40,000 was spent on domestic travel. Was there a breakdown on that?

Mr ELDER: A lot of it was basically the chairman of the Science and Technology Council living in Sydney and travelling regularly to Brisbane. There is about \$12,000 plus of domestic travel involved in that particular exercise. The rest was, of course, the CEO and others travelling to Sydney and to southern ports, but particularly to Sydney to, I guess, accommodate the work of the Science and Technology Council. That essentially made up the bulk of it.

The CHAIRMAN: So it was Sydney rather than, say, Cape York?

Mr ELDER: There was one trip to Mount Isa, but that was it. That was the only regional travel that I can see here. Most of it was Sydney, Brisbane and Canberra. The only trip that was undertaken—there were a couple; there was one to Mount Isa and two of the officers travelling to Townsville, but the bulk of them were through to Sydney and return for both the CEO and the chairman of the Science and Technology Council.

The CHAIRMAN: So how many trips were made?

Mr ELDER: Actually it includes a night on 25 December 1997. I have to follow that one through. I just highlighted that before I came in, but it is interesting to have accommodation between the 22nd and the 25th in Sydney, but we will follow that through.

The CHAIRMAN: So how many trips were made to Cape York?

Mr ELDER: None that I can see.

The CHAIRMAN: Keeping on with the council, how much was spent on consultancies in 1997-98?

Mr ELDER: That is another interesting question. Travel was bad enough, but when you go through their accounts and you come to consultancies, you find that a number of consultancies took place in the financial and accounting area; \$83,287.65 was spent. If you look in the professional and tech-based consultancies of which, of course, the chairman of the Science and Technology Council actually did the due diligence consultancy for \$74,000—which is just a little interesting—plus a couple of others, you find that the total spent on consultancies on professional and tech work was \$136,731.78. Then when you look at the external service agent consultancies, you find that that was \$41,700—

The CHAIRMAN: This is in addition to the \$136,000?

Mr ELDER: That is true, so you are looking at a total figure there of just around \$250,000 in consultancies in that 12-month period. If you put that on top of the travel overseas, you will see that a

substantial portion of their budget aside from salaries was spent on consultancies for three projects and travel for supposedly three projects. Given that probably the only one that was science and tech-based in terms of the role I would have thought the Science and Technology Council played, which was looking at technology park precincts—and even then that particular exercise would be questionable given the knowledge they would have had in relation to the activity that was already being undertaken by universities and by the departments—you would have to say that money spent on the Science and Technology Council was money poorly spent.

The CHAIRMAN: I missed your point about the director. You mentioned a figure, I thought, of \$74,000.

Mr ELDER: The chairman. It was not the CEO, it was the chairman of the Science and Technology Council. In the due diligence consultancy the chairman received an amount of \$74,925 on top of what looks to be some other smaller consultancies, and I am not sure he had a role in them—but certainly \$74,925.

The CHAIRMAN: So out of the \$250,000, the chairman got \$74,000? Is that what you are saying?

Mr ELDER: That is as I read it.

The CHAIRMAN: What was achieved in the space port project?

Mr ELDER: As I said, the due diligence report came to Government. In reading the recommendations of the due diligence report—I can refer to the director-general; we read it again this morning—my understanding was that there was a positive recommendation. It questioned why the exercise was done, but there was a positive recommendation as to the establishment of the spaceport in the cape and it had endorsement globally. That recommendation went to Government, and you might like to ask the former Premier why it did not go beyond there.

Mr BORBIDGE: Mr Chairman, I thought it might have been helpful to have the Science and Technology Council present if you wanted to ask these questions so that it could have the courtesy of defending itself. I am taking a point of order, Mr Chairman. My understanding is that if you wanted those officers present they could have been here today to defend themselves. What we are seeing, it seems to me, is a kangaroo court where privilege is being used to slander one of Australia's most distinguished international scientists, who is very much in demand at home and abroad. I thought that, as a matter of courtesy, if questions were to be asked about the Science and Technology Council then representatives of the Science and Technology Council should have at least been given the opportunity to defend themselves.

The CHAIRMAN: Order! There is no point of order.

Mr ELDER: With all due respect, we have only one officer who is responsible for that, and that officer is an AO6. Quite frankly, for the information of the former Premier and the Committee, I am quite prepared to table all the documents in relation to the

expenditure of the Science and Technology Council and the role it played in relation to those three projects.

Mr BORBIDGE: I am sure Dr Scully Power would have been pleased to attend.

Mr ELDER: Well, he might not have.

Mr BORBIDGE: They invite him to the White House; they do not invite him to an Estimates committee.

Mr ELDER: If you look at the expenditure of the Science and Technology Council, it would have been an embarrassment to sit here and read it.

The CHAIRMAN: Order! I would ask you to address your comments through the Chair.

Mr BORBIDGE: With respect, you do not slander someone without giving them the right of reply.

The CHAIRMAN: Order! You will address your comments through the Chair.

Mr ELDER: I might say, Mr Chairman, I read right from the particular relevant documents that support the budget position of the Science and Technology Council. I reject the statement that it is slander. I am reading directly from the budget and the expenditure of the Science and Technology Council. The former Premier may see that as slanderous; I do not. I am simply reporting on an agency that I have responsibility for that has not lived up to expectation.

Mr BORBIDGE: You have massively misrepresented the work of the council on those three projects, and you know it.

Mr ELDER: You might be able to inform the Committee why the project did not go ahead.

Mr BORBIDGE: You are supposed to answer questions.

The CHAIRMAN: Order! You will address your comments through the Chair.

Mr ELDER: Maybe the former Premier can tell us why the project did not go ahead.

Mr BORBIDGE: I am quite happy to answer it.

The CHAIRMAN: You are not in the dock; the Minister is. Let's keep going. The member for Bundaberg?

Mrs NITA CUNNINGHAM: I refer to a question on notice concerning the Queensland Government's small business policy consultation draft. Was this ever released as a Government document and ever distributed by the department?

Mr ELDER: That is another interesting exercise. The response to the question on notice we sent to the member had the former Department of Tourism, Small Business and Industry preparing a draft small business policy at a cost of roughly \$55,000 and with 10,000 booklets. An AOB officer actually did that task, and there was a raft of other expenses, including interesting rec leave, but I will let that pass.

We found that the project was finished. The project officer resigned on 8 May. There was then

the launch of the coalition's small business policy. It was very difficult, given that the author was the author of both documents, to determine which was the work done by the Government in terms of the Government small business policy consultation draft and the coalition's small business policy that was launched. It would be fair to say that there were significant overlaps in terms of what was in the draft, which was supposedly the Government's response, and what was in the coalition's draft, which of course became coalition policy. It was not any surprise to find out, after the officer had resigned, of course, and after we came to Government, that the officer who did the task was Cameron Thompson, who happened to be the Liberal candidate for Blair and an adviser to Joan Sheldon. That was \$55,000 worth of debatable work. That I am still wandering through.

Ms BOYLE: I refer the Minister to page 26 of the MPS. It is in reference to the establishment of State Development Centres. Would you bring me up to date with the progress that is being made? If you would like to make specific reference to progress on the Cairns State development office, I would be pleased to hear it.

Mr ELDER: We might leave Cairns for a later day. We are establishing 15 of these centres, as we said. It was an election commitment of the Government. At the end of the day, it is about actually making sure we have a single entry point into Government. They will have a strong client focus and will be assisting business with any of their dealings with small business or major projects.

We have actually opened one of the centres, in Bundaberg, and we are in the process now of ramping up all of the other centres and bringing across all the activities from the various departments, because we actually are combining the work of the Economic and Trade Development Department within the regions, the old TSBI Department, as well as incorporating the Department of the Premier and Cabinet into those State development centres. There will be some agribusiness activity that will be ramped into that from DPI. The difference with these centres is that they, as regional offices, as State Development Centres, will have direct access to me. They will report directly to the director-general. He will have the responsibility for dealing with them at the local level.

We are looking at the Cairns one at this stage and a raft of others of those centres. There are obligations that we have to consider in relation to tenancies. We said that we would do this but we would do it in a cost-effective manner, and that means considering the tenancy agreements and leases that we have in place. We will do them and roll them out as we can.

We will have these centres in Cairns, Townsville, Mackay, Rockhampton, Bundaberg, Wide Bay and Maryborough. There will be a sub-office located in the new Government building in Hervey Bay when that is built. We will also have them in Gladstone, Sunshine Coast, Toowoomba, Ipswich and Mount Isa. We will of course look after the Gold Coast and Springwood in the south and Aspley in the north of Brisbane. We are well on the way to

having all those centres up and functional. It will be a matter of actually ramping them up over the next month.

The CHAIRMAN: Order! The time for Government questions has expired. Mr Horan?

Mr HORAN: With regard to the Asian economic crisis and the concerns you have raised about it and its impact on Queensland trade, what does your department estimate will be the direct reduction, if any, in Queensland export sales in 1998-99?

Mr ELDER: Looking through this, the impact to date has been mixed. Overall merchandise exports to Asia rose in 1997-98. That was assisted by the depreciation of the Australian dollar against the US dollar. That saw significant rises in Japan, Korea, Taiwan and Malaysia. The bulk of the increases for us in the previous year were coal and the price of coal. There were merchandise export falls in China, Hong Kong, the Philippines and Indonesia. We anticipate that the decreases in the China and Hong Kong figures will be mainly due to the fall in coal figures and essentially to the collapse of the live cattle market in Indonesia. So there will be some impact in coal and some impact in cattle.

Exports to the US, some European markets and India last year rose. That is what contributed to the figure last year. Services exports in Queensland rose marginally last year. The difficulty with that is that we expect to see some serious decline in the year ahead in the services industry and some decline in tourism revenue. It is difficult to determine an impact in terms of merchandising, exports, tourism and services. We have not endeavoured to do that. We have endeavoured to make sure that we have a raft of initiatives in place to maintain our performance levels at last year's level, realising that we will have some impacts in our major commodity areas and in our tourism and services areas. That is about as best as we will give it to you, given our answers to previous questions on trade.

Mr HORAN: Are there any markets where you expect increased export sales—for example, in the USA or India—and estimates by your department of how much those exports should increase?

Mr ELDER: Given that it is volatile, no. We do expect—and the Treasurer would have outlined it today—that GSP growth will drop. Trade will have an input into that and be a contributor to that. We believe that impact of about 2.5% will be basically Asian based or Asian financial crisis based. Given that, there will be drops in that market. The offsets will depend a lot on the value of the Australian dollar for our bulk commodity exports into those markets that you outlined. And where we can ramp up manufactured exports, that depends very much on the business community and how we work with them to attract and develop those new markets. But being a State that is growing a manufacturing base, and which does not have a large manufacturing base—at least not gas dominated, anyway—and given the fact that it is coal, cattle and agriculture, a lot will depend on the value of the US dollar over the ensuing 12 months. We have projected for Treasury—and

Treasury have actually accommodated it in the Budget—what we believe that impact will be. But the fact is that, in terms of the major exports and major commodities, it is the US dollar.

Mr HORAN: Given the concern with regard to the Asian economic crisis, your department's figures show a reduction in the number of outbound trade missions and a reduction in the number of inbound trade missions. Does this concern you in view of this particular crisis? Or do you think there is a need to increase the number of missions? And, if so, why have they not been increased?

Mr ELDER: Essentially, the bulk of our trade missions over the past couple of years have been Asian-based trade missions. So given the fact that we have a financial crisis in most of our markets in South-East Asia, we expect that there will be a downturn in those incoming missions. The other significant factor will be Queensland exporters. They are unlikely to have the capacity to sustain the previous levels of in-market activity in those Asian areas. So essentially the figures reflect that we expect fewer missions in because of the problems in those countries. Because of the impact that will have on a number of our exporters—considering most of those exporters were involved in the sunrise industries and have targeted South-East Asia as their prime area of activity—we just do not believe, in terms of reporting in the MPS, that you will see more activity in the Asian area. We can offset that with missions elsewhere—into the Middle East and into those growth markets.

In terms of moving to a system in terms of some of the travel schemes that we have—we have to be careful about where we grow those markets. We want to maintain a long-term relationship in those Asian economies as well, because it is important to understand that, when those markets turn, as they will, they will remember those that have been close friends. They will remember those that have been close trading partners and have been supportive. We intend to make sure that we have that right balance. We believe that there will be a slight drop-off in the activity over the next 12 months. That will probably limit some of our exporters getting overseas as some of the importers come through.

Mr HORAN: I refer you to the answer to the Opposition's question on notice No. 3, asking what new manufacturing industries you plan to establish in Queensland. The answer came back that you cannot establish new manufacturing industries but you will put in place policies and initiatives to stimulate the growth and diversification of specific industries. Why are you not endeavouring to establish manufacturing industries in Queensland?

Mr ELDER: To be blunt with you, when last in Government, as Industry Minister, we placed a significant number of business development projects in place to ramp up the manufacturing industries. We spent quite a deal of money building the technology base in this State, which was the QMI, to do just that—to actually ramp up the performances of our manufacturing sector, realising that we did not have a strong manufacturing sector. We were very successful at doing that in terms of improving

manufacturing exports and getting new manufacturing opportunities into Queensland.

The fact is that you have to have the right prerequisites in place to actually attract companies and to actually grow companies. Part of that is the low-tax status. Part of that is actually helping the industry through targeted industry assistance—which, I might add, has dried up at both a State level, under the previous administration here, and particularly at a Federal level. You have only to look at the number of impacts that the industries complain about now—withdrawal of AusIndustry and a whole raft of other support programs from the manufacturing sector—to realise why Government should be in there.

The other point that I would like to make is simply this: the way to grow manufacturing in this State is to make sure that you have the infrastructure in place to do just that. Part of that infrastructure is to make sure that you have competitive energy prices and alternative energy opportunities in this State. Part of the reason we chased that Chevron project a lot harder than the previous administration had is to build the energy base to give you the opportunity to ramp up manufacturing opportunity offered. Most of the manufacturing opportunity in this State is either sunrise or is attracted into it. It has fallen off over the past two years. We intend to ramp it up by making sure that we have the industry policy that is right, the industry assistance measures that are right, and make sure that we get the infrastructure right. If we have those prerequisites in place, then we expect the companies will come.

Mr HORAN: The next question refers to the Office of Small Business. In question No. 5 of the questions on notice, you acknowledge that the budget for the Office of Small Business has increased by 68%. But despite that, your performance indicators have remained at the same level as the performance of the previous financial year. Why does small business have to wait 12 months for your Government to actually do something for them? Why can you not have some indication of an increase in performance with that 68% increase in the funding for that budget of the Office of Small Business?

Mr ELDER: The additional funds in the business area are to ramp up a raft of projects that have been ongoing, including the SmartLicence project—looking at how we build into the project or into small business industry assistance schemes, whether they be AusIndustry-type based schemes or business development based schemes. The fact is that small businesses have been left on their own for some time. There has been a withdrawal of industry and small business assistance programs at both a State and Federal Government level. The reason we expect the status quo is simply this: the economy in this State is flat, and it will remain flat, as articulated by the Treasurer in his session with the Estimates Committee. We need to maintain small business at current levels and endeavour to improve their operating activity by providing targeted assistance to them. At a time when small business is under pressure, we are pumping more money into small

business programs so that we do not lose any small businesses and so we minimise the impact of the Asian crisis, which will have a flow-on effect on small business. At a time when small business—to use the old cliché—will be doing it tough in Queensland, we intend to push more funds through in targeted assistance to keep that activity at the levels that we have outlined in the MPS.

Mr BERMINGHAM: Some of the programs in the Office of Small Business are of a policy nature and a product development nature. Particularly in the small business product development area, the office develops those things in response to what the needs are in the market. When those products are up and running, they are handed to other areas of the department or even to the private sector or industry associations to deliver on our behalf. The performance indicators are not reflected in the Office of Small Business; they would be reflected elsewhere in the department and out in the economy generally. A lot of the moneys that are currently being spent in the Office of Small Business relate to smarter ways for the Government to deliver its service, such as through e-commerce using information technology. The nature of those things is that, until they are up and running, until the small business community has sufficient IT infrastructure in place, we will not see the benefits of a lot of those initiatives. Until they are capable of accessing those services via those means, we will not get the hits and we will not get the performance measures; yet we need to put the infrastructure in place now, the capabilities, and increase the awareness within the small business sector to take up IT so they can access those services.

Mr HORAN: At the same time you are showing no change in performance levels. You are showing the creation of 320 jobs. How does that come about?

Mr BERMINGHAM: The Office of Small Business—and particularly where those jobs are created—relates to improvement in the business environment. The business environment is of a nature that often a marginal change in the profitability of a particular business will encourage them either to hire staff or to remove staff. There are a lot of initiatives in terms of ease of access and reducing costs to small businesses to access information that are available to Government or, particularly in the regulatory reform area, where we can make a difference in the overall operating costs for business. If we can change those marginal costs—and we have certain studies that have given us a formula and model to do that—the upshot will be that, as they become more profitable, they will engage extra staff members. I have the full details that I can go through if you wish.

Mr HORAN: Minister, can you confirm for this Committee that the former Director-General of TSBI is currently home on what is called "gardening leave" on an annual salary of up to \$190,000? When will you finalise that particular issue?

Mr ELDER: You will have to ask the Office of the Public Service for that, because he is not on our books. If he is anywhere, he will be on the books of the Office of the Public Service.

Mr BORBIDGE: So you made no recommendation?

Mr ELDER: I made no recommendation to them. He still is the Tourism Director-General. That is for them to work through. If you want to ask a question, you should ask it of the Office of the Public Service.

Mr HORAN: You have taken the other staff across, but not him. You did take across the staff of TSBI, did you not?

Mr ELDER: Not all, no.

Mr HORAN: You took a major part of them.

Mr ELDER: But not all—including him.

Mr HORAN: In relation to the gas crisis in Victoria, with a number of further gas pipeline projects under consideration for this State—

Mr ELDER: We had nothing to do with the dynamite if that is what you are asking.

Mr HORAN:—will the Queensland Government be looking into this instance in Victoria? I will address a couple of issues relating to the Papua New Guinea gas pipeline. In the course of your negotiations, are you building in safeguards for Queensland businesses against any future problems that might occur, particularly as it is coming from another country? Can you guarantee that there will be no sovereign risk for Queensland businesses involved or that the sovereign risk will be covered in the negotiations?

Mr ELDER: In terms of a Queensland contribution to assisting Victoria and investigations that are under way by Queensland in terms of the impact of and the reasons for the problems in Victoria, you will need to talk to the Minister for Mines and Energy. He has been tasked with the job of undertaking that particular exercise. He is looking at the tragedy in Victoria and working through that from his perspective and from the Government's perspective.

In relation to Papua New Guinea, the whole reason for the Chevron gas pipeline is to provide contestability in the gas market and to provide a cheap, green, efficient source of energy for north Queensland. Sovereign risk issues will be negotiated across Government, both Federal and State, and with the PNG Government. Sovereign risk issues will be built into whatever contractual arrangements are put in place between the joint venturers and, if it comes to pass, with Comalco. Any major international project—whether it is here in Australia with PNG or whether it is in the United States with South America or whether it is across borders in Europe—has elements of sovereign risk that are worked through in terms of the contract arrangements and in Government-to-Government dealings. What was your other question?

Mr HORAN: You have basically answered it. I was asking about what safeguards were you putting in place for Queensland businesses in the negotiations. Have any of those businesses brought up the issue of sovereign risk?

Mr ELDER: Sovereign risk is always an issue.

Mr HORAN: Have they sought any assistance from the Government, be it Federal or State?

Mr ELDER: Who?

Mr HORAN: Any of the people involved.

Mr ELDER: With the PNG gas pipeline or with the Comalco project?

Mr HORAN: Any of the companies that would be taking gas.

Mr ELDER: The only company that has sought assistance from the State Government has been Comalco Refinery. Comalco Refinery has an initial MOU with Chevron. They are still negotiating a raft of other measures within the MOU, which are critical factors to both of them. The only company that has received any type of project status and assistance is Comalco. In fact, that was negotiated by you in Government. That package still remains in place.

The CHAIRMAN: The time for non-Government questions has expired. Minister, turning now to page 25 of the Ministerial Portfolio Statements, in relation to State Development Centres, how much money was spent on the upgrade of offices of what was the Department of Tourism, Small Business and Industry?

Mr ELDER: There were a number of upgrades. There was a view within TSBI that it needed to go to a new corporate badging across their offices. Once they decided to move into that particular process, they got carried away with almost cloning offices right across the State. The most interesting thing about travelling to TSBI offices from Cairns to—use the cliché—Coolangatta, although you will not find one there, was that, essentially, they all looked the same. There was a push to ensuring that the corporate image almost involved replication of the office regardless of where one went. In terms of the budget, that meant around \$1m being spent for that purpose.

We will probably look at how we best use the facilities that we have and try to accommodate any changes that we have through the State Development Centres a little bit more judiciously in terms of the funding. Unfortunately, I suspect it will lead to our having to spend a similar amount over the next 12 months. We will have to do the same, that is, try to ramp it up so they are effective offices that deliver the type of services that we want. Unfortunately, what we have been left with is not quite as efficient in terms of an operation. They all look good, but they are not efficient in terms of client service delivery.

Mrs NITA CUNNINGHAM: I would like to ask the Minister a further question about the establishment of State Development Centres, having seen the first one opened very successfully in Bundaberg a week ago. Can the Minister tell us how much the department anticipates spending in 1998-99 on ancillary areas such as consultancies, hospitality, legal expenses, travel—those sorts of things?

Mr ELDER: As you know, we engage consultants for a whole range of specialist services. Where we do not have the knowledge base within

the department, we engage consultants, and they are engaged right across the State. There are strict guidelines that are adhered to in terms of the accountability controls. The controls are under the State Purchasing Policy and the departmental guidelines that we have in place. We intend to spend marginally less on consultancies. We believe that we can build up the expertise, the power base, within the department. The department's expenditure for 1997-98 was \$9.6m in consultancies. We expect that we will spend somewhere around \$8.3m. So as we ramp up the department, we believe that we can grow the in-house skills and rely less and less on consultancies.

In terms of hospitality and the official functions that you asked about, again, we are going to be very stringent about the accountability framework that we put in place, particularly for hospitality and official functions. The department's actual last year was around \$738,000, and that included corporate service charges to the Department of Premier and Cabinet—about \$738,000. We believe this year it will be around \$607,000. Again, that will include those same charges that I outlined to you about the Premier and Cabinet. It is a legitimate activity; I am not saying that the money should not be spent. We intend to be a bit more frugal, though, in terms of that spending over the next 12 months.

The only other area that I am having another close look at, because I believe that we can build the expertise within the department because we have the capacity with the acquisition of CP and P from Treasury, is in the area of legal expenses. Legal expenses paid out last year were just under \$1m—at \$906,000. We intend to probably halve that—about \$426,000. We intend to build up our expertise in that area. That has come across with CP and P, and we intend to actually reflect that in our budget outcome.

Travel is another area. Again, we are going to watch very closely all travel. There were costs in domestic travel last year of \$2,048,000 and in overseas travel of \$1,615,000. We project to spend only \$2.7m this year. We are going to make sure that we redeem all our frequent flyer points for a start.

Ms BOYLE: I am interested in the restructuring and its impact. Minister, I refer you to page 23 of the MPS. With the restructuring of what was formerly the Department of Tourism, Small Business and Industry, can you tell us about redundancies and how much they have cost us?

Mr ELDER: I guess the most disappointing aspect of this evolving of the State Development Department has been looking at the old TSBI Department and the way in which the business side of that department had evolved over the past couple of years. It was disappointing, after being Industry Minister, to see a strong, vibrant department lose a lot of its key people and have many of those people who remained, in my view, demoralised due to what was a significant lack of performance. They are not my words, they actually come straight out of the KPMG report that dealt with the business department, or the TSBI Department, as it was known. The major findings out of that was a lack of leadership and the department being moribund.

For us, though, the loss has been significant in terms of those who have left with VER packages. In fact, VER packages last year amounted to almost \$1m—\$921,000. Some 29 followed the restructure and the reallocation of duties that was undertaken by that KPMG review. Through that review they decided that 27 positions were surplus. A few accepted the packages. As I said, the disappointing thing is to see the names of those officers who have left the department and to realise the amount of corporate knowledge that has gone with them. Not only have you lost the corporate knowledge but also it has cost you \$1m in VERs to do it. The only interesting part was, of course, the CEO from the Science and Technology Council. His contract was due to expire on 30 June 1998. It was not renewed but there was no severance pay made in that situation. He has moved on to other duties, as I outlined.

The CHAIRMAN: I want to now talk about the twin evils as I see it facing our overseas trade. One of those is One Nation; the other one, of course, is the Asian economic crisis. What concerns me about One Nation is that when you read the Asian newspapers, it is quite clear that there is not a countervailing point of view coming back to say that we are in the business of trading with Asia. I want to know what the department is doing to combat both of those things—the Asian economic crisis and the perception that the One Nation voice is the only voice.

Mr ELDER: Let me deal with One Nation, because I outlined to the Committee what the department is doing and the role of the department in relation to the Asian crisis when Mr Horan was asking those questions. The role of One Nation has been significant in terms of its impact on Queensland. I can actually report this from my own personal experience from trips into Taiwan and Korea and into Singapore and Malaysia. The Premier has also reinforced the point through his trips into Hong Kong and Japan. I am sure that in his trip into China in the near future he will receive a similar response—that being that One Nation has had a significant impact in a number of our markets. For instance, in Singapore, there is a high—and I mean a high—understanding of the Australian political system but also a high knowledge of Pauline Hanson and her statements in Australia. It has been disappointing to see that the reporting there has been of a highly negative nature, as you have outlined, Mr Chairman, without much of a balance in terms of a positive sense.

The reason the Premier and I moved early in our term of Government was to actually start building that positive agenda both within the business communities and our trading partners in those countries and with the media in particular. We made sure that we spent time actually telling our story. It would be fair to say that quite a bit more needs to be done. Our offices in those particular areas have been working continually to make sure that the information coming from here is ramped up and distributed and made sure that the business community and the media are aware of the positive statements that we have made as a Government and also, and more importantly, about the negative campaigning that the

One Nation Party and in particular Pauline Hanson has had in this last Federal campaign.

The most significant moment for me, and a turning moment, was in Singapore at a press conference where I was able to demonstrate by way of a faxed copy of the Australian newspaper a headline that said, "Hanson likely to lose seat." The significance of that in terms of the press conference amazed me. That night on Singapore television, it was about the second item in, and there it was in black and white. It was the first time that a number of people, as they outlined to me, had said that they had seen that type of reporting coming out of Australia. If that continued, there would be a slow process but there would be a positive process put in place to actually turn around a lot of the perception. In politics, perception is a reality and unfortunately for us in those South-East Asian markets, the perception is that we are a racist State. The only way that you can turn that around is by being there, by the departments working actively to make sure that we are getting our message across, particularly in the services area—our educational services have really seen the impact of it—and to just be there continually reinforcing a positive message. We have just got a lot more to do.

The CHAIRMAN: Is your department sending back reports from overseas in connection with this sort of publicity, so that we can respond fairly readily?

Mr ELDER: Yes, it is. All of the overseas officers have been very quick in terms of getting that reporting back to myself, the director-general and the deputy director-general who has that responsibility. In fact, if an issue arises and they actually see an adverse position being put in relation to an industry sector, they are very quick to get back to us and have a correcting statement issued. I can recall an example early in our term, which involved an education conference in Hong Kong. The week before the conference we did not issue a correcting statement because we had only just come into Government. I think it would be fair to say that those from Australia, and Queensland particularly, were disappointed with the outcome of that particular conference. At the next conference, which was another major educational services conference held about a month or three weeks later, the conference material included a comment from me explaining the position of the Queensland Government, the position of Hanson, who was in Government and where it was, and that we welcomed investment, services and their support. That actually had a significant impact and turned around the views of many parents and others who go to those conferences to determine whether or not they will send their children to the USA, Canada or Australia, and particularly Queensland. We have been working pretty proactively.

The CHAIRMAN: Are the Department of Foreign Affairs and Austrade working with Queensland overseas offices to change the perception of Australia, rather than get involved in the politics?

Mr ELDER: I think it would be fair to say that they are. As a department, we intend to work closer with Austrade and I am aware of some of the concerns that people have had with Austrade in the past. I am aware of those concerns and I have spoken to Austrade about the TradeStart offices, which are joint offices that we will establish throughout regional Queensland to help exporters. We are looking at utilising the services of Austrade officers in new and emerging markets and the prospect of using their resources by twinning, that is, having officers placed there rather than establishing our own offices overseas. That is a good way of implementing low-cost entry into those markets. In the longer term I think we can build up a very strong relationship with Austrade.

It is not a qualifier and I would not want the Committee to take it as a qualifier. I only raise it in this sense: occasionally—and I think it depends on where the Austrade officers are and how focused they are—you find that some States have taken advantage of the Pauline Hanson factor in Queensland by using it as a bargaining chip to develop an opportunity for their own States. That is unfortunate. I have not come across it in any great depth, but it has happened on a couple of occasions. That is a shame, because they will have to deal with the situation after the Federal election. They might find it a bit difficult to explain a One Nation Senate candidate sitting in New South Wales or Victoria when they have said to people not to do business in Queensland because of the One Nation impact. I might say that that is not widespread, but some comments have come back to me about that.

Occasionally I get a little frustrated when I see big delegations of people, who are very influential in terms of investment spending and developing trade opportunities in new and emerging markets, but then finding that they do not lob on our doorstep. There is still an element of the Sydney/Melbourne/Canberra clout. I guess we will have to work that through. The best way we can start doing that is to make sure that we are positive in terms of our approach to Austrade and actually work with it. That is not a criticism, but occasionally that side of it rears its ugly head.

Mrs NITA CUNNINGHAM: I seek more details about the Business Cadetship program, as listed on page 8 of your Ministerial Portfolio Statements. How will your department go about implementing the system of business cadetships?

Mr ELDER: It was a significant decision of ours in the election to look at what we could do about enhancing cadetship opportunities for young Queenslanders. We now intend to move on with the six month placements. We will offer university graduates an opportunity for a six month placement in one of the overseas trade offices. I see that as being a win-win situation; it is a win for the student and a win for the office itself. It is particularly a win for us and the companies that those young people go into. We have allocated \$255,000 in this Budget, \$505,000 in 1999-2000, and \$490,000 for each of the following two years.

Applicants will have completed or be about to complete a major degree in the disciplines that we

have a relevant stakeholding in, that is, merchandising, service trades and so on. As part of the application, graduates will be required to submit research proposals. In other words, they will have to think about their role as well. For instance, that can be aimed at developing competitiveness in specific Queensland markets and industry sectors, whether it is in the goods and services sector or elsewhere. They will look at that and our competitiveness within the international market. In other words, we will get them thinking about Queensland and where our strengths lie, so that they are in a position to sell Queensland overseas as well as learn from their experiences within the trade offices. We will spend a bit of time training them and providing them with support as well. We will start advertising in early 1999. As soon as we have got through the Budget process, we will look at wrapping up advertising and seeking those particular graduates.

Ms BOYLE: I was interested in your response to question on notice 9, and I thank you for that response. In relation to Regional Development Assistance Grants, apart from those mentioned in your answer to question 9, is there any other mechanism for the distribution of discretionary grants, particularly insofar as the regions of Queensland are concerned?

Mr ELDER: Discretionary grants are rather interesting. Within the department as I knew it, there were strict guidelines laid down for grants for regional development. The current Government has Regional Development Assistance Grants. Normally, criteria would be laid out that would have to be met. There is fairly strict criteria for projects to be supported, because they come from right across the State and there is a bit of competition for those particular grants. It is important that when one is assessing these particular grants, there is commonality across Queensland in terms of the outcome. They are Regional Business Development Schemes.

I have subsequently found out that there are other discretionary grants and that the previous Minister, Mr Davidson, had the ability to allocate discretionary grants. Whether they fell under that particular scheme or not is debateable and I am following that up. The fact of the matter is that after I looked at the list, particularly for discretionary grants, I was amazed to find one in particular, although there were a couple. Again, this is not a criticism of the organisation, but a discretionary grant was allocated to the Sunshine Coast District Men's Bowls Association, which was interesting. The grant was not given for regional development purposes, but to make up a shortfall after the withdrawal of Suncorp as the major sponsor of the winter bowls carnival. That is not a criticism of the bowls club, but I would have thought that the Capalaba Bowls Club, the Logan Bowls Club, the Toowoomba Bowls Club or the Cairns Bowls Club would love a department to come along and bail them out if their major sponsors pulled the pin during a carnival. I was amazed to see that \$2,000 was given for that particular event after the local member, Ms Simpson, the member for Maroochydore, came forward with a request to bail out the bowls carnival. Around election time one

would call that pork-barrelling, but I call it serious, given that we have really strict guidelines for this purpose. Another one was a grant of \$3,275 to the Mooloolaba Yacht Club for a sail training venue for the national team.

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

Mr ELDER: We can come back to that one.

The CHAIRMAN: We will turn to questions from non-Government members.

Mr HORAN: How will the new Office of Regional Development coordinate the activities of all of the departments which have an involvement in regional development? What is the budget for this office? Where will the office be based and how many staff will it have?

Mr ELDER: The estimated budget figure for 1998-99 is \$31,135,000. The variations between 1997-98 and 1998-99 exclude the corporate services allocation—the increase of \$2.943m on 1997-98. That is primarily due to additional funding—\$5m—from Treasury for the Regional and Rural Development Strategy and \$1.94m for the Regional Business Development Scheme. It also represents new initiatives and carryovers and a \$564,000 increase in the grants payment under the AusIndustry scheme. Funds will be provided from the business development, new initiatives—

Mr HORAN: I cannot hear what you are saying; you are reading quickly.

Mr ELDER: I will table it for you and have it incorporated.

Mr HORAN: How will it coordinate the activities of departments which have an involvement in regional development? Where will it be based? How many staff will it have?

Mr ELDER: The Office of Regional Development is based in Brisbane. It coordinates our department's responsibilities for regional development. It has some whole-of-Government aspects but essentially it looks at regional development from an industry perspective and develops that policy perspective here in Brisbane. I will let Alan articulate it further.

Mr DAVIES: The office has 132 staff, 23 of whom are based in Brisbane, with other staff located in the State Development Centres. In terms of its coordination function, that will be discharged through a range of fairly standard sorts of operations—through discussions and joint ventures with other agencies—to ensure that business and economic development throughout the State are properly coordinated.

Mr ELDER: Do you wish me to add further to that?

Mr HORAN: No, that is okay.

Mr ELDER: It will provide the funding support for regional projects and the funding support for organisations committed to regional economic development. It will manage the Regional Business Development Scheme and it will work closely, as Alan outlined, with other departments, but it will have

the responsibility for delivering regional development from our portfolio perspective. We have provided \$20m for it over the next four years in new initiative funding to do that.

Mr HORAN: This office is being established. You are also establishing a Queensland Rural Area Development Council, which I presume will need some support. You also indicated under Performance on page 26 that you will be establishing 26 information technology positions in the State Development Centres. Why are the staffing levels going down from 137 to 132?

Mr ELDER: In the Office of Regional Development?

Mr HORAN: Yes.

Mr ELDER: It primarily reflects anticipated vacancies in 1998-99. Two positions will not continue in 1998-99 in the directorate. Staffing in the directorate is allocated across the business subprogram. Essentially, you will find the staff elsewhere within the department within the subprograms.

Mr HORAN: Elsewhere in other parts of State Development?

Mr ELDER: Across departmental subprograms. They may not be in Regional Development; they may be in other areas.

Mr HORAN: So they might not be out in the State Development Centres?

Mr ELDER: They could be in a State Development Centre or they could be across the subprograms.

Mr HORAN: Where are the 26 information technology positions that you plan to put in place? You mention the establishment of 26 IT positions. Are they new positions or are they simply the same people redesignated?

Mr ELDER: Essentially, that is just using the resources that we have to establish those positions within those State Development Centres to ramp up new industry opportunities in information technology and telecommunications. We are making sure that we have dedicated people in those centres. We are going to ramp up industry opportunities and we are going to make sure that we have, as I said to you before, people with the expertise in the State Development Centres to do that. We will have those officers from within the department and, if we need to source others, we will source others. But we will have those people with those skills in those State Development Centres. It is about providing services and support to the business community in regional Queensland. The reason for that is essentially that regional development programs and regional development support for the past two years has been almost non-existent in this State. If you go to any of the business centres right throughout regional Queensland, you will find that they are called business centres, but they hardly deal with regional development. If you look at regional development grants and where those grants were targeted over the past two years, you will find a significant fall off in

terms of industry development through regional Queensland. We will not allow that to happen. I will put resources into regional Queensland and I will put the expertise into those State Development Centres to create new business opportunities. If I cannot find it within the department I will find it outside the department.

Mr HORAN: In relation to the Ministerial Portfolio Statements and the Office of Regional Development, I understand that five regional development councils will receive funding. They are based in Cairns, Townsville—and I know they are existing councils—Rockhampton, Wide Bay and one other area. The other area that has been spoken of has been somewhere in the south-east corner, which has one of the highest growth rates in Australia. Given the successful and proven performance of Growzone, which represents Queensland's southern inland region, which is about one fifth of Queensland, will an organisation like this one, which has been able to attract private sector support, receive consideration for funding from the Office of Regional Development, as opposed to the south-east corner, which is a high growth area, anyway?

Mr ELDER: What we took to the election was quite clear in terms of the funding of regional development organisations, and that was that we would fund five regional development councils in Gladstone, north Queensland—both Cairns and Townsville—Mackay/Whitsunday and Rockhampton.

Mr HORAN: Could you say those again?

Mr ELDER: They were Gladstone, Cairns, Townsville, Mackay/Whitsunday and Rockhampton. We took that proposal to the election. That was our election promise. That is what we have funded in this Budget. Our point at that time was that we believed we needed to ramp up activity in those areas of Queensland. There was not any extra funding for those in the south-east corner. Growzone had not been through my door, as a shadow Minister, although I was aware of the Growzone program. Growzone has subsequently come to see me to make representation for funding. It has been told that funding was not available in this Budget and that if it wished to be part of any subsequent rounds of funding in forthcoming Budgets it was to get back to me and provide the detail, which I understand it is doing. The fact of the matter is that I was a bit disappointed with the Chairman of Growzone, John Griffiths, who in the past has been known to play it a bit political and who I thought was a little naive in criticising the Queensland Government for not supporting regional development west of the Great Divide. In fact, I provided funding for the South West Regional Development Association and the Remote Area Planning and Development Board—funds of \$100,000 each—that had not been forthcoming, promised or delivered by the former Government. What I have said to Growzone is that I believe its model is one that should be commended; that if we can find support for it outside the major funding round in terms of project funding and assisting it, we would do so; and that it needed to come forward to me with a proposal for funding in future years.

I recognise the work that they have done. As I said earlier, they actually do have a good model in place. They do cover a large area of land and have significant support from smaller regional development organisations and the councils, which is the way I believe we should deliver regional development opportunities in those regions. But they have to realise that their request for about \$1.5m was just not available to us in this Budget and that they needed in time to come back to me. I have already given them that commitment, and I will look at it favourably.

Mr HORAN: I refer you to page 44 of the Ministerial Portfolio Statements where you list control of the energy strategy as one of the tasks. What is going to be the basis of this control of the strategy and what is the time frame for its development?

Mr ELDER: The Manage Queensland Energy Strategy Committee?

Mr HORAN: That is right.

Mr ELDER: We have set a committee in place. That committee is overseen by a ministerial committee which consists of myself, Tony McGrady and David Hamill. The working committee consists of the chief executive officers of the Departments of Mines and Energy, State Development and Treasury and we will second and/or require other officials to attend when they are required. It is about assessing and responding to all the energy needs of the State. We are about developing a State energy strategy that provides us with reliable energy to meet current and future needs. It is about interfacing between energy development and State development so that we accommodate and encourage optimum development in the State. That is optimum development between electricity and gas. It is about electricity and gas market reform.

It is about research and development needs and initiatives and looking at those, development of new energy sources and new energy intensive projects, supply of cost effective energy to remote regions—all of those are a consideration—and it will also address important Commonwealth/State initiatives so that we actually facilitate innovative responses to the energy supply that we have here. We will just make sure through the work of this committee that is under way now that we have a comprehensive energy policy and strategy for the State by the time we are finished.

Mr HORAN: I will quote from Budget Paper No. 2 in which the Department of Mines and Energy states—

"The ongoing restructure of the electricity industry will enable the gradual introduction of a competitive electricity market in Queensland, allowing customers to choose their electricity supplier."

Given that statement and given your involvement or role in the energy strategy listed in the Budget papers, does that mean that there will be no realignment of AUSTA and that the competition reform will continue?

Mr ELDER: No, it means what it says, that McGrady's department, that is, Mines and Energy, will be looking at reforming the electricity industry. Part of the work of this committee will take on board work that is being done within Mines and Energy and the work that they are doing in terms of the electricity generating industries in this State. All of it in some degree will be complementary. It is not being done in isolation. What comes through Mines and Energy will be worked through this committee as well. It certainly does not say that we will have any other consideration. What comes forward from Mines and Energy in relation to the electricity industry will be part and parcel of the work that will be incorporated into this committee.

Mr HORAN: You yourself have commented in a recent media conference that you want to see the realignment of AUSTA. We have heard today comments from the Treasurer to this Committee regarding the current status of the National Competition Policy. He stated that, in accordance with movement toward a national electricity market, competition has been introduced into the retail and generation sectors of the industry and that the benefits are being passed on to customers in the form of lower electricity charges. Given your role in developing the energy policy through the council—

Mr ELDER: The council is actually chaired by Tony McGrady.

Mr HORAN: But you are on the council—and your public comments supporting the realignment of AUSTA, do not the comments by the Treasurer show that realignment of AUSTA would result in higher electricity prices for all?

Mr ELDER: My comment publicly was not as outlined by you. My public comment was that, if Mines and Energy brings forward a restructuring, it will receive my support. It does not deal with the type of restructuring or how comprehensive a restructuring would be. But given the fact that the break-up into the generating boards has not worked and is not delivering, I stated publicly that I am prepared to support a form of restructure. That does not necessarily equate to your statement; it is not inconsistent with getting reform within the industry, nor is it inconsistent with delivering cheaper energy prices to Queensland.

Mr BORBIDGE: How can you say it is not delivering when you are announcing reductions in power?

Mr ELDER: The fact of the matter is in terms of blackouts, and maintenance requirements and performance from stations, it is not delivering. I think the people of Queensland would be a pretty strong judge of that as well.

Mr HORAN: Can you give us some details on the progress of the North Tarong Power Project?

Mr ELDER: The north Tarong?

Mr HORAN: Yes, and Kogan Creek and Millmerran. I understand these three organisations have to work through your department to process getting their licences through.

Mr ELDER: We are talking about the Tarong Power Station Project?

Mr HORAN: Yes.

Mr ELDER: As I understand it, that still has not come before the board of Tarong. There has been no recommendation to us in relation to it. If you are looking at the role Entergy has played—you mean the announcement today? Are you talking about what has happened there with the announcement today or where it stood previously?

Mr HORAN: Just how it is going.

Mr ELDER: Where it stood previously was that there would be no change in the Tarong strategy, there would be no recommendation from the board that it come to us in relation to Tarong or the Tarong expansion. There have been some changes in the last 24 hours where Entergy has now acquired MIM coal leases. That may have an impact in relation to bringing the project forward, but in terms of the position here, nothing is changed. There is a whole raft of other projects out there, though, that will have an impact of one form or another and that is the SUDAW project and the Surat Basin coal and what they may want to do with rail infrastructure.

What will also have an impact will be whether or not—and I guess after today's decision this is even more debatable—you will get a power station proposal come through from Wandoan. I would not like to comment but, given today's announcement, again that is problematic. There is also gas expansion as opposed to coal fired expansion. I think all of those matters are being considered by the Tarong board before they come to Government with any particular proposal or before they become shareholders.

Mr HORAN: I also asked about Kogan Creek and Millmerran.

Mr ELDER: Much the same, if I can recall. Nothing has changed in relation to the status of the project. Intergen is still working on the proposal. In fact, I saw a comment from Intergen recently where it would be reporting to its particular shareholders. It still has major project status. It still has conditional contacts with the Toowoomba City Council in relation to the disposal of the water. There is very little that has changed in the status of that project. We are just waiting for those—and I think Kogan Creek would be the same; I think we are still waiting for them to make their mind up. We have a growing market, a range of industry interests in the markets and a whole raft of proposals coming forward. Each of them has to be bankable in its own right; each of them has to actually be responsible in terms of that.

So I guess they are weighing up what is happening in the market: where the market is, where the market is going in terms of some of the ramp up projects, that is, electricity ramp-up projects which are the gas-fired turbines—the Wambo power project and a number of others are just weighing up those in the market and opportunities for them in the longer term, whether they are viable or not. From our point of view—and I think I am right—the status on those projects has not changed.

Mr McCARTHY: That is correct. The projects are all being facilitated by the department on an even-handed basis because we are aware that they will enter a competitive market. There is no change that I am aware of. I was aware of the announcement regarding Energy. I have not had a chance to fully absorb that, but there is no substantive change that I am aware of.

Mr HORAN: Minister, could you give us some details on the progress of the private sector development of the Surat Basin SUDAW project and the timetable for this project? Do you have any particular concerns about the way in which the dam project is being held up?

Mr ELDER: Let us deal with the dam project first. The only reason there is a delay in the dam project is the WAMP process. The only reason there is a delay in the WAMP process is the election. That is the only thing that has slowed up the WAMP process for SUDAW, and I am aware of their concerns and frustrations. It is the last thing we want to see, but it has not been a deliberate action. It has been essentially the fact that that WAMP process has been slowed by the election.

In relation to the Surat Basin project, nothing has changed from our perspective. We still have strong involvement with the proponents. We are still working with the proponents. From the last discussion I had with them, they are still well under way with the feasibilities in relation to port, rail and mine. The only hiccup that I am aware of had been the WAMP process. I am aware of no others.

The draft allocation is out, and we have advised and instructed that they should start working towards ramping up their figures based on that draft allocation so that at least work is going on before the final WAMP comes back early next year. We have worked closely with them in terms of actually trying to work that through with them. In relation to the rest of it, it is business as usual. We have been very supportive and still have the team in place working with them.

Mr HORAN: Minister, can you also give us some details on the progress of the Century Zinc mine? What is the timetable for this project and what work do you expect to be undertaken in 1998-99? What steps is your Government taking to ensure that it is not derailed by native title?

Mr ELDER: Again, we have worked pretty closely with them. To date, there are no major problems that I am aware of. There are some power generation issues that have to be resolved between NORQEB and a range of native titleholders. We have been fairly active with NORQEB and Pasminco in working that through. We are not about to let any particular problems interfere with that project at the end of the day, but there is due process. We are very mindful of it, we have a very close watching brief on it and we talk to the company regularly about activity on the site and have talked about some of the transmission line difficulties that had been there. Again, it is no different from what we have just outlined in relation to SUDAW, with the Nathan dam and with the coalmines. We have agreements in place and we are working towards meeting those time frames.

Mr HORAN: Minister, in response to most of the questions from the Government I think we got from you today a lot of cynicism, racism and criticism. In response to the questions that I have asked you, we have seen virtually no monthly trade targets, no country-by-country export targets and an admission that no small businesses initiatives will have any impact this year. We have no figures on the impact of the Asian crisis, we have no projections for emerging export markets and we have no manufacturing industry named as an industry which can be established and developed in this State. Do you have any targets for the number of jobs that you will create this financial year?

Mr ELDER: We will have 5% in five years.

Mr HORAN: The number this year. Do you have a target for this year, in numbers or percentage, that you are endeavouring to achieve as your part—

Mr ELDER: Let me go back and deal with your question. You ask the question and now you get the answer. This is how it works in these Estimates committees. I had moved in already; you had already asked the question.

The fact of the matter is: on all those particular issues you are wrong. What you have got from me is comprehensive answers from the State Development Department in relation to the questions you have asked. If you want specific names or specific manufacturing industries, then you might just have to wait, but a few have been announced already in our first couple of months and you will find a couple more coming in the next couple of months.

The fact is: you are not going to grow those industries by cutting back funding to them, as you did in the previous two years. You are not going to grow those industries by winding back industry assistance programs and throttling manufacturing opportunities in the State like you did. You are not going to grow those particular industries by sticking your head in the sand and running with a tourism department and forgetting all about the business activities within that department. You find that you end up with a moribund business department that does not deliver to its constituency. That was the biggest criticism of the previous Government. In fact, the biggest criticism was the withdrawal of funding. They are not my words, so before you get too hot under the collar you should realise that these comments came from the AIC and the MTIA—a direct criticism of your Government's role in industry policy.

We have set out to make sure that there is a comprehensive package in place to actually assist jobs growth, to assist industry growth, to get projects such as Chevron into Queensland. You have knocked that project from day one. For the life of me, I do not understand why.

Mr HORAN: Mr Chairman, I take a point of order. I ask that to be retracted. We have endeavoured to see that there is a level playing field for everybody and to make sure that the project goes ahead correctly, and the Minister knows that.

The CHAIRMAN: Minister, Mr Horan has asked for a retraction.

Mr ELDER: I withdraw the statement and say to the Committee and others: read the Hansard and the comments of both the Premier and his shadow in relation to the Chevron project and make your judgment based on those particular comments.

The CHAIRMAN: The time for Opposition questions has expired.

Ms BOYLE: Minister, I would like to take you back to some answers you were providing to the Committee about discretionary grants under the previous Government—criticism or otherwise implied. You have given me one example of a discretionary grant that appeared to have loose, if any, criteria. Can you give me an example of any further such discretionary grants?

Mr ELDER: I can, actually. I am pleased to go back to it and continue with it. The fact of the matter is: there was another discretionary grant. There were quite a few others, but these two were just alarming because they dealt with the Minister and the Minister's home area, which was the Sunshine Coast. The other one I will mention is a grant of \$3,275 to the Mooloolaba Yacht Club. Again, this is no criticism of the yacht club. It is out there trying to get support. That grant was to assist in the marketing of a sail training venture for national teams participating in the years leading up to the Sydney Olympics.

One would have to say that, like the bowls club, that smacked of political interference. There is nothing wrong with the yacht club or, as I previously said, with the bowls club. I am sure there would be yacht clubs on the Gold Coast, in Brisbane, in south-east Queensland, others on the Sunshine Coast and in fact, for that matter, yacht clubs around the State that would have had their hands up if they had known similar assistance and discretionary grants were available for that purpose.

This is not what the scheme should have been designed for. It does not deal with the types of criteria that are laid down for this particular type of funding. One would have to say on both counts that this just smacks of political pork-barrelling. From this point I am going to take, again, a very long look at the discretionary grants that have been issued by the former Minister and the department as they relate to his own electorate and the Sunshine Coast.

The CHAIRMAN: Minister, I refer you to the second dot point on page 12 of the Ministerial Portfolio Statements, which refers to flexible targeted industry grants. What is the anticipated expenditure on targeted industry grants in the coming year?

Mr ELDER: In 1998-99 we will allocate an additional \$4.25m for enterprise programs. That is a total of \$5.75m for 1998-99. That includes looking at ramping up industry assistance for small business in a time when we know the economy will be flat. The member for Toowoomba South talks about no targets. What he fails to understand is that the targets are set out in the MPS. The targets are there for us to actually work towards. That they are flat does not necessarily mean we are not working assiduously towards getting more companies export oriented or getting more smaller businesses into a better financial state so that they survive what are very difficult times.

The fact is that, in this particular Budget, we have ramped up support for industry, and we have done that so that we can at least maintain the type of growth that we have had in our export markets and maintain growth within our industry sector. In fact, we will ramp it up even further in the out years—in 1999-2000—to \$10m so that we do just that. It is about jobs growth, it is about getting new investment, it is about increasing exports and, importantly, it is about preserving jobs out there in the industry sector, with an emphasis on developing the strengths in regional and rural economies. It is about maintaining those jobs in Queensland that are necessary to underpin the livelihood of many of those regional centres. We will look at new emerging industries and the types of industry innovation and industry clusters that we need to put in place to grow those businesses in Cairns, Townsville, Mackay and Rockhampton. We will get out there and work with them to maintain our competitiveness. We will also make sure that, at the end of the day, when the economy is flat, we do not leave business—as has been the case in the past—to look after themselves. We will be in there actually working with them.

Mrs NITA CUNNINGHAM: I notice that expenditure is provided in the Budget to support women in business. Could you expand on these measures and, in particular, any new initiatives that are being provided by your department?

Mr ELDER: That is at least one area in which I saw some work being done by the previous Minister, and I am pleased to carry on some of that work. We have allocated \$30,000 in the Budget to a new initiative, that is, International Women's Day. That is about establishing business grants to help women develop business concepts and to facilitate planning associated with the commencement of business for women. So it will be targeted around International Women's Day, and it will be targeted to help women to develop the strengths and skills that they need to own profitable businesses. This follows on the \$90,000 to establish the Women's Business Adviser position. That is a significant sum to be allocating to an area that we think is vitally important. Money and resources are scarce. We will evaluate the outcomes of that particular project.

The women in business pilot project for us will be important as well, because that will be about providing advice and project facilitation through our State Development Centres for women in business. Again, that will provide strong links between the business community—that is, women in business—and ourselves. \$90,000 is a significant commitment for us on top of the \$30,000. We would like to spend more, but I am committed to actually restoring some of the women's issues in the central policy position in the department, as it was in the days when I was Industry Minister. It is important that we provide the same services and the same products to ensure that women have access to the broadest range of opportunities that are available in Queensland, as men do.

Ms BOYLE: Under the Management Skills Development Scheme, which is mentioned on page 16 of the MPS, there was a particular grant, as I

understand it, to the Australian Medical Association. Can you explain this grant?

Mr ELDER: Not in full detail for the Committee, but I can certainly explain the grant. There was \$12,347 granted to the AMA for a weekend course in leadership at the Marriott Hotel in Surfers Paradise last year. It was about improving people skills for the members of that association. Again, they are one-off grants. They are much like those discretionary grants, with no clear set of criteria or, at the end of the day, how they were given out.

In this case, the Government also purchased 100 copies of a book *How to Run and Chair a Meeting*. Hopefully, they will not be used when they are having consultations—that is, the doctors themselves—but it would be interesting to know why the Government purchased those 100 copies. I suspect they purchased them for the delegates who were there. But 100 books on how to run and chair a meeting was rather interesting, indeed. Again, this is one of a number of one-off grants that I am not satisfied—and I do not think many people would be—actually met the criteria.

Mr BORBIDGE: Did you keep one?

Mr ELDER: I am sure that one is available.

The CHAIRMAN: I refer to page 26 of the MPS, particularly the Office of Regional Development. What are the benefits of having an Office of Regional Development?

Mr ELDER: I will take it further, because this was asked and, I thought, comprehensively answered for the member for Toowoomba South. But I will go through it again. It will be about providing an integrated and coordinated approach to regional development, which is what we set out to do. It was not evident that in TSBi there was ever an interest in regional development, nor was there a focus on regional development within the department—given the make-up of that department and who had responsibilities for the delivery of service. We will administer through it the Queensland Community Regional Development Program. As I said, we have allocated \$20m for that over four years. That is essentially to provide support for the regional projects and for the regional development organisations which I outlined before.

We will also establish a Chair of Regional Development at the University of Central Queensland. We gave that commitment. That will be met through funding for this particular program. We will also manage, as I said, the Business Development Scheme. That will deliver around \$4.4m to assist regional development activities in and around Queensland. It will also be involved in the planning of the 15 State Development Centres. It is the first time that we have moved towards having State Development Centres report directly to the DG and have within the department a fully coordinated and integrated approach to regional development that will work with other departments.

Mrs NITA CUNNINGHAM: I refer to page 28. Could the Minister advise us of how the overall grants in the regional development area compare with last year's?

Mr ELDER: If you go to the MPS, the budget for 1997-98 was \$8.194m. Our estimated expenditure will be \$13.403m. If I can explain the variations between 1997-98 and the 1997-98 actual—because the actual was only \$6.26m—they were primarily projected lower than projected payouts to committed grants under the AusIndustry scheme. That is a shame, because you are going to see a winding back of AusIndustry. There were also lower than projected payments under the Regional Development Scheme, which showed that activity out there had dropped significantly. It was partially offset by funds to the Queensland Manufacturing Institute. The institute has been desperate for funds. I am pleased that at least they got \$233,000 out of the AusIndustry Trust Fund. But the increase will be additional funds—\$4.2m from Treasury—for regional and rural development strategies. There will be an increase of \$1.945m for the Business Development Scheme, and there will be an increase of 564 under the AusIndustry-based schemes. Again, that is just outlining from this Government's perspective an increase in funding and a significant commitment to regional development.

Ms BOYLE: Minister, I refer you to page 44 of the MPS. How much money has been allocated for the funding of industrial estates, and how does this compare with previous years?

Mr ELDER: We dealt in part with this in answer to a question from the member for Toowoomba South. The budget was \$57.227m. We estimate about \$106.774m. As I outlined to the member for Toowoomba South, that is essentially the transfer of

balances from the Estates Maintenance Fund and the Estates Construction Fund. That is around \$53m. We have provided for an increase in industrial estate construction and building of around \$13.78m. There are some tax equivalent associated pay-offs of around \$9m that result from the commercialisation of the Property Group, which was, as I said earlier, something we needed to undertake. We have had an increase in a contribution from consolidated revenue of \$5m.

That will allow us to manage the Industrial Lands Program across the State and ramp up some of the estate development where it is desperately needed. We will be looking at what we need to do, as I said, in Bundaberg, the Sunshine Coast, Aldoga near Gladstone, down here in the south-east corner in the Logan area, and in other areas of the State where we need to see opportunities for manufacturing industries that we know are coming. We need to produce those opportunities for them to have serviced land readily available with, in some cases, buildings ready to go.

The CHAIRMAN: The time allotted for the consideration of the Estimates of expenditure of the Department of State Development has expired. On behalf of the Committee, I would like to thank the Minister and the portfolio officers for their attendance. That concludes the Committee's consideration of the matters referred to it by the Parliament on 15 September 1998. I, therefore, have very much pleasure in declaring this public hearing closed.

The Committee adjourned at 7.46 p.m.