

**ESTIMATES COMMITTEE E**

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

**TREASURER****IN ATTENDANCE**

Hon. D. J. Hamill, Treasurer  
 Mr G. Bradley, Under Treasurer  
 Mr G. Waite, Assistant Under Treasurer,  
 Corporate Services  
 Mr A. Tesch, Assistant Under Treasurer,  
 Fiscal Performance  
 Mr B. Worrall, Director, Finance  
 Directorate  
 Ms N. Deeth, Assistant Under Treasurer,  
 Community and Government  
 Services Division

The Committee commenced at 8.45 a.m.

**The CHAIRMAN:** I declare this meeting of Estimates Committee E now open. I welcome the Treasurer, public officials and members of the public who are in attendance today. The Committee will examine the proposed expenditure contained in the Appropriation (Parliament) Bill 2000 and the Appropriation Bill 2000 for the areas as set out in the Sessional Orders dated 22 June 2000.

The organisational units will be examined in the following order: Treasury Department, Legislative Assembly, Queensland Audit Office, Parliamentary Commissioner for Administrative Investigations, Criminal Justice Commission, Department of the Premier and Cabinet and Department of State Development. The Committee will suspend proceedings for the following breaks: morning tea 10.45 a.m. to 11 a.m., lunch 12.45 p.m. to 1.45 p.m. and afternoon tea 3.30 p.m. to 3.45 p.m.

I remind members of the Committee and the Treasurer 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 be given at the expiration of these time limits. An extension of time may be given with the consent of the questioner. The Sessional Orders require that at least half the time available for questions and answers is to be allotted to non-Government members. I ask departmental witnesses to identify themselves

before they answer a question so that Hansard can record that information in their transcript.

In the event that those attending today are not aware, I should point out that the proceedings are similar to Parliament to the extent that the public cannot participate in the proceedings. In that regard, I remind members of the public that in accordance with Standing Order 195 strangers, that is, the public may be admitted to or excluded from the hearing at the pleasure of the Committee. In relation to media coverage of the hearing, the Committee has resolved that silent television film coverage be allowed for the Chair's opening statements and the opening statement of each Minister and the Speaker. I also ask that mobile phones be switched off.

The first item for consideration is the Estimates of expenditure for the Treasury Department. I declare the proposed expenditure for the portfolio of the Treasurer to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

Treasurer, would you like to make an 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 HAMILL:** Thank you, Madam Chair and Committee members. I wish to make a brief statement. The Queensland Government is committed to generating economic growth, creating jobs and putting families first. Every agency has a role to play in helping Queensland achieve these objectives and during the past year Queensland Treasury has implemented many significant initiatives as its contribution to the Government's Jobs and Putting Families First agenda.

During 1999-2000 some 15 major Bills dealing with each area of the Treasury portfolio were introduced and passed by the Parliament. Following on from the first accrual output Budget last September, this year's Budget has been delivered in accordance with the Government's Charter of Social and Fiscal Responsibility, including a Budget presentation with improved transparency and coverage. Treasury has also overseen significant structural reform. This includes the privatisation of the TAB, the sale of the Government's interest in the Bank of Queensland, the conversion of the South East Queensland Water Board into a joint State/local government company, corporatisation of the Brisbane Market Authority, the finalisation of the transfer of the non-bank financial

institutions to the Commonwealth and the rationalisation of the State's financial exposure to cooperative housing societies.

On 1 July, the Commonwealth's goods and services tax and other tax changes began operation and the repercussions for Queensland have been significant. The more obvious impacts have been in the downturn in the housing and construction industries because of the pull forward of work prior to the introduction of the GST. The GST has also had a big impact on Government. We have been determined to build on our efforts to safeguard Queensland's competitive tax position. In that regard, Treasury has played a fundamental role in managing the Government's implementation processes to ensure the State does not suffer any further adverse fiscal outcomes. I am pleased to note that despite the enormity of the task, on 1 July all Queensland Government agencies were GST ready. Treasury will continue to oversee this process in line with the requirements of the Intergovernmental Agreement. In addition, the Office of State Revenue now administers the First Home Owner Grant Scheme to help offset the impact of the GST on first home buyers and builders.

Following an extensive review, the Government this year released its policy direction for gambling in Queensland. This policy provides greater balance between the benefits of gambling such as entertainment and leisure facilities and the need to protect individuals in the community. To this end, a Gaming Directorate has been established within Treasury to provide a clear separation between gambling policy and regulatory functions. It will coordinate research and provide a secretariat for the Community Investment Fund. Importantly, we have also moved to slow the growth of gaming by clamping down on the number of machines hotels and clubs will be able to operate.

New superannuation options have been made available to all Queensland public sector employees from 1 July giving them greater choice and equity in planning for their future. For the first time, all Q Super members are able to access defined benefit or contributory accumulation options. An investment choice and contributions for spouses have also been introduced. An extensive communication program and a new web site were launched to assist members with this transition. The Government Superannuation Office will continue to monitor Commonwealth initiatives for their effects on the State schemes, including the division of superannuation upon divorce.

Treasury will work with other agencies to implement initiatives under the Government's energy policy, Cleaner Energy Strategy, released in May. The policy promotes a competitive and efficient energy sector which supports economic development across Queensland and delivers lower prices and greater choice to consumers. It focuses on developing environmentally sustainable options to reduce greenhouse gases and promote renewable energy sources.

During the past 12 months, an independent review of the State's compulsory third-party scheme was introduced. It recommended changes that will make premiums more affordable while providing better returns to people injured in car accidents. New legislation was passed in June and motorists will be able to choose the insurer of their choice under a competitive premium system from 1 October this year.

Madam Chair and Committee members, a significant step aimed at enabling the Government to better manage its shareholding relationship with Government owned corporations has occurred through the establishment of the Office of Government Corporations within my portfolio. The office manages performance monitoring and corporate governance of these corporations at a time when they face increasing competition in the marketplace. This is particularly relevant for the electricity industry. Indeed, a number of you would be aware that last Friday I officially launched the office and its new web site.

I suggest to the Committee that all of these are important initiatives which will benefit Queensland and measures related to them, of course, are contained within the Ministerial Portfolio Statements. I commend the statement and the Treasury Estimates to the Committee.

**The CHAIRMAN:** Thank you, Treasurer. We will move now to questions from the non-Government members. I call the member for Moggill.

**Dr WATSON:** Thank you very much, Madam Chairman. Treasurer, why have you abolished the Federal Government's Liquor Subsidy Scheme at an estimated cost of \$40m to Queensland beer drinkers?

**Mr HAMILL:** Can you give me a reference in the MPS?

**Dr WATSON:** It will, of course, be embedded in the Commonwealth grants that you have received and have administered on behalf of the Government. Page 1-55 would be one place, but it would be embedded in a

lot of other places throughout the Treasury documents.

**Mr HAMILL:** Just give me a moment and I will find that reference. In relation to these matters, as you recall, in 1997 following the High Court decision, business franchise fees that had been previously levied by the States in the case of Queensland in relation to liquor and tobacco were found to be unconstitutional and the Commonwealth put in place measures to collect additional excise and make those moneys available to the States. As part of those arrangements, Queensland received money in respect of liquor, tobacco and fuel. What we have done in relation to all of those is to pass on all of the moneys that we have received from the Commonwealth and more in relation to those payments.

Indeed, this year we will significantly exceed the funding that we receive in respect of fuel in continuing the Fuel Subsidy Scheme in Queensland. In relation to liquor, the funds that we received in respect of liquor are being absorbed in the payments in relation to fuel. There has been some discussion with the Commonwealth about subsidies for low-alcohol beer. As you would be aware, Queensland has never had a differential subsidy in respect of low-alcohol beer, unlike other States. So what we have has been absolutely consistent. We do not have a differential subsidy, we never have and we have not got one now. The Commonwealth is indicating that they want to see low-alcohol beer subsidies in place. We are currently negotiating with the Commonwealth in respect to that.

I just want to make the point again that, in terms of the subsidies that we are paying across-the-board as a result of those changes in Australian taxation law, the amount of money which we are paying out exceeds any amount which we have received from the Commonwealth.

**Dr WATSON:** I will just follow that up with what I asked you specifically. I will refer to a letter from Laurie Longland, the Executive Director of the Liquor Licensing Division, which states—

"The purpose of this letter is to officially confirm that the liquor subsidy scheme presently operating in Queensland will be finalised from 1 July 2000."

So you confirm that you have abolished the subsidy going to wholesalers.

**Mr HAMILL:** There are elements of the subsidy scheme which, of course, are in place in relation to wine sales, cellar door sales. So it

is not a case that all liquor subsidies have gone.

**Dr WATSON:** No, I said to beer.

**Mr HAMILL:** I was just making the point so that there was no confusion for the Committee, but I also make the point that the funding that the Commonwealth has provided in the past in respect of the abolition of those business franchise fees, which is now incorporated as part of our GST payment, has meant that we continue to be out of pocket in respect of the subsidies that we make available, particularly in relation to fuel. We would argue that it should be at our discretion as to how we use those moneys to the best interests of the people of Queensland.

In respect of fuel, we will continue to deliver the fuel subsidy of 8.354c per litre. We believe that we are well advised to use those funds that we have at our disposal to do just that.

**Dr WATSON:** Treasurer, can you confirm that Queensland now is the only State which has abolished the beer subsidy and pocketed the money?

**Mr HAMILL:** No, that is not the case, because if you compare Queensland with the other States—and this is where, if you talk about beer subsidies, you need to be more precise because other States have had a differential liquor licence fee in the past in respect of low-alcohol beer sales—in Queensland, that was never the case either under Labor or coalition Governments. It is interesting to note, actually, that if the reason for that differential was to encourage low-alcohol beer consumption, or to promote it on health grounds, then it is worth noting that Queenslanders must be more discriminating and more caring as to their health than other Australians because actually low-alcohol beer consumption in Queensland is a higher rate than elsewhere in the country. That has been achieved without the further incentive of a State-based differential liquor licence in respect of low-alcohol beer sales.

**Dr WATSON:** Going back to your previous answer, now you have succeeded with beer where you failed with petrol—

**Mr HAMILL:** I might—

**Dr WATSON:** Can you at least inform the Committee what you have done with the \$40m?

**Mr HAMILL:** I already have. In fact, I take exception to the question, because the question is falsely premised. The Queensland Government is absolutely committed to maintaining the subsidy on fuel. In fact, if we

track back, what the Government was seeking to do was to ensure that the subsidy is actually received by Queensland motorists and fuel users. There is no retreating from the value of that subsidy in relation to fuel. There never has been and there is not. In fact, we are delivering the full value of that subsidy and, indeed, the additional costs of delivering it while our fuel task force is looking at ways of staunching the flow of subsidised fuel across the border—an aspect of the scheme, which, unfortunately has been there since the scheme was instituted back in 1997.

In relation to your question about where has the money gone, I can tell you where the money is going: the money is going to subsidise the Queensland community with respect to fuel, and the full subsidy payment this year will exceed \$400m. This is far in excess of the sum of money which we had derived from the Commonwealth in the respect of the Fuel Subsidy Scheme, having netted off the Commonwealth's desire and intention on the Intergovernmental Agreement to provide an off-road diesel rebate scheme.

**Dr WATSON:** So you are telling me that you have abolished the subsidy for beer drinkers and you are using that to subsidise the fuel issue?

**Mr HAMILL:** While we do not encourage drink-driving, certainly a lot of beer drinkers in Queensland would also be motorists. So they are certainly receiving the benefit in the form of lower fuel costs in Queensland.

**Dr WATSON:** Those two groups, of course, are not one and the same. So there will be some beer drinkers who are subsidising, through the price that they are paying for the beer, people who use cars.

**Mr HAMILL:** If you are seeking to be a purist in relation to subsidy, then I suppose you would also be upset that we are continuing cellar door subsidies in respect of the State's wine producers. Would that be the case?

**Dr WATSON:** Sorry?

**Mr HAMILL:** If you are trying to differentiate between different forms of beverage consumption, I suppose that you would also be upset that we are providing a subsidy for cellar door wine production.

**Dr WATSON:** No, I am just interested with what you have done with the subsidy on beer. The question that we began with was very simple: have you—

**The CHAIRMAN:** Pardon me. Can I interrupt? It is becoming a little bit casual and conversation like. Would you be clear, please,

about your question and simply reply to the answers—

**Dr WATSON:** Madam Chair, the questions sometime require a bit explanation beforehand.

Minister, what I was concerned with was your abolishing of the liquor subsidy scheme and what you had done with the money. It is quite clear that you are getting the payments under the GST payments and you have abolished the liquor subsidy and you are pocketing the money.

**Mr HAMILL:** No, we are not pocketing the money, that is—

**The CHAIRMAN:** Pardon me, that is a statement, not a question. What is your question, please?

**Dr WATSON:** Is not that true?

**Mr HAMILL:** You know that is not true, and I have already answered that on two occasions already this morning. The moneys that we receive from the Commonwealth in that part of what is our GST payment that can be attributable to the old section 90 payments is being far exceeded by the outlays we are making in providing subsidies in relation to fuel in the State.

**Dr WATSON:** Has the Commonwealth Government agreed to your pocketing the money for the beer subsidy in the GST and using it in terms of fuel? Do they understand what you are doing—that you are receiving the GST payments and not passing on the beer subsidy?

**Mr HAMILL:** Your question seems somewhat confused. On the one hand, you are saying that the money is being pocketed and on the other hand you are saying quite correctly that the money is being used to subsidise fuel. As part of the much-vaunted reforms to Federal/State financial relations that have come out of the GST, it is interesting now that the Commonwealth wants to tell the States and Territories how they should spend their money. I find that a little difficult to come to terms with, I must admit. What the Commonwealth is proposing to do is to try to stand over the States and Territories with respect to balancing grants which they make in respect of the Commonwealth payments. If that is the way the coalition believes Federal/State financial relations should be conducted in this country, then I think that it is a very sad day for those who purport to extol the virtues of some sort of cooperative Federal model.

We are discussing this issue with the Commonwealth. As I said, the Commonwealth

seems to hold dear the notion of differential subsidies or licence fees in respect of low-alcohol beverages. That has never been the policy in Queensland in the past, it is not the policy now, it was not the policy when you were in Government, nor was it the policy when we were in Government last decade, either. That is a point which the Commonwealth does not fully appreciate at this stage and we are still discussing that matter with them.

**Dr WATSON:** So has the Commonwealth agreed with you or your proposition that what you are doing is consistent with the Intergovernmental Agreement?

**Mr HAMILL:** As I said, the Commonwealth does not seem to understand that Queensland has never had a differential licence fee in respect of low-alcohol beverages. I think once the Commonwealth understands that point—and I note the attitude it has been expressing with regard to other States; and other States have been having this discussion with the Commonwealth—it will be able to differentiate Queensland's position.

**Dr WATSON:** Are your actions consistent with the Intergovernmental Agreement?

**Mr HAMILL:** Absolutely, yes.

**Mr BORBIDGE:** The Commonwealth has indicated that your actions are consistent with the Intergovernmental Agreement?

**Mr HAMILL:** As I said, we are having a discussion with the Commonwealth about the situation that has always prevailed in Queensland and that does prevail in Queensland. The Commonwealth is certainly trying to write into the Intergovernmental Agreement notions which are not accepted by any State or Territory regardless of the political persuasion of the Government. I would think, Mr Borbidge, if you had still been Premier you would also be taking the view that funds which come to the State should be able to be distributed by the State according to the priorities of the State. If you subscribe to that point of view, you would no doubt understand the point of view we were expressing to the Commonwealth.

**Mr BORBIDGE:** The Intergovernmental Agreement arose—

**The CHAIRMAN:** Would you indicate, please, so that I can call you for the record? I call the member for Surfers Paradise.

**Mr BORBIDGE:** Thank you, Madam Chair. Treasurer, the Intergovernmental Agreement arose as a result of the High Court decision which invalidated a number of State business franchise fees. Presumably, if you

are still having discussions with the Commonwealth, there must be concerns by the Commonwealth that your actions are not consistent with that Intergovernmental Agreement?

**Mr HAMILL:** Unfortunately, your question betrays your lack of understanding of these issues. The Intergovernmental Agreement does not arise out of the High Court decision of 1997. What arose out of the High Court decision of 1997 was the agreement that you and Treasurer Sheldon entered into on behalf of the Queensland Government which has seen the section 90 payments which occurred up until 30 June this year be far exceeded by the blow-out in the flawed Fuel Subsidy Scheme which you signed off on. In fact, it was quite extraordinary that you and your Treasurer at the time could have put in place a scheme which was incompatible with the arrangements occurring in New South Wales, a scheme which has allowed subsidised fuel—fuel being paid for by Queensland taxpayers—to be purchased lawfully by local authorities, such as Lismore in New South Wales. In other words, I think Queensland taxpayers would be astounded to know that the coalition Government in Queensland put in place an arrangement which allowed New South Wales fuel consumers to benefit at the expense of Queensland taxpayers. That is the arrangement that came out of the 1997 decision. For your information, the Intergovernmental Agreement came out of the Commonwealth's desire to introduce a new tax called the goods and services tax. In part of that introduction of the goods and services tax the Commonwealth then proposed to abolish financial assistance grants to the States, to abolish the section 90 payments over which this Committee has been deliberating, and make a number of other changes to Federal/State financial relations.

We made it quite clear right from the outset that we did not support the GST and we still do not. But what the Commonwealth did was, by aiming a loaded gun at the head of all of the States and Territories, basically say, "Unless you sign on the line, and then if we get the GST through the Senate, your funding arrangements and financial assistance grants will be no longer."

Under the Intergovernmental Agreement there has been no requirement by the Commonwealth to keep in place arrangements that were in place prior to 1 July in respect of tobacco, fuel or anything else, for that matter. But what the Commonwealth is now seeking to do is rewrite the rules, as it has done on a number of other occasions, and try to tell

States and Territories what they should do with the funds at their disposal. The mechanism which the Commonwealth was seeking to use to bully the States and Territories is the balancing grants which it makes to try to ensure that States and Territories are not going to be worse off in revenue terms because of the introduction of the GST. In the case of Queensland, we all know that Queensland is disadvantaged as a result of these arrangements; that for two years Queensland has to endure higher tax without receiving an extra cent from the Commonwealth. And in the meantime the Commonwealth still wants to try to bully Queensland and tell us how we should go about our business. Frankly, it is just not on.

**Dr WATSON:** Treasurer, if your idea is so wonderful, why have you tried to sneak it through without telling beer drinkers what you are doing?

**Mr HAMILL:** Again, your premise is quite false. The arrangements are being administered through the Department of Tourism through its responsibilities in relation to liquor matters. There has been extensive consultation with the industry. The industry was quite aware of what was happening in Queensland. The industry was very much aware prior to 30 June, even if you were not.

**Dr WATSON:** Let me ask you again: if the Commonwealth is aware of your ripping off of the subsidy, has it undertaken to continue paying it regardless of what you do?

**Mr HAMILL:** I will do a deal with the Commonwealth: I would be happy to institute for the very first time in Queensland a subsidy on low-alcohol beer if the Commonwealth wants us to do that, providing the Commonwealth picked up the full cost of delivering the fuel subsidy, which presumably the Commonwealth wants us to do as well.

**Dr WATSON:** Those are two separate issues.

**Mr HAMILL:** No, they are not. They are two very interrelated issues; they are within the one payment that comes from the Commonwealth now in respect of the goods and services tax. There is no differentiation within that payment as to what is being paid in respect of what were formerly financial assistance grants, fuel payments and tobacco payments. You cannot have it both ways. It is either a case of saying, "There is a lump of funds which the State has the responsibility to distribute according to the key priorities that the Government has in respect of delivering services to the community in health, education, police and so on", or if the

Commonwealth wants to artificially divide up the pie according to particular areas of priority, I say to the Commonwealth, "Yes, we will do as you want, but how about your delivering the full measure of the cost of the fuel subsidy?"

Let me make the point—the Leader of the Opposition would well remember this—that the fact the Queensland taxpayer was being ripped off in respect of the Fuel Subsidy Scheme is not a new issue. I know full well, because the Prime Minister has informed me of this fact, that an offer was made to the former coalition Government in Queensland to rectify the serious funding shortfall occurring because of the underfunding of the fuel subsidy arrangements, because the Queensland Government had quite incompetently negotiated a distribution of the fuel money on a per capita basis and not on the basis of consumption of fuel. What it was offered was a deal that would have increased tobacco excise. Other States would have agreed to it. But the Leader of the Opposition and the Leader of the National Party put his political interests on the tablelands ahead of the interests of Queensland taxpayers. They refused the deal offered by the Commonwealth on the basis that it would imperil the National Party's hold on the seat of Tablelands. What happened? Queensland taxpayers got ripped off. The coalition Government betrayed the interests of Queenslanders and, just for good measure, the National Party lost Tablelands into the bargain.

**Mr BORBIDGE:** We did not abolish an arrangement in respect of beer drinkers in the devious and underhanded manner that you have, Treasurer.

**The CHAIRMAN:** Order! Questions, not comments!

**Mr BORBIDGE:** I was just responding to the fact that the Treasurer has admitted that he has not announced an end to certain financial arrangements to the benefit of beer drinkers in this State and that those funds have been redirected into another area.

**Mr HAMILL:** I cannot let a false accusation go unanswered. This issue was announced. Advice went out to the liquor industry through the appropriate Minister. But furthermore, the actions of the member for Surfers Paradise as Premier have cost Queensland taxpayers hundreds of millions of dollars. It was all to prop up the National Party's hold on the seat of Tablelands. It was money ill spent. It was just another example of the member for Surfers Paradise putting his own political interests ahead of the welfare of

the people of Queensland, and for that he should be condemned.

**Mr BORBIDGE:** So the tobacco industry does not matter to you, Treasurer?

**Mr HAMILL:** The people of Queensland matter to me. There have already been substantial packages put in place, under your Government, to provide adjustment to the tobacco industry on the Atherton Tableland. That is another story. I think your Government pumped \$40m into the tobacco industry on the Atherton Tableland. I can well appreciate the importance of adjustment for an industry which is in decline. But what I cannot understand is why you would then add a taxation burden of some \$200m or \$300m on the backs of every Queensland—tobacco grower, smoker or non-smoker—because you incompetently negotiated a bad deal for Queensland with respect to fuel, and why you would put the interests of your own political party and your own political future ahead of the interests of the people of Queensland you were honour bound to represent as the Premier of the State.

**Dr WATSON:** Can you confirm that there were no media releases, no press conferences, no advertisements, no statements to Parliament and no mention in the Budget Speech that you were eliminating the beer subsidy?

**Mr HAMILL:** As I said to you, the announcement was made by the Minister for Tourism, who has responsibility for the Liquor Act and the administration of the liquor subsidy schemes. That advice was made to industry prior to 1 July. It is not in relation to just that part which applied to beer but also in respect of the other facets of the liquor subsidy arrangements. Otherwise the industry would not have been able to put in place pricing arrangements from 1 July. So of course those announcements were made, and if you missed them then I think it reflects on you. The industry certainly did not miss them; the industry is certainly aware of those arrangements.

**The CHAIRMAN:** We now move to questions for the Government members. I call the member for Woodridge.

**Mr KAISER:** I refer to the Financial and Economic Management Output and specifically to Treasury's continued implementation of National Competition Policy reforms mentioned in the Ministerial Portfolio Statements on page 1-12, and I ask: are Queensland's achievements in progressing sensible National Competition Policy reforms

being recognised by the Federal Government and its National Competition Council?

**Mr HAMILL:** In respect of National Competition Policy, the Queensland Government has a very firm view in its support of competitive reforms in the economy, and that is reforms need to deliver a clear public benefit to Queensland. That is why we have enhanced the public benefit test which we apply to competition reforms. In fact, those revised guidelines were produced, if my memory serves me correctly, last year. They have been warmly received by the community and particularly local government. Nevertheless, there are a number of issues in which we find ourselves in some conflict with the National Competition Council.

In recent times perhaps the most difficult issue that we are encountering with respect to competition reforms relates to water. As you would all remember—and certainly the member for Surfers Paradise, I would think, would remember—back in 1996 clear undertakings were obtained from the National Competition Council in respect of the reform of local government services. In fact, those undertakings were reflected in publications that were made at that time by the Queensland Government, that in Queensland the "big 18" councils would undertake major reforms of their business enterprises, water figuring prominently in that; the rest of the councils would be encouraged to undertake reforms, but it would not be mandatory; and those councils would look at their business operations and make decisions for themselves. It is all about an issue of materiality, because between the "big 18" councils they represented something like 80% of the water consumption in the State or maybe a bit more. We are now finding that the National Competition Council wants to conveniently ignore those undertakings and arrangements and wants to impose its prescriptions on councils other than the "big 18".

We have largely achieved a situation where all of the "big 18" councils are undertaking reforms. There are a couple of issues in relation to one or two, but it is of concern to me that in correspondence that I have seen the National Competition Council wants to reduce payments to Queensland because, in its view, councils such as Johnstone Shire Council in far-north Queensland or Cooloola Shire on the Sunshine Coast are not up to the mark as far as the National Competition Council is concerned. Frankly, that is a betrayal of the trust of local government, and we are not prepared

to accept it. If we are going to have sensible competition reforms, they need to be on the basis of an arrangement of trust and mutual respect. Unfortunately, that does not seem to be coming forward from the NCC at this time.

**Mr KAISER:** The Ministerial Portfolio Statements at page 1-10 refer to the commitment of the Government to maintain the State's AAA credit rating. Can you advise of feedback from ratings agencies which might indicate their assessment of this Government's efforts to manage the State's finances in this Budget?

**Mr HAMILL:** As the Committee no doubt would be aware, the AAA credit rating that Queensland enjoys is particularly important to us in terms of the cost of funds for our major capital investments which occur, whether it be through the Budget directly or through Government owned corporations. The ratings agencies are at great pains to examine the minutiae of our financial position in order that they can advise international markets as to the credit risk of the State, in this case Queensland. We have had the ratings agencies through regularly. In fact, Fitch IBCA in its report in April this year stated—

"The combination of the Government's strong commitment towards fiscal discipline and the prospects of continuing economic growth are expected to perpetuate the sound financial performances."

That was certainly encouraging because it gave an indication that they were confident with the economic direction and fiscal management under this Government.

Moody's, who have yet to report this year, stated in their report last year—

"Financial management policies followed by successive Governments, including the new Government"—

that is this Government—

"elected last year have left Queensland in the position of unparalleled strength among the Australian States."

That is why it was with some interest that I saw the statements made by the other major ratings agency, Standard and Poor's, in direct response to the Budget which I delivered. In fact, on the day after the Budget on the Bloomberg Service, Standard and Poor's were moved to comment in relation to Queensland—

"However, the budgetary position of the Australian State of Queensland is very strong, supporting the State's AAA local currency credit rating. If you are looking at

their ongoing finance operating surpluses and their cash surpluses, it all looks very good.

...

At the general Government level, their balance sheet is just so strong, it's quite unbelievable."

On that day, 19 July, Standard and Poor's further commented—

"The general government sector is in an extraordinarily strong financial position to take on the additional borrowings ... All liabilities are more than covered by financial assets alone."

In fact, it was actually a glowing report, and I think it further demonstrates not only the Government's strong fiscal leadership but also the very good credit risk which is Queensland. This Government is using the balance sheet of the State to promote growth, promote jobs and put in place the infrastructure which we need to support a dynamic State such as Queensland.

**Mrs NITA CUNNINGHAM:** I refer the Treasurer to the Government Owned Corporations Performance and Governance Output identified on MPS page 1-17 and particularly the responsibility for ensuring compliance with relevant policies, and I ask: how has the new accounting standard AAS38 impacted on the Budget and specifically on SunWater?

**Mr HAMILL:** The new accounting standard AAS38 is having significant impacts in respect of the valuation of our commercial assets. AAS38 requires the valuation of these assets on the basis of fair value whereas the assets which are now part of SunWater, which has been the corporatising entity of what was the old State Water Projects, had valued assets on deprival value, which is the replacement cost of those dams, irrigation arrangements and so on. If you were looking at a commercial valuation, AAS38 looks at the cash flow from the asset and makes a valuation accordingly. Adopting that new accounting standard has meant that there was a requirement to revalue the assets of State Water Projects. That meant a significant write-down of the value because the cash flow simply did not support a valuation of around \$1.8 billion.

I did note with some interest that this write-down in asset value was being trumpeted by the Leader of the Opposition in the worthy journal called the Biggenden Weekly as an attempt by this Government to rip funds out of State water projects. I am absolutely blown



away by that comment. I think that this is yet another example of the Leader of the Opposition committing suttee on the pyre of fiscal irresponsibility when he comes out with a comment like that. I would hope that he would take note from our colleague the member for Moggill, who could perhaps take some time to explain to him during the morning recess what a write-down of assets means in this context.

In respect of other Government-owned corporations, AAS38 will have bearing across those commercialised assets. I am advised that in the case of Queensland Rail and the electricity industry where they have been operating commercially now for some time there will not be a similar impact in relation to the valuation of those assets. Notwithstanding that write-down which was necessary, the Budget papers show that Queensland's net worth continues to rise. That is wholly consistent with one of the key principles contained within the fiscal charter component of our Charter of Social and Fiscal Responsibility.

**Mrs NITA CUNNINGHAM:** I draw the attention of the Treasurer to page 1-12 of the MPS which cites assistance to agencies regarding implications of national tax reform as part of Treasury's output for 2000-01 and note that the impact of the GST on the community services sector is highlighted under this heading. I ask: can the Treasurer outline why this sector will need particular attention?

**Mr HAMILL:** Firstly, I should state, and this was an issue which was touched on in last year's Estimates Committee hearings, that we had established a GST Implementation Unit within Treasury to assist agencies in their coming to terms with the compliance matters pertaining to GST. They are quite extensive. In fact, an estimate is that it has probably cost Queensland Government agencies upwards of around \$80m to be able to put in the systems and to enable them to operate under the new taxation arrangements put in place by the Commonwealth from 1 July. That has certainly been an ordeal in itself, but it has been a much greater ordeal for a whole range of community organisations, many of whom rely upon the activities of volunteers to come to terms with input tax credits and pay-as-you-go arrangements in respect of the new taxation system.

As you would be aware, if an organisation is registered for GST, that organisation can claim back input tax credits. Under the Federal legislation, a grant made to an organisation represents a taxable supply so that that grant would then be taxable in the hands of that

organisation. What we have done to protect not-for-profit organisations and charitable organisations is to actually gross up the grant so that when the tax is paid the value of the grant in the hands of the organisation is not impaired. That has been a real godsend, frankly, for a tremendous number of community organisations which, I must admit, are still struggling with the compliance issues that they have to face under the new tax system. Even though that grossing up allows them to operate now, they still have to go through the processes of accounting for that with the Commonwealth. In the past, many of these organisations have seen themselves as being tax exempt. They have been outside of the system altogether. So the book work that they are now encountering is really quite mind boggling for them.

On that point, doing that is not without cost. These organisations provide tremendous service to the community in a wide range of areas, particularly in personal services to the frail, aged and others. The cost to Government runs into the millions of dollars. In fact, in real terms, it means about a 2% increase into the value of grants to those organisations. We believe that that is money well spent, but that is money also that comes at the expense of other priorities which we would like to pursue as a Government. We are not getting compensation for that from the Commonwealth.

**Mr KAISER:** Treasurer, page 1-29 of your Ministerial Portfolio Statement refers to the First Home Owner Grant Scheme as a key output for the Office of State Revenue. What is the nature of that scheme? Why has it been introduced?

**Mr HAMILL:** The First Home Owner Grant Scheme arises out of the Intergovernmental Agreement which foresaw the devastation which was going to be wrought upon the housing and construction industry through the introduction of the GST. If you go back and look in the Federal Budget papers you will see that Treasurer Costello was forecasting a significant reduction in activity in that sector, notwithstanding the First Home Owner Grant Scheme being introduced. As you would all be aware, the legislation introducing the scheme in Queensland has been passed by the Parliament and grants are being made. It is a scheme which operates in common terms across the country. It applies to first home buyers purchasing or constructing their first home but where the contract to purchase or build has been entered into on or after 1 July. A \$7,000 grant is made available.

Notwithstanding the scheme though, it is certainly the case that housing and construction activity in Queensland has fallen dramatically since 1 July. If we look at the year just gone, there was quite a significant boost in activity in the industry as there was a mood in the community to try to get in before GST in respect of any home building or home renovations that people were seeking. In fact, in terms of home approvals, Queensland saw about a 14% increase in home approvals last year, which was a far greater rate of increase than that experienced across the nation as a whole. The concern I have is that the impact of the GST is going to be very much more boom/bust in respect of Queensland.

We already have data coming through showing that the home construction industry is in a fairly low ebb. Indeed, only on Sunday at the Community Cabinet meeting at Beenleigh I had a discussion with a resident who was also the State president of a major professional organisation in the construction industry. That person told me of anecdotal evidence of companies that were providing significant amounts of concrete prior to 1 July who are now having very limited orders. In fact, there is a very serious employment impact occurring because of the reduction in activity in the housing and construction sector. It is within that context that we have put in place our Capital Works Program. It is not going to fully offset the impact on construction activity across Queensland, but it will certainly assist in trying to provide some amelioration of the devastating impact occurring in an area which is a significant employment sector for the State.

**Mr KAISER:** Treasurer, page 1-10 of the Ministerial Portfolio Statement refers to the maintenance of Budget surpluses. Can you outline the Government's commitment to maintaining budgetary surpluses?

**Mr HAMILL:** In our Charter of Social and Fiscal Responsibility, which we tabled last year, the second fiscal principle was a commitment to affordable service provision. We have defined that by putting in place a fiscal situation which enables us to provide for the funding of those community services on an ongoing basis. In the context of the other fiscal principles, what that means in practical terms is that we have committed ourselves to maintaining an operating surplus in the general Government sector. That operating surplus in this year's Budget is forecast at some \$29m. Last year, the operating surplus was forecast at \$21m. The estimated actual result was \$40m, from memory. The forecast operating surpluses rise in each of the

outyears. I think it will rise in each of the outyears to reach some \$91m in 2003-04.

I should also mention that that operating surplus is backed up, if you like, by a significant cash surplus as well. That cash surplus this year is in the order of \$330m. It is a very sound position. That is the very factor which attracted the attention of the ratings agencies to make the comments that they did, the comments that I mentioned earlier. The operating position is strong, but the accrual operating position is backed up by a strong cash position which, in turn, is backed up by very prudent policies for managing risk and making provision for the contingent liabilities of Government.

**Mrs NITA CUNNINGHAM:** Page 1-13 of the MPS refers to an effective revenue policy as a key output for Treasury. Can you advise of any taxation measures incorporated in this Budget?

**Mr HAMILL:** The Budget actually contains no new taxes or increases in taxes. What it does provide, though, is a maintenance of Queensland's lower tax status compared with the other States and Territories. In fact, notwithstanding the GST, which actually increases the tax burden in Queensland—it does not matter whether you are in Brisbane or Bourke or Ballarat or Bunbury, you still get hit with the same 10% GST—our State taxes are certainly below that of the average of the other States. I guess in my more uncharitable moments I do comment, though, that average taxation in Tasmania and the Northern Territory now is below the figure for Queensland, but both are under something which one can only describe as care and protection orders under the Commonwealth. They receive a very significant level of funding support through the Grants Commission arrangements.

The Budget in Queensland, though, maintains the lowest payroll tax rates in the country, operating that with a threshold of \$850,000. The 4.9% rate of payroll tax applicable this year and the 4.8% applicable next year will give us that edge against the other States, where rates of payroll tax are up around 6% in a number of cases and in some cases even higher.

In relation to stamp duty, which is the other key area of State revenue, significant amendments to the Stamp Act will occur during the course of this year. In fact, in some respects getting the Bill to Parliament has been a bit like Blue Hills. Negotiations on the reforms to the Stamp Act have been going on now for a number of years among the States

and the Territories. The Commonwealth's tax changes interrupted that process because it looked as though the Commonwealth's changes were going to mean the abolition of a whole raft of areas of State stamp duty. That did not happen, of course, once the deal was done between the coalition and the Democrats in the Senate. So we were left with stamp duty on a whole range of business activities. The reforms to stamp duty legislation in Queensland under the new duties Bill should provide some tax relief—probably around \$13m of tax relief, in fact, in relation to conveyancing duty.

In respect of land tax we have maintained the 15% rebate which we introduced in our last Budget. In relation to gaming taxes, I must admit I was bewildered by comments of another member of the Opposition that gaming taxes were burgeoning in this Budget. In fact, our collections through gaming taxes actually are reduced significantly because we had to make room for GST. We have abolished bookmakers' turnover tax altogether. This Budget and the taxation measures contained in it are wholly consistent with that No. 1 principle in our charter, that is, to maintain Queensland's competitive tax position.

**Dr WATSON:** Treasurer, I would like to explore with you some of the revisions that have taken place in the Budget compared with figures supplied in previous Budget papers. While I can probably quote many, the ones I will pick on at the moment are in Budget Paper No. 2 at page 99, table A.9. I compare that table with the similar table in the previous year's Budget—Budget Paper No. 2 1999-2000, page 89. Can you explain why the actual figures for 1998-99, contained in Budget Paper No. 2 of 1999-2000, differ significantly from the actual figures contained in this year's Budget papers? For example, the deficit has gone from \$375m to \$945m. Why this drastic revision? I could pick virtually any figure in any of those tables to demonstrate this point.

**Mr HAMILL:** Just give us a chance to have a look at the table. In terms of comparing actuals, the figures published in this year's Budget Paper No. 2 as "actual" are figures post audit, whereas when the Budget was brought down in September last year the actual figure published was pre-audit. Nevertheless, it was on the basis of departments' actual figures. I will ask the Under Treasurer if he would like to further comment in relation to those items.

**Mr BRADLEY:** In addition to the fact that we had audited data, which meant that a whole series of accounting adjustments were then able to be nailed down in a consolidation process, there was a process of incorporating more data from our Government owned corporations which was not available at the time of the September Budget in the previous year. So it was a fairly exhaustive, detailed process using all of the audited final numbers from all the various Government owned corporations, departments, agencies, statutory bodies and so on which were published earlier this year following an extensive process. The latest numbers as incorporated in the Budget documents reflect those final audited numbers.

**Mr HAMILL:** Table A.9 you are referring to is the cash flow statement for not only the general Government sector but also the public trading enterprises. I would hate to think that the comment you made about deficits was confused with the general Government sector position, which of course is that which is compared year on other year in terms of issues in relation to surpluses and deficits. In fact, just for the record, the general Government position last year shows a significant improvement. From 1998-99, last year's Budget papers projected a \$390m surplus. In fact, the audited figure shows a \$665m surplus in respect of that year.

**Dr WATSON:** I understand that. You can look at virtually any table in the Budget papers. I just picked that one because it was a summary of the Government's position with respect to GFS cash flows for the whole of the Government. Regardless of which one we look at, there is a significant revision. Why did the audit process lead to that kind of revision? I understand that audit processes do change, but these are significant revisions of up to 300% in final figures.

**Mr BRADLEY:** To prepare a full consolidation of all the actual numbers is a very exhaustive process. It is about a six-month process which could not be done, obviously, in time for a September Budget. This was based on the best available actuals data at that time, but the data has since been comprehensively reviewed, audited and consolidated in a very detailed way through the actual published Annual Statement for the State, which was made earlier this year.

**Dr WATSON:** Given that there we have actual 1998-99 in two separate Budget papers, so they are supposedly actual and they have been revised, what guarantee can you give that the estimated actuals in this

year's Budget will not be similarly significantly revised?

**Mr HAMILL:** As you would well appreciate—and this is certainly the case also in the time of the coalition Government, when Budgets were brought down in May—the actual figures and the actual figures after audit are often varied from the estimated actual figure, as you would expect, because estimated actuals are based on the best knowledge that departments have at the time of the recording of the figures. I would have thought that you would be pleased to know that our financial position actually strengthened in the audited material which you have before you with respect to earlier years. I would similarly hope that in terms of our overall position of Government we would see a further strengthening once last year's figures are subject to audit, and I would hope also that in terms of the outcomes forecast for this year we would similarly see an improvement, as we experienced last year and the year before. I cannot guarantee that that will be the case; you can't reasonably expect that I could, but nevertheless that has been the pattern of previous years.

**Dr WATSON:** If you look at the overall State non-PFE GFS statements, in fact it did deteriorate, but I don't want to get into—

**Mr HAMILL:** In what area?

**Dr WATSON:** The cash deficit went from \$375m to \$945m if you take the whole of Government. I don't particularly want to concentrate on that particular figure. What I am more concerned about is what the accuracy is in this Budget of the estimated actual figures.

**Mr HAMILL:** The accuracy of the estimated actual figures will be seen when the Treasurer's Annual Statement is produced to the Parliament following the audit, probably in around October or November this year. I will be interested to see what it is as well.

**Dr WATSON:** In Estimates Committee A, a question was asked by Mr Goss of the Minister about confirming the accuracy of the figures contained in that particular department, where it was indicated that the difference between what was in the estimated actual of \$35.7m under AAS 29 and what they had today of \$37.2m was 2.7%. Can you—

**Mr HAMILL:** What is this in the context of?

**Dr WATSON:** A question was asked within their Estimates about the estimated actuals, how could they guarantee the estimated actuals were less than 2% from the final actual

figures. They were told in that Estimates committee that the final actuals would be about 2.7% greater than the estimated actuals. If that is the kind of revision that is done in costs in that department, and that is followed throughout the Government, what it does, of course, is make the final figure in terms of the net operating result and things like that significantly worse than what is indicated in the Budget papers.

**Mr HAMILL:** That is not necessarily so, but I can't tell you—even though I would love to know for myself—what the audited position will be. I would also like to know, frankly, what the unaudited actuals position is across the whole of Government. That information is not yet available to us, but it certainly will be available over the next few months, and we will all get a copy of it because I will table it in the Parliament.

**Dr WATSON:** In your own Estimates, in your own portfolio, can you guarantee that the estimated actual figures are within a couple of per cent of what the final actual figure will be?

**Mr HAMILL:** I will say to you that the estimated actual figures have been compiled on the best information available to the department at the time of publication of the Budget papers. In fact, I am advised that the estimated actuals—and this is consistent with other practice—were based on the estimates as at the end of April, with adjustments of known circumstances occurring. But as I say, they are the best figures available at the time of the preparation of the Budget papers, and they, of course, are subject to audit, as they are every year, and that audited statement is tabled for the information of all members.

**Dr WATSON:** What have been the adjustments so far?

**Mr HAMILL:** To what?

**Dr WATSON:** What are they? You said the estimated actuals were in April and the adjustments have been—

**Mr HAMILL:** I am just conferring. The sorts of adjustments that are made are the sort of, if you like, housekeeping adjustments that are made where there are sort of variations that occur on a month-to-month basis in terms of the cost of items, delivery of services and so on. They are not substantial issues. In fact, in many cases they probably wouldn't even be regarded as being material.

**Mr BRADLEY:** The other adjustments would occur particularly in our administered items where there are updated Commonwealth estimates for final payments to the States and so on. So that is reflected in

and is consistent with the final Budget numbers which have been published at a whole-of-Government level.

**Dr WATSON:** So the costs within your own department are pretty much spot-on?

**Mr HAMILL:** Wait and see the audited statement, but there has been nothing that I am aware of which would cause us to believe that the estimated actuals do not reflect a fair assessment of the finances of the department.

**Dr WATSON:** So you expect the final figures to be not significantly or materially different from the estimated actuals within the portfolio statements?

**Mr HAMILL:** As I said, at this juncture I am not aware of anything in the department which would cause us to suggest that the estimated actuals are not a fair assessment of the financial position.

**Dr WATSON:** And for the Government as a whole?

**Mr HAMILL:** For the Government as a whole, obviously you get some swings and roundabouts. Some agencies might come in a little bit below their estimated actual; others will exceed their figure. I think overall, again, from what I am aware of, there is no great change. We are not aware of anything which causes great concern at this stage.

**Dr WATSON:** So you would not expect the same kind of revision this year as you had in between the 1998-99 and—

**Mr HAMILL:** I am not going to try to foreshadow what the outcome of audit will be. The experience that we have all had in Government is that departmental assessments of their position are often pretty fair, pretty accurate. It is sometimes a bit more difficult to be as certain about some of the forecasts made within the PTEs, but to the knowledge that we have, these are a fair assessment of the overall financial position.

**Dr WATSON:** In answer to question on notice No. 9 that I asked with respect to equity return, you indicated that each department or portfolio has been compensated in their payments for outputs by the amount of the equity return, which has been calculated at 6%, I think.

**Mr HAMILL:** Yes.

**Dr WATSON:** In answer to a question in Estimates Committee A, the Minister for Families, Youth and Community Care and Disability Services indicated that the equity return for that department will not be fully funded for this last year.

**Mr HAMILL:** Last year?

**Dr WATSON:** Sorry, it was fully funded for last year. This year, the department had to find \$100,000 from within its budget to fund the equity return. Given that you have said that every department has been funded for the equity return, are you right, or is the Families, Youth and Community Care and Disability Services Minister correct?

**Mr HAMILL:** I do not know the context in which the alleged statement was made, but certainly, every agency has been funded for the equity return based on its estimated assets. The departments pay the equity return back to the Consolidated Fund on a quarterly basis. In fact, in the case of the Department of Families, there is equity return of \$5.1m. What I do not know from the information I have before me is whether that is—I presume that that is inclusive of moneys that are paid in respect of Disability Services Queensland—sorry, separate. My apologies. I believe that it would be inclusive. If it proves to be separate, I will get you the figure.

**Dr WATSON:** Quite clearly, the question was asked and the answer was given that the department was fully funded for that equity return of 6% last year. This year the department had to find \$100,000 within its budget to fund the equity return. It goes on—

"Obviously, the department has to be concerned about managing its asset base and is taking steps to manage that and to ensure that it minimises the amount of equity return charge that the department receives."

It does seem to be, on the surface, inconsistent with the answer you gave and Treasury gave to questions on notice.

**Mr HAMILL:** We stand by the answer given to the question on notice in respect of—was it Disability Services Queensland—

**Dr WATSON:** It was the department, which was examined in Estimates Committee A.

**Mr HAMILL:** Was it the Department of Families as a whole or the portfolio as a whole or was it Disability Services?

**Dr WATSON:** Portfolio as a whole in respect of the equity return of the department.

**Mr HAMILL:** Of the department of—

**Dr WATSON:** Families, Youth and Community Care and Disability Services.

**Mr HAMILL:** And Disability Services?

**Dr WATSON:** That is my understanding.

**Mr HAMILL:** I am happy to have that matter—

**Dr WATSON:** Take it on notice.

**Mr HAMILL:** I will take it on notice and get you a full answer in relation to that portfolio, but it is certainly my advice that the equity return has been paid in full.

**The CHAIRMAN:** For clarification, the answer should be provided as soon as possible, by Friday of this week if that is humanly possible.

**Dr WATSON:** Treasurer, given that the Premier has publicly stated that bonuses to Director-Generals—and I guess in your case it is the Under Treasurer—were paid out of departmental budgets, have these been included and classified in the department expenses for employee expenses in your case?

**Mr HAMILL:** All of the wage and salary costs—employment costs—for the department are included within the departmental Estimates.

**Dr WATSON:** What was the quantum of the bonus paid to the Under-Treasurer in 1998-99, 1999-2000 and budgeted for 2000-01?

**Mr HAMILL:** I think that is a matter that you can pursue with the Premier when you see him a little later this morning.

**Dr WATSON:** This afternoon.

**Mr HAMILL:** Or this afternoon.

**Dr WATSON:** I notice you supported the Premier when the salaries and bonuses given to GOCs were disclosed, including GOCs of which you are one of the shareholding Ministers.

**Mr HAMILL:** I am the shareholding Minister for all GOCs.

**Dr WATSON:** Yes, all GOCs and including the ones that are in your particular portfolio.

**Mr HAMILL:** No special treatment for those.

**Dr WATSON:** Why do you then have special treatment for the CEOs of the GOCs of all Ministers and the GOCs within your portfolio and the CEO of your own department?

**Mr HAMILL:** Well, the issue in relation to GOCs is one of reporting in the annual report the remuneration policy of the organisation. As you would be aware, that now is standard practice among public corporations and public companies in Australia. It is part of the revolution that is taking place in providing that sort of information to shareholders and others who may have an interest in those companies. The Government owned corporations are called upon through their charter to operate in

a commercial manner. In fact, the directors of those boards are called upon to operate as would the directors of a public company and, whilst there are gradations, I guess, in the degree of independence that a GOC has, we have certainly sought to reflect the standards that are required of public companies in the operation of GOCs and that, of course, relates to the CEOs of those GOCs and the remuneration policies which are adopted within them. So it is not a sort of a different rule, if you like. It is actually a genuine endeavour to replicate the standards that have applied elsewhere in the community with respect to those trading companies.

With respect to CEOs in departments, there is a performance contract which is entered into between the individual person and the Premier and it is the Premier who will make a determination in relation to any performance bonuses.

**Dr WATSON:** So when it comes to the GOCs, what you are doing is applying private sector standards, essentially.

**Mr HAMILL:** Community standards.

**Dr WATSON:** Well, private sector standards in the sense of GOCs reporting both under the GOC Act and the Corporations Law, that is right?

**Mr HAMILL:** The community standards in terms of accountability.

**Dr WATSON:** Why did you need to direct the boards then to provide that information? Why was that not automatically provided in their annual reports?

**Mr HAMILL:** Because, as you would also be aware, we do not actually have any Corporations Law GOCs. We have a number of company GOCs and we have a number of statutory GOCs. If any of those GOCs were operating under the Corporations Law, then automatically the requirements of the Corporations Law would apply to those GOCs. What we have sought to do through the corporatisation process is to put those Government trading enterprises on to a commercial footing, a corporate footing, and, as far as is practicable, embrace the principles that apply in the private sector to the operation of those Government owned companies and their boards. Obviously, there are a number of areas where there are differences. A clear example can be seen in the way in which publicly listed companies, for example, offer various share bonuses and options to their CEOs as part of a remuneration package—indeed a perform-based remuneration package. That is very common place among publicly listed companies. That is obviously

something which is not available to Government owned corporations because all the shares are held by the shareholding Ministers and we are not sharing those shares with anybody, frankly. So there is not a direct replication, but as part of the discipline which is being applied to those organisations to act commercially, to act as companies would act, then, as far as it is appropriate and applicable, we are seeking to embrace the principles that apply to publicly listed companies.

**Dr WATSON:** What are the community standards with respect to fund managers? Do they disclose their remuneration packages for their CEOs?

**Mr HAMILL:** In fact, in terms of all of the staff within a fund manager, I have no idea. We have one funds manager, of course, and that is the Queensland Investment Corporation and it happens to be a Government owned corporation. So I am sure that you would be getting upset if we were trying to apply one set of rules to one lot of GOCs as opposed to another. The remuneration policy of companies is published. We are requiring the remuneration policy that occurs within GOCs to be similarly published.

**Dr WATSON:** But you supported the Premier's demand that the salaries and bonuses of the CEO of the QIC were made public. Was that consistent with community standards in fund managers?

**Mr HAMILL:** It is consistent with the approach to all Government owned corporations in trying to replicate the standards applying in the general community with respect to accountability for public companies. There is a concern that I have in relation to publication because, as I said a moment ago, our GOCs cannot offer all of the incentives and performance incentives and so on that private companies can offer. Nevertheless, they are entities which are owned by the public and the public has a right to know the policies that are being applied within those organisations which are responsible for a very significant asset base and management of that asset base in the interests of the people of Queensland.

**Dr WATSON:** That does not apply to CEOs of departments who are, first of all, advising the Ministers with respect to those policies and, secondly, are in charge of equally and significant public assets?

**Mr HAMILL:** There are a whole range of other accountabilities which apply to other Government departments. As I have already mentioned, the performance contracts which are entered into between the CEOs of departments are entered into between the

CEO of the department and the Premier. There are a whole range of performance criteria which are considered in the context of any determination about performance pay. As I said, they are matters that are dealt with between the CEO and the Premier, and you would be well advised to pursue that matter with Premier this afternoon.

**Dr WATSON:** Do you agree—

**The CHAIRMAN:** Order! It is time for questions from Government members. I call the member for Bundaberg.

**Mrs NITA CUNNINGHAM:** I refer the Treasurer to page 1-12 of the MPS, which refers to the Intergovernmental Agreement on Commonwealth/State Financial Relations. Under this agreement, new Commonwealth payments will replace the financial assistance grants previously received. Can you please confirm that the State will be treating these payments as revenue rather than as loans and also explain why this accounting treatment enhances accountability and transparency of the State's accounts?

**Mr HAMILL:** Right. Actually, this is a significant issue—one which has attracted a fair bit of comment around the country, because in the Federal Budget certain payments to the States in respect of GST moneys were described as a loan and not as a grant. That certainly had an impact on the bottom line for the Commonwealth because, as you would recall, the Federal Budget had a fairly slender surplus and that surplus was made up of the sale of airspace in terms of mobile phones—in terms of frequencies—and also the Commonwealth claimed that various payments being made to the States were in fact loans, not grants, and therefore should not be treated as a grant; it would be treated as an outlay and therefore contributing to the fact that the Commonwealth Budget was in deficit.

That \$114.1m so-called loan that you have been referring to is in fact being treated as revenue in the Queensland Budget in line with the advice from the Queensland Auditor-General and the treatment of the other States. In fact, I would table for the information of the Committee the letter from the Auditor-General to my Under Treasurer wherein the Auditor-General of Queensland states—

"I note your argument in support of the 'substance' of these arrangements and based on the premise that the funding will be repaid by the Commonwealth there is in substance no loan from the State's viewpoint and

moneys received will be recognised as revenue.

I concur with your conclusions and note that other States have adopted a similar position which will result in a consistent accounting treatment across States."

I will table that for the Committee.

As the Queensland Auditor-General has reported, that is the position of other States as well. In fact, under the Commonwealth's legislation, the new Commonwealth/State Financial Arrangements Act, it states that where an amount is provided by way of a loan in 2000-01, the Commonwealth will fund the repayment of the loan in 2001-02 by increasing the grant for that year. Furthermore, the loan is interest free, and repayments fall due on the same day as the grant moneys are received from the Commonwealth to repay the loan.

The approach that the Auditors-General have taken is actually consistent with the Australian Accounting Standard AAS6 accounting policy, which states that determining the substance of a transaction or other event involves identifying all its aspects and implications in considering the position of each of the parties to it, including their expectations and motivations for entering into the transaction or other event. So what we have done, as I said, is wholly consistent with the accounting standard and wholly consistent with other States and Territories, whether the Commonwealth likes it or not.

**The CHAIRMAN:** Thank you. The member for Woodridge?

**Mr KAISER:** Treasurer, on page 1-12 of the Ministerial Portfolio Statement reference is made to managing the fiscal risks to Queensland from the Commonwealth/State arrangements. In this context, can you outline the importance of the Commonwealth maintaining its commitment to specific purpose grants to the States?

**Mr HAMILL:** In the Intergovernmental Agreement there was a statement made where the Commonwealth had no intention, it claimed, of reducing its specific purpose payments to the States. Those words were not seen as really satisfactory by any State or Territory, because we believed that that gave the Commonwealth enormous discretion to reduce its specific purpose payments. They are important to us when you consider that about 45% of the revenue to the States comes from the Commonwealth. Specific purpose payments is an important component of that total revenue. It is particularly important

in relation to National Highway funding and hospital funding. Any diminution of the level of funding by the Commonwealth in those areas would have significant service impacts on the State. In fact, the total was \$3.5 billion, and some \$491m was in specific purpose capital payments. So it is a significant level of funding.

It is certainly our concern that should into the future the Commonwealth consider that GST revenue was increasing at a far greater rate than what the Commonwealth ever envisaged, it leaves a particular area of exposure for the States and Territories that their specific purpose payments may be eroded over time. In so doing, it would actually lock the States into being even more dependent on the Commonwealth in terms of revenue, particularly as one can only assume that during that period of time certain areas of State revenue over which we have discretion would have also been abolished in the meantime.

**Mr KAISER:** Treasurer, page 1-33 of the MPS refers to the policy direction for gambling in Queensland. I ask: what will the implementation of this policy direction mean for Queensland communities in this financial year?

**Mr HAMILL:** There are a number of issues which were canvassed in the community consultation associated with the policy direction for gambling in Queensland. In terms of the community generally, it has meant that for the first time community members actually have a direct input into decision making with respect to location and numbers of gaming machines in their communities. That is important. That will in fact harmonise the approach in relation to machine gaming with that which applies under the Liquor Act with respect to licensing.

Also in respect of the community, the area where many community organisations derive significant support is through the funds that are made available through the various trust funds, the community benefit funds, like what was the Gaming Machine Community Benefit Fund, the Sport and Recreation Fund and the Charities and Rehabilitation Fund. The review of gaming has recommended—and the Government has embraced the recommendation—the restructure of those funds and the introduction of a new responsible gambling fund as well.

The outcome—and it is really the outcome which I think is important as far as the community is concerned—will be the continuation of that strong community support that has been made available through the



Gaming Machine Community Benefit Fund, renamed though it will be. Maximum grants under that fund will increase from \$15,000 to \$30,000. In fact, this year some \$4m will be provided to the new Gaming Directorate for the administration of gambling research and counselling services.

One of the areas of particular need in the community which was highlighted in the review that was undertaken—in fact, the member for Cairns was one of the members on that review committee—was the need that existed in the community to provide better backup support services for problem gamblers. Last year some \$1.5m was provided for counselling services. We should see a significant increase in the resourcing for those organisations coming from the \$4m that will be made available this year to the Gaming Directorate, in areas like the Break Even Network and the Gambling Help-Line. That is quite a good outcome and certainly one that is in line with community expectations.

**Mrs NITA CUNNINGHAM:** I refer the Treasurer to page 1-2 of the Ministerial Portfolio Statements, which states that the promotion of economic development is a key component of the financial and economic management output of the department, and refers to forecast economic growth of 3.75% for 2000-01, and I ask: what factors have impacted on this forecast?

**Mr HAMILL:** The growth forecast, if you would recall, of 3.75% was the same level of growth forecast in last year's Budget. Across the course of that year we saw the level of growth in GSP strengthened to some 4.25%. The predominant component of that growth was the strength of the domestic economy. Retail sales were strong and remain strong, although they faltered somewhat in the wake of increasing interest rate rises having a dampening effect on the economy but also reducing consumer confidence appreciably. This year, with the combined impact of yet another round of interest rate rises and the sort of impact that we have already seen and discussed this morning of the GST on the housing and construction sector, which is a very important part of the domestic economy in Queensland, we are forecasting rather more subdued activity over the next six months in the domestic economy in this State. I think that will also be felt by a lot of small businesses that are going to be struggling to manage their cashflows with the introduction of the new pay-as-you-go arrangements by the Commonwealth. They are meeting their tax liability for the year just gone at the same time as having to make progressive payments in

relation to their tax liability for this year. It is not a time when a lot of small businesses will have cash around to invest. They will be using their cash to meet their tax obligations.

What is different in terms of this year is that for the first time in about three years we are seeing some positive net contribution from our export sector to growth in Queensland. In fact, our net exports this year are forecast to contribute 1.5% to growth in gross State product. Our exports in goods and services are forecast to rise by 6%, which is attributable, on the one hand, to improvements in the general economic outlook for a number of our trading partners, particularly in north-east and east Asia, and also the impact of the exchange rate. The lower Australian dollar is certainly offering some support to exporters into the world market.

It is also worth noting that tourism holds out some positive prospects for Queensland this year. Again, the lower dollar makes holidays in Australia attractive for foreign tourists. Of course, we expect to get a significant kick-on effect from the Sydney Olympics. Queensland is one of the premier destinations for any international tourists coming to Australia.

**Mrs NITA CUNNINGHAM:** I refer to page 1-3 of the MPS, which states that the Office of Economic and Statistical Research will—

"... also undertake work designed to ensure that all Queenslanders are counted in the 2001 Census, which will serve to maximise the State's share of Commonwealth Government tax revenues and grants and promote active and informed citizenship."

Can the Treasurer outline what evidence there is that undercounting has occurred in Queensland in the past and how that has impacted on the level of Commonwealth funding to Queensland? Could he please explain how the Office of Economic and Statistical Research intends conducting this project to ensure that all Queenslanders are counted in the 2001 Census?

**Mr HAMILL:** It is of critical importance that we get the census data right for Queensland, because so much hangs off it in terms of Federal/State financial relations. The Grants Commission still has a critical role to play in the distribution of revenues generated from the goods and services tax, albeit that the Grants Commission formulae do not apply until 2002-03, and even then there are undertakings from the Commonwealth to other States to make sure that their revenues are maintained. Queensland, certainly for 2002-03, should

again derive whatever benefit there may still be from horizontal fiscal equalisation, although we are moving in the direction of being a donor State.

This financial year \$4.6 billion, based on a per capita formula using census figures, has been earmarked for Queensland from GST revenue grants. Just in practical terms, if the Queensland population were undercounted by even 1%, Queenslanders would miss out on \$46m, which is \$46m that we can certainly use to provide services in the State. A census occurs every five years. Just on that figure alone, if our population is underestimated by 1%, that is \$230m that we will have forgone. It is of critical importance that we maximise the returns in the census. Certainly, the Australian Bureau of Statistics—the ABS—published official estimates of undercounting over a number of former census periods in its post-enumeration survey conducted three weeks after each census.

Official estimates of undercount for the past three censuses for Queensland and Australia are as follows. In 1986 the undercount across Australia was believed to be 1.9%; for Queensland, 2.7%. In 1991 the undercount across Australia was 1.8%; the figure for Queensland was 2%. In 1996 the undercount across Australia was 1.6%; the figure for Queensland was 1.8%. We want to get that figure down even further, because it is jeopardising our fair share of revenues from the Commonwealth.

The big area for us to focus upon is in relation to Queensland's indigenous communities. It has been estimated by Queensland Health, for example, that up to 45% of indigenous Queenslanders in some of our remote communities were not counted as part of the 1996 Census. We will be endeavouring to do all that we can through the Treasury Department to actively campaign on the importance of the census—why it is important to Queensland and all Queenslanders—and urge all Queenslanders to participate.

**Mr KAISER:** Page 1-2 of the Ministerial Portfolio Statements refers to the Treasury's significant contribution to the Government's seven whole-of-Government priorities. Given that one of those is building Queensland's regions, can you outline to us the benefits there are for the regions in this financial year's Capital Works Program?

**Mr HAMILL:** In terms of my department, we have made an ongoing commitment to one region in the State where there have been significant economic difficulties. I refer to our

Bowen Jobs Plan, which has demonstrated real benefits for that community in terms of training opportunities and the provision of worthwhile public infrastructure in conjunction with the Bowen Shire Council, both in Bowen and also in Collinsville. I just want to take the opportunity to place on record my appreciation to the Bowen Shire Council and particularly through the mayor, Councillor Brunker, for the very strong cooperation that has been demonstrated in relation to that. That is actually a very small component, though, of the significant capital program we are delivering across not only my department but all departments and agencies. Some \$5.285 billion of capital works will be delivered this year. That is a record program for Queensland. It exceeds the record program of last year. Last year we delivered in excess of \$5.1 billion in actual capital spending.

Significantly—and this is a point which has been warmly received by regional Queensland—the lion's share of the funds actually flows to regional Queensland. Some 64% of the capital program is being spent outside of Brisbane. When I talk about Brisbane, it is not just Brisbane City that I am talking about here, it is Brisbane City, Pine Rivers, Caboolture, Ipswich, Redlands and Logan. There is roughly about \$2 billion spent in that area of the State. But over \$3 billion is spent elsewhere. There is about a billion dollars between the Gold and Sunshine Coasts and the balance is spent across Queensland's regions.

It is a program that has been very well received. Looking across the State, the Townsville region warmly received the \$385m allocation; for the far north generally, there is \$570m across the far north and the north-west in relation to capital works; the Fitzroy region has around 5% of the State's population and more than 10% of the Capital Works Program is being focused in that region and right the way down the State.

I found it mildly amusing that, even though the Deputy Leader of the National Party was not that impressed on the Darling Downs, his local paper in Warwick thought it was pretty good. I actually put more store in the response from industry—when the QCCI and the Australian Consulting Engineers and local government generally applauded the Queensland Government for its commitment to capital works, capital works which actually sustain employment in Queensland's regions and builds economic growth for the future.

**The CHAIRMAN:** It is time for questions

from non-Government members. I call the member for Moggill.

**Dr WATSON:** I refer to section 38(D)(2) of the FA & A Act, which requires the preparation of consolidated financial—

**Mr HAMILL:** Sorry, I do not actually keep the FA & A Act in my pocket, so it is a bit difficult to rely upon.

**Dr WATSON:** I am sure the Treasury officials have got it in any case.

**Mr HAMILL:** The FA & A Act may be your compulsory reading but we do not carry it around with us always.

**Dr WATSON:** I refer to it and say that it requires the preparation of consolidated financial statements for the whole of Government by December, six months after the end of the financial year. Why did you and Treasury officials not sign this consolidated report until 19 May 2000 for the fiscal year ended 30 June 1999?

**Mr HAMILL:** I suspect that this is the result of some of the negotiations that went on between Treasury, other agencies and the Auditor-General in relation to the vouching of the accounts for which for the first time the audit had to be done for the accrual basis. There were some difficulties and delays in getting those figures together. I am going to ask the Under Treasurer to perhaps give you chapter and verse in relation to this matter.

**Mr BRADLEY:** The consolidation of Government accounts is a pretty complex and time consuming process. There are 150-odd entities: all the Government owned corporations, all the Government agencies, statutory bodies and so on. Last year was a particularly difficult process in that with a late Budget—September Budget—the process for agencies in terms of producing end of year data commenced a bit later than perhaps we would normally like to see. That process also then delayed both the audit process and the submission of the final information to Treasury. We really cannot complete our consolidation until we have the data in from every entity involved so that we can do all of the various cross-checks and eliminate all the intra-Government transactions and so on. It is a fairly detailed and comprehensive task.

We think this year, because we have put in place also our new Tridata system, which is a far more rigorous and demanding system and improves the data integrity to a much higher degree, we have been through a very thorough process now and have improved the quality of our data to a point where we have a high level of confidence in the numbers being

produced through both our actuals and our Budget systems at present. That process of implementing the new Tridata system this year did involve a considerable transition for agencies in getting used to the new system and inputting data and also with the auditors as well in terms of getting used to the new format, getting used to the way in which the consolidation was required to work in a very rigorous and thorough way.

In reflection of that, yes, the time lines for both the consolidation and audit process were extended somewhat this year. We think the final result, though, is a report of a much higher quality than we have been able to produce in previous years in terms of the integrity of the data. We would hope that in the coming year, given that we are starting earlier this year and we have our Tridata system bedded down, the result will be much better.

**Dr WATSON:** Do you expect to be able to deliver by December 2000?

**Mr BRADLEY:** That is certainly the target we have set our team and we will be working very hard to achieve that.

**Dr WATSON:** If you are in a private enterprise, you have to present these reports to the Australian Stock Exchange by 30 September each year, some 12 weeks after the end of the financial year, and I think to the Australian Securities and Investment Commission 17 weeks after. Last year it took you 42 weeks, some 16 weeks after your own deadline. Do you think there will be an improvement? Do you think you will be able to match the private enterprise requirements?

**Mr BRADLEY:** There are a couple of issues. Certainly last year we worked very closely with the Audit Office, and the extensions in time were ones that they agreed were necessary to do the process properly. This year there is an issue with Government accounting in that we do allow departments an extended period of around four months to finalise end of year accounts, which is probably more generous than it is in the private sector. That is something that we have been talking about with the Public Accounts Committee as to whether we should be bringing that forward at least a month. I do not know of another private sector organisation which would have the complexity in terms of the number of entities involved in their actual consolidation process. Certainly we think that we would like to match the performance of the private sector in producing timely reports.

**Dr WATSON:** I disagree with that. I have certainly been involved in an audit such as

Kimberly-Clark, which had 120 different entities around the world as big or bigger than the State Government of Queensland and were able to produce a consolidated annual report in under 28 days and SCC filings in under 90 days. I disagree with you about the fact that there is not more complexity out there. It is a question of getting the job done. I just have a related issue with respect to the measure of estimated actuals and performance on page 1-14 of your Ministerial Portfolio Statements. It is to do with the production of the whole-of-Government balance sheet within the agreed time frames. It just struck me that in your target you have said that you wanted to have 100% completed in the agreed time frame, which I presume was December 1999. You have the estimated actual of 80%. Given that you were some 16 weeks beyond that, I was wondering how you determined that it was 80%. Was that an arbitrary figure picked out of the air that looks close to 100% but is quite not there?

**Mr BRADLEY:** The 80% reflects the amount of data we had actually collected and consolidated by around the end of the year. While we had 80% of the data in from Government agencies, getting the final 20% and actually locking down all of the consolidations and numbers, yes, took some months more.

**Dr WATSON:** So the extra 20% took four and a half months to finish off?

**Mr BRADLEY:** Certainly the final audit process and the final consolidation process took some months, that is correct, yes. But that was in accordance with time lines that we discussed and agreed with the Audit Office.

**Dr WATSON:** I understand you can change them with the Audit Office. There are two aspects of this. First of all, Treasury is getting the consolidated report together and, secondly, the audit. I can ask the Auditor-General with respect to the audit. But you have to have a set of accounts—consolidated reports—before you can actually do the audit. Are you saying that you had 80% of it completed by December?

**Mr BRADLEY:** Yes, largely.

**Dr WATSON:** It took another few months to get the remaining 20%?

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

**Dr WATSON:** That brings me to a series of questions with respect to the output statement measures. I notice on that particular statement that there were a number of new measures. One of the things that struck me when I look at that is that if you look under

"Timeliness", it says that Budget and financial reports were completed within agreed time frames. What does that mean? What are the agreed time frames there? Do we actually get to see what the agreed time frames are? How do we judge whether or not those agreed time frames are reasonable, lax, tight, whatever?

**Mr HAMILL:** The ability to meet those time frames really depends upon what aspects or what component parts are having to be dealt with. If we talk about this particular measure, the measure itself relates to delivering through the reports various aspects of Government activity. It includes not only the general Budget area but also any results that may be related to reforms that have occurred through commercialisation or corporatisation and changes to interest and regulation. Over the past year, there have been quite a number. I mentioned some of those in my introductory remarks. We saw the sale of the interest in the Bank of Queensland. We saw the major changes that were wrought with respect to the establishment of the South East Queensland Water Company. There have been changes to the Brisbane Market Authority and the TAB privatisation. All of those things have had major bearing in terms of what has been presented.

In terms of the time frames, you have to take into account all of those activities and of course the activities that are occurring across the agencies in preparing the whole-of-Government Budget and financial reports within the time frames that have obviously been established by Government in terms of the actual Budget presentation. That also involves the ruling off of departmental accounts so that those materials can be published on time and comply with the various accounting standards and requirements that have been put in place in terms of financial reporting for Government. If you are looking for a measure that said that the departmental accounts shall be finalised for the purpose of estimated actuals by the end of April, that might be relevant in terms of a July Budget presentation. If it was going to be a September Budget presentation, then you would be looking at unaudited actuals, for example, being finalised at the end of July. What the measure seeks to provide, however, is an indication internally of the timeliness of the provision of the necessary data to meet the Budget timetable.

**Dr WATSON:** Depending upon what it is, and given the statement you just gave in respect of the Budget, I would have thought that if you are trying to measure whether you do things on time, a more appropriate

definition would have been couched in terms of "within 30 days" of the scheduled Budget rather than "agreed time frames". If it is within 30 days from the agreed Budget date, then of course one has an ability to judge whether or not you met it consistently over time. Agreed time frames simply allow you to vary it at whim. What happens is that the measures that you are using to judge the efficiency of the output are simply so variable that they end up meeting the needs.

**Mr HAMILL:** I guess what you are seeking is a further and perhaps more detailed explanation of exactly what sorts of time lines are being sought in relation to particular elements of the reporting process. That could be included. I have no real objection to that. It is really just a question of the degree of the fine administrative detail that ought to be included in relation to what is, in fact, an overall consideration as to whether the material is being collated on time or in a timely fashion given the timing of the actual Budget presentation.

**Dr WATSON:** Quite frankly, I think that kind of comment, if you like, really flows through most of the measures created in the output statement.

**Mr HAMILL:** Are you suggesting that departmental estimates of the performance for the previous year should be in, say, 90 days before the date of Budget presentation or that the department should have back to Treasury the details of its capital program that is to be published in, say, Budget Paper No. 5 some 30 days before Budget preparation? Are they the sorts of measures you are talking about?

**Dr WATSON:** That is exactly right.

**Mr HAMILL:** We could look at inclusion of more information. At the end of the day, I do not know if that is really a measure of this department's performance in terms of the reporting process or whether it is really an indication of the performance of other agencies in feeding into this agency the data necessary to be collated as part of the overall Budget papers. What you say is perhaps the sort of thing that we could consider across whole of Government in terms of whether other agencies can meet the time lines that Treasury requires for the reporting process.

**Mr BRADLEY:** I would also mention that some of the time lines are set by external parties. For example, the uniform presentation arrangements are set by Commonwealth-State arrangements. In the case of the research program for Commonwealth grants, each year the Grants Commission sets certain deadlines for us to get our submissions in by. It is a

mixture of external and internal Government processes which set the time lines.

**Dr WATSON:** But there is no reason you could not separate those out and specify them for us.

**Mr HAMILL:** Sure. In fact, I think it is worth noting for the work of the Committee that, as you are aware, the managing for outcomes process really started several years ago. In fact, the early papers in relation to that were occurring in 1996 and 1997. We have built on that. That is a critical part of delivering the accrual output budgeting process. Last year was the first Budget prepared on accruals; this is the second. We are determined to continue to build on the work that is being done. In fact, over the next two and a half years or so Treasury is going to be working with the Premier's Department and all the various departments to hone the process. We want to make sure that when outputs are being reported and performance measures embraced the agencies are in fact meeting the outputs and meeting the performance standards.

I believe that there is still a lot of work to be done across whole of Government in sharpening the performance measures. However, I personally do not think that it is all that useful to know how many newsletters might be published in a year by an agency. I would be much more interested to know whether the resources that have been made available to that agency are in fact delivering the outcomes the Government wants from the agency, whether it be in, say, child protection or education. There is truly a lot of work still to be done in getting a sharper focus on the actual performance measures. We are determined to do just that.

**Dr WATSON:** I have a quick question with respect to page 1-16 of the MPS relating to the Output Operating Statement. However, this applies to each and every operating statement in each of the categories. I asked this question last year and I would appreciate it if you could do it again this year. I asked for a breakdown of employee expenses in the categories of salary, leave provisions, superannuation contributions, salary-related taxes, workers compensation and others. This is precisely the same question I asked last year. You can take it on notice.

**Mr HAMILL:** I am happy to take it on notice. Have you got a copy of the question so you can provide it to us?

**Dr WATSON:** I will write it out for you. I ask precisely the same question in relation to supplies and services across all sections.

**The CHAIRMAN:** This is an opportunity to clarify that answers to questions taken on notice at the hearing are required by 3 p.m. on Thursday, 10 August.

**Mr HAMILL:** You told me Friday before.

**The CHAIRMAN:** I did. That is why I am clarifying things for the Treasurer and others involved.

**Mr HAMILL:** I will take both of those on notice.

**Dr WATSON:** It is the same question as last year.

**The CHAIRMAN:** It is time for our morning tea break. The Committee will resume its proceedings at 11 a.m.

Sitting suspended from 10.44 a.m. to 11.03 a.m.

**Mr KAISER:** Treasurer, page 2-2 of the Ministerial Portfolio Statements provides an overview of the operation of the Motor Accident Insurance Commission for the coming financial year. What strategies is the Government implementing in 2000-01 to improve the compulsory third-party scheme?

**Mr HAMILL:** This year sees the operation of the amendments to the Motor Accident Insurance Commission Act which were fairly recently passed through the Parliament. From 1 October this year, for the first time under the State's CTP scheme, motorists will not only be able to choose their insurer but also to exercise choice over the premium that they will actually pay.

All the insurers have opted to stay within the scheme. The filed premiums, including levies, that will be applicable from 1 October for class 1 vehicles range from \$285 to \$299. Four insurers have actually filed premiums within a dollar value of each other and around the actual figure which currently applies for CTP premiums under the regulated premium arrangement, which is \$286.

What that represents, though, is substantial savings able to be derived for motorists. With the deregulation of the premium and the choice that can now be exercised, motorists can actually approach insurers to ascertain what range of products can be made available to them. For example, it may be that a particular insurer can offer benefits in relation to, say, house and contents insurance upon the exercise of a choice to do business with that insurer over CTP. It really is a substantial improvement for the motorist.

There are also substantial improvements to the scheme to ensure that a far greater proportion of the premiums paid actually goes

back to injured parties. At the end of the day, the scheme is not there as a welfare scheme for insurance companies or for lawyers. It is actually a scheme designed to provide benefits to people who through no fault of their own have been injured on Queensland's roads. That has been an objective which will be achieved.

The other important point which has been incorporated into the scheme is the affordability index. We have made it clear that should the cost of premiums rise above 45% of average weekly earnings a widespread review of the fundamentals of the scheme will be undertaken. So there are pressures in there to try to keep CTP affordable for Queensland motorists and to provide price competition as a part of that objective and also to ensure that people who do have a claim actually have that claim met fairly and reasonably.

**Mrs NITA CUNNINGHAM:** Treasurer, page 2-2 of the MPS refers to the Motor Accident Insurance Commission undertaking an analysis of the impact of the GST on compulsory third-party premiums. Can you advise of the outcome of that analysis?

**Mr HAMILL:** As you would be aware, the goods and services tax applies to insurance. Wholesale sales tax generally was not levied on insurance premiums, although there was certainly a measure of wholesale sales tax embedded, I guess, in the costs met by insurers, and the premium is the price one pays for that insurance cover. Had we not had the review of the CTP scheme, motorists in Queensland would have faced a further increase in the premium from 1 July because of the levy of GST. In fact, you might recall that policyholders were actually paying GST on a lot of other insurance policies from any time after 1 July 1999 because the tax was levied on that part of the premium which pertained to the coverage post 1 July 2000.

In the case of Queensland's compulsory third-party cover, there was no additional GST levied on those premiums in the period prior to 1 July 2000. The reason is that the CTP review we had undertaken identified a number of savings that we saw being able to be crystallised for Queensland motorists. As we identified those, we took the view—I thought it was a reasonable view—that motorists should gain the benefit of a lower premium through achieving those savings and then not having to pay GST on top of the premium applicable prior to 1 July.

It was as a result of those savings that, in this last period in which we have a regulated premium, we are able to bring down the

premium to \$286 for a class 1 vehicle. That was done by regulation on 22 April. Within that premium, which represented no change in terms of the amount of money being paid out by a Queensland motorist, there was in fact the impact of GST. The base premium technically fell to \$260 and 10% GST came on. The CTP review and the work of the Motor Accident Insurance Commission have actually delivered a real saving for motorists as of 1 July. Because of the competitive premium filing arrangements, a further saving will be available from 1 October.

**Mrs NITA CUNNINGHAM:** I refer now to page 1-37 of the MPS, which addresses the reforms to the State Government superannuation scheme, QSuper, and ask: what benefits are there for Queensland Government employees from the introduction of those changes?

**Mr HAMILL:** Actually, from 1 July this year, for the first time ever in Queensland, all permanent employees have access to the same superannuation options, that is, either a defined benefits scheme or an accumulation plan, and we require now all new employees, from 1 July, to opt for either of those two schemes. There is no longer an opportunity for people to opt out. In the past, it had been the case that a lot of lower-paid employees, certainly the non-white-collar employees of the Queensland Government, had opted out of a contributory superannuation scheme, and I think really to their detriment, actually, in terms of their ability to provision for a retirement income. So no longer is there a them-and-us situation to prevail in respect of public sector superannuation.

The schemes are very equitable, because there is a similar level of employer contribution to both of the schemes. The defined benefits scheme is a scheme, obviously, which provides particular benefits for a person who is having an uninterrupted pattern of employment, and particularly a person who, towards the end of their period employed, sees some improvement in their income, because you find that under the defined benefits scheme, the retirement benefit is generally related to a multiple of their length of service and their retirement salary. In the case of the accumulation plan, this really works to benefit employees who don't actually have that continuous period of employment. If you go back to the 1950s and 1960s, the times when, for example, women employed in the Education Department, once they were married, had to resign, these sorts of arrangements meant that those employees had broken periods of service, and that really

acted to the severe detriment of their retirement incomes. Because they had to resign, they were then paid out, and often it was just their contributions with fairly nominal interest—I think it was 5% there for a lot of the time. These new arrangements overcome that situation and, under the accumulation plan, employees effectively have their own account. There is a contribution from the employer and there is a contribution from the employee, and then the account effectively earns interest, and those funds, of course, are investment earnings; they are invested through the QIC. I can put in a plug: they do a very fine job.

**Mr KAISER:** Page 1-17 of the Ministerial Portfolio Statements refers to the creation of a new Office of Government Owned Corporations. What benefit is there in that for the management of the State's GOCs?

**Mr HAMILL:** The establishment of the Office of Government Owned Corporations is, I think, a very important development to assist shareholding Ministers—and I say "Ministers" plural—in discharging their responsibilities under the Government Owned Corporations Act. There are a number of issues that are common to Government-owned corporations, issues in terms of the negotiation of statements of corporate intent, and issues in relation to whole-of-Government policies that should be applied across-the-board in respect of GOCs. What the Office of Government Owned Corporations will do is to provide that enhanced monitoring of GOC performance, assist in the negotiation of statements of corporate intent and corporate plans, and provide a useful contact point between GOCs and their boards and Government.

The unit was established in May this year, and it recognises the increasing levels of commercial pressure that are occurring in the activities of key GOCs in the transport and energy sector. The unit itself, the Office of Government Owned Corporations, had an initial staffing complement of 12. They are responsible, as I said, for managing the shareholding relationship between Government and the 21—soon to be 22—Government-owned corporations.

**Mr KAISER:** Page 1-1 of the Ministerial Portfolio Statements talks about a key strategic issue facing Queensland Treasury over the coming year being the ongoing management and monitoring of the Commonwealth's new taxation legislation to ensure the State does not suffer any further adverse fiscal outcomes. My question is: what possible negative outcomes can the Treasurer foresee?

**Mr HAMILL:** As I mentioned earlier, the impact of the GST has meant a closing of the relative taxation position or level of taxation levied in Queensland with other States, and there is nothing we can do about that. In fact, the level of compensation which has been made available by the Commonwealth is also inadequate. You can see it in terms of the payments which are being received by other States in respect of GST, most particularly to compensate them for the abolition of financial institutions duty, of bed taxes, and even the stamp duty on marketable securities, on market trades, really is a relatively small area of revenue for Queensland but a significant part of the revenue base in New South Wales and Victoria. This year, we are getting \$114m in terms of a top-up grant from the Commonwealth. New South Wales I think is getting about \$1.4 billion. It is just a massive disparity in terms of how that pool is being distributed across the States and Territories. In the case of Queensland, we are also prevented from getting any extra dollars, even though Queenslanders are paying more tax, because up until 2002-03, no State is allowed to do better than its revenue forecast would have permitted it.

The other point that I want to make in relation to this is that we still have a number of issues outstanding with the Commonwealth in respect of specific purpose payments. The Commonwealth/State Housing Agreement sees continuing erosion of financial support for public housing in the States, and Queensland's position is being eroded because of the Commonwealth's lack of priority in that area. Under the Hospital Care Agreement, all the States and Territories find themselves in conflict with the Commonwealth in respect to that agreement. There is around about \$116m, if my memory serves me correctly, over four years in dispute in respect of services being provided in public hospitals in the State and where the Commonwealth is refusing to pay up under the terms of the agreement which it signed with the States and Territories two years ago, and that is notwithstanding the fact that the Commonwealth actually acted on the agreement and got in its own arbiter to weigh up the claims of States and Territories. Through its own arbiter, those claims were found to be valid, and still the Commonwealth refuses to pay.

So there are a number of pressures coming on Queensland from policies at the national level, both in terms of the design of the new tax arrangements and also the Commonwealth's repeated failure to honour its

obligations across a range of different agreements.

**The CHAIRMAN:** We will now move to questions from non-Government members. I call the member for Moggill.

**Dr WATSON:** Just following up that last question, in response to a question by the member for Mooloolah, the Minister for Public Works and Minister for Housing indicated that there were contributions from the Department of Housing being paid to Queensland Treasury identified as a housing savings target. Can you confirm the quantum of such payments, the purpose of such payments, whether similar payments are also made from other Government agencies and, if so, the quantum of funds paid by each agency?

**Mr HAMILL:** We just wanted to ascertain exactly that to which you are referring, but we can only construe that this is a reference to the savings that were required on housing in Queensland under the coalition as part of meeting Queensland's obligation to the Commonwealth under the Commonwealth's deficit reduction program, because you might recall at that time—as a former State Housing Minister you would remember—that the effort in Queensland was being diminished significantly because the Queensland coalition Government chose to draw its contribution to the Commonwealth at the expense of the public housing budget.

**Dr WATSON:** So are you telling me there is no such thing as a housing savings target in this year's Budget?

**Mr HAMILL:** I will ask the Deputy Under Treasurer who has responsibility in this area to provide some information that might be relevant to your question.

**Ms DEETH:** I am Norelle Deeth, Assistant Under Treasurer, Community and Government Services. I understand that you are referring to the administrative savings target that was applied across all Government agencies under the coalition Government and for Housing it was, I think, \$12m or \$13m per annum. That related back to a previous period, so that savings target is still applied to the base as it was in the past. Is that the savings target you are talking about?

**Dr WATSON:** I do not know. It was a question that was answered by the Minister for Public Works and Minister for Housing.

**Mr HAMILL:** There have been no new general savings targets applied within the Government. The only general savings targets—we are trying to ascertain what the basis of this is—would have been ones which



were applied as part of efficiency dividends and so on in the period prior to 1998, and, as you would recall, we stated quite clearly that in coming to office in 1998 we would operate within the parameters of the Budget which at that stage had been tabled in the Parliament but had not been passed. So certainly the Forward Estimates which we have been operating in are based on the achievement obviously of decisions that were taken in the term of the previous Government and this would appear to be the washing out through the Forward Estimates of some sort of administrative savings requirements which were imposed by Treasurer Sheldon and Premier Borbidge.

**Dr WATSON:** My understanding is that that finished in the 1998-99 year.

**Ms DEETH:** It is just a reflection of how the Housing Forward Estimates is worked up. It actually relates to that same savings target. It is not a new savings target.

**Mr HAMILL:** I am glad you asked that question.

**Dr WATSON:** It was interesting that that question came up. My real concerns go back to the GOC performance section on pages 1-17 and following. At page 1-17 under the "Recent Achievements" there is a section there that says at point 2—

"Establishment of a shareholder approval process for Queensland Rail, in respect of investments over a threshold value."

That seems like it goes into some other areas also more generally for GOC investment proposals. First of all, what is the threshold value level for requiring a shareholder approval process? Is there a cut-off?

**Mr HAMILL:** What it refers to is a process whereby a Government owned corporation that is intending to make a significant investment—

**Dr WATSON:** And what is it?

**Mr HAMILL:** I was going to answer. It varies according to the size of the organisation in question. The general figure that is applied broadly is \$5m, but in the case of Queensland Rail and the review of its statement of corporate intent for 1999-2000, we negotiated a \$10m threshold. It just reflects the size of that organisation. Previously there had not been one.

**Dr WATSON:** So—

**Mr HAMILL:** If I may finish. The importance of this is not to impede investment decisions of Government owned corporations,

but we certainly were concerned on coming to office about some of the investments that were being made. There were some extraordinary investments in China that were occurring under some of the electricity GOCs and you would have to wonder why that was being allowed because they had the real potential of giving enormous exposure on the part of Queensland taxpayers overseas if something went wrong in respect of those equity positions that were being taken. So as part of our overall approach of prudent financial management and prudent taking on of risk we have required GOCs that wished to make significant investments of equity to consult with shareholders to ensure that we are satisfied that the Queensland taxpayers' position is not going to be made vulnerable because of those investments. There have been numerous investments made by GOCs.

Just to give you an indication, I guess, of the order of these sorts of investments, this year there has already been approved \$1.1 billion of investments in respect of the State's electricity GOCs and a further \$208m of investments are currently at the feasibility stage and being analysed. We are talking here about very, very substantial sums of money. This represents a very prudent approach on the part of Government to ensure that we are getting value for dollar and we are not actually picking up unwanted exposures.

**Dr WATSON:** You are telling me we have a board of directors responsible for running the organisation, but every investment over \$5m, or \$10m in the case of QR, has to go to Treasury for a separate evaluation?

**Mr HAMILL:** We take—

**Dr WATSON:** And a tick?

**Mr HAMILL:** We want to be satisfied of the appropriateness of investments. Sometimes you see a company will want to take on investments which it perceives as being in the best interests of that company and will assume a considerable amount of risk as a result. That is fine. Companies assume risk as part of their day-to-day operations. What we are not prepared to allow, though, is an assumption of risk which would impact upon the general standing of the Government of Queensland. It may seem fine in strictly commercial terms for an organisation to contract with parties say, for example, in some power project in southern China with a joint venture partner and it might seem fine for that GOC to think that was a reasonable way of proceeding, but if the outcome means that the international ratings agencies consider that to be a considerable contingent liability bearing

on the balance sheet of the Government of Queensland, then we all suffer accordingly. So I make no apologies for a situation where we will jealously safeguard the financial interests of the people of Queensland. That does not indicate a lack of confidence in boards, but it does indicate that there are key issues for whole of Government which may not be the number one priority for any individual GOC.

**Dr WATSON:** Last year I asked you a question with respect to the risks associated with the power corporations, particularly Energex and Ergon being gas aggregators, and if I recall correctly you indicated there were substantial risks but you could not enumerate them. Given you now have this GOC performance unit—and I notice also you have been doing a fair bit of consulting with—

**Mr HAMILL:** As you would.

**Dr WATSON:** Putnam Hayes & Bartlett in terms of your answer to question on notice number one, can you now enumerate what those risks are and how they will affect the balance sheet of Queensland as against the balance sheet of those particular organisations?

**Mr HAMILL:** There are a lot of risks. Let us look at gas for a start. In relation to gas, depending on its source—

**Dr WATSON:** And have you quantified these risks?

**Mr HAMILL:** Do you want to hear them?

**Dr WATSON:** I would like to hear them and a quantification of them.

**Mr HAMILL:** Depending on the source of the resource, there are issues of sovereign risk. There is an issue of resource risk in terms of the period that a particular well may be able to produce. There is certainly significant regulatory risk, because we are still waiting with bated breath to find out what the Commonwealth is going to do with respect to Kyoto. There were all sorts of undertakings given in the international arena in Kyoto regarding greenhouse and all we have seen from the Commonwealth thus far is talk about a 2% renewable target in terms of fuel and we are still waiting to understand what may be in the pipeline from the Commonwealth—excuse the pun—in respect of carbon credits and so forth. So there is a lot of regulatory risk there. There is operational risk. Even if you are relying on the supply of gas across pipeline or from drilling, there is operational risk that has to be taken into account in terms of the security of supply. There is the financial risk, because in any of the impacts in relation to supply, or regulation—general market

risk—that will have significant impacts in terms of the price at which that resource is available. You need to take into account also the market risk that comes through competition. We currently have a situation where most of the gas that we use in Queensland is sourced in south-west Queensland. We have seen some development of new fields—coal seam methane just recently as part of the Swanbank E project. That was really only able to go ahead because of the proving up of gas from the Surat Basin, the new Scotia field. So there is risk in terms of competitive supply, the coal seam methane from alternative supply. We can talk about PNG, we can talk about Timor, we can talk about south-west Queensland. Any corporation—indeed Government in this case—that is looking at the energy picture in the State needs to take on board all of those issues. Obviously, in any risk assessment you need to make some conclusions about what the likelihood of a particular risk is, what the financial exposure might be and gauge it against that likelihood. It is a very complex process. We are certainly doing a lot of research to understand the changes that are occurring in the marketplace.

**Dr WATSON:** From you have said, then essentially every investment proposal over \$5m—or \$10m in the case of QR—and the associated risk of that investment in any GOC cannot be made unless they are ticked off by the Government. So any investment that is made has the Government's imprimatur with the risk undertaken.

**Mr HAMILL:** In the case of investment decisions, we require to be advised of what is proposed over the threshold. We expect that the corporation in question will have evaluated the worth of that investment. They will obviously look at their cost of capital; they would obviously be looking at the return that they would expect to derive from that investment. As I said to you before, though, there are issues which bear down across the whole of Government which may not be of such weight to that individual GOC and, as a Government, we have a responsibility to the whole of the community to take any of those risks into account. That is the sort of thing that we do in considering those investment decisions by individual GOCs.

**Dr WATSON:** So the Government approves the investments?

**Mr HAMILL:** The investment decision is taken within the organisation, but we certainly would disapprove, or if we did not agree with an investment decision taking place we would make it clear to the organisation.

**Dr WATSON:** The decision is theirs or yours?

**Mr HAMILL:** As shareholders, we have the power to direct a Government owned corporation, and if we felt that a Government owned corporation was getting into territory where we believed they ought not to be getting, we would tell them very, very clearly.

**Dr WATSON:** Before I run out of time, can I just quickly flick to page 1-35 and the gambling area—and, of course, you mentioned this earlier. I notice that the amount to be collected in terms of gaming revenue is \$517m this year. I notice elsewhere in the Budget papers—I think you said that the adjustment was \$190m with respect to the GST. The adjustment down was \$190m, if I recall correctly. Anyway, whatever the figure is, the question is: with the Community Gaming Benefit Fund, are you transferring to that fund an amount based upon the expected \$517m or an amount of the tax adjusted up for the impact of the GST?

**Mr HAMILL:** If we had done nothing, then those benefit funds would have actually suffered severely. There would have been a diminution of the funds available for distribution through those funds, because they were linked to the generation of revenue from machine gaming. That is why we have broadened the net, if you like, and imposed a contribution on other forms of gambling activity, to wit casket or lotteries. So you have now all forms of gambling activity that is regulated in Queensland contributing to the moneys in those funds. So that preserves the value of those funds and the work that they facilitate in the community. Otherwise, because of the formula that applied previously, those funds would have been reduced because of the impact of the GST, because of the rates having to come down and, therefore, the State tax component would have been diminished.

**Dr WATSON:** So does that expansion of the base compensate for the removal of that amount that is attributed to the GST?

**Mr HAMILL:** It certainly compensates those funds for the GST impact. I might also say that those funds, in making grants to organisations, are applying the policies that the Government has put in place for not-for-profit and charitable organisations. So where the recipient organisation is registered for the GST as an ABN, for example, we are able to gross up those grants to those organisations so that they—like other charities receiving funds, say, from departments like Health and Families and so on—are not adversely

impacted upon because of the new taxation arrangements.

**Dr WATSON:** What is the quantum of funds and the number of staff moved from the Department of Families, Youth and Community Care into the—

**Mr HAMILL:** Into the gaming area?

**Dr WATSON:** Into the gaming area.

**Mr HAMILL:** Just while that actual figure is being located—we saw this as an important part of the gaming reforms, because whilst you are dealing with different sections within Treasury, you have got policy occurring within the department and you have got the regulatory activities in relation to gaming being delivered through the Office of Gaming Regulation, whereas previously, of course, you had bits and pieces. For example, I was the Minister responsible for signing off distributions of funds through the Gaming Machine Community Benefit Fund, but the work that was actually done in compiling that material and making recommendations was occurring outside in the Department of Families, Youth and Community Care. I should also mention that, notwithstanding that change, we still maintain the community-based committee to provide recommendations to me as Minister as to the distribution of the funds. All told, the transfer of staff from Families to Treasury as a result is four staff members. There are two permanent staff members and two temporary staff members.

**Dr WATSON:** What is the quantum of funds?

**Mr HAMILL:** Quantum of funds?

**Dr WATSON:** I presume there were some employee expenses, or is it just that the staff have been transferred?

**Mr HAMILL:** We can certainly come back with the answer for you on that particular point. Families achieves a net benefit in terms of the resources available within that portfolio as a result of the transfer. If my memory serves me correctly, I think that was of the order of perhaps \$1m or \$1.5m. I will get you an exact figure for that.

**Dr WATSON:** I turn again to the performance of GOCs. Page 1-18 notes that there is a restructuring of the capital structure of each port. I am not quite sure where it is, but it is mentioned in those sections. What are the principles involved and how is each port going to be restructured in a capital sense?

**Mr HAMILL:** As you are well aware, periodically examinations are made of the position of Government owned corporations to identify whether there is lazy equity sitting in

the balance sheets of those bodies. Indeed, it was something which the coalition did with some flair in relation to the electricity industry. I think \$850m was the figure taken at that time.

**Dr WATSON:** It pales into insignificance compared with the \$1.2 billion you took out.

**Mr HAMILL:** Half of that \$850m was used to prop up the recurrent budget and only half found its way into the Capital Works Program. But I would not want to harp on that particular piece of fiscal irresponsibility, when the main culprit has left the table.

**Dr WATSON:** You will not harp on it, but you will not put the boot in, either.

**Mr HAMILL:** In relation to the capital structure of the other GOCs, including the ports, we have gone through the same process. We have engaged independent advice to look at the debt-equity position of those GOCs.

**Dr WATSON:** Is Deutsche Bank giving you an individual capital structure recommended for each and every port?

**Mr HAMILL:** Yes, it has given us advice in relation to each and every one. The advice in relation to a number of them is that their structure is adequate and, in the case of, say, the Port of Brisbane, there is sufficient gearing. That is the case with quite a number of the ports. It identified several where there was lazy equity within the balance sheet. We have chosen not to access funds up to the full measure, which was identified in the Deutsche Bank report.

The overall level across Queensland port GOCs is something less than \$150m. We are discussing the details of that with individual port authorities. That \$150m—it will not be quite that amount—is a worthwhile contribution to the jobs being generated out of the Capital Works Program. It is one of the sources being used for the funding for the Capital Works Program. I give a clear undertaking that any money that is derived out of this quite legitimate process will be linked wholly to new capital formation.

**Dr WATSON:** What is the debt-equity ratio on average across the ports?

**Mr HAMILL:** In some cases, some ports actually had no debt.

**Dr WATSON:** What is the Deutsche Bank's basic debt-equity ratio?

**Mr HAMILL:** There is some variation.

**Dr WATSON:** I understand that.

**Mr HAMILL:** If my memory serves me

correctly, overall it is of the order of 30% debt—give or take. It is in line with the sorts of standards across-the-board.

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

**Mrs NITA CUNNINGHAM:** I refer to the implementation of the Intergovernmental Agreement on Commonwealth/State Financial Relations detailed on page 1-12 of the MPS, and I ask: can you advise, in light of the operation of that agreement, what proportion of total State Government revenues is now derived from our own taxes?

**Mr HAMILL:** Sorry, did you say from Commonwealth or State taxes? Were you asking how much revenue comes from State taxes or how much comes from the Commonwealth?

**Mrs NITA CUNNINGHAM:** What proportion of total State Government revenue is now derived from State taxes?

**Mr HAMILL:** Sorry. The new tax arrangements with the Commonwealth mean that 45% of our revenue comes from the Commonwealth. Some 23% of our revenue base is derived from State taxes. Of course, principally among those are stamp duty and payroll tax. I know there is a bit of comment in some quarters—certainly from the Federal Government; Treasurer Costello has been saying this—that now that all of this money is flowing to the States the States should be abolishing payroll tax. That is interesting, because the abolition of payroll tax was never part of the Commonwealth's tax reform agenda. Certainly, there were a number of State stamp duty areas that were to be removed and, of course, the Commonwealth sold that away as part of dealing with the Democrats. But payroll tax in Queensland, whilst not necessarily a tax we like to collect, is vital to our overall revenue base.

The rates, as I said before, are lower than those in any other part of the country. The vast majority—95% or 96%—of Queensland businesses simply do not pay any payroll tax at all. Since the Government came to office, we have lowered the rate. It used to be 5%. It is now 4.9%. It is going to 4.8% on 1 July next year. If I can refer you to my comments in relation to some earlier questions, you will also see that, as part of that State revenue base, we have kept the rebate in place for land tax and we have also made some changes that will reduce the incidence of stamp duty.

What is also interesting is that, as a result of these new Federal/State taxation arrangements for the GST, the States have become more reliant on the Commonwealth

rather than less reliant. The Commonwealth has now rolled into the one bucket financial assistance grants and section 90 payments. The consequence has been that States are now having to rely for 40% or more of their budget, in the case of Queensland, on a tax over which they have no control whatsoever. We cannot alter the base or the rate of this tax. There is no capacity at all to provide any measure of competition across the States because of these new arrangements under the Intergovernmental Agreement.

**Mrs NITA CUNNINGHAM:** A key focus of Treasury for 2000-01 is the analysis of economic impacts of major social policy initiatives, according to page 1-12 of the MPS. Can you advise what this work involves?

**Mr HAMILL:** The Office of Economic and Statistical Research within my department is really building an enviable reputation for data collection and research. As the Australian Bureau of Statistics has wound back some of its activities, OESR within Treasury has been contracted by other Governments and other agencies around the country because of the standard of the research that is being done. I mentioned before the importance of the Census in terms of our revenue share under the Commonwealth/State arrangements. OESR has been doing a lot of work in relation to the delivery of social policy research in Queensland.

The Government has a whole-of-Government initiative called the Community Services Strategy, which is all about delivering quality services on the ground—Government working in partnership with the community sector in a variety of organisations. That strategy is all about trying to ensure that the services that are provided are responsive to community needs. A partnership agreement has been reached. We are developing some triennial rolling funding arrangements for those organisations. But in terms of actually being able to monitor the quality of the service provision, that is where OESR comes into its strength. It has also been important in the development of the Government's policy with respect to funding of non-Government community groups—this whole issue about grossing up grants, which I have mentioned in the context of the GST.

As well as that, OESR is involved in a whole range of other research work. They do a lot of work in conjunction with the Employment Secretariat in monitoring labour market movements and economic developments, and evaluating the effectiveness of Government policies in that area and in other areas as well.

It is an important function and one which we rely upon heavily in having that expertise in house to deliver outcomes consistent with the overall Government policy.

**Mr KAISER:** Page 1-10 of the Ministerial Portfolio Statements lists as a significant recent achievement the implementation of the first accrual output Budget across the Queensland public sector. What benefits does accrual output budgeting provide for the allocation of resources for Queenslanders?

**Mr HAMILL:** Very simply, accrual budgeting, which records revenue and expenses as they are incurred rather than when the payment has been received or the bill was paid, actually brings a greater measure of accountability to the presentation of the public accounts. It was always a wonderful thing in the past under cash accounting that Treasurers, no matter what colour of Government, could virtually nominate the cash surplus they wanted to have in the Consolidated Fund at the end of the year and with remarkable accuracy. I think it will be \$2m or \$7m or what have you this year. Under the cash accounting principle, significant sums of money can be moved—and properly—but the accounts do not really bear testimony to the accruing liabilities or the accruing expenses of Government.

It is a new era of accountability we find ourselves in with accrual budgeting and it took some considerable effort across the whole of Government to embrace the new disciplines. It has certainly been a benefit for Government, because statements like our Charter of Social and Fiscal Responsibility, for example—and certainly the social charter component of that focuses upon Government policy priorities, the sorts of outcomes Government wants rather than focusing on just the money or the human resources that are allocated across different portfolios.

So through the accrual budgeting process we have been able to link priorities and outcomes and to provide greater transparency in the achievement of them. That is certainly of benefit when you are assessing your success or otherwise in delivering the sort of things that you want to do. It also provides a much better measure of accountability over departmental performance generally and the management of the very considerable resources which are made available to individual agencies. As such, it gives managers greater control also over the allocation of the resources that they have within their organisation. It has become the vehicle which can really link performance and priorities to strategic planning and, at the

end of the day, it just encapsulates the delivery of services across the whole of Government.

**Mr KAISER:** I refer the Treasurer to page 1-11 of the Ministerial Portfolio Statements, which lists the further development of partnerships with Government agencies to ensure achievement of budgeted financial and non-financial performance targets as a key focus of Treasury for 2000-01. I ask: what measures are being taken to ensure better management of resources and how does this benefit Queensland?

**Mr HAMILL:** This is consistent with what I was speaking about before about the next stage, if you like, in enhancing the fiscal accountability of Government—the MFO, Managing for Outcomes framework, feeding into the charter to the accrual output budgeting and then working with agencies to, I guess, sharpen their performance indicators over the next two or three years. The work that Treasury will do with individual agencies will focus on the development or negotiation of agency achievement plans to further deliver the Managing for Outcomes framework. It will look at benchmarking and targets. It will look at how we can further improve the costing information that agencies rely upon. It will look at reviewing outputs from agencies and how appropriate they are and whether they are properly targeted. It will assist departments in further analysing their financial performance in their own financial statements.

In that context, the Office of Economic and Statistical Research will also play a role, because it will be the repository of much of that specialist advice to individual agencies on specifications of outputs and outcomes and the performance measures, targets and benchmarking. It will also be able to provide research information on various reporting models which can be of use for internal managers. So it is just the logical next step of a process of improving the general accountability and better financial performance of Government.

**Mrs NITA CUNNINGHAM:** Page 1-12 of the MPS refers to the Queensland Government's new energy policy. What are the key initiatives of this policy and what are its potential benefits?

**Mr HAMILL:** Treasury has had a critical role to play in the development of the policy. Consistent with a discussion we had when I was having such fun talking about the risk analysis that occurs in the energy component of gas, these are matters that are particularly important for all of us. The features of the

policy are as follows: we recognise that there is an increasingly competitive environment occurring in respect of energy in Queensland; that that level of competition will be further enhanced later this year once the interconnector is in place, which will allow the flow of power north or south across the border into New South Wales and other eastern States; as well as that, we have the impact of Kyoto, as I said before, and concerns regarding greenhouse and the direction of international and national policy.

We see that Queensland will benefit from a more balanced approach in relation to the development of its energy industry. A critical element of the policy has been the determination that from 1 January 2005, 15% of the electricity sold in Queensland will be sourced from gas or renewable sources of energy. That incorporates the renewable energy target which the Commonwealth has established, and Queensland is well placed to achieve that target given the contribution that can be derived in this State from the sugar industry—the mills being able to produce power and using bagasse, for example, as a source of that power. There are obviously those other renewable energy sources as well. There is the new wind power development on the Atherton Tableland. So you have the 15% mandate.

There is also an ongoing commitment that this Government has to the development of sustainable energy options. Through the Department of Mines and Energy and also in conjunction with the EPA, there are a number of programs to deliver sustainable energy for Queensland. A feature also of the policy is to see base load power accessible in north Queensland. North Queensland is outside of the area where there are abundant coal resources, which have fostered the development of power stations in central and southern Queensland. So we are keen to see a pipeline bring gas to Townsville, and we see that gas coming probably from coal seam methane in south-west Queensland in the interim, which will help regional development in the region.

**Mrs NITA CUNNINGHAM:** Within the MPS at page 1-10 there is a reference to progressing GST implementation across Government. You indicated earlier that all Government agencies were GST ready. Can you tell us how that was achieved?

**Mr HAMILL:** Each month in the lead-up to 1 July I furnished a report to Cabinet looking at the preparedness of agencies for GST implementation. We set up a unit within

Treasury to assist agencies. In fact, some additional funding was made available through Government departments for that agency. Last year, some \$2.5m was provided for whole-of-Government issues to get departments ready. Around \$1.8m of that was actually delivered in terms of training. In terms of the actual cost to Government, it is considerable, as I said before. We believe that the actual gearing up for GST probably cost us in excess of \$80m. Some research was done at Curtin University last year which estimated that the recurrent compliance costs could be estimated around 0.7% of GST revenue. If that is the case, the cost of compliance for Queensland would be in the order of \$170m a year.

However, the costs to us in not being prepared are also enormous. We would not as a Government have been able to claim back input tax credits in respect of GST we are paying to suppliers. That would mean a significant reduction in the funds that were at our disposal to deliver services across-the-board for Government. Whilst it has not meant a specific additional allocation, there is certainly no doubt that agencies have had to divert their resources from other priorities simply to get the systems in place to be able to accommodate GST.

**The CHAIRMAN:** The time allotted for the consideration of the Estimates of expenditure for the Treasury Department has now expired. I thank the Treasurer and his portfolio officers for their attendance. For the information of those attending today, the hearing transcript for this portfolio will be available on the Hansard web site within approximately two hours. My tributes to Hansard in that regard.

**Mr HAMILL:** Thank you very much. See you next year.

**LEGISLATIVE ASSEMBLY****IN ATTENDANCE**

Hon. R. K. Hollis, Speaker  
 Mr R. D. Doyle, The Clerk  
 Mr N. Laurie, Deputy Clerk and Clerk of Committees  
 Mr R. Fick, Executive Director, Corporate and Property Services  
 Mr M. Hickey, Director, Finance

**The CHAIRMAN:** The next item for consideration is the Estimates of expenditure for the Legislative Assembly. I remind members of the Committee and the Speaker 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. An extension of time may be given with the consent of the questioner. The Sessional Orders require that at least half the time is to be allotted to non-Government members. I ask departmental officers to identify themselves before they first answer a question so that Hansard can record that information in its transcript. I now declare the proposed expenditure for the Legislative Assembly open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

Mr Speaker, would you like to make an 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:** Thank you, Madam Chair. I will make a statement. The 2000-01 Budget Estimates for the Parliament are the third for which I am directly responsible, and I feel privileged to attend this meeting this morning. I appear today in my role as the person charged with the 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 for the Legislative Assembly. The total appropriation for the Parliament in 2000-01 is \$49.952m, an increase of just over 2% on last year's appropriation. The Parliament expects an operating result in 2000-01 in the sum of

\$491,000, which will be used principally to help fund capital acquisitions of electorate office equipment in future years.

When I first appeared before this Committee two years ago, I indicated that my priorities in my term as Speaker would be to continue recent improvements to the safety, security and functionality of accommodation within the precinct and electorate offices and to provide members with greater access to emergent information and communication technology. I am happy to report that I remain on track in delivering these priorities.

During 1999-2000, the ongoing refurbishment of buildings within the parliamentary precinct has continued. The Parliament House Stonework Restoration Program continues, with Stage E being completed. The refurbishment of the interior of the Annexe also progressed, with members' accommodation on levels 9, 19 and 20 being completed, as well as part of the Library on level 6. The general standard of electorate office accommodation was also improved with 10 offices relocated to provide improved constituent access, as well as improved security for members and their electorate officers.

A number of initiatives arising out of the Speaker's Technology Advisory Group, STAG, were delivered in 1999-2000, including the delivery of replacement computers to all electorate offices. These computers also provided access to the Internet and the Parliament House Intranet. There was also the delivery of new television sets to 61 offices in the Annexe and the launch of the Members' Multimedia Project, which will provide access to the parliamentary video network, including electronic access to the Library, research information and archival media databases.

Looking ahead to the new year, the Annexe refurbishment will be completed on levels 4 to 6, with a range of minor upgrades on other levels. In addition, important work will be completed in relation to fire detection, protection and prevention. Stage F of the Parliament House Stonework Restoration Program will also continue. By year's end, restoration of the George Street facade will be completed. Members would be aware that much has been achieved in recent years in terms of improving members' access to information technology. Some of the basic hardware infrastructure has been installed and more improved functionality has been delivered recently both within the precinct and in electorate offices.



In the year ahead, I want to set new priorities for the Parliamentary Service to build on the work done to date. These new priorities involve refocusing resources on helping members to make the best use of technology provided to them. I want to make sure that we are not just providing the tools but also providing the support to help members and electorate officers use those tools. I will be asking STAG to consider these issues during the course of this year. I will also be asking Parliamentary Service management to consider how the Parliamentary Service can better deliver services to members and electorate officers through the use of the new technology. With members now able to make greater use of the parliamentary network, I will be asking management to consider how we can provide members with what they need, when they need it and in the form they need it. What simple and cost-effective training aids can we provide? How can we improve the Parliamentary Service Intranet? Through ongoing advice provided by STAG, I hope that I will remain across the needs of members in respect of information technology.

Assuming responsibility for the management of the Parliamentary Service represents an enormous challenge, particularly given the diverse range of activities performed by the Service. Over the past two years I have sought to play an active role in working with managers and staff to improve the Parliamentary Service. I have now personally visited well over half the electorate offices around the State, and with each visit I have gained a greater understanding of the needs of members and electorate officers. At a management level, I regularly attend the fortnightly management meetings chaired by the Clerk. During the development of this year's budget I once again took the opportunity to meet with each manager to discuss their budget and plans for the coming year. This process provides me with an opportunity to learn about the various activities undertaken by staff and management of Parliament House.

**Mr BORBIDGE:** Mr Speaker, could you detail to the Committee the remaining work to be done in respect of levels 4 to 6?

**Mr SPEAKER:** I can indeed. Of course, work on the Library on level 5 will be continued. We are also working on the basis that we are going to refurbish the foyers and the corridors on level 14, which was, as you know, refurbished some years ago. On level 7 we are looking at the gymnasium and the foyer—new ceilings and a lighting upgrade. On level 6, as I said, there will be a continuation of

the refurbishment of the Parliamentary Library, the corridors and the lift lobby. There will also be committee store in the part of the Conference Room which is now an open gallery. We are going to enclose that to make it a storeroom for the Committee Office.

As I said, on level 5 there will be refurbishment of the Library, corridor, high-rise lift lobby and Strangers Bar. On the subject of the Strangers Bar, you are probably aware that this year a survey about smoking in public places was conducted. The Minister for Health asked me what we were going to do about this issue. I have asked for a report on that issue and there are several options for dealing with the difficulty of the Strangers Bar which, as you are all probably aware, is a very smoke-filled area. I am hoping that within the next month or two I will be able to bring to the Parliament some solution with regard to smoking in public places. I believe that we as a Parliament should be at the forefront, not dragging our feet on issues such as this. It is also a workplace health and safety issue for the people who work there.

In the Members Dining Room there will be new tables and chairs—just a minor refurbishment to jazz it up. Work will be done in the corridor outside the Members Dining Room and there will be glass panelling to improve its appearance. On level 3 there is an old member's suite to which we are going to do minor refurbishment. We are going to upgrade the interiors in the high-rise lifts and we are going to upgrade the lift cars and controls in the low-rise lifts.

The other very important thing we are doing is that at all levels we are dealing with Building Act compliance issues. There are several of those to be dealt with, such as stair pressurisation systems, smoke exhaust systems, fire sprinklers, hydrants and hose reels, fire detection and alarm systems, fire separation between floors and egress from the fire stairs.

A number of things are going on, but this will actually complete what we started out to achieve. I know that you will say that things will deteriorate as we go along, but the whole idea now is to have enough money in the budget each year to conduct ongoing programmed maintenance so that in 20 years' time—I probably will not be here—we do not have to go through a massive refurbishment again. We will be doing it as we go.

**Mr BORBIDGE:** Can you detail to the Committee why it has been considered necessary to introduce charges for photocopying of some documents from the

Table Office? Is that a new arrangement or did that only relate to certain documents? Has there been a change of policy?

**Mr SPEAKER:** I think you are talking about the petitions lodged.

**Mr BORBIDGE:** Yes.

**Mr SPEAKER:** We now have a situation, as you know, where Ministers actually reply to petitions. There has been a great deal of interest in many of the petitions that have come to the Parliament. There was interest in relation to one particular petition tabled this year which was quite a huge document. When there are 100 requests for a photocopy of the petitions, quite an expense is borne by the Parliament. Previously, the only access the general public had to petitions was by physically viewing them in the Parliament. That is fine, but with today's faster pace I do not think people have the time to do that. I think it was incumbent on the Parliament to impose a small charge—it is only a cost charge—for photocopying those petitions.

**Mr BORBIDGE:** I refer to staffing levels in the Parliamentary Library. How will they compare this financial year with last financial year? Are staffing levels considered adequate to meet the research demands of members?

**Mr SPEAKER:** We had 35 staff in 1999-2000. We will still have 35 staff in 2000-01. There is no change to the staff numbers in the Library at this time.

**Mr BORBIDGE:** Are there any planned changes? Is it the intention to maintain the level?

**Mr SPEAKER:** There are no plans at all. It is just as is.

**Mr BORBIDGE:** Is it proposed to do away with any of the external manning by Security of entrances to the parliamentary precinct? I note that we have the new gate at the rear of the Annexe. Will those security posts also continue to be manned by security staff?

**Mr SPEAKER:** There was an internal review of Security and Attendants. That review found that we could do certain things in relation to rationalising our staff. You might have noticed that the two front gate posts of the Parliament have been demanned. That Security officer in the entrance foyer now is the main person who receives people to the parliamentary precinct.

The back gate which you are particularly talking about now has swipe card technology to allow it to be opened by people with the appropriate cards. We do have some extremely quiet times when vehicle movements are very few and far between.

Should there be a shortage of staff we can then manage that gate from the control room so that people without a swipe card can still be actioned. They can still enter the premises after being approved via cameras, etc. It gives us more flexibility as far as staffing is concerned.

As responsible people in charge of budgets, I think you would appreciate the cost to the Parliament of a person being called in to work a 12-hour shift even if they are required for only two or three hours. That has been the case for a number of years and that is one of the difficulties we faced. It is all about rationalising the use of those staff. The review of Security and Attendants found that we could rationalise without reducing any services to members. Right across-the-board we have tried to ensure that no services are reduced. So, yes, sometimes that gate will not be manned, but it will be manned at all appropriate times, such as when Parliament is sitting.

**Mr BORBIDGE:** So there will be a reduction in terms of the number of Security personnel?

**Mr SPEAKER:** I would anticipate that over the years, through attrition, there will be some reduction in Security staff.

**Mr BORBIDGE:** I raise this as a matter of concern. I do so legitimately, I believe, inasmuch as our Parliament is different from others. We do have, for many even quiet times of the year, Ministers of the Crown and members of Parliament in residence. Accommodation is provided for the Premier and the Deputy Premier as well, although being Brisbane based they probably do not utilise it to the extent that may have been the case previously. It seems to me that we are going against a trend in terms of making sure there is adequate security within the parliamentary precinct, compared with other public buildings. This is not only a workplace but a residence. For example, I am not aware that the Executive Building is doing away with the guard post at its rear entrance. Can you give the Committee an assurance that you are satisfied there will be adequate security by means of electronic surveillance and obviously with a decreasing emphasis on Security personnel?

**Mr SPEAKER:** Sure. There are two points you raise there. You say firstly that the Executive Building is not abandoning its rear guard post. That guard post is not open at night-time; you would realise that, of course. It is my understanding—

**Mr BORBIDGE:** The building is sealed.

**Mr SPEAKER:** Yes. But it is my understanding also that after a certain time at night the other Government buildings actually close down with no security whatsoever. I am very appreciative of the fact that we have people who reside in this place, and occasionally when I have late-night functions I sleep here as well. So I am quite conscious of the fact that we need security. What we are not doing is reducing any security within the interior of the building. People can't just walk into this building without the proper technology. They can't get in. There are still a number of Security people on duty every night. I believe that 1 in 6 is the normal complement. It might go down to 1 in 5; it might go down to 1 in 4, I don't know, and we will look at that as we improve technology. That is what we are doing. But at the same time, with technology today and with security of technology, with cameras for the precincts, things change and because of the technology what was appropriate some 15 to 20 years ago is not as appropriate today. But I can assure you that there will be no risk to any member's security in this place. I will be very careful and very conscious of the fact that people do reside here in any decision regarding security.

**Mr BORBIDGE:** According to the report that was carried out on Security, if the rear entrance was not being manned and was under electronic surveillance and someone jumped the fence or arrived with a ladder, what is the anticipated response time before Security personnel could be down there to apprehend anyone entering illegally the parliamentary precincts?

**Mr SPEAKER:** That is an interesting question. We do have a Police Service in this State which, appropriately, should be called in the event that the security of the Parliament was at risk. We do not expect unarmed Security officers to run out there and place themselves at risk. This is one of the problems that you have really highlighted with that back entrance. We have had people sitting out there at night completely on their own, and if anybody approached them they were completely defenceless. I believe that we as a Parliament should be making sure that we have the same protection from the Police Service as the general public do.

**Mr BORBIDGE:** So how many Security officers, what is the likely decrease in terms of—

**Mr SPEAKER:** As I said to you, we have had no figures set. We are not going into this looking at wholesale sackings. If you read that report you will see that when I commissioned

the report I said that nobody would be sacked from their job. The only reductions here will be by natural attrition over time, and natural attrition will occur only if there is a surplus of people for the number of posts required. But nobody is going to be made redundant.

**Mr BORBIDGE:** So there are no plans to reduce the working hours of existing Security personnel so that they may feel that they should move on?

**Mr SPEAKER:** No. The existing Security personnel will be doing exactly the same shifts as they are now. The only difference, as I say, will be that when people leave we will assess the situation as they leave—which will happen, as you realise—and see what we will do about the vacant position.

**Mr BORBIDGE:** I have just one final question, and it relates to an issue that was previously raised, either in Estimates or the Parliament, and that was the removal of the STD telephones from the precincts of the Members' Dining Room. From my experience and from feedback from members, that has caused a degree of inconvenience in terms of calls having to be made on staff telephones if there has to be a response to an incoming call and other urgent matters if members do not have their mobiles with them. As we are only talking about, I think, two telephones, would you be prepared to give that matter further consideration with a view to reinstalling those two telephones that were previously close to the Members' Dining Room?

**Mr SPEAKER:** I thought I had done that, so I will pass that back. But I thought I had ordered that they be reinstated.

**Mr BORBIDGE:** They weren't there this morning.

**Mr SPEAKER:** I am sorry. But at the time when we removed the telephones, what I said then—and I still say—is that if anybody has a real problem where there is not a telephone, I will get it reinstated. I thought that had happened. So certainly we will do that.

**Mr BORBIDGE:** Thank you, Mr Speaker. No further questions.

**The CHAIRMAN:** Questions from the Government members. The member for Bundaberg.

**Mrs NITA CUNNINGHAM:** I note on page 5 of your portfolio statements that the introduction of new building and energy management systems has reduced energy costs by approximately 25% over the past five years. Could you please advise us how much this is in actual dollars, how this money has

been saved, and what, if anything, is planned for the future?

**Mr SPEAKER:** It has been one of the success stories of the savings of this place. On top of that, we have also just signed up for green power as well, which I think is another first for a Parliament. I think the media reported it as the Government doing it, but it was the Parliament that did it. Yes, the savings on that have been quite considerable. In 1995-96 the expenditure for power for the whole Parliament was \$547,000. For 1999-2000 it was \$347,000, and we anticipate in our budget for this year \$325,000. So you can see there is \$220,000-odd saved in that period. We have used that money, of course, for some of the EB negotiations—we have actually been able to fund the increases ourselves—and towards meeting other emergent costs of some \$75,000 associated with members' entitlements. So instead of having to go cap in hand for more money, we have actually created some really worthwhile savings—money that we save and actually put back into the Parliament. But the other thing, of course, is that the proper use of energy is also a very good environmental move of which I am proud to be part.

**Mr KAISER:** In your portfolio statement and again in your address this afternoon you referred to improvements in access to information technology for members and electorate officers. Could you outline some of the practical benefits of those improvements and, importantly, what you have planned for the future?

**Mr SPEAKER:** As I said, one of the important things I have done is to actually establish STAG, the Speaker's Technology Advisory Group. I think that has been really the most important thing I have done with IT, because we have actually gone to members and asked them what they want rather than having somebody from outside tell us what members need. The new computers we put into electorate offices this year enabled Internet and Intranet access. It seemed quite incredible that every school and virtually every public servant in Queensland had access to the Internet, yet this Parliament and the parliamentarians did not. So I think that accessing the Internet has been one of the most important improvements. The other important thing, of course, is the Parliament House Intranet, which, as you know, allows access to the Concord system in the Library and access to the databases. It also allows people to access by electronic means a lot of the hard copy reports, etc., that are published by the Parliament. So it is also a great saving

there, not only in printing costs but also in postage. It reduces the amount of paper lying around a member's office. When you have reams and reams of paper which people do not read, I think that is highly inefficient. Those computers have multimedia, CD-ROM and audio capability. We have the same software suites in the electorate offices as are installed in Parliament House, which allows for the easy interchange of information. So there are some key benefits there. They are more powerful and reliable computers. The system is more flexible, which provides access to training for electorate officers. Instead of bringing electorate officers from throughout the State to here, which is very costly, we can now do a lot of their training over the Internet through the computers. What we are going to do in the future, of course, is use STAG to look at what we can do further in electorate offices, how we can take further advantage of that IT we have given you.

But there is another important issue with STAG. It is not there just for IT; it is also talking about equipment in electorate offices. In fact, on Friday of this week I will be going to look at some new-style printing equipment which I think could be used in an electorate office. Instead of just looking at photocopiers with tunnel vision, there is a lot of other equipment out there which we should be looking at and trialling. So throughout the year I will be asking STAG to look at those issues as well. We are going to investigate electronic training aids for electorate officers, and we are going to review a lot of our current process in providing, instead of hard copy, a lot of electronic information to electorate officers.

**The CHAIRMAN:** Thank you, Mr Speaker. There being no further questioning, that concludes the examination of the Estimates of expenditure for the Legislative Assembly. I thank the Speaker and his officers for their attendance. For the information of those attending today, the hearing transcript will be available on the Hansard website within approximately two hours. The Committee will now adjourn for lunch.

Sitting suspended from 12.30 p.m. to 1.46 p.m.

**PREMIER AND CABINET—AGENCIES****IN ATTENDANCE**

Hon. P. D. Beattie, Premier  
 Mr N. Elliott, A/Director, Financial Services,  
 Government and Executive Services  
 Ms J. Thomas, Project Officer, Strategic  
 Projects, Government and Executive  
 Services  
 Mr G. Bradley, Under Treasurer

**Queensland Audit Office**

Mr L. Scanlan, Auditor-General  
 Mr V. Manera, Deputy Auditor-General  
 Mr M. Morris, A/Assistant Auditor-General  
 Administrative Services

**The CHAIRMAN:** Ladies and gentlemen, the hearing of Estimates Committee E is now resumed. The next item for consideration is the Estimates of expenditure for the Premier and the Premier's offices, in particular firstly the Queensland Audit Office.

For the information of the new witnesses, the time limit for questions is one minute and for answers is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. 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. An extension of time may be given with the consent of the questioner. The Sessional Orders require that at least half the time available for questions and answers be allotted to non-Government members. For the benefit of Hansard, I ask officers to identify themselves before they first answer a question.

I now declare the proposed expenditure for the Queensland Audit Office to be open for examination. The question before the Committee is-

"That the proposed expenditure be agreed to."

Premier, is it your wish to make an introductory statement in relation to the areas within your portfolio, 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 BEATTIE:** I would like to make a statement if I could, Madam Chair.

**The CHAIRMAN:** Please proceed.

**Mr BEATTIE:** Thank you very much. I appreciate your courtesies. In terms of questions, Madam Chair, I propose that as I am the one who is being accountable here, all questions be directed to me. I have some independent agencies in my portfolio and I will obviously, after initial response, hand them to the appropriate person. Clearly, whether that is the Auditor-General or the head of the CJC or whoever, after initial response I will then pass that on. But clearly, since I am here being accountable for the Government's Budget, I want to make certain that I explain our allocations in each one of those areas.

In terms of the Budget itself, the Government is proud to have delivered its third Budget. It is a balanced Budget with tax cuts and no new taxes. It has a strong focus on jobs and further developing the Smart State through strong commitments to education, training and research. It is also another step along the path to addressing the past inadequacy of funding for some social services such as mental health, child welfare and disability services. There is record capital works expenditure that is being delivered. Infrastructure will underpin better services and strong economic growth in the future.

Let me deal with a number of areas where there will be some interest by the Committee, firstly the Premier's Department staffing numbers. I heard Lawrence Springborg the other day on radio talking about the numbers in the department. I just want to make a couple of points. I do not do this in any antagonistic way to Lawrence, but I just want to make the point that this year's MPS includes corporate services staffing provided to other agencies, mainly the Department of State Development, which were not incorporated in last year's Budget papers. This year's Budget records higher staffing levels reflecting the expanded role for native title services, the large number of agreements currently under negotiation and filling of positions for the Access Queensland project. The total figures that were used in Lawrence's interview include political staff. That also includes his own staff and the Opposition staff, including the one who no doubt prepared the question. So I make that point.

In terms of issues which I would think are of importance, the Olympics are not far away. I have issued a direction that Ministers and public servants be prohibited from accepting gratuitous travel and accommodation packages to the Olympics in Sydney. I have done that because I do not want there to be a perception of any conflict of interest. The crackdown, I think, is an important one. There

is a different scenario when we come to the soccer matches that are being held at the Gabba, but I know that there were a number of offers. Telstra made one earlier this year. There were significant corporate incentives. I believe it is important that we send a clear message that those invitations will not be accepted.

In terms of issues, I know that there has been a lot made of the so-called CEO bonuses and no doubt they will come up today. Let me make a couple of points. Firstly, I went to the election clearly indicating that I will be using performance bonuses to get the best out of our chief executives. I have been open about the nature and extent of the remuneration scheme, specifying the potential bonus of 15% of salary. The bonus system, in my view, is an important management tool to stimulate high performance from our bureaucratic chiefs. It provides an incentive to make certain that we end up with chief executives who save this State billions of dollars.

This is about good management practices. This is about saving Queensland billions of dollars. There is nothing secret about it, as the Leader of the Liberal Party says. You have asked for information about superannuation and salaries—the ranges—and I am about to give it to you. The yearly salaries, as you know, range from \$135,500 to \$198,000 per annum for the most senior employee. That is the classification of CEOs. The performance bonus is up to 15% of that salary, so if you take your shoes off and count your toes and work it all out, it means that the maximum performance bonus ranges from \$20,300 to \$29,700, depending on seniority and depending on the performance. So the performance bonuses could be anywhere between zero and \$29,700 at the extreme, depending on my assessment of the performance of the individual chief executive. That is pretty clear accountability. There is nothing hidden in that. I notice that the Health spokesman attacked the Director-General of Health. For the record, he was paid a \$60,000 bonus during your period in Government and the Opposition clearly had no problem with making that payment at that time. I actually agree with you, Rob. I think bonuses are an important part of delivery.

There is one other thing I want to say. In terms of the Auditor-General, the Auditor-General has raised some issues with the Government in relation to his budget allocation. I want to stress that the Audit Office plays a very valuable role, but like any other agency it has to be modest about increases.

When we come to questions, I would actually like to expand on that because there are some things I want to say in fairness to the Committee. I believe that my responsibility is to keep you informed. I do want to say some general things about the Auditor-General's budget and no doubt he will as well. My time has run out. I will have to leave it till questions, Madam Chair.

**The CHAIRMAN:** Thank you, Premier. If the Auditor-General would like to join you, we will proceed with examination of the Estimates for the Auditor-General's Office. I will call on non-Government members for the first questions. The member for Surfers Paradise?

**Mr BORBIDGE:** Thank you, Madam Chair. I have a question obviously to the Premier, but if he is able to permit the Auditor-General to pass comment, I would appreciate it. It relates to the responsibilities of the Audit Office in regard to the bonus issue. Clearly, it is a public issue. You are claiming, Premier, that essentially it is commercial in confidence. We do have a quite inconsistent policy at the present time, though, where last year the bonuses paid to the CEOs of Government owned corporations were revealed and, in fact, tabled by you in the Parliament. I just raise the issue that in terms of accountability and consistency, do you not think that it would be in the best interests of the Parliament if the public were apprised of the extent of the bonuses for the Directors-General of Government departments similar to your quite appropriate disclosure last year in regard to the bonuses paid to the CEOs of Government owned corporations?

**Mr BEATTIE:** Can I make the point about the practice that was adopted last year, which was about the future reports and annual reports, you may recall. As I understand the guidelines—and I do not have them here with me—the practice that was to be followed by GOC chief executives is exactly what we are doing here, that is, we have identified the percentage and that is reported along with the rest of the salary packages in the annual reports. So there is, in fact, consistency between both.

Let me just advise the Committee: I have spelt out today for the first time clearly what the options are. In terms of the 15%, we are talking about the maximum being either zilch—none—depending on performance, or up to a total of \$29,700. So in terms of public accountability, everyone in the world now knows exactly the possible amounts of money that can be paid to these chief executives.

This is about actually getting performance. The days of the Dad's Army, in my view, are gone. These directors-general, particularly in areas like Health, Education and Transport, run billion-dollar budgets. I expect them to perform. Every year I sit down and have an ugly meeting with each one of them and I look at their performance, and I expect them to perform. This is a management tool designed to get clear outcomes.

There were a number of comments made by the Leader of the Liberal Party yesterday and the Auditor-General responded. The Leader of the Liberal Party was urging that the Auditor-General have a look at all this. I do not have a problem with that. The Auditor-General has enormous powers to access what he likes. I am quite happy to sit down with the Auditor-General and go through it and provide him with whatever information he wants but, as a tool, over time—let me make the point, over time—as the years go by and we look at these performances, I want every one of these DGs to explain, according to criteria that I set, exactly how they have performed.

There is no point being in Government unless you get outcomes. I know that this has been a great hit from the Opposition, and you have done better on this than I have. I accept that. But the bottom line is that this is about getting outcomes for taxpayers where we get a return for the billions of dollars invested by the taxpayers in things like health and education.

Can I just make the point: it is an election commitment where I have a mandate. I spelt this out and I have spelt out exactly what the amounts are. I have spelt out how it is done. If we were to reveal each individual one in that bracket of zero to \$29,700, what would happen is that the press would get out and kick half of them—or a number them—to death. It would make it difficult for me to get them to improve their performances in some areas and it would simply become a football. At the end of the day, it would be a loss to taxpayers. I am happy to answer more about this. This is a management tool that is designed to get outcomes and deep in your heart every one of you know that if this was your business, or if this was the Government that you were running, you would ensure that you had a chance.

Madam Chair, can I actually ask for an extension so that the Auditor-General is given a chance to answer Rob's question? I do not want to exclude him. But I want to be very clear about this: the information about the total expenditure is clear.

**The CHAIRMAN:** I will call the Leader of the Opposition to ask the question.

**Mr BORBIDGE:** Yes. Thank you, Premier, for the opportunity to ask the Auditor-General direct. I refer to the fact that we do have—

**The CHAIRMAN:** Clarification. Order! No Committee member is in a position to ask any officer—

**Mr BEATTIE:** Ask me. I will pass it on.

**The CHAIRMAN:** Your questions must go through the Premier.

**Mr BORBIDGE:** My question, through the Premier, is to the apparent inconsistency that we have in regard to the CEOs of Government owned corporations and directors-general. I would like to know whether, in the interests of accountability, the Auditor-General is of the view that this is a matter that should be further examined and whether from the audit perspective he is comfortable with the current policy of non-disclosure?

**Mr BEATTIE:** Madam Chair, I am happy for that to go to Len, with one point before we do: as I understand it, Rob, the practice that we have adopted in the reports is exactly the same. I could stand corrected on that, but I think that it is exactly the same, that is, the percentage that they are entitled to is set out. But we can provide the Committee with that information.

**Mr SCANLAN:** Thank you, Mr Premier. For the information of the Honourable the Leader of the Opposition, I can assure Mr Borbidge that I will be looking at the bonus payments to directors-general as part of my normal financial and compliance audits and if there are any significant matters that emerge from that examination, they will be reported to Parliament in the usual way. I am aware of no differences in application of the principles in relation to disclosure that you have alluded to—you would be aware that in my No. 5 report to Parliament, which was tabled in June this year, I commented on certain appointment processes with section 70 contracts. I made a firm recommendation that there ought to be consideration given to transparency and accountability issues in relation to section 70 contracts, particularly as more than 130 of those contracts had been issued and they represent deviations from normal remuneration ranges of salary.

I cannot speak for the Government in terms of what the Government chooses to do in terms of its disclosure, but I am wedded to the principle of transparency and accountability, and once I have had the opportunity to have a look at these bonus

payments and to see what the quantum and the amounts involved are, I believe that I will be in a better position in terms of any recommendations that I make initially to Government for comment and for making any further recommendations to Parliament. But I would be reluctant to pre-empt just at this juncture without having had the opportunity to look at the processes and the amounts of the bonuses that have been paid.

**Mr BORBIDGE:** Thank you, Mr Scanlan. Premier, in October of last year you did, in fact, detail the monetary amounts of the bonuses to a number of CEOs of GOCs, in particular the chief executive of Powerlink; in 1998-99 it was \$66,500 on a salary package \$202,850; the chairman of the former FNQEB, a bonus of \$41,628 on his salary of \$130,090; the CEO of Energex, a bonus of \$60,290 on a salary of \$268,126; the chief executive of CS Energy, \$43,000, on a salary of \$280,500—

**Mr BEATTIE:** I did not realise that I had been so lousy to my own CEOs now that I think about it.

**Mr BORBIDGE:** The point I am making is that there is a degree of inconsistency there—

**Mr BEATTIE:** The DGs are the only—

**Mr BORBIDGE:**—inasmuch as the bonus paid to the CEO of Tarong Energy was \$55,000; the bonus paid to the CEO of the Port of Brisbane Corporation was \$40,000. Now you are saying that there is no inconsistency. To your credit, you tabled the bonuses of the CEOs of the GOCs. What justification, therefore, is there for not providing this information to this Committee or to the Parliament on the precedent that you set in October last year in relation to GOCs?

**Mr BEATTIE:** As you know, the only precedent that I inherited when I came to office was the fact that you had paid \$60,000 in bonuses to the head of the Department of Health and did not disclose it publicly whereas, in fact, I have disclosed today, and have never hidden the fact, that it is up from zero to 15% for CEOs.

Now, let me go back to what you referred to. I did table in Parliament a whole lot of material, because there was a hoo-ha about a number of payments, which did not come from the Opposition, you will recall, Rob; it came about because of some comments that were made by Tony McGrady. I did table in the Parliament then, as I promised I would, the four packages that we became aware of. But then what we did was that we put into place a practice that was to be followed, and that practice from then on included, if I recall correctly—and we will double-check this; I have

just checked with the head of Treasury who confirms my recollection on this—that we are talking about their salary packages plus the percentages, exactly what we have done in terms of CEOs.

So what we had was two things: one, yes, I tabled that material that you referred to in the Parliament as part of the open and accountable Government, that is true, as a result of the hoo-ha that had gone on at that time—and I said that I would and I did—then we moved to a practice, and the practice in the annual reports, to the best of my recollection, is consistent with the practice that we are following with CEOs. As I say, there is no secret about this, Rob. We are talking about an election commitment. It has been endorsed by the people. Let me tell that you that that endorsement as an election commitment is more powerful than any process here, more powerful than any individual in this room. It is a mandate from the people. It is more important than the Parliament. The Parliament gets about because of a mandate from the people. We have a mandate for this. We have a mandate from the community to do what we are doing. More to the point, there is nothing secret: it is between zero and 15%; it is between zero and \$29,700. The Committee can know exactly what it is. What I am saying is simply this: in terms of the amounts in between, to get the best value out of each one of those chief executives, I need that tool over years to extract from them their best performance.

It is a practice that should be followed. It was a practice that you followed when you were Premier, and I applaud you for your insight and vision in following it. It is a practice that I intend to continue to follow. If I were to lose the next election—heaven forbid—my best advice to you is that you should do the same. You want outcomes. I would have thought that someone from your conservative side of politics would have been interested in outcomes. If we do otherwise, we go back to a Dad's Army situation where no-one has incentives to produce outcomes and deliver.

**Mr BORBIDGE:** You did not even advertise for these positions? You just reinstated people who had been terminated three years earlier.

**Mr BEATTIE:** I have already explained that to the Parliament.

**Mr BORBIDGE:** But you did not advertise.

**Mr BEATTIE:** No, but you sacked them.

**Mr BORBIDGE:** No selection process.



**Mr BEATTIE:** No, they had gone through a—

**The CHAIRMAN:** Order! One question at a time.

**Mr BEATTIE:** I am happy to respond to that.

**Mr BORBIDGE:** They were paid out.

**Mr BEATTIE:** I assume that is the next question.

**The CHAIRMAN:** Which question is the member for Surfers Paradise asking?

**Mr BORBIDGE:** I am responding to an allegation made by the Premier.

**Mr BEATTIE:** Can I just make this point: Rob has made a number of comments about the appointment of chief executives. I have made, if I recall correctly, two detailed ministerial statements on this to the Parliament. I have explained the process. Some of the DGs you sacked or moved aside who had been appointed as a result of due process were returned. I received an email from Dr Robert Stable, who was the head of the Department of Health, whom I appointed and whom you kept on. He was the head of the Department of Health during your time. His email stated—

"The Opposition Spokesperson for Health made incorrect statements regarding my salary and my performance bonus. The question specifically related to the need for me to balance the Queensland Health Budget in order for me to receive a bonus"—

which is not true—

"I made the following response:

'As is well known, the contracts of employment for Chief Executives and Directors-General is between the Premier of the day and the Chief Executive.

Therefore, I am instructed that the Premier will be responding ...' "

which I am—

" 'However, I am able to confirm that each year since my appointment in 1996, I have had a performance arrangement with the Premier of the day, as required by my contract. On each occasion, in other words—each year, the Minister of the day has been aware of the requirement and the performance arrangement.' "

In other words, when you were Premier in 1996, 1997 and 1998 you ended up performing exactly the same thing with this

director-general, and you are attacking me for that now. We either have good management practice or we go back to a Dad's Army where we have no outcomes. I would have thought in a modern world where we are about good outcomes in the Public Service—if we are about good outcomes on behalf of the taxpayer who pay their taxes at the end of the day—we should insist on the directors-general performing. Each one of my directors-general will perform. They have a contract with me. I sit down with them. They are evaluated. I demand performance. I think it is a nonsense to suggest that there is anything secret about it; the percentages have been spelt out. Anybody could have worked out what the amounts were. I have worked them out today so everyone knows what we are talking about. I am saying to the community: each one of these directors-general, depending on their performance, is entitled to an arrangement between \$0 and \$29,700. I expect them to perform. Over the years, that will be the yardstick that I will use to get the best performance. People can argue about this, but this is about billions of dollars being saved and performance outcomes.

One of the things I get as I travel around—and Rob must have got this when he was Premier, too—is ordinary people out on the street saying, "I am concerned about an insensitive bureaucracy"—and they had more of that when he was Premier, of course. They have told me and they would have told you that they want a responsive Public Service. This is about a responsive Public Service. This is about getting outcomes. I find it extraordinary that, from your side of politics, you are attacking a mechanism that produces results. The Auditor-General has considerable powers. I am quite happy to go through this with the Auditor-General and he can make up his mind what he does about it. But this is about getting outcomes.

**Mr BORBIDGE:** For the record, you are correct; the contract in respect of Dr Stable was actioned during the period of the previous coalition Government on legal advice following negotiations that you had had with Dr Stable at that time. There were no other directors-general, to my knowledge, who were subject to the bonus system during the period of the previous coalition Government. The point I am making is: why is it okay to say in dollar terms that the amount paid to the CEO of Powerlink in terms of a bonus was such and such—\$66,500—but in regard to the director-general of Premier's or the director-general of a range of other Government departments you

are not prepared to give that numerical amount?

**Mr BEATTIE:** But I am in the sense that I am saying to the Queensland taxpayer—the people who pay these bills—that the directors-general are in a position where they can get a maximum of \$29,700 at the extreme end or nothing.

**Mr BORBIDGE:** How many got the maximum?

**Mr BEATTIE:** The point about that is that that is a management tool—

**Mr BORBIDGE:** How many got the maximum?

**Mr BEATTIE:** Let me answer your question. That is a management tool that, as I have explained—David is giving tips—is designed to get the best outcome. There is nothing secret about it. If we were not saying, "That's the maximum amount" and if we were not saying that it was 15%, you would have a point. But you do not have a point, because I am saying to the Queensland taxpayer that the maximum any of these people can get is \$29,700. In fact, from the political point of view it is more damaging to us if we do not disclose this than if we do, because you can go out and create whatever mischief you like. The bottom line is, though, \$29,700 is the maximum amount they can get. We will use that vehicle between \$0 and that amount to get the best leverage and best outcome out of each one of these directors-general.

I wish to make the point again that, if we want to go back to an unresponsive, insensitive Public Service that does not care about people and does not worry about what happens in Health and Education—and during the 150 or 140 years of this State there have been times when that existed—you do not put an amount of pressure on somebody to perform. Every one of us is under performance requirements; every three years we come up for re-election. As far as I am concerned, directors-general have to perform. This is the criteria to get them to perform. Let me make the point again that the maximum amount of money—that is, \$29,700—is available to the community. They now know that. What I did last year was table all of those amounts and then I put into practice a procedure for further accountability which set out the percentages. That is to the best of my recollection. What we have done here is exactly the same thing. If the maximum amount of money was secret and if the percentage was secret, you would have a point. But neither of them is a secret. The world knows what the maximum amount

of money and the maximum percentage is what they can get.

Both the Leader of the National Party and the Leader of the Liberal Party claim to represent the business community. I will not get into an argument about that. We claim to have a bit of allegiance there ourselves these days. I think everybody in the business community would agree with me. They would say that that is a good management practice to get the best outcome. Never before have DGs had to sit down with the Premier of the day once a year and explain. I set the criteria. They have to deliver on it. If they do not deliver on it, they go.

**Dr WATSON:** In light of the extra demands placed upon the Auditor-General by the accrual accounting process, does the Auditor-General believe he has sufficient staff and a sufficient budget? How is it determined? Given your comments earlier about potential disagreements, has there been any undue pressure from Premier's or Cabinet with respect to the Auditor-General on this issue?

**Mr BEATTIE:** Let me go through the history on this. I assume there are a couple of questions. If there needs to be an extension, I am happy to take it. There are some things I need to say and I know there will be some things the Auditor-General needs to say. I assume you will give us both an opportunity to respond to this. Firstly, the total budget for the Audit Office has increased from \$15.9m in the last Borbidge Budget to \$18.3m this year, which is an increase of 15%. This reflects increasing audit revenues arising from higher charge-out rates approved by the CBRC, together with increasing allocations from the Consolidated Fund. Simple year-to-year comparisons can be distorted by special one-off funding of around \$1m last year—which there was. \$600,000 came from local government and \$400,000 was allocated for net bet, if I recall correctly. What I have said to the Auditor-General is this: there are some disagreements about certain issues involving audit revenues between what the Auditor-General has said and what the Treasury advice I have been given says. The Auditor-General has a very important and independent role. I have indicated to the Auditor-General that, if there are difficulties in terms of revenue issues—and I am being frank with you; the Auditor-General is not happy about his budget—

**Dr WATSON:** The—

**Mr BEATTIE:** No, I am just telling you. You have asked me a question. My responsibility is to tell you the truth, and I do.

The Auditor-General is not happy about his budget. I have said that come mid year review, depending on what those audit fees produce, we will obviously look at what the return is.

Let me make this point: this was a tough Budget. Everybody had to make some sacrifices. We are keen to put money into services. The centre of the disagreement between the Auditor-General and Treasury is basically this: it comes down to the assessment of user charges. There was an assessment in 1998-99 by the Audit Office of audit charges, which were roughly \$893,000 more. In 1999-2000 they were \$1.917m more, but \$1m of that was \$400,000 for Gocorp and a one-off payment of \$600,000 for local government. So it was about \$917,000.

The difference in approaches is this: the Auditor-General is saying to Government he would prefer that money up front so he can plan ahead; Treasury is saying to Government, "Let's wait for mid year to determine what amounts come in and make a determination then." The Auditor-General has a strong view about this. I have discussed it with him. As I have said to you, he is not happy about the Budget position. But since it was a tough year, the view I am taking is that we will wait until the mid year review and we will clearly work through with the Auditor-General what the position is then. The Auditor-General will want to have some more to say about that.

**The CHAIRMAN:** Would the member for Moggill like to grant an extension on this?

**Dr WATSON:** I would so that the Auditor-General can answer the question.

**Mr SCANLAN:** The published Ministerial Portfolio Statements disclose an estimated expenditure level of \$18.38m. I would like to emphasise that this amount is the amount allocated by the Queensland Government. In fact, this is specified on page 2 of the Ministerial Portfolio Statements and was inserted at my request. This amounts to a \$509,000 shortfall in funding between the amount sought by the Queensland Audit Office and the amount allocated by the Government. I should emphasise that QAO's submission was based on the status quo position in terms of audit coverage for the year 2000-01. I believe I would be remiss and failing in my duties of responsibility to Parliament if I did not inform the Estimates committee of my view on QAO's budgetary estimates for the Parliament and inherently the associated processes adopted to determine QAO's budget for 2000-01.

At this juncture I would just like to add that I welcome the opportunity proposed by the

Premier for me to be able to have my Budget position reconsidered at the appropriate time during the financial year. However—and I have expressed this to the Premier—I would much have preferred to have started this financial year not behind the eight ball.

**Dr WATSON:** How would that give it your—

**The CHAIRMAN:** Order! It is time for questions from Government members.

**Dr WATSON:** Can I just finish that just to clarify it, because the Premier did take all of the three minutes?

**The CHAIRMAN:** Briefly, please.

**Dr WATSON:** I think it is appropriate to ask you: how is that going to affect your ability to plan and will we have a replication of the disgraceful situation last year when the consolidated report—

**The CHAIRMAN:** Order! These are not brief questions. It is now time for Government questions.

**Dr WATSON:**—was not signed off by you until 24 May when it was supposed to be signed off before December 1999?

**The CHAIRMAN:** Premier, do you wish to take up this matter? I am concerned that the time allocation has been more than reasonable for non-Government members.

**Mr BEATTIE:** It is up to you, Madam Chair. Obviously if there are other questions, I am happy to move on and we can come back to this.

**Mr BORBIDGE:** I rise to a point of order. The Premier did indicate that in relation to questions directed to him he would allow sufficient time for the Auditor-General to respond.

**Mr BEATTIE:** As I understand it, there will be more questions later. How much time do we have?

**Mr KAISER:** There is only 10 minutes remaining for Government members to ask questions in this session, and I respectfully suggest that there has been more than an adequate amount of time for Opposition questions.

**Mr BORBIDGE:** The point is that the Premier gave a commitment that he would briefly answer questions and allow ample time for the Auditor-General to respond.

**The CHAIRMAN:** Those are your words, not the words that I am sure Hansard will record.

**Mr BORBIDGE:** Would the Premier like to deny it, Madam Chair?

**Dr WATSON:** Actually, the Premier told us—

**The CHAIRMAN:** Order! We have now been in session with the Auditor-General's estimates for some 35 minutes. We have 10 minutes remaining. They will be for questions from Government members. I call the member for Bundaberg.

**Mrs NITA CUNNINGHAM:** I refer the Premier to his Ministerial Portfolio Statements, pages 2-4 and 2-5 where it makes mention of the Queensland Audit Office and ask if he could outline the work of this office in the area of performance management systems and special project audits?

**Mr BEATTIE:** On 1 May 1993 several amendments to the Financial Administration and Audit Act 1977 became effective, including provision for the Auditor-General to engage in audits of performance management systems. In this form of auditing the focus is on determining whether the respective public sector entities have established appropriate systems and evaluation procedures to ensure value for money in terms of prescribed requirements within the framework of the Financial Management Standard 1997.

It has been the practice over some years when developing the overall audit strategy to include in the scope of the work certain issues with a public sector wide focus. These specific project audits are of special importance and value to Parliament and central agencies as an assessment can be made of the overall standard of performance in respect of significant and sometimes sensitive issues affecting a number of agencies.

During 1999-2000 the Queensland Audit Office completed five performance management system audits on special project audit reviews. Matters covering and reported to Parliament during the financial year included audit of certain matters associated with the issues of an interactive gambling licence, which was actually a very popular report. They tell me it was very well read and very widely circulated. People were ringing my office for copies. I did not have so much luck with my own book. The second one was the year 2000 update. The member for Moggill read my book. He is a better person for having read it. If he has not read it, I will send him another copy.

**Dr WATSON:** You sent me a copy of it.

**Mr BEATTIE:** I will send you an autographed copy next time.

**Dr WATSON:** But I did not say it would be worth reading.

**Mr BORBIDGE:** I use it to help me get to sleep at night.

**Mr BEATTIE:** I can help you sleep at night.

**Dr WATSON:** If you get through one page a night.

**Mr BEATTIE:** Allan Grice rang me a bit earlier on. He has a way to help you sleep at night, he told me.

In relation to the year 2000 update, there was review of senior Public Service appointment processes, management of reportable gifts and review of the management of travel and official hospitality in a number of public sector agencies. I think they have been very valuable in terms of the way that they need to be responded to. You heard what I said before about the directive I have given in terms of the Olympic Games. I think it is important that we have very clear guidelines in relation to travel and hospitality and that we take those things very, very seriously. I think that the Audit Office has been very helpful in each one of those reports.

**Mrs NITA CUNNINGHAM:** I also refer the Premier to his MPS, page 2-12 with regard to the work of the Queensland Audit Office and ask if he could outline the consultancies let by the office during the past year, the cost of those consultancies and the benefit they have brought to the office.

**Mr BEATTIE:** I have to say during this process I have had a look at the general operation of the Audit Office. I find them—because I am responsible to answer these questions here—to be a very frugal operation in a range of the ways they carry out their responsibility. That may sound a little bit smart; it is not meant to be. They are quite surprisingly frugal. I congratulate the Auditor-General for that. He sets a very high standard for other departments.

In terms of consultancies, the major expenditure in 1999-2000 related to consultancy assistance in relation to the review of the Audit Office information technology infrastructure and the implementation of the Audit Office's new audit methodology, which needed to be funded. The funds allocated in 2000-01 will provide for continued consultancy assistance in major information technology programs and other areas as determined by the Audit Office senior management. It is very frugal, but it is important. They need to remain leading edge in those areas.

The independent review of the Queensland Audit Office, the Sheridan report of 1997, identified the need to update audit

processes by taking advantage of the efficiencies available from further computerisation of audit records and processes, which is why the consultancy occurred. In response to the report findings, the Public Accounts Committee and obviously myself have publicly supported information technology initiatives which will improve the discharge of the audit function key benefits, enables the achievement of corporate objectives regarding fulfilment of the audit management required by legislation, client satisfaction, quality audits and advice, excellence in communication information systems and highly skilled or motivated staff, enhanced quality effectiveness and efficiency of the review process, improved client service through more timely management feedback and reporting, greater consistency of audit approach resulting from on-line research and review capability, and improved efficiency and effectiveness through improved communication among audit teams within the office and with clients. I do not know if the Auditor-General wants to add to that in relation to technology.

**Mr SCANLAN:** Briefly, it has been a big year in terms of information technology implementation in the Queensland Audit Office, notably in relation to the introduction of electronic mail. Internet access to all staff was not available until July this year. However, we implemented an electronic work papers methodology with Toolset during the year. That is proceeding very well with its implementation. The efficiencies that we expect from that new methodology will not be available for 12 or 18 months, though.

**Mr KAISER:** Premier, page 2-9 of your Ministerial Portfolio Statements shows a table that mentions employee expenses. I have a question in relation to the issue of travel expenditure by staff of the Queensland Audit Office. I ask: how does the projected budget for this financial year in that area compare with actual expenditure last year? What overseas and interstate travel in particular was undertaken and for what purpose?

**Mr BEATTIE:** Total travel was \$232,708 actual for 1999-2000. The budget for this year is \$280,000. There were two occasions when overseas travel was undertaken during 1999-2000 at a total cost of \$2,238. An officer visited Papua New Guinea to provide training as part of a training program coordinated by the Institute of Internal Auditors. In addition, the officer also visited representatives of PNG's Audit Office. An officer visited the National Audit Office of the UK to gather information for the Queensland Audit Office. This visit was

undertaken whilst the officer was on a personal trip. As a result, the Queensland Audit Office only incurred accommodation and incidental costs. The balance represents travel to Shanghai, Hong Kong and Tokyo performed in 1998-99 as part of the audit of the Department of State Development's overseas offices.

Other travel undertaken during 1999-2000 included a visit to Sydney to benchmark private sector audit practices for Treasury products and attending Aboriginal Coordinating Council meetings. As we all know, the issue of auditing indigenous communities has been the basis of reports of some concern, Auditor-General, for some years now. I cannot recall the first time that was identified. It may have even been by your predecessor or you may have started it, but it has certainly been some time. So there is obviously a cost in getting to those communities. The Auditor-General attended meetings of the Australasian Council of Auditors-General and visited the New South Wales and Victorian Audit Offices to review their management information systems and audit methodology respectively. Perhaps I could ask the Auditor-General to give some comments in relation to indigenous issues, because there will always be costs involved in travelling to those communities, and that is simply unavoidable.

**Mr SCANLAN:** Certainly, it is a high cost. There is a considerable quantum of value-added advice and assistance that is offered to Aboriginal and Island councils. Much of the value-adding advice and assistance that is offered by the Audit Office, though, has to be managed within the existing budget framework. That is difficult in terms of the current funding situation to be able to cover those costs.

**Mr BEATTIE:** As you can see, the travel budget has gone up from \$232,000 to \$280,000 in terms of the budget.

**Mrs NITA CUNNINGHAM:** In your Ministerial Portfolio Statements on page 2-1 reference is made to the Auditor-General's role in relation to the Parliament. I ask: how many reports were tabled in 1999-2000? What did they relate to? What key outputs are expected from the office in the coming year?

**Mr BEATTIE:** Just to quickly go through those, there were five reports relating to the results of audits for the financial year 1998-99 and 1999-2000. As the Auditor said, matters associated this year with the interactive gaming licence, results of audits performed for 1998-99 as at 3 September, results of audits performed for 1998-99 as at 31 October,

results of audits performed for 1998-99 as at 31 January and results of audits performed for 1998-99 as at 12 May. Responsibility for addressing specific concerns raised by the Auditor-General rest with the relevant portfolio Ministers, the department's accountable officer, the boards and CEOs of other public sector agencies.

As determined by the Public Accounts Committee, matters raised in reports of the Auditor-General are from time to time the subject of further follow-up and inquiry by the Committee. It is expected that issues raised by the Auditor-General are taken seriously by relevant agencies, and I would obviously insist on that. Generally, efforts are made by agency management to promptly address concerns that are brought to their attention during the course of an audit. Matters raised by the Auditor-General may have a whole-of-Government focus and result in ministerial statements.

Key outputs for 2000-01 for financial and compliance audits are all financial statements presented to audit completed within statutory and agreed time frames where these requirements were observed by auditees. There are six audit reports to Parliament and some 657 public sector entities are subject to annual report. The key output in 2000-01 for special project audits and audits for performance management of systems are subject to ongoing review dependent upon Budget considerations. I ask the Auditor-General to add to that.

**Mr SCANLAN:** I could foreshadow that there will be a No. 6 report to Parliament which I have to table within the next four weeks as well. If there is time, I would like to—

**Mr BEATTIE:** We are just about to wrap up.

**The CHAIRMAN:** Yes, we are close to time for the Auditor-General, but if there are further comments on this particular aspect—

**Mr BEATTIE:** I am quite happy for the Auditor-General to take 30 seconds to make any concluding remarks.

**The CHAIRMAN:** Thank you.

**Mr SCANLAN:** Thank you, Madam Chair. In relation to the point alluded to earlier, the reduction in funding will impact adversely on the exercise of my audit discretion and will have the potential to limit my audit effectiveness, especially my ability to carry out special audits this year, including performance management systems audits. I might allude to the fact that there is a backlog of sector-wide and performance management systems audits

that we would like to undertake which we will do when we are able to in terms of funding.

It is vital that there be public trust and confidence in my role as Auditor-General. If Parliament is to have a strong, independent Auditor to be an effective watchdog, it is essential for the Audit Office to be properly and adequately resourced. I do not make these statements lightly knowing that an incorrect political spin could be put on them, but it would be remiss of me if I did not take all reasonable action open to me to ensure that I can complete my mandate to the extent reasonably expected. If I have to wear the funding shortfall this year, I do so knowing that I have highlighted all the issues, impacts and risks to the Estimates committee today. Next year when I appear before an Estimates committee I hope that I will be able to comment more positively on the Budget outcome in terms of the adequacy of funding and the efficiency of the process itself.

**Mr BEATTIE:** Madam Chair, if I could table for the information of the Committee the growth in funding for the Audit Office since 1996-97, which, as you can see, has been increased. I mention also for the information of the Committee that there has been approval for an increase in audit fees which is the basis of some issues here. The Queensland Audit Office was approved an audit fee increase of 5% in 2000-01 and a further 5% in 2001-02. This is in addition to the 10% increase that was approved in 1999-2000. The CBRC, Cabinet Budget Review Committee, determined that the Audit Office will be funded primarily through user charges and approved fee increases to address funding concerns. The justification for this approach is that user charging mechanisms encourage agencies to improve their financial management to minimise auditing costs, enable the Audit Office to be directly compensated for increased requests for audit work and promote efficiency and accountability within the Queensland Audit Office. This approach also encourages the Queensland Audit Office to operate on a commercial basis and facilitates the transparency of the audit cost to agencies.

This is all about moving to a new approach. I have indicated to the Auditor-General that we will be discussing these issues next year. At a time when there are competing funds for disability services—we have young people who cannot even get access to wheelchairs; we have problems in health and education—the Government has to run a tight ship. Therefore, everyone has had to take some pain this year. We will work with the Auditor-General. I have indicated that we will

clearly do what we can during the mid-year review, depending on his audit costs. I know time has run out, Madam Chair, but I felt that it was important that we gave the Auditor-General the opportunity to make that comment.

**The CHAIRMAN:** Thank you, Premier, and Mr Scanlan. The time allotted for the consideration of the Estimates of expenditure for the Queensland Audit Office has now expired. I thank the officers for their attendance. The next item for consideration is the Estimates of expenditure for the Parliamentary Commissioner for Administrative Investigations.

**Ombudsman's Office and Information  
Commissioner's Office**

Mr F. Albietz, Parliamentary  
Commissioner for Administrative  
Investigations and Information  
Commissioner

Mr K. Alcock, Director, Corporate and  
Research Division

**The CHAIRMAN:** I now declare the proposed expenditure for the Parliamentary Commissioner for Administrative Investigations to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

**Mr BORBIDGE:** Premier, earlier today we heard what was, I think—certainly in my time—unprecedented concern expressed by the Auditor-General about his ability to do the job. You have explained that everyone has had to take cutbacks and share the pain in what is a tough Budget year, but in view of the concerns that have been expressed publicly and strongly by the Auditor-General, can you give an assurance to this Committee that those concerns are not shared by or will not limit the capacity of the Ombudsman to do his job?

**Mr BEATTIE:** As you probably gather, I was generous in terms of the assessment on these issues, as we would always be. In terms of the Auditor-General's office, the total budget has increased from \$15.9m in your last year—

**Mr BORBIDGE:** Point of order, Madam Chair. I was just noting the comments of the Auditor-General. The Premier answered this during the last session.

**Mr BEATTIE:** Well, why did you raise it?

**Mr BORBIDGE:** What I am saying is: in respect of the Ombudsman and the Information Commissioner, can you give an assurance to this Committee—I would welcome the advice from the Ombudsman and Information Commissioner—that he feels the allocation made available to him this year is, in the overall context of the Budget, reasonable and that his difficult job will not be unduly restricted?

**Mr BEATTIE:** Madam Chair, as you would appreciate, when assertions are made by the Committee I have an opportunity to respond.

**Mr BORBIDGE:** You responded earlier.

**Mr BEATTIE:** If you want to make an assertion, I will respond to it.

**The CHAIRMAN:** Sessional orders state that the Premier may answer the question as he sees fit.

**Mr BEATTIE:** It is very simple: if you do not make the assertion, I will not respond to it. The bottom line is that funding for the Queensland Audit Office has increased from \$15.9m in your last Budget to \$18.3m this year, which is an increase of 15%. I have tabled the detail for the Committee. We have increased the fees that it can charge. I have indicated why we need to have more efficient practice in terms of how the Queensland Audit Office has operated. I have indicated to you that there has been an audit fee increase of 5% in 2000-01, a further 5% in 2001-02 and a 10% increase for 1999-2000 paid by Government agencies.

I have pointed out that Treasury advises me that the Audit Office underestimated user charges in 1998-99 by \$893,000. It underestimated user charges in 1999-2000 by \$1.917m, although that included \$1m of one-off payments. Bearing in mind that we are talking about \$500,000, if the underestimates of the last two years are repeated this year then the Audit Office will have \$400,000 or \$300,000 more than it is asking for. It is an argument between Treasury and the assessment it gives and the Audit Office. At the end of the day, I believe this will be resolved at mid-year review. If the Audit Office has underestimated user charges, as it has for the last two years, then the Auditor-General will have more money than he needs. I was generous enough to make sure that the Auditor-General had enough time to put his case. I have a lot of respect for him and that is what we have done.

In terms of your question relating to the offices of the Parliamentary Commissioner and Information Commissioner, the output forward estimate fiscal limit will be \$5.363m in 2000-01 and includes a string of things. The 2000-01 budget represents a slight decrease on 1999-2000. A carryover amount from the previous year was included in the 1999-2000 year, so the budget remained stable. That is basically the position. Employee expenses are \$4.285m, supply and services are \$468,000 and depreciation is \$180,000. I will let the Ombudsman respond. Clearly, people would in all circumstances like more money—we would all like more money—but in a tough year we have to be tough. That is what we have done, but we have been fair.



**Mr ALBIETZ:** Certainly my assessment is that I have been treated fairly in relation to funding. This year my office has been given an additional \$1.8m. That occurred last year and it was given for a specific reason—that is, to get the backlog of cases down. If I can just report performance very quickly—

**The CHAIRMAN:** Is an extension of time requested?

**Mr BORBIDGE:** Yes.

**The CHAIRMAN:** Go ahead.

**Mr ALBIETZ:** The office has delivered. That is the purpose of my answering the question. The closure of cases for the Ombudsman's office the previous year was 3,718. For the last 12 months it is 5,258. That is an additional 1,540 cases, or a 41% increase. The result has been to bring the backlog down from 1,968 cases last year to 1,207. We have made a giant stride in bringing that case backlog down.

What you always have to consider is the demand for the services. Last year there were 4,062 new cases or new complaints. This year it was 4,538. So I had an additional 500 cases before me. That always affects just how much we can get that backlog down. I think the office has performed with the additional money that has been provided. That will continue for the next 12 months.

**Mr BEATTIE:** I think the office of the Ombudsman should be congratulated for that effort. As Rob quite correctly indicated, this is an issue that has come up over the years when we have both been in different positions. I think the Ombudsman's office, bearing in mind the amount of pressure and the amount of work it gets, really put in a very good year last year. I put on the public record my congratulations for the way they have performed. I am sure the Leader of the Opposition would share my view. That is the best position we have seen for some time. Bearing in mind that there is more community awareness—more people are wanting to put in complaints and so on—I think the Ombudsman has done a great job.

**Mr BORBIDGE:** I am happy to endorse the comments made by the Premier in respect of the work undertaken by Fred and his staff. I have a further question relating to the Office of the Information Commissioner. Is it the intention of the Government to enhance the role of the Information Commissioner? Madam Chair, I seek the Premier's approval for the Information Commissioner to indicate whether he considers, in what is an increasingly complex era of Government, that the existing

framework he has to operate in is satisfactory or whether he would like to see some changes.

**Mr BEATTIE:** We might just split the question between the Ombudsman and me. Clearly, the basic thrust of what the Leader of the Opposition is saying is true. That is, there are changes in terms of pressure, how people carry out their role with new technology and a whole range of things. I am not aware that there has been a submission made to us. I have just informally asked the Information Commissioner and Ombudsman. Clearly it is something I would be quite keen to work on with the Ombudsman. If there were issues that needed to be pursued or changed, we would work with them.

**Mr ALBIETZ:** I gather, Mr Borbidge, your question related to the Information Commissioner's office, and certainly, in that role, if I can just quickly mention performance if I might. Last year there were 287 appeals received. This year there were 327, so that is an increase of 40. The applications finalised or resolved: last year, 301; this year, 352. So that is a 17% increase. The backlog has gone down from 203 to 182. That is the lowest backlog ever since the office has been in operation. I would certainly like to see that come down further, and I am hoping in the next 12 months I will achieve that.

**Mr BEATTIE:** It is a bit hard to do better than that, really.

**Mr ALBIETZ:** I am very happy with that. I think it has been a great performance by the staff, and I certainly place that on record.

In relation to any enhancements, there is a major review of the FOI Act by the parliamentary committee. One of the issues that arises there is the question of an access and awareness unit or that function being taken up somewhere in the Government. I guess we will have to wait until the parliamentary committee brings down its report. There was a suggestion that that role be performed by my office. It is not being performed by anybody at the moment. If that in fact does fall into my lap, I guess there will have to be some enhancements that go with it.

**Mr BORBIDGE:** Can I ask the extent of the cooperation and involvement of your office with the parliamentary review that is under way?

**Mr BEATTIE:** I am happy for that to go directly to Fred.

**Mr ALBIETZ:** I think the joint offices, the Ombudsman and the Information Commissioner, have been reviewed upside down, inside out and so forth. There have been four reviews in three years, and they have been major reviews, and of course they are quite intrusive and quite disruptive. But again, I think that does make myself and my senior officers consider the role of the two offices and where we would like to go and what we would need to achieve our visions and our objectives. So certainly there have been major reviews. As a result of the strategic management review, I think there were 97 recommendations for change in the Ombudsman's office and about 25, from memory, in the Information Commissioner's office. So for the next 12 months I guess we are going to have to work through all those, and we have already started doing that. That is a major undertaking in itself. At the same time, I am keen to make sure that not only do I get the backlogs down in both offices but I improve the time lines.

**Mr BORBIDGE:** Madam Chair, in view of the time, I have no further questions.

**The CHAIRMAN:** Thank you. I call the member for Woodridge.

**Mr KAISER:** I understand that the offices of the Parliamentary Commissioner and the Information Commissioner are currently located on levels 17, 21 and 25 at 288 Edward Street, Brisbane. Could you outline the costs of this and the cost of vehicles allocated to the offices? You will find reference to this in the Ministerial Portfolio Statements on page 3-10 under the heading "Operating Expenses".

**Mr BEATTIE:** You are right: the offices are located at levels 17, 21 and 25 at 288 Edward Street, Brisbane. A third of the floor space at level 25 is leased separately by the Commonwealth Ombudsman's office. Accommodation costs are based on the concept of user pays, whereby public sector agencies are held to be accountable for expenditure incurred. Accommodation costs are subject to user charging by the Department of Public Works. In 1999-2000 operational expenses for rental, cleaning, electricity and plant hire for all levels was \$445,000. This was increased from last year, reflecting a full-year effect of the additional floor space.

The office accommodation rental agreement was renegotiated in July 1997. It is comparable with commercial rentals charged for similar locations and with equivalent ease of access for the public. The renegotiation,

which was part of the enterprise bargaining agreement round 2 for the offices, will result in substantial savings over the period of the agreement.

The vehicle fleet is leased from Q-Fleet on commercial terms and conditions. The offices now have a fleet of four vehicles. These vehicles form part of SES employment packages and are made available to senior managers for their official and limited private travel purposes. In 1999-2000 the total of vehicle-related costs was \$110,000, including lease costs, fringe benefits tax and motor vehicle operating expenses but excluding car hire included in regional visitation program costs. The SES vehicles are also used extensively for the Ombudsman's regional Queensland visitation program. All vehicles are available for use on official business by staff during working hours. It seems to me to be quite reasonable—"fair and reasonable", as they say.

**Mrs NITA CUNNINGHAM:** Rural and regional Queensland are vital parts of this State's productivity and well-being. What level of service did the offices of the Ombudsman and the Information Commissioner provide to these areas in the last financial year and what is anticipated in the coming year?

**Mr BEATTIE:** I know the member for Bundaberg and the member for Cairns, and indeed the member for Burnett, would be particularly interested in these. The offices are committed to improving client service delivery and providing service to rural communities. The rural visitation program targets not only those centres which generate the most grievances and which are the most populous centres but also includes smaller centres on a rotational basis. The rural visitation program gives rural people and those in secure detention similar opportunities to access the offices as persons resident in Brisbane, and I think that is important both in terms of the public confidence in the office and the policy of accessing all of Queensland.

While a main focus of the program is to interview members of the public, it also provides a valuable opportunity for investigative staff to inspect locations in respect of which grievances have been lodged, hold conferences with agency representatives such as regional directors and mayors, examine agency files and conduct interviews with various media outlets. In 1999-2000 there were approximately 88 visits to regional centres, including visits to Aboriginal and community councils, and 830 complaints were received; 14 correctional centres were

visited twice during the year and 1,000 complaints were received. In 2000-01 a similar visitation program is envisaged. In other words, it is a Statewide program.

**The CHAIRMAN:** There being no further questioning, that concludes the examination of the Estimates of expenditure for the Parliamentary Commissioner for Administrative Investigations. I thank the officers for their attendance. The next item for consideration is the Estimates of expenditure for the Criminal Justice Commission, and we will resume proceedings at 3 p.m.

Sitting suspended from 2.51 p.m. to 3 p.m.

### **Criminal Justice Commission**

Mr B. Butler, SC, Chairman

Mr G. Brighton, Executive Director

**The CHAIRMAN:** The next item for consideration is the Estimates of expenditure for the Criminal Justice Commission. For the information of the new witnesses, the time limit for questions is one minute and for answers is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers. The Sessional Orders require that at least half of the time available for questions and answers in respect of each organisational unit be allotted to 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 to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

I call the member for Surfers Paradise.

**Mr BORBIDGE:** A question to the Premier, but it is one that Mr Butler may need to refer to. I refer to page 5-7 of the Ministerial Portfolio Statements, where an amount of \$3.926m is allocated for property, plant and equipment. This is \$3.149m more than the budgeted amount for the 1999-2000 financial year and \$2.332m more than the estimated actual amount for 1999-2000. I read from explanatory note 8 on the following page that—

"The increase in outflows for the 2000-01 year relates to the cost of leasehold improvements associated with the Commission's relocation to Brisbane CBD."

I note that the Chairman, in an interview on ABC Radio, said that the cost of the fit-out was "covered by the developers". I was just wondering whether we could have some clarification as to the circumstances and the situation.

**Mr BEATTIE:** Let me say a couple of things very briefly if I can to the Leader of the Opposition. I think it is fair to say that the CJC is doing a good job of living within its means. The overall budget has remained stable at between \$24m and \$25m per annum over the

last three budgets. The recent move to the new premises has been achieved within the current accommodation budget of the CJC. The cost of fitting out the new premises has been covered by an incentive payment from the property owner. I have a whole lot more detail here, but perhaps if we ask the Chairman if he wanted to respond in more detail.

**Mr BUTLER:** Yes, that is correct. The CBRC directed that the move of accommodation had to occur within the budget of the CJC. We have achieved that. What has happened is that the CJC has been able to move premises after being for 10 years in the premises at Toowong. Those premises had reached a point where they needed substantial refurbishment after 10 years of occupancy. The lease had run out there, and it was necessary to consider what the organisation would do next for the future. We approached that by engaging the Project Services Division of the Department of Public Works to carry out a detailed needs analysis. That considered all available premises that were available on the market at the time in the CBD and fringe areas, including the building we were in, and Terrica Place was identified as best suited to the needs of the CJC over the coming seven or eight years.

As part of the lease arrangements, the CJC was able to obtain an attractive deal, in the sense that the building owners provided an up-front incentive of the order of \$3.51m, I think it was. That money was for the fit-out in the new premises and for the move. We have now completed that process. We have moved, and the move has occurred within budget. Accordingly, we have been able to make the move and make the fit-out which will see us through for the next seven years or so within that amount that was provided by the building owners.

**Mr BEATTIE:** And I look forward to opening the building in the not-too-distant future on behalf of all Queenslanders.

**Dr WATSON:** Was that like a pre-performance bonus, was it?

**Mr BEATTIE:** I have to tell you: at least I do it properly.

**Mr BORBIDGE:** Premier, it might be because it is getting late in the day, but 5-7 refers to \$3.926m in terms of payments for property, plant and equipment, and the notation over the page on 5-8 says—

"8. The increase in outflows for the 2000-01 year relates to the cost of leasehold improvements associated with

the Commission's relocation to Brisbane CBD."

If it was picked up by virtue of the deal that has been done, why is it listed in the program statements and why does it have that particular notation? Could you just clarify that for us?

**Mr BEATTIE:** Sure. The point that I simply want to make is that if you look at the accommodation budget, in 1999-2000 the accommodation budget is actually less than what it will be in 2001-02. Leasehold incentive is first recognised as a liability, then it is recognised as revenue over the life of the lease in accordance with the Australian accounting standards, and that is the reason it is different. That is the reason it is set out like that.

**Mr BORBIDGE:** So there has been—

**Mr BEATTIE:** You want me to repeat that?

**Mr BORBIDGE:** So the assurance you are giving is that it has been covered by the developers.

**Mr BEATTIE:** Yes, I am.

**Mr BORBIDGE:** Despite the way the Budget—

**Mr BEATTIE:** It simply came about because of the accounting practices that have been followed, that is all. You can trust us. We're from the Government. We're here to help you.

**Mr BORBIDGE:** So you are giving that very firm assurance—

**Mr BEATTIE:** We are saying—

**Mr BORBIDGE:** It is just the accounting practices that have raised that—

**Mr BEATTIE:** What I read out was the answer.

**Mr BORBIDGE:** Listed matters that were picked up by developers as expenditure by the CJC in the Budget documents.

**Mr BUTLER:** Yes, I can give that assurance. Part of the difficulty in reading these accounts is that with the transition to accrual accounting there is a different treatment for the property lease, and the way in which that operates is that part of the expense of the property lease is written off as a reduction in lease capitalisation and that is reflected in the accounts. I could take you through that in more detail, but—

**Mr BORBIDGE:** That is fine.

**Mr BUTLER:** The effect of the move is this: the cost of the fit-out and the cost of the move is covered by that up-front amount of

incentive. On an ongoing basis the position is this: our accommodation budget last year, if you take into account office rent, parking, cleaning and electricity, was \$2.372m. Our accommodation budget in this current year will be \$2.348m—slightly less. So in the new building it is going to cost us slightly less in terms of our accommodation budget than it did last year. That is taking into account the fit-out which is offset by the incentive payment in cash budgeting terms. When you look at that in accrual terms, of course, it is not treated as a revenue item, the \$3.5m, it is treated as an expenses item and it turns up in the operating expenses area on the operating statement on page 5-5. That has an impact on that bottom line "Total operating expenses" on page 5-5.

**Mr BEATTIE:** Perhaps we could help with this. If you go to 5-6, just taking up where the chairman left off, and if you have a look at the bottom one, they are other current liabilities \$3.515m and \$3.095m, and if you go and have a look at item 6 over the page it says—

"The significant increase in Other Current Liabilities relates to the Commission's lease incentive liability related to the Commission's relocation to Brisbane CBD. This liability will be reduced over the term of the lease."

So I think that answers your question.

**Dr WATSON:** That is the accounting. That is the accrual accounting.

**Mr BEATTIE:** Absolutely.

**Dr WATSON:** Did you do a present value analysis at 6%, given that is the equity return? What is the situation with that? Are you better off under this leasing deal versus any other leasing deal?

**Mr BUTLER:** Yes. We did comparisons with the situation if we stayed in our existing accommodation and we found that there was a slight benefit under the existing deal.

**Dr WATSON:** And the existing deal, just looking at the cash flows and discounting them back to present value analysis, did you do anything like that?

**Mr BUTLER:** Those sorts of analyses were carried out by Project Services for us. I cannot answer in relation to specific detail of that.

**Dr WATSON:** At least that gets away from the argument about the accounting treatments if you do a simple—

**Mr BEATTIE:** You being an accountant, though, you would appreciate the point.

**Dr WATSON:** I understand the accounting and I appreciate the point, but one way of

getting around that, of course, is to do a present value analysis. Given we know that the Government is charging 6% in their equity return, you could use 6% as the discount rate and make a decision.

**Mr BEATTIE:** I am not charging 6% equity return. You understand how those things work. Let's not get into an argument about that. We will do that later when the CJC has gone, I have got no doubt. Accountants who become professors who become leaders of political parties! I have got to tell you, Leader of the Opposition, you have got to do something about accountants in this world.

**Dr WATSON:** You could also say that about a bunch of lawyers.

**Mr BEATTIE:** There is nothing wrong with lawyers—we had a lawyer-led recovery—or engineers!

**The CHAIRMAN:** They are all highly suspicious, in my view.

**Mr BORBIDGE:** We will not put too many of these things to the vote.

**Mr BEATTIE:** Divide on professional lines.

**Mr BORBIDGE:** Premier, could you advise the Committee of the approximate cost of the CJC's challenge to the jurisdiction of the Parliamentary Commissioner?

**Mr BEATTIE:** I ask the Chairman if he would respond.

**Mr BUTLER:** The cost in the last financial year was \$52,400, and following the hearings which have occurred in this financial year there is a cost there of \$52,280.

**Mr BORBIDGE:** That is the total?

**Mr BUTLER:** That is correct.

**Mr BORBIDGE:** And the costs associated with the legal fees, they come from existing contingencies, or will that require some sort of top-up?

**Mr BUTLER:** No, they come from existing contingencies.

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

**The CHAIRMAN:** I call the member for Bundaberg.

**Mrs NITA CUNNINGHAM:** I refer the Premier to the Ministerial Portfolio Statements on page 5-1 with reference to the CJC and particularly to its jurisdiction over local government in Queensland and ask: what level of complaints were received in this area in the last year and what initiatives have been put into place to serve this important area of Government?

**Mr BEATTIE:** I might just quickly go through this, if I can. Local government issues: in a recent survey, 61% of the respondents indicated they were unaware that the CJC had jurisdiction over local government. Notwithstanding this response, in 1999-2000 a record 277 complaints were received involving local government representing 9.6% of all complaints. So it is quite a major area, member for Bundaberg. In response to the increased activity in the local government area, a corruption prevention officer was specifically created in December 1998 to build effective liaison between the commission and local government stakeholders as well as providing advice to a number of councils, often about matters which had been identified during a complaint investigation. The commission sought to take a more proactive role in alerting councils and local government employees about potential corruption risks and effective strategies for dealing with them.

In May and June 2000, the chairman launched the councillor information pack in several centres outside of Brisbane. The pack, which has been sent to every local government councillor in Queensland, contains practical advice to councillors on their legal duties and how they can avoid attracting complaints that they have behaved improperly.

The kit was developed in consultation with the department and the Local Government Association of Queensland and has been well received within the local government sector. The commission also took a number of measures in the lead-up to the March 2000 local government elections to discourage candidates and their supporters from making highly publicised and sometimes frivolous complaints to the commission about their electoral rivals, which, as I recall, has been a problem ever since I was the chair of the PCJC—trying to avoid that. These initiatives appear to have been successful in reducing the incidence of such behaviour. That view is supported by the LGAQ, which has formally congratulated the CJC on the initiative which it took to address this problem. I might ask the chairman if he wants to add anything.

**Mr BUTLER:** Thank you, Mr Premier. We have been particularly interested in expanding our impact in the local government area. It is a major area of jurisdiction—perhaps it has not always received the attention it might have in the past from the CJC—and we are attempting to do that particularly by working in conjunction with local government councils. We have liaison people out there working with them—prevention people. I have gone out and visited mayors and councils up and down

the coast and out to Mount Isa. I must say that I have received a very positive reception. We have formed quite a useful partnership with the Local Government Association of Queensland. For example, recently the CJC and the Local Government Association of Queensland held a joint seminar in Brisbane for local government officers, which was very successful.

**Mr KAISER:** Premier, page 5-3 of the MPS refers to the witness protection program, which you know came under some criticism in the last financial year. Can you give an account of how the program works, the number of witnesses protected by the program and what progress has been made on new legislation for the program?

**Mr BEATTIE:** I can. The CJC has advised me that 134 persons were protected under the witness protection program during 1999-2000. That compares with 115 persons during 1998-99. The safety of all participants was achieved. A Statewide education and awareness program among police was conducted. This is likely to have contributed to the increased participation rates.

Since 1993, the commission has been seeking specific witness protection legislation beyond the limited number of relevant provisions available within the Criminal Justice Act 1989. Specific State witness protection legislation will provide complementary legislation so that the State will be able to make use of Federal witness protection legislation, thereby making it possible to obtain Federal identity documents, such as passports and tax file numbers. Such State legislation will also allow for complementary witness protection arrangements with another State. The Queensland legislation will also provide for the obtaining of State new identity documents, including birth certificates.

Other aspects of the proposed legislation will provide a much stronger legislative basis on which witness protection is predicated and, among other things, takes into account the seriousness of information being used to compromise the security of protectees by providing a number of offence provisions. As a consequence of the new legislation, it will be necessary to conduct internal training programs at the commission and embark on new comprehensive Statewide education awareness programs with client agencies.

As you know, that legislation is on the Government's agenda and it has been long overdue. When you think about it, and you look at those issues and benefits that spring from being part of a national program, you

wonder why we did not do it before. It is long overdue. If we are going to have a witness protection system, it has to be done on a national basis. I have not discussed this with the Leader of the Opposition, but I assume that there may well be some bipartisan support for this. If not, then perhaps it is something you and I should discuss.

**Mr BORBIDGE:** We have some concerns over certain bungles in the past, which I am happy to talk to you about.

**Mr BEATTIE:** Sure, but in terms of the legislation itself, though, I would hope that the Leader of the Opposition and I could at least get some agreement on that, because unless you are part of a national program, then it makes it very, very hard to offer witness protection. Clearly, if you are going to protect someone who is giving material, then you have got to make sure that you are able to do the things that need to be done.

**Mr KAISER:** You have my agreement, Premier.

**Mr BEATTIE:** All intelligent people would be supportive of it, the member for Woodridge.

**Mr BORBIDGE:** You did not write the question, did you?

**Mr BEATTIE:** I would never do that, but I am happy to write a few of yours. They would be a lot better.

**Mr BORBIDGE:** We could write a few answers, too. That would be a lot better, as well.

**Dr WATSON:** It would be more appropriate.

**Mr BEATTIE:** Yes, I have heard your answers.

**Dr WATSON:** Can I just follow up with a matter that Mr Butler mentioned earlier with respect to that \$104,000-odd that you told the Leader of the Opposition—\$52,000 and \$52,000? Was that just for the outside legal advice or does that include also the costs attributed to in-house?

**Mr BUTLER:** That is for the barristers engaged by the CJC. We did not engage any outside solicitors; it was simply supported by our internal legal staff, our internal general counsel.

**Mr BORBIDGE:** What was the extent of the internal allocation of resources, roughly? One person for five weeks, or two people for 10 weeks?

**Mr BUTLER:** It was simply absorbed as part of the ongoing duties of our general counsel. Obviously, there would have been conferences and some preparation work, but

the cost of a silk and junior is quite expensive. That is the nature of it.

**The CHAIRMAN:** There being no further questioning, that concludes the examination of the Estimates of expenditure for the Criminal Justice Commission. I thank the officers for their attendance.

Sitting suspended from 3.21 p.m. to 3.38 p.m.



**PREMIER AND CABINET****IN ATTENDANCE**

- Hon. P. D. Beattie, Premier
- Dr G. Davis, Director-General, Department of the Premier and Cabinet and A/Public Service Commissioner
- Mr P. Bridgman, Deputy Director-General, Policy, Department of the Premier and Cabinet
- Ms H. Ringrose, Deputy Director-General, Governance
- Mr N. Elliott, A/Director, Financial Services, Governance Division
- Ms J. Thomas, Project Officer, Strategic Projects, Governance Division
- Mr S. Wilson, Chairman, South Bank Corporation
- Mr W. Grant, Chief Executive, South Bank Corporation

**The CHAIRMAN:** The hearings of Estimates Committee E are now resumed. The next item for consideration is the Estimates of expenditure for the Department of the Premier and Cabinet. For the information of the new witnesses, the time limit for questions is one minute and for answers is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers. 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. For the benefit of Hansard, I ask departmental officers to identify themselves before they first answer a question.

I now declare the proposed expenditure for the Department of the Premier and Cabinet to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

**Mr BORBIDGE:** At the end of 1997-98 there were 607 full-time equivalents in the Premier's Department. At the end of 1998-99, according to the Budget documents, the number was 651. It was budgeted to be 714 at the end of 1999-2000, but the estimated actual at 4-6 of the MPS is 795, which is a 23.7% increase over 1997-98 and is headed for an increase of 36%, if you meet your projected target of 826 by the end of this financial year. In your answer to a question on

notice you indicated that the growth could actually be even more spectacular, since those 795 FTEs turn out in fact to represent 843 actuals. Taking into account, obviously, concerns expressed by people such as the Auditor-General and notwithstanding your opening remarks, would you like to expand on what is obviously, according to the Budget documents, a very considerable expansion within your own department?

**Mr BEATTIE:** I am happy to do that. If you have a look at the figures, you will see that with accrual output budgeting staff numbers for the following support functions—Business Services, Director-General and Deputy Director-General, Government and Executive Services—are allocated to outputs. As a result, the indirect allocation has the effect of increasing full-time equivalents for outputs. Business Services under the Department of the Premier and Cabinet—the DPC—also provides support to the Department of State Development through a partnership agreement. DSD's allocation for Business Services was 75 FTEs in 1999-2000. It is estimated that DSD's Business Services allocation will be 55 FTEs in 2000-01. This decrease is due to the financial services and human resources activities currently provided by DSD by DPC under the partnership agreement of July 1998 being devolved back to DSD as at 30 June 2000. I think I mentioned before that the MPS includes corporate services staffing provided to other agencies, mainly State Development, which were not incorporated in last year's Budget papers. As at 30 June 2000, DPC and associated agencies had 794.6 FTEs. It is estimated that DPC will have 825.8 FTEs as at 30 June 2001. So you can see the difference. The increase is predominantly due to the filling of vacancies across outputs and staffing being implemented to progress the Access Queensland project.

The 2000-01 increases/decreases for outputs is as follows. Under Parliamentary and Government Policy Advice and Support Services, FTEs for the output will increase to 168.4. This increase is due to an additional 17.5 FTEs for Access Queensland. This project will enable the public to access a broad range of transactions and information services at the one location, that is, pay motor vehicle and boat registrations, pay rental bonds, seek assistance, notify change of address, purchase publications and so on. In 1999-2000, as part of the overall refocusing of the department, the Events Coordination Unit was established to support and assist in the administration of the Goodwill Games and the

Queensland Events Corporation, both of which came into my portfolio, as you know, since the last Budget. Events Coordination also administers the Literary and Millennium Awards, the Commonwealth Commemorative Events Committee and the Brisbane River Festival. This unit will increase by 1.6 FTEs. This estimate is also reflective of increases/decreases for the following units for 2000-01: Centenary of Federation decreased by four; Communication Services Group increased by 0.6; Executive Services, State Affairs, increased by two; Protocol Queensland decreased by 0.4; Strategic Projects decreased by 3.5; Queensland Heritage Trails decreased by one; and Regional Coordination increased by 0.2. Sadly, I think I have run out of time.

**Mr BORBIDGE:** You can table the rest, if you would like. Premier, I notice from the attendance list you have given for this Estimates hearing that, if we look at the coordination and Government and Executive Services areas of Premier and Cabinet, there are 12 senior executives or positions that are currently in an acting capacity. Why do you have so many of your senior executives in that acting capacity and when are these positions likely to be finalised? There is a number of important positions, and that is why I am asking.

**Mr BEATTIE:** There is no great drama here. We are going through an orderly process of filling them. As you know, whenever there is a process, that process takes a little time—sometimes longer than we want. But they are all in the process of being filled.

**Mr BORBIDGE:** But you have been in Government now for two years. It seems to be fairly late in the day to have so many key positions within the department still not finalised?

**Mr BEATTIE:** From time to time things change and people change. There is an ongoing process that happens in Government. We are keen to resolve those. We refocus from time to time. We make certain we do that. We are ever renewing, ever refocusing and ever insisting on improved performances. It has been a great two years. I have loved every minute of it.

**Mr BORBIDGE:** I have here a copy of the Senior Executive Service handbook, which was downloaded from the Net yesterday. Handbook users are encouraged to use the Net version because it ensures the most current and correct information available. It is a 69-page document that goes into the arrangements for SES members, including

obviously chief executive officers, in very great detail. Can you explain to the Committee why there is not one single mention of or allusion to a bonus system in this document?

**Mr BEATTIE:** The bonus system has hardly been a secret. As I said earlier today, we have made it very clear—and did in the election campaign—that there would be a bonus system. There is nothing new about it. It has been debated all over the place. It was an election commitment. We have a mandate for it. As I indicated before, it is something which you clearly support.

Performance agreements for Queensland departmental chief executives have been something I have talked about at great length. There is no secret about it. We are going to continue to do that. It is covered by the CEO contracts. I insist on performance arrangements with them. Every year I write to them and I set out what I expect from them. Then at the end of that year we sit down and we go through whether they have reached those targets and lived up to those expectations. As I said, it was an election commitment. It is something that we implement. There is nothing secretive about it. Clearly, whether things should be in particular documents or not—the bonus, as you would appreciate, is a contractual arrangement. The handbook itself does not have contract details in it.

**Mr BORBIDGE:** It does not mention a bonus system.

**Mr BEATTIE:** That is appropriately dealt with.

**Mr BORBIDGE:** It is a rather obvious deletion.

**Mr BEATTIE:** I would not have thought so. That is the sort of thing you deal with in terms of contracts with people. Those contracts have to be ticked off through the Executive Council process. I do not think there is anything untoward about it not being there.

**Mr BORBIDGE:** Can you explain—

**Mr BEATTIE:** Let me finish this point. There is no secrecy about this. It was an election mandate. It is something that has been debated publicly ad nauseam and it is a position that we have not sought to in any way hide. There are some things that are appropriately put in contracts and there are some things that are appropriately put in the handbook. I do not see any big deal about all that.

**Mr BORBIDGE:** Can you explain to the Committee the process for determining the extent of the bonus?

**Mr BEATTIE:** Sure. As I indicated to you before, I established a set of objectives, criteria—call it what you like—which I expect to be delivered by chief executives. In other words, I set them a performance criteria. When I meet with the Directors-General—and, as you know, we have been in office for two years but we have only been through this process once; we are about to go through it again very shortly—towards the end of this year, or sometime in the next few months, I will sit down with them and I will measure the criteria that I have set against what they have achieved.

The Public Service Commissioner assists me in an evaluation process and makes recommendations to me. There is an input from the Minister. But at the end of the day, I sit down and evaluate that performance and determine whether there should be—and as I said, I have only done this once—a full bonus payment, a partial bonus payment or no bonus payment. It is a very useful management tool.

I set the criteria. At the end of the year there is an evaluation. We get some advice from the Public Service Commissioner. He has a process. Then I will look at that and look at what the Ministers have to say and then there will be a determination. That includes a meeting where we sit down. I think there was—I am trying to remember now—one Director-General whom I did not meet with but who I spoke to on the phone and who I had a particular view about. We discussed this matter on the phone because this person was in a particular category and I did not need to have a detailed meeting. But generally I sit down in meetings. The meetings have varied over time. Some of them have gone up to an hour or an hour and a half and some of them are 35 or 40 minutes, depending on what I need to do.

I think there have been some Governments that have been in Government but not in power, that is, Cabinet has made decisions that have not been implemented. One of the big challenges for modern Government is to ensure that the Cabinet decision is actually implemented, that policies that are committed to by political parties and supported by the electorate are actually delivered. The key to that is the public sector. In this State—and I am not being party political when I say this—there have been times when there have been Governments in office but not in power. I am determined that the Public Service will implement the Government's program. The only way to do that is to have a

bonus system where criteria and objectives have to be met.

I know that this will be a bit of good political support for you, the Opposition and the Leader of the Liberal Party. I would hope that there will come a day when both sides of politics support the bonus payment system as a means of getting results for the taxpayers of this State. I think it is an important management tool. I know that the media will run these issues from time to time for the fun of it, but the truth is there is a greater responsibility here than that. It is about performance.

**Dr WATSON:** On a number of occasions now today you have actually mentioned the idea that you set the performance criteria by which you made your judgment. What were the performance criteria you set for the evaluation of each DG?

**Mr BEATTIE:** As I said, each one of them—let me give you an illustration—

**Dr WATSON:** If you gave me the performance criteria I would not need an illustration.

**Mr BEATTIE:** If you would just be patient—and by the way, you have asked the question, I will illustrate it and respond. If you were, for example, a Director-General in Health, Education or whatever, I would go through and set for you what I expected to be achieved during the next 12 months, during the term of the Government. For example, in Education I set a program of 2010, that is, a long-term vision for education, and that we had to lift retention rates for Year 12. Too many of our kids leave school too early. I set a target where I wanted to increase the access for our school students to the Internet and computers. We have set targets for the three Rs, if you like—the basics. We have looked at capital works programs. It is pretty fundamental. It is the sort of thing outside of the political context that you, as an accountant, would endorse. I understand the politics of this, but the bottom line is that it is about setting the Government's target. They know exactly what the policies are and they are required to perform. There will be no bludgers in my Government, and those who do not perform will go.

**Dr WATSON:** What is wrong then with detailing what the performance criteria were for each and every Director-General? Why shouldn't the public know what your performance criteria were?

**Mr BEATTIE:** There is nothing secretive about this.

**Dr WATSON:** There is, because you will not enumerate them.

**Mr BEATTIE:** No, I have already done that.

**Dr WATSON:** No, you have not.

**Mr BEATTIE:** Hang on. You have asked the question. Let me answer it. The bottom line with all this is that all you want to do is play silly little politics about this. The bottom line is that I want performance and I want an outcome. You do not need to be Einstein to work out clearly what the agenda is. I have spelt out the agenda in Education. It will be different in each portfolio and it will reflect the—

**Mr BORBIDGE:** What is wrong with disclosing it?

**Mr BEATTIE:** I already have. It will reflect the Government's policy in each area. In terms of—

**Mr BORBIDGE:** It sounds as if you are making it up as you go along. You are not disclosing it.

**Mr BEATTIE:** I know you are out there trying to create another story about something hidden. There is nothing hidden about this. You were the one who hid the \$60,000 bonus for the head of the Health Department. I didn't; you did.

**Mr BORBIDGE:** On legal advice from Crown Law because we were liable as a result of the separate deal that you had done.

**The CHAIRMAN:** There are too many interruptions.

**Mr BEATTIE:** Yes, but you did. Both of you have made a lot of fuss about this, but neither of you went out and told anybody that you had paid a \$60,000 bonus to the head of the Health Department, and you did.

**Mr BORBIDGE:** It was your deal.

**Mr BEATTIE:** Well, you paid it.

**Mr BORBIDGE:** It was your deal. We legally had to as a result of what you did during the Mundingburra by-election—

**Mr BEATTIE:** Oh, is that right?

**The CHAIRMAN:** Order! I remind members that this is not a conversation.

**Mr BEATTIE:** How come he does not get—

**Mr BORBIDGE:** When you had your own little MOU with Rob Stable.

**Mr BEATTIE:** How come he does not get that bonus under me?

**The CHAIRMAN:** Member for Surfers Paradise!

**Mr BORBIDGE:** It was your own little MOU with Rob Stable.

**Mr BEATTIE:** Hang on. How come he does not get that—

**Mr BORBIDGE:** Your own little MOU with Rob Stable legally tied us to it.

**Mr BEATTIE:** Oh! You see, he is a bit raw and sensitive.

**The CHAIRMAN:** Order! I would like clarification of which question has been addressed to the Premier and I ask the Premier to continue to answer without interruption.

**Mr BEATTIE:** Sure. I am happy to answer the question, because the point is—

**Mr BORBIDGE:** The question we want answered, Madam Chair, is quite simple: why will you not disclose the performance criteria in respect of all the Directors-General?

**The CHAIRMAN:** Now leave the Premier free to answer.

**Mr BEATTIE:** That is the question. Let me answer it. The basic criteria is different for each department. It will depend on Government priorities. There is nothing secretive about it. It is the Government's priorities in education, in health and all the things that I had a mandate for prior to the last election. There is nothing untoward about that. The bonus payments are determined on whether they reach it or not. By the way, in relation to the head of the Health Department, he does not get that bonus now. His bonus arrangements have been changed. No-one gets more than \$29,700, so they have been changed. I changed them. You could have. However, I do not understand why suddenly we have some allegations of secrecy when there are none.

The bottom line is this: with every one of these Directors-General they are given criteria based on the mandate we receive from the people of Queensland based on them performing. If your question is, "Does it mean that they have to sack people to get those performance bonuses?", the answer is no.

**Mr BORBIDGE:** Was the Director-General of the Office of the Public Service, who has recently departed, on a performance bonus?

**Mr BEATTIE:** No. He was not entitled to a performance bonus. I am pleased you asked that question. As the head of the public sector he was required to provide advice to me in terms of an objective assessment as to whether the Directors-General had met the performance criteria. It would have been inappropriate for him to have been paid a bonus. So he was not paid one.

Let me give you some other illustrations. I do not have the documents with me, but if you took, for example, the Department of Housing—an area for which you, Dr Watson, were the Minister for a while—in general terms I would be asking for performance about what would be happening in public housing, what sort of maintenance programs would be required and they would set the usual general criteria. That is the basis of any assessment. You give people criteria. As I said, these criteria went to the people as part of our mandate. At the next election we will be doing the same thing.

**Dr WATSON:** So in something such as Housing, for example, where the number of completions in Housing has fallen under your Government, is that a good or a bad indicator of that performance?

**Mr BEATTIE:** You know the problem with funding for public housing. The Federal coalition Government—

**Dr WATSON:** I said under your Government it has fallen.

**Mr BEATTIE:** You know that the Federal Government has pulled money out of public housing.

**Mr BORBIDGE:** You make it up as you go along, don't you?

**Dr WATSON:** Was that a good or a bad indicator of performance?

**Mr BEATTIE:** I do not make it up as I go along. Dr Watson is trying to blame someone else for the incompetence of his Liberal mates in Canberra. That is what he is trying to do. When it comes to public housing, you know, Dr Watson, that the coalition Federal Government has ripped the heart out of public housing. We have increased the amount of expenditure in the Budget in terms of public housing. We have done that out of our own resources to get a result.

Getting back to your question—criteria are set. Those criteria are objectively determined. The Premier of the day—and I would say this, Mr Borbidge, whether you were Premier or I—needs to have the discretion to set the criteria based on an assessment to ensure that the Directors-General perform. The problem that happened under your Government was that Dad's Army came back, that is, the dead and the near dead, and it did not perform. We ended up with millions of dollars being wasted. You have to say to yourself, "Is Dad's Army what you want or do we want Directors-General who will actually perform?"

I have to tell you that there will be no Dad's Army in my Government. Sure, I know

that we will take a bit of heat about bonus payments, but they are going to perform. I make no excuse for having modern management practices to get the best out of the Public Service, because the people who win out of that are the people of Queensland. While there will be the one-day media wonder about all this, I know at the end of the day who benefits. It is the battlers who will get access to hospitals and the kids who will get a decent education.

The truth of the matter is that disability services in this State have been appallingly run by Governments of all political persuasions for over 100 years. Why? Because there was no heat on the public sector to ensure that people who could not get a wheelchair got it. Let me tell you: I make no excuses for demanding from the head of the Department of Disability Services accountability about the distribution of disability services across this State. Unlike both of you, when I was the Health Minister I sat in Townsville for a couple of days taking submissions from people who could not get access to basic disability services. If you had been there—and I know that, outside the political framework, you are both decent people—you would have been as moved as I was that these people in Townsville could not even get medical aids, and both sides of politics were to blame. Why? Because there was an insensitive Public Service. To hell with all that. These people are going to perform and this is a vehicle to make them perform.

As I said to you before, I know that this is a good political hit. I have been around long enough and I know the game. But, at the end of the day, these Directors-General are going to perform. If you do not have any vehicle such as a bonus payment, you have no leverage to get the results. As I said to you before, the days of Dad's Army are over.

**The CHAIRMAN:** It is now time for questions from Government members.

**Mr KAISER:** My question to the Premier relates to the financial resources applied to the Opposition officers in Parliament and in particular to the issue of accountability. I ask: what additional resources have been made available to those officers since the last State election? What was the actual level of expenditure in the last financial year compared with the amount budgeted for?

**Mr BEATTIE:** In a nutshell, staffing for the coalition Opposition is now 21. It was 19 for the Labor Opposition. There have been a number of additions since then. There has been one additional vehicle on 28 July 1998, one additional mobile phone on 26 August

1998, a computer upgrade valued at \$75,000 on 1 October 1998, one position of AO8(2) part time (0.4 FTE) on 7 October 1998, some variances to ranges within the overall structure, one additional mobile phone on 6 November 1998 and a camera on 10 November 1998. There have been additional approvals of overseas travel, which I thought was appropriate. I am on record supporting that. There has been an additional staffing increase of six AO8(4) to SO1(1), an additional AO5(4) and an additional AO5(1) for the Leader of the Liberal Party on 27 May 1991.

There has also been a budget of \$2.146m, an increase of \$385,000 from the previous year. Other increases during the year were an overseas trip to North America, development of an Opposition web site which has not been used yet, establishment of the network links between Parliament House and 80 Albert Street, a sector-wide increase for enterprise bargaining and payroll tax of \$12,400, funding of \$45,000 built into the budget and a budget overrun. I should say that there has been, unfortunately, a budget overrun. The Opposition office budget has increased 43% over the last three Budgets from \$1.6m in my last year in Opposition to \$2.4m this coming year, which is a rise of around \$800,000.

Despite this huge growth in Budget allocations, the Opposition still managed to overspend last year's allocation by \$240,000. It is an 11% budget blow-out. I have to say that when we were in Opposition we lived within our allocation. In fact, in 1996-97, when I was in the Opposition office, we were under budget by \$27,594. In 1997-98, the Opposition was under budget by \$16,887. My ministerial office came in under budget by \$25,203.87, and the ministerial operations program came in under budget by \$241,719.92.

However, I have approved this allocation. I table a copy of the letter I have written to the Leader of the Opposition. I have raised my concerns about this budget blow-out, but I have approved it because I think in a democracy it is important that the Opposition be properly funded and properly resourced. I do think, however, that the Committee ought to be aware of that, because budget allocations and the appropriate management of budgets are important. I table the letter.

**Mr KAISER:** I just wonder what they used the camera for.

**Mr BEATTIE:** I don't know, but being generous people we ensured they had one. We are just nice guys, deep down.

**Mr KAISER:** I refer you to pages 4-20 to 4-25 of the Ministerial Portfolio Statements, particularly to the administration of the Public Service and the management of the employment of Public Service employees. Does Wendy Armstrong hold a substantive position within the Queensland Public Service? If so, with which department and at what level? Is it true that she is in fact working for the Federal Government on a leave without pay arrangement? If so, when do the arrangement and her contract with the State expire?

**Mr BEATTIE:** All of that is true. Because we are not vindictive or nasty people and are generous spirited, Wendy Armstrong does have a substantive role of principal executive officer. It exists on the establishment of the Department of the Premier and Cabinet. Ms Armstrong was seconded to the Department of Natural Resources on 17 August 1998. At the completion of the project Ms Armstrong was subsequently seconded to the Department of Primary Industries in January 1999 to undertake project work with the Animal and Plant Health Service at Yeerongpilly.

In July 1999 Wendy Armstrong applied for leave without pay. The special leave request was for a two-year period. Ms Armstrong was granted approval for special leave without pay for an initial period of 12 months. At the end of this period the situation would be reassessed with a view to possible extension. The special leave without pay is due to expire on 11 August 2000. The department is yet to receive any correspondence from Ms Armstrong and is currently following up the situation. No correspondence had been received as of 8 August 2000.

I understand that she works for the Deputy Prime Minister and is a key adviser. I make the point that we as a Government have, as you know, on advice from the Director-General of State Development, appointed former National Party Premier Mike Ahern as a key trade adviser. We have also appointed former Liberal Lord Mayor of Brisbane Sallyanne Atkinson as a key trade adviser on the advice of the Director-General of the Department of State Development. We have retained this role for Wendy Armstrong and given her leave because we are not vindictive. We are not nasty people. We are not people who go out and simply try and square someone up because they do not share our political views. This is a democracy. We respect them. I think the fact that she has been given that leave does indicate our commitment to being sensible, bipartisan and non-vindictive.

**Mr KAISER:** Very generous, Premier. I refer you to page 4-14 of the Ministerial Portfolio Statements and in particular to the section covering effective communication services about matters of significance to Queensland. Can you detail how much was spent on advertising by your department last financial year? How does that compare with previous years?

**Mr BEATTIE:** I am advised that advertising by the Department of the Premier and Cabinet in 1999-2000 totalled \$897,620. This includes production and placement costs. The campaigns covered traineeships, the Queensland Energy Policy, the millennium awards, export awards, the disaster relief appeal and info ads such as on the regional forest agreement, GST issues, the fuel subsidy rebate and Virgin Airlines' decision to locate regional headquarters in Queensland. That was designed to promote business opportunities in the State.

By comparison, the former National Party Government, when Mr Borbidge was Premier, authorised the department to spend more than \$2.34m in self-promotion advertising campaigns in the run-up to the coalition's 1998 election defeat. The advertising spend-up included \$1.8m for placement and \$545,859.80 for production costs, including to the Borbidge Government's preferred advertising agency, Kelly Gee. In fact, Kelly Gee was paid \$1.12m in 1997-98, including a further \$578,883 for promotional material to the coalition's failed Expo 2002 bid. Under my administration the advertising bill, including production and placement costs, for the Department of the Premier and Cabinet for 1999-2000, I am advised, is \$897,620.

I recently referred in State Parliament to rulings by the Australian Broadcasting Authority relating to licences for some Queensland TV and radio stations following the broadcasting of State Government ads that did not carry authorisations. Those advertisements had been placed by the previous Borbidge administration in the lead-up to the 1998 State election. What topics did they cover? They were so-called info ads. They covered hospital waiting lists, hospital upgrades, education, police resourcing and highway upgrades. These ads were not about informing people; they were about propping up, in my view, the collapsing coalition Government with political propaganda.

Clearly there has been a reduction. Our programs covered areas in which there were new Government policies and areas that should have been informed, such as the

Queensland Energy Policy, which was about investment; the millennium awards, which were about attracting entrants; the export awards; the disaster relief appeal, seeking funds and disaster relief; the regional forest agreement, which was a major new policy initiative; the fuel subsidy rebate, which we know all about; and Virgin Airlines. In relation to the GST there were some limited ads to deal with charities, if I recall correctly, which were not going to be topped up. We agreed that we would top them up. There was a huge amount of concern amongst charitable organisations. I do not have the ad in front of me, but that is my recollection.

**Mrs NITA CUNNINGHAM:** Premier, you have recently indicated that the introduction of the GST and rising interest rates will make your task of reaching a 5% unemployment target difficult. Reference is made at page 5 of Budget Paper No. 4 to your Breaking the Unemployment Cycle initiative. Could you give the Committee details of the different programs, plans and policies that make up this initiative, with highlights of achievements to date?

**Mr BEATTIE:** I can. I thank you for the question. As you know, creating new jobs and reducing unemployment are the No. 1 priority for the Queensland Government. That is why, immediately upon taking office, the Government began implementing the Breaking the Unemployment Cycle initiative. The Breaking the Unemployment Cycle initiative has had an extremely positive impact on job creation since it was implemented in 1998, with 23,000 people already assisted. In this Budget the Government has allocated a further \$80m to the initial outlay of \$283m to continue the highly successful Breaking the Unemployment Cycle initiative. The Government is now committed to a total of \$363m to fund the initiative up to 2003.

For the period from 1 July 1999 to 30 June 2000, 2,441 private sector employers provided jobs for 2,597 additional apprentices and trainees in industries with skills shortages, such as information technology and construction. In less than two years we have already achieved our four-year target of 7,500 jobs under this program. These employers receive cash bonuses of between \$1,000 and \$2,000 for each trainee or apprentice. \$6.1m has been provided by the Government under this program.

Since the start of the program in October 1998 to 30 June 2000, 4,294 private sector employers employed 4,878 additional apprentices and 2,940 additional trainees, with

\$12.6m in incentives paid. The Government has also continued to provide up to \$300 for each apprentice and trainee in skills shortage areas to purchase tools and protective clothing not supplied by the employer under an award or other agreed arrangement. That is obviously the way we overcome any disadvantage they may have. To 30 June 2000, 408 apprentices and trainees have benefited from this scheme.

In the public sector employment program for the period 1 July 1999 to 30 June 2000, current database records indicate that public sector agencies employed 2,180 additional trainees and 71 additional apprentices, with expenditure totalling \$22.6m. Since the program started in October 1998 to 30 June 2000, public sector agencies employed 4,849 additional trainees and 570 apprentices, with expenditure totalling \$60.3m.

There has been the Community Jobs Plan, the Community Employment Assistance Program and the Worker Assistance Program. There have been the State Government building and construction contracts and the structured training policy—the 10% training policy. There have been a number of major programs designed to create focus. The Community Jobs Plan funds community and public sector organisations to employ long-term unemployed people for a period of three to six months on a range of public works, community and environment projects. Perhaps I could seek for that detail to be provided to you. It is important.

**Mrs NITA CUNNINGHAM:** Budget Paper No. 4 at page 8 makes reference to the biotechnology industry and Queensland's pursuit of it. Could the Premier give the Committee an account of the highlights of the past year with this new industry and what goals you have set the department for this year?

**Mr BEATTIE:** You bet. At the end of the day, we want Brisbane and Queensland to be the home of biotechnology for the Asia-Pacific region. I was given a document today, *Wired* magazine, which is published internationally, that has for the first time recorded Queensland as a destination for IT and high-tech industries. We are actually capturing the attention of the world, and why shouldn't we? We have got the people, we have got the resources, and biotech is a key part of it. The Bioindustries Strategy is a central component of the Government's drive to make Queensland a world leader in knowledge-based industries and to make this place the Smart State that it can be and will be and is becoming.

I know that there are some issues. We have developed a draft code of ethical practice

for biotechnology in Queensland which has been released and is out for community consultation. We are working with the Commonwealth on that. In 2000-01 the targets are these: completion and implementation of the code of ethical practice; introduction of complementary State gene technology legislation; finalisation of GM food labelling laws—which you know went to the Health Ministers in New Zealand recently, and we are trying to finalise those; clearly, we want sensible, practical, workable laws, and the Prime Minister has provided some leadership on that—implementation of the Biotechnology Communications Program, the first major event of which was a public forum in Townsville on 26 July which I opened, which is again about education, about the opportunities; establishment of the independent Biotechnology Advisory Council; completion of a benefit sharing agreement with the Australian Institute of Marine Science in Townsville, which I signed last month, July 2000; development of similar agreements with other biotechnology organisations. That means that we get a percentage from any of the commercial outcomes from research on the reef. And why shouldn't we? We can then reinvest that money in knowledge-based industry. I think it was 1.5% of what we now get. We did not get anything before. It guarantees the commercial access, but it not only does that; it means that we share in the benefits, and so we should. Biodiversity is a key part of our future. There will be the completion of guidelines for funding biotechnology research organisations and further concept planning for the natural science precinct currently planned for Indooroopilly/Long Pocket.

The bottom line with biotechnology is this: we have to find these new knowledge-based industries, because they will be the jobs of tomorrow. We do have to enhance the traditional industries, like tourism, which is why we have encouraged Virgin Airlines here. Mining is still our biggest income earner. That is why we have established the Mining Centre of Excellence at the University of Queensland, which is a great university, one of the best in the world, and is doing a great job. So is QUT, so is Griffith, so is the University of Southern Queensland. They are all great universities. James Cook, University of Southern Queensland, those universities are taking these knowledge-based approaches to the world. There was a great article in the *Courier-Mail* this morning about learning on the net and so on, which is the University of Southern Queensland. That is what we have to do for



the future, otherwise we are going to be left behind.

**The CHAIRMAN:** Thank you. Questions from non-Government members. I call the member for Moggill.

**Dr WATSON:** Let us just go back to the previous issue, and I will ask you one final question in perhaps a way in which you might—

**Mr BEATTIE:** David, I admire your persistence if I don't admire your question.

**Dr WATSON:** In a way in which you may actually be able to answer, given your penchant for referring to the way people do it outside in the business community. How many D-Gs got 0%, how many got greater than 0% but less than 5%, how many equal to or greater than 5% but less than 10%, and how many greater than 10%? They are very simple categories—

**Mr BEATTIE:** They are very simple categories.

**Dr WATSON:**—and I am sure even you can probably think up and get the right answers there. It is not even multiple choice.

**Mr BEATTIE:** And I will give you the answer I have been giving. Superannuation salary—

**Dr WATSON:** You've failed this one as well.

**Mr BEATTIE:**—is paid fortnightly in arrears. They range from \$135,500 to \$198,000 per annum for the most senior appointee. Performance bonuses are up to 15% of superannuable salary. The maximum performance bonus ranges from \$20,300 to \$29,700 depending on seniority. So a performance bonus could be anywhere from 0 to \$29,700 at the extreme, depending on the assessment of the performance of the individual chief executive.

David, I understand the politics of this, and so do you.

**Dr WATSON:** It is not politic; it is quite a simple request for some information.

**Mr BEATTIE:** And I have given you a simple, direct answer, and the simple, direct answer is this: I am going to use these bonuses to make the Public Service work for the people of Queensland. One day, and hopefully it will be a long way down the road, but hopefully when the coalition comes back to office here you will do the same. This is good management practice, otherwise you have no vehicle to get the outcomes that you want from the Public Service. I have to tell you that the meetings I have with the Director-Generals

are ugly; they are unfriendly; they are unpleasant, because—

**Dr WATSON:** Way to build morale?

**Mr BEATTIE:** Yes, that is right, because you have never seen me like this, because I am warm and friendly; you understand this. But these meetings are like that, because I demand—

**Dr WATSON:** No, I have seen you ugly.

**Mr BEATTIE:** What an uncharitable thing! I thought you were a decent human. You have never seen me like that.

These meetings are designed to get the best. As I said, I understand the politics, but we are not hiding the total amount possible. If anybody wants to go and do the serious work, they can work out who gets \$135,500 and who gets \$198,000, and they can in fact sit down and they can work it out. They can work out exactly what the total maximum bonus payment would be, which is the total maximum that would be payable by the Government. It is not that hard. We are not hiding. If I did not tell you the percentage of the bonus, if I did not tell you it was 0 to 15% and I did not tell you that it was between \$20,300 and \$29,700, you would have something to complain about. But I have told you all those figures, and in the meantime you have to allow the Premier of the day, regardless of whether it is Rob Borbidge or Peter Beattie, to have the discretion to use those bonus payments to get the best out of people and to use them as a vehicle to get the best for the taxpayers of this State.

These Director-Generals are running billion-dollar budgets. They are not running kindergartens; they are running billion-dollar budgets, and the people of Queensland are entitled to expect the best. This will save Queenslanders billions of dollars. This is an economic measure, a financial measure, to save Queenslanders billions long term, because they will have to perform. They cannot afford to be Dad's Army; they will have to perform, and perform they will. I just think that it is a sensible, constructive thing. I am not interested in a silly political game or a silly media game about this. I want performance from the Queensland public sector on behalf of the people of this State, and we are going to get it.

**Mr BORBIDGE:** Firstly, I would like to thank you for topping up the Opposition budget. From the MPS, I see that you will also have to top up your own budget by \$320,000.

**Mr BEATTIE:** That is not true. We are under budget. We are under budget by \$25,000.

**Mr BORBIDGE:** I suggest you have a look at 4-42 in the MPS.

**Mr BEATTIE:** Well, these are the latest figures.

**Mr Kaiser** interjected.

**Mr BORBIDGE:** I am waiting for you to come visit.

**Mr BEATTIE:** David takes photos of Rob; Rob takes photos of David.

**Mr BORBIDGE:** Let us assume, which we do not, but let us assume that we will accept—

**Mr BEATTIE:** Allan Grice needs them for the black-eyed photos.

**Mr BORBIDGE:** Let us assume that we will accept your logic, which I do not necessarily accept, in regard to the justification of the bonuses. Why is it okay to reveal the bonus of Mr Jardine at \$66,500 at Powerlink, the bonus of Mr Cottee at CS Energy of \$43,000, the bonus of Tom Pyne at FNQEB of \$41,000, the bonus of Mr Blinco at Energex of \$60,000—

**Mr BEATTIE:** He used to be there.

**Mr BORBIDGE:** Yes; he has since left—the bonus paid to Mr du Mee at Tarong Energy of \$55,000, and the bonus paid to Mr Mulligan at the Port of Brisbane Authority of \$40,000? Why is it okay to apply one set of rules to those CEOs of GOCs? What is the difference? If we accept your logic, which I do not necessarily accept, why are you happy to release those figures for the GOCs but not for the Directors-General?

**Mr BEATTIE:** Let me make the point: I have said today for the first time that the maximum amount payable to the most senior DG is \$29,700. Everybody knows that is the maximum they can get. There is no secret about it. They know the top-range D-G can get \$29,700; the lowest-range one gets \$20,300. So I have actually told you and the Committee and the whole of Queensland exactly what are the maximum amounts they can get. In a sense politically that is the worst thing to do, isn't it? I tell you the maximum amount. Over the years, the DGs will not get the maximum amounts.

**Mr BORBIDGE:** But you would not do that in respect of the CEOs.

**Mr BEATTIE:** I will come to that. What I am saying to you is that from a political point of view it would be easier for me to answer your question in the way that you want me to answer it, but I will not because it takes away the management tool I have to get the best out of people. I have told you the worst case scenario. That is the most they can possibly

get, and you will go out—I should not say this—somebody will go out and sit down and work it all out and they will say, "This is the worst case scenario", and as usual in politics the worst case scenario will be the one run in the media and the one that will be run out there in the community.

I have told the community the worst case scenario of what the cost would be. From a political point of view, it would be easier to tell you less than that because it would be a better picture politically, but the bottom line is that I have told the Queensland people the worst case scenario of what the cost to them will be. That is accountability. There is nothing hidden in that. That is the worst case scenario of their liability. This is about performance.

Let us go back to the questions. How do you know those amounts of money? Because I told you those amounts. I told the Parliament. It is part of the accountability mechanism this Government has had. The only reason you know those amounts is because I demanded them and I tabled them in the Parliament, and it was a one-off because it had never, ever been done before. Then we established a practice and, as I understand the practice, and as you would appreciate, I am not a shareholder Minister as Premier in a lot of these departments. The shareholder Ministers are largely the Treasurer or the Minister for Transport or the Minister for Mines and Energy. I am a shareholder Minister, as you were, in things like the Golden Casket and other matters.

I do not have the detail in front of me, but to the best of my recollection, as a result of the procedures that we established once we had released the material you referred to in Parliament, we then established a practice. As I understand it, the practice that is required for these commercial—which is what they are—entities is to in fact provide the bonus arrangements in terms of a percentage. So, as I understand it, there is consistency between what they are now being required to report on an annual basis to the Parliament and what we are doing with the CEOs. That is, with the CEOs we are saying it is zero to 15%, and with the other GOC people they have a percentage as well.

I do not see an inconsistency here. As I said to you, Rob, it might not be good politics, but what is more important from my point of view is good management tools to get the best for the Queensland taxpayer, and I am prepared to take the heat on this because at the end of the day the winners are Queenslanders. They will get better hospital

services, better education, and I will take the heat because it is worth it because the winners are Queenslanders.

**Mr BORBIDGE:** I guess it is a difference of opinion as to whether those results are being delivered. Premier, as you—

**Mr BEATTIE:** At least they are not the dead or nearly dead, which is what we got rid of.

**Mr BORBIDGE:** As you have seemingly invented 54 ways to dodge that particular issue—

**Mr BEATTIE:** If you ask me again, I will make it 56.

**Mr BORBIDGE:** Let us—

**Dr WATSON:** There is a song about that.

**Mr BEATTIE:** There is a song about that—55 days in Peking.

**Mr BORBIDGE:** May I ask you a question about Lang Park—

**Mr BEATTIE:** You can.

**Mr BORBIDGE:**—and what you told the Estimates Committee last year when you said that the bulk of the money on Lang Park would be spent this financial year, but there was nothing in the Budget. Within days of the Budget coming down, Cabinet approved a \$280m redevelopment of Lang Park with \$200m of that to come from the taxpayer. Are you in a position to inform the Estimates Committee as to how you intend to fund that particular project?

**Mr BEATTIE:** Can I just ask a question? I am not being clever about this. This was a comment that I made in the Parliament or outside? This is only recent, isn't it? Did you say I made this comment in the Estimates last year?

**Mr BORBIDGE:** My understanding is in the Estimates last year there was a question on Lang Park and you indicated that money would be spent. That was my understanding.

**Mr BEATTIE:** Obviously, I do not have last year's material before me. As you know, this is not—

**Mr BORBIDGE:** I can help you. On 5 October 1999 you said—

"The bottom line is that there will be a lot of planning done this year and there will not be a huge amount of work done. I anticipate most of the work will be done in the next financial year."

The reference is 2000-01, if that clarifies it.

**Mr BEATTIE:** That is true. That is consistent with what I have said. As you know,

Rob, this is not a matter that fits into my portfolio. But, look, we do not have enough opportunities for the Opposition to question me on these things, so I am not going to take the fine point. It is not actually in my Estimates, but I will not do that. As Premier, I should be able to respond to all matters across Government, and I will.

The Lang Park position is this: there was no money in the Budget that came down which you have before you. The reason for that was that the EIS document had not been to Cabinet and nor had there been a submission from the relevant Minister, who is Terry Mackenroth. Subsequent to the Treasurer presenting his Budget document to the Parliament, Cabinet considered this matter and has now taken it to the next stage, which I announced jointly with the Lang Park Trust and the Minister for Local Government and Sport, Terry Mackenroth.

More work needs to be done in terms of negotiation on the private sector input, which we put roughly—I do not have this material before me because it is not my portfolio, so I am going on memory. There is around about \$80m in private sector money which we expect the Trust to come up with, and that will come from the corporate boxes, that will come presumably from naming rights, and a string of other things. My memory tells me roughly \$80m. You will have to go on memory on this. I do not want to be any tighter than that.

The application needs to go to the Brisbane City Council. In rough terms, there is another \$80m that will have to go into infrastructure as part of the City West project. We announced that in Cabinet yesterday—the Gona Barracks proposal, for example. There are all sorts of road networks and links that are around about another \$80m. The actual stadium is about \$120m. Of course, you have got the stadium, you have got service roads through it, so you have got to add \$120m and \$80m, although if the stadium did not go ahead there would still have to be a large percentage of that \$80m spent anyway for the City West precinct.

So basically the reason it was not in the Budget is that Cabinet had not considered it. Clearly, if any work starts it will start in March next year, which is the planned timetable at the moment, and obviously a mid year review would have to look at that. But, as you know with your experience as Premier, in that period between March and the end of the year there is not going to be a huge amount of expenditure. We would need to assess that, Rob, but that is all conditional on the various

processes being met. Clearly, one of the problems Government has in doing business is that it has got to ensure that there are conditional stages to get the best negotiated outcome, and in terms of Lang Park we clearly want the best negotiated outcome for that \$80m of private sector—broadly private sector—money that the trust is going to have to raise anyway, if I can describe it as that. That will include the corporate box deals, that will include hopefully the Broncos coming back, and all those sorts of things.

So roughly that is basically where we are. The mid year review is going to have to look at the start in March next year, assuming the conditional things are met if the various approvals are reached. I think that is the sort of detail that you wanted and that is the reason for the timing. Inevitably, when you are going through these major projects, time and other things do shift a little bit, but that is roughly where we are.

**Mr BORBIDGE:** A question in respect of the Queensland Energy Policy. In answer to a question on notice from Government members, you have restated that you require 13% of Queensland base load power generation from 2005 to be fuelled—

**Mr BEATTIE:** January 2005.

**Mr BORBIDGE:**—by gas. Can you indicate what amount of power you anticipate will constitute 13% of base load power generation in 2005 and where you expect to source that gas? Could you also give the Committee some indication of the scale and nature of the Government's commitment to at least assist in the construction of a gas pipeline from Gladstone to Townsville?

**Mr BEATTIE:** There are a number of things in there. I do not have every tiny bit of this detail with me, but let me just go on memory. The energy policy is designed to deal with greenhouse gas emission issues and also to support a national gas link, if that is eventually what happens. You are correct; the component of natural gas will be around about 13% from 1 January 2005. The other 2% is renewable. So we have got 15% which is natural gas, 2% renewable in that category—roughly 15%.

Currently, at the moment, the amount of power that is generated by coal is 97%. As you can gather, even taking 15% off that, coal is still going to be a significant component of the energy policy in this State, and so it should be because it is cheap, and one of the things that is often lost in the argument about the environment is that the various power stations and the coal industry have gone through

incredible changes and are more environmentally sensitive than they have ever, ever, ever been.

Therefore, the ugly days and perceptions about the coal industry simply are not true anymore. But having said that, my view and the Government's view is that, regardless of who is in office federally—whether it is the coalition or whether it is Labor—someone somewhere along the line is going to implement Kyoto, or in a modified form. We have the greatest risk in greenhouse emissions as a State. Therefore, you cannot change an energy policy overnight; you need to do something about it, which is why we are going through this transition.

We believe that natural developments are likely to enable us to reach that target with a bit of good luck and a bit of good planning. In terms of the sources of it, there are a number of sources. PNG is, obviously, one source that we would like to see happen, but it has to meet commercial reality. Exxon started to play a role in that, as you would have seen in the financial pages in the last week or so. All of these things have to stack up financially, as they would have if you were still in this job. We are keen to see Timor Sea gas. I have spoken to Denis Burke about this. He is keen to see that happen. That may happen a bit sooner than some people think. There are Santos deposits, of course. There is coal seam methane, which we are hoping will also provide a significant component. So there are a whole lot of sources that may, in fact, provide that. I would love all of them, and I would love us to have a national natural gas link as there is with the electricity grid.

In terms of the pipeline, we would hope that the Gladstone to Townsville pipeline would be part of the PNG operation, with IGL doing the work on it. But the bottom line is, Rob, that at the end the day, if PNG does not go ahead, then, clearly, we would be supportive of a pipeline from Gladstone to Townsville. We have given a commitment for a base load power station. The two peakers that were built during your time we are going to try to convert to natural gas, or we will build a base load power station. I had C. G. Choi in the other day from Sun Metals, whom you know. He came from Korea to see me. We have talked to him about it—either the conversion or the base load power station. I have also said to him that I do not think that both sides of politics would be supportive of that component.

**Mr BORBIDGE:** Premier, I note that representatives from South Bank are here and

I just want to raise a couple of issues. I refer to page 6-3 of the MPS where it indicates that South Bank failed to achieve its projected visitor numbers by about 200,000. Clearly, construction work is having an impact on activity in the area. It may be an opportunity for Mr Wilson or Mr Grant to comment. I think that we would all accept that running a business in a construction site is difficult.

**Mr BEATTIE:** Sure.

**Mr BORBIDGE:** The very ambitious redevelopment of South Bank has been something that has been going on across two Governments. I am also aware that South Bank has sought to provide a level of compensation to affected tenants. My question primarily to you, Premier, is: as Minister responsible for South Bank, are you prepared to meet with affected tenants, and then by leave or with your approval, could Mr Wilson perhaps advise the Estimates committee of the extent of negotiations with the tenants and the extent of compensation that has been payable to date?

**Mr BEATTIE:** Rob, let me just say at the outset, as you would appreciate, because you were the relevant Minister for South Bank for some time: whenever you have got construction work on, there is always going to be some heartache and pain. South Bank has been sympathetic; we as a Government have been sympathetic. I have left the day-to-day negotiations, as I think is sensible—as you would do, I am sure—to South Bank itself. Construction work for the master plan redevelopment has resulted in some disruption to tenants at South Bank. We know that. To compensate for this, the corporation offered rent relief to most of the tenants and, in total, the corporation provided a total amount of \$855,447 in compensation. So no-one can say that they have been lousy.

Since these compensation arrangements have been reached, a number of concerns were raised by tenants, both with the corporation and with the Government, regarding management and compensation issues. As a result of that, in October 1999 in response to these concerns, the South Bank board commissioned Arthur Andersen to conduct an independent review of the tenancy arrangements. Basically, we said, "Let us get someone independent to have a look at this", so that we knew. They covered things like retail management process, level of commercial realism in current leases, comparison of lease terms and conditions with commercially accepted standards within the retail industry,

and fairness of rent relief as compensation for the master plan disruption.

What the Arthur Andersen report said, Rob—it was endorsed by the board in February 2000—was that it determined that the corporation is undertaking a responsible and industry-comparable approach to the management of South Bank Parklands. In addition, it found that the leases and rent compensation paid to the tenants was reasonable. I know that if you are a tenant, you may not particularly like the outcome, but in that report—and Arthur Andersen is well regarded, well respected—that was the view reached.

The corporation, as you know, is an independent statutory authority reporting to a board of directors. It operates under its own Act. As a recipient of public funds, the corporation has a responsibility to operate in a prudent financial manner, which it has done. Arthur Andersen, which undertook the retail review, is a highly reputable, independent firm, as I said. It is considered that it has the expertise to assess the appropriateness of compensation.

So basically, it went through that process. As you know, we have invested something like \$81m in South Bank in recent years aimed at enhancing the attractiveness and functionality of the South Bank Parklands. The retailers who operate exclusively within South Bank will be the major beneficiaries of that investment long term. I know that there is going to be a bit of pain now, but the long-term benefits are clear. Already, they have access to over \$20m of expenditure in the parklands each year. With a rejuvenated South Bank, the figure can only increase.

I will ask Steve to say something, but before I do: this is going to be a renewed heart of this city. I think that it is worth every cent. You back it, I back it—I think that it is a great idea. Can we just get another minute for Steve? Do you mind?

**Mr BORBIDGE:** Yes. I seek an extension, because I think that it is important that the chairman should have the opportunity.

**Mr WILSON:** I have a minute; is that correct? Thank you. On the matter of visitor numbers, the numbers this year are 4.7 million, which is correctly reported as down 200,000 on our forecasts. However, that figure is within 5% of where it has been for the last five years. In fact, there is a marginal movement up over that period. So the precise figures we can supply, but I want to make the point that it is a flat figure. Obviously, we were

hoping for growth but at the moment it is a flat figure.

I think that the Premier has covered compensation. What I would add to it, though, is that the board of South Bank decided that, rather than rely on what we were being told by management, we should get in, reporting directly to the board—not to management—an independent assessment, which was the Arthur Andersen report, which was mentioned. What that showed was that by us acting in advance, that is going to the tenants before they came to us to complain, was unusual. In fact, their finding was that we were particularly friendly landlords compared to industry benchmarks—a Westfield, a Lend Lease or someone like that. So that meant that the board had independently assessed management and seen whether we were behaving in an appropriate way with tenants.

On the matter of disruption, there has been ongoing disruption, which is why we approached the tenants in advance and worked with them. We would not seek to deny that. However, it is worth pointing out that there is currently meaningful disruption throughout Brisbane, which is being caused by non-South Bank matters in the sense of installing better infrastructure for the city, which I think we all agree we need. So a lot of the current concern about construction actually is not South Bank construction.

In spite of all of that, the figures for this year for tenants are up between 2% and 3%—I just have not got the precise number here, but Bill Grant has got it—so that, in fact, total sales at South Bank are up. Lastly, we have done various reviews of the tenants, all by independent experts. What they show is that the tenants generally have not been refurbishing and have not been doing things to stay with the market. So we contend that also tenants have to help themselves. If I had more time, I would love to go on, but was that well handled?

**Mr BEATTIE:** I think that covers both the points, Rob, that you raised—one about Arthur Andersen and the other one about—

**Mr BORBIDGE:** Just quickly, could there be some indication of the degree or amount of compensation that was payable roughly across how many tenants?

**Mr WILSON:** I would have to check with Bill Grant, who is sitting behind us, to give that.

**Mr GRANT:** Seventeen. There might be another two.

**Mr BEATTIE:** If you divide \$855,447 into

17 plus another two, you can work out what they each got.

**Mr BORBIDGE:** Thank you.

**The CHAIRMAN:** We turn to questions from Government members.

**Mr KAISER:** I refer the Premier to Budget Paper No. 5 in relation to this year's Capital Works Program, and I ask: can he provide the Committee with details of the program, with particular attention to the involvement of the private sector in the provision of public infrastructure?

**Mr BEATTIE:** Absolutely. This year is a record year for public works. The 2000-01 Budget allocates a record \$5.285 billion for capital works, which represents a 2.5% increase on estimated actual capital outlays of \$5.158 billion on 1999-2000. It is the biggest capital works budget in the history of Queensland. When I think about it, this is a terrific Government.

**Mr BORBIDGE:** And a modest one.

**Mr BEATTIE:** Very modest. The Budget increase reflects the Government's priority of job creation as well as providing Government infrastructure to adequately service Queensland's growing population. In addition to providing for the ongoing development of the Government's social and economic infrastructure, the Government's investment in capital works provides a direct stimulus to private sector employment and to the State economy as a whole. The 2000-01 Capital Works Program will contribute significantly to employment within the State through providing approximately 61,034 full-time jobs.

In recognition of the importance that this Government places on rural and regional Queensland, 63.8%—I know the members for Bundaberg, Cairns and Burnett will be delighted to hear this—of the 2000-01 capital outlays are outside the Brisbane statistical division, which will not only improve the quality of life for rural and regional communities but also provide increased job opportunities in these areas.

Roughly, key elements of the 2000-01 Capital Works Program include \$268.8m for hospital upgrading throughout Queensland—and I had the pleasure of opening the new Royal Women's Hospital the other day with Wendy Edmond; \$156.7m for primary and secondary school facilities expansion; \$188.1m for housing acquisition and construction projects; and \$659.7m for roads improvement.

In terms of maximising benefits for Queenslanders, the Government is actively

encouraging private sector involvement in the provision of public infrastructure either in joint venture projects with the Government or on stand-alone projects. Some of the more significant projects involving private sector participation—and this was the thrust of the question by the member for Woodridge—include a \$1.462 billion private sector power station at Millmerran; the \$824m Callide C Power Station joint venture; the \$200m, which is an estimate, Brisbane Airport Rail Link; and the \$130m Gold Coast Convention and Exhibition Centre. The Government recognises the importance of its significant investment in Queensland's future and has mechanisms in place to coordinate the development and implementation of its Capital Works Program at the whole-of-Government level to ensure that the community benefits are maximised through the provision of additional infrastructure.

**Mrs NITA CUNNINGHAM:** I refer to page 4-21 of your Ministerial Portfolio Statements and the reference to equal employment reporting, and I ask: with respect to gender equity for women in the public sector, what initiatives have been introduced to support additional numbers of women in the Public Service with particular reference to SES positions and the matter of equal pay?

**Mr BEATTIE:** During 1998-99 the OPSC introduced a range of initiatives to support the achievement of the targets in the longer term. These included ongoing consultation and support to assist agencies to meet the targets for women in management, a sector-wide monitoring program for women, scholarships for the public sector management course, and joint funding of the QUT research project in which case studies of the career trajectories of women who undertook a Women in Management course through QUT in the early 1990s were examined.

As at 30 June 2000 women comprised 17% of the SES. This represents a 1% increase from 30 June 1999, which was obviously 16%. The increase corresponds with an actual increase of five women in the SES. Gains have been observed for women over the 12 months' time frame to 30 June 2000 at the following SES levels: SES 2, from 17% to 18%, which is an increase from 41 to 45 women; SES 3, from 13% to 16%, an increase from 12 to 15 women; and SES 4, from 8% to 18%, which is an increase from one to three women. So there are not a lot of them. It looks like a big percentage, but the actual number only went from one to three.

The representation of women at the CEO level has remained constant at three women—that is 14% of CEOs. For the senior officer levels, which replaced the SES 1 level in 1996, women's representation has increased from 24% at 30 June 1999 to 27% at 30 June 2000. All departments—this is the heart of the answer—have signed off on the agency specific targets, which were calculated using a standard formula based on the proportion of women staff in an agency. Collectively, the targets will be aggregated to the sector-wide targets for women in management positions. With respect to the SES and senior officer positions, the target is a minimum of 20% of senior executive service positions and senior officer positions to be held by women by the end of the year 2000, increasing to 25% by the end of the year 2005. At June 2000 women comprised 22% of senior executive and senior officer positions. This means that the sector-wide target of 20% by the end of year 2000 has been met ahead of time. All of that says we are making progress. All of that says we are finally getting somewhere. All of that says we have got a long way to go.

**Mrs NITA CUNNINGHAM:** Crime prevention continues to occupy a prominent position in current political issues in this State and is dealt with in the Ministerial Portfolio Statements at page 4-8. You appointed a task force to pursue this issue.

**Mr BEATTIE:** I did.

**Mrs NITA CUNNINGHAM:** Could you give us an account of the more significant parts of the strategy your task force produced and what current initiatives it is pursuing?

**Mr BEATTIE:** I can. Again, this was an election commitment. Just after I came into office on 26 June I appointed a task force on crime prevention to develop a comprehensive Crime Prevention Strategy for Queensland. To develop the strategy the task force prepared and distributed a discussion paper, held 33 community meetings across the State, and 1,400 people attended in February, March and April 1999. It considered 200 written submissions, held a number of focus groups with women, indigenous and ethnic groups and examined the latest research on crime prevention. They did all of that because we decided that there had been enough political nonsense about this. We wanted to go out and talk to the community and get some responses, along with the hard heads involved in implementing law and order, to come up with something that worked. So it did take some time.

On 20 December 1999 I launched the Crime Prevention Strategy at the Riverview State School. The strategy was built on the foundation of consultation and a clear and structured process. The strategy is a framework for developing crime prevention policies, programs and services for all of Queensland from the remote north to the south—as we all know, there are greater problems in some areas than others, and distance is always a difficulty in this State—within clear principles based on best practice in crime prevention. Foremost amongst the principles is the involvement of the whole community in crime prevention and the targeting of areas of greatest need. That business about the community being involved is absolutely crucial. That is why it was done that way.

Since launching the strategy, the task force on crime prevention and Crime Prevention Queensland—the unit in my department that supports the task force and coordinates the implementation of that strategy—have worked to ensure that the strategy is being implemented to deliver real crime prevention across Queensland. Current initiatives include the following: a new community crime prevention fund which is being used to prepare crime prevention plans and develop projects in five areas of need—Coolangatta, Darra, Sumner, Tiara, Fortitude Valley and central Queensland—and to support the continuation of the crime prevention partnerships in Mackay, Maryborough, Hervey Bay, Thuringowa, the Sunshine Coast and Toowoomba. I should say while I am talking about that that there has been bipartisan support for this. Mike Horan and Graham Healy came to talk to me about the funding for the one in Toowoomba. This seems to me to have bipartisan support. I certainly hope so.

Further, the initiative involves support for small projects being undertaken by the crime prevention partnerships, and the preparation of action plans to support the goals of the strategy. These plans identify Government and community action and gaps in service and ensure coordination of Government activity across Government and with the community. The initiative also includes the finalisation of the evaluation framework and commencement of the evaluation of the Crime Prevention Strategy through the monitoring and implementation of the strategy.

The bottom line with all of that is that this is an enormously difficult problem. It is easy to talk about quick fixes, but they do not work. This is about long-term strategies, early

intervention, supports, community renewal and strategies that actually make a difference. That is what this is about. It is hard work. It is a hard slog. Over the years, it will be the only thing that will work constructively. The rest of the rhetoric about this that we hear in the political debate is a lot of nonsense.

**The CHAIRMAN:** The time allotted for the consideration of the Estimates of expenditure for the Department of the Premier and Cabinet has now expired. I thank the Premier and his officers for their attendance.

Sitting suspended from 4.55 p.m. to 5.01 p.m.



**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

Mr S. Booker, Deputy Director-General,  
Development and Infrastructure

Mr M. Heffernan, Deputy Director-General,  
Business and Trade

Ms S. Ryan, Director, Finance

Mr D. Mansfield, A/Cabinet Legislation  
and Liaison Officer

**The CHAIRMAN:** The last item for consideration is the Department of State Development. For the information of the new witnesses, the time limit for questions is one minute and for answers three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of those time limits. An extension of time may be given with the consent of the questioner.

The Sessional Orders require that at least half the time available for questions and answers be allotted to 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 State Development to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

Deputy Premier, is it your wish to make an introductory statement in relation to the elements within your portfolio, 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 ELDER:** I would like to make a statement. I want to begin by congratulating the Department of State Development on what has been an outstanding performance to achieve so many new projects and initiatives that have and will continue to enrich this State and to set the platform for Queensland to continue as the powerhouse of Australia. The proof of this incredible success is no more evident than in the number of jobs that we have created for Queenslanders. Tens of thousands of new jobs helped bring this State's unemployment rate down to the lowest level in a decade last month of 7.8%. Another

3,900 jobs were created in Queensland last month—82,700 jobs since the Beattie Government came to office. But let us put that success into perspective.

Under the previous Government, Queensland experienced unemployment rates of up to 9.8%. When we took office, we inherited a budget outlook that forecast unemployment in Queensland to rise, in other words, unemployment was well and truly on the rise. We committed ourselves to doing all in our power to reduce that rate only to be ridiculed by the Opposition. In our first year in office, the Beattie Government brought the unemployment rate down to a year average of 8.5%. In our second year we slashed the rate to 7.8% for June, and how did we do that?

We brought on projects: the Millmerran Power Station, which has created 1,400 jobs; the WMC Fertilizers' Phosphate Hill plant, which will create 1,200 jobs. We have created 2,065 call centre jobs in this State by bringing Virgin Airlines to Australia, 750 jobs; our regional business development grants scheme has created 2,600 new jobs so far and saved a further 400 jobs; our food and meat industry task force, 5,300 jobs over the next three years; and we have created 650 jobs through business opportunities with the Olympics.

A number of companies—I will only name a few—have been brought to this State: Citibank, which has created 200 jobs; Saville Systems, 100 jobs. We have also funded the Cooperative Research Centre Facilitation Program, which will create 3,000 jobs that would not have been created but for this program; small companies like Dascom's R & D global operation, 20 IT jobs on the coast. They are only some of the achievements. There are a lot more.

In the area of policy, there has been unprecedented policy development that makes jobs happen. There has been Queensland's first forest agreement, a 25-year agreement, to protect jobs, regional communities and forests. There has been the release of a new energy policy, cheaper prices for consumers, diversifying our energy portfolio, reducing greenhouse gases, the conclusion to the negotiations with Comalco on the selection of Gladstone as a preferred site for an alumina refinery, the completion of AMC's feasibility study and environmental impact study, and the approval of three new coal-fired generators.

We have been doing more in the meat industry than just sitting there and watching 17 abattoirs close and 5,000 jobs go, as was the prospect under the previous Government.

Thanks to this Government and to that task force, one of Queensland's major export earners has been maintained at \$2 billion a year. New jobs are being created at our old QAC sites in Churchill and in Cannon Hill and meatworks such as the Murgon meatworks have been saved—all through that meatworks initiative.

We have been bringing on projects such as the Gold Coast Convention Centre; bringing on new strategies, such as our innovation strategy, our State infrastructure plan and our aquaculture strategy to reinvigorate that particular industry; looking at what needs to be done in terms of investment and new knowledge-based industries; bringing on our 10-year biotech strategy to build on the new economies and to provide the opportunities that will come with the creation of jobs in biotech; doing something about the reformation of the State Purchasing Policy and doing something about local purchasing policy to make sure that the regions benefit from those particular projects; and working with business to create e-commerce strategies such as QeNet, SmartLicence and virtual campuses. We have the most comprehensive electronic commerce offering of any State in this country, and there is a lot more.

What about the developments in terms of attracting new companies into Queensland to create their regional headquarters and new bases here? We have attracted Austar Engineering, AAPT Bechtel, Berri Limited, Citibank, DHL, Electronic Arts, Hatch Engineering, P & O Nedlloyd, Qualifyer, Quantum ATL Products, Red Hat Software, Stellar, Varley Holdings and my favourite, the World Association of Surfing Professionals. We undertook a large number of trade missions to actually facilitate those and some highly successful international visits have come from those. We have appointed new Trade Commissioners to actually access the new emerging markets and build on those opportunities. That brief overview that I have given you is by no means exhaustive, and should PNG, Comalco and the AMC projects come on board, that will be a significant boost for the regions in Queensland.

We are working with other major project proponents at the moment to bring on significant projects. This is a significant and incredible achievement, even more so when you consider that we are being undermined by the damaging policies of the Liberal and National Parties in Canberra. The GST and its impact on small business is one that we will pay dearly for. We saw small business confidence in this State plunge to its lowest

level in several years over the past few months. What was that attributed to? It was the GST. The increase in interest rates and the impact that that will have on those small businesses will be seen in the next few months. We will be able to quantify that in the next few months.

However, we have been able to do this as a department and as a Government with those policies from the National and Liberal Parties in Canberra in place. Those policies have had significant impacts on one of the largest sectors of the economy in this State. Rising interest rates force up mortgages. Those mortgages force people into the work force. Those mortgages increase participation rates. In relation to all of those manifestations, we have managed to meet the objectives we set ourselves. We will continue to mirror them in the next 12 months in terms of our performance.

**The CHAIRMAN:** Thank you, Deputy Premier. We will take questions from non-Government members. I call the member for Burnett.

**Mr SLACK:** Minister, should I applaud? Are you making your bid for Premier?

**Mr ELDER:** Would you like the answer to that in a three-minute statement?

**Mr SLACK:** I do not know.

**Mr ELDER:** Well, I am pleased, because that enables me, if you wish, to pick up where I left off. No. The Premier is the Premier and I will be the Deputy Premier for quite some time. But let me tell you about a number of other initiatives that I did not have the chance to mention.

**Mr SLACK:** Can I just say that Batman and Robin could not have done better. We would obviously dispute many of the claims that those were your initiatives. Some of them may have been your initiatives, but a lot of those things came out of past Governments, as you well know.

**Mr ELDER:** Not too many.

**Mr SLACK:** While we are talking about something you have done, let me record my thanks for the contribution you made to Childers. I know I have already done this in the Parliament, but I pass on my thanks to your department for the input it made after that tragedy at Childers. It was very much appreciated by my electorate.

**Mr ELDER:** Thank you very much.

**Mr SLACK:** After all that, has your budget made any provision for a performance bonus for your D-G?

**Mr ELDER:** You had an opportunity to ask that question of the Premier. The Premier himself is responsible for the employment of the SES within the Queensland Government. If you had taken the opportunity to raise the bonus issue with the Premier, and I am sure you would have, you would have got an answer.

**Mr SLACK:** We have asked the Premier.

**Mr ELDER:** As such, you had the opportunity to raise it with the Premier, and I hope you did.

**Mr SLACK:** We did not ask him about your budget.

**Mr ELDER:** You should have, because he is the responsible officer for the employment of staff such as my D-G and other D-Gs across the Public Service. If you missed that opportunity, I am a little disappointed.

**Mr SLACK:** Would you be recommending that your D-G receive a performance bonus?

**Mr ELDER:** The assessment in terms of the performance bonus is made by the Premier on the performance of the D-Gs. I happen to think that my D-G has performed admirably in the past 12 months, as does the department. I guess the evidence of that is in the statement, so if you would like me to continue with the statement—

**Mr BORBIDGE:** Is it 5% or 10%? Is it the upper end of the scale?

**Mr ELDER:** He is worth a considerable enhancement on his current package, Mr Borbidge. You should have asked the Premier about that.

**Mr SLACK:** I turn to the trade offices and relate my questions to trade initially. I mention the Osaka office. In relation to international trade development, the MPS at page 10 notes that the Osaka International Business Organisation sent a major business mission to Queensland in May this year, which is good news, as you will agree. However, can you detail to the Committee the particular problems that the Osaka office is experiencing in terms of where it is sited?

**Mr ELDER:** I do not think that there are serious concerns in terms of its siting at Rinku Town, but there are always questions about whether it should have been sited in Osaka or Rinku Town. It is a fact of life that we have a relationship with the Osaka Prefecture. The Osaka Prefecture and the decisions by the Osaka Prefecture were very important in terms of where we actually sited the office. It can be said that the development of that particular relationship in the long term was very important for us. On advice from the Osaka

Prefecture and working with the Prefecture, we sited the office in Rinku Town. As an opportunity for us to develop in the broader Osaka region, we were also provided with offices within the Prefecture in Osaka. In one sense, we have the best of both worlds. We have the office itself established at Rinku Town but we also have operational officers within Osaka.

**Mr SLACK:** Are there any plans to close it? Are there plans to keep the centre in Osaka and close the Rinku Town office?

**Mr ELDER:** No, none.

**Mr SLACK:** There is not?

**Mr ELDER:** No. There is no need. We have a reasonable office there. The growth in the Osaka region, as you would appreciate and know—and both you gentlemen have been there and understand the growth in that market—is headed towards the airport in the Rinku area. That is where all the new investment is going. In time, that will prove to be a very strong and strategic location. However, it would be fair to say that when we spoke to them initially we had concerns about its distance from Osaka.

**Mr BORBIDGE:** It was a bit ahead of its time.

**Mr ELDER:** It could be stated that that would be a reasonable response, but I would say now having seen the development within Rinku Town that that development is moving fairly quickly and fairly rapidly. I do not see this being a problem for us over the next few years. The fact that it is compensated by the role that the Osaka Prefecture is playing in providing us with those facilities in Osaka goes a long way to meeting our needs. So, in that sense, we have the best of both worlds. Why would we complain?

**Mr SLACK:** I turn to the Los Angeles office. Has there been any proposal to relocate that office at all?

**Mr ELDER:** No, none.

**Mr SLACK:** Are you happy with where it is?

**Mr ELDER:** At this stage. There has been no proposal put to me and I am not aware of any that have come forward that have been put to us in relation to relocation. We are happy enough with Los Angeles being the location for the USA office.

**Mr SLACK:** I turn now to State Development trade consultancies. You have provided a list of the consultancies. Incidentally, why were the answers to questions on notice so late?

**Mr ELDER:** I thought they were provided in the proper time. If they were late, I offer my apologies, but I thought we answered all the questions and we had them ready.

**Mr SLACK:** Yes, you answered them, but they did not arrive on time.

**Mr ELDER:** I think the explanation for that was probably my fault. I have been out of the office for a week. I did not arrive back until the weekend. They need to be ticked off by me and we got them to you as quickly as we could. There are national conferences that a few of us have to attend.

**Mr SLACK:** In respect of whether reports have been received from consultancies engaged you list "yes" or "not available". Would the reports listed as being received be available to me as a shadow Minister?

**Mr ELDER:** They are internal consultancies and workings for the department. I would imagine I would have to make a determination about whether or not they would be available. I think I need for you to make that representation to me and, based on my assessment of whether they were departmental or whether they were actually consultancies that I felt were important from a Government perspective, I would be happy enough to work through them with you. It would be a matter of your coming forward and asking.

**Mr SLACK:** I refer to Eco Managers. There is a \$208,000 energy policy issues consultancy listed. I note that the firm known as Eco Managers and Representatives, principal consultant Mr Ray Garrand, was paid a total of \$208,000 under two consecutive contracts from the period 1 February 1999 to 30 June 2000 to provide "management of energy policy issues impacting on significant new investments". Where did Mr Garrand principally work during these two contracts? Does Eco Managers have a current contract—one dated, for example, from 1 July 2000? If so, what is its cost and does Mr Garrand remain the principal consultant? Is it the case that the principal interest of this consultant is the Chevron gas pipeline proposal?

**Mr ELDER:** No, Mr Garrand is working in his consultancy on a range of energy issues. Bringing forward the energy policy was part of his brief. His role is to look at all of the energy infrastructure projects as they impact on the State and, as we require, to bring them forward for the State. He has been engaged to look not just at gas pipelines but at renewable projects and coal-fired projects. He provides significant input into my department in terms of

that. He has worked closely with the PNG proponents—that is true—but he has worked with Timor Sea, he has worked with Santos and he has worked with Tri Star in relation to the CSM opportunities that are there. He has been providing advice to me and to the department on electricity and other related matters. He played a principal role, as I said, in bringing forward the energy policy. He has also been working on local industry policy and State Purchasing Policy as it applies to the energy sector. So it is a fairly comprehensive consultancy.

**Mr SLACK:** Does he have a current contract?

**Mr ELDER:** He has a current contract. His contract is a continuing current contract until such time as we have dealt with all those energy issues.

**Mr SLACK:** Were all those contracts advertised? How was he appointed initially?

**Mr ELDER:** There was no need to advertise those initially. That is the prerogative of the department—the prerogative of the Director-General in terms of engaging consultant contractors. This is not the first time that has been done. This person has expertise and is extremely knowledgeable in those areas. We needed someone who was principally experienced in the field. His experience is beyond question. He has been and is employed on that basis and will continue to be employed on that basis until I have finished the development of many of the energy projects that we have in the State today.

**Mr SLACK:** I refer to the review and assessment of the commercial viability of the Nathan dam project by KPMG for an amount of \$93,000. What were the major findings of this review? Has your department budgeted to provide some assistance in finally facilitating this project to construction stages and completion? If so, how much?

**Mr ELDER:** The Government has been facilitating the project from day one, since the day you brought the project forward. I am pleased you asked the question. If you are asking me what the KPMG study was about, it was about many of the prequalification requirements that you have on a project of this nature. The problem for the SUDAW project from day one was that you announced it prior to election but there was not one bit of prequalification work done on this project. The prequalification work has had to be done by this Government. That prequalification work needs a number of consultancies in a whole

raft of areas actually doing that work, which is what KPMG has been doing.

Have we been facilitating it? Yes. Has there been any offer of support in terms of the project? No. It was to come on board as a private sector project, and that is still the intention. I have not had a brief from John Hoffman and SUDAW in some time, but I read recently that he believes it is commercially viable and he has enough commercial opportunity, in terms of those interested in buying water, to bring the project on.

The consultancies that are in here have been principally to do all of that prequalification work. I can tell you that the changes in this department that have been occurring and will continue to occur are that in future we will not require those proponents to do that. That prequalification work should have been done before that project was put out for an expression of interest. Those costs are there and they are there for that particular requirement.

**Mr SLACK:** I think, Minister, you do not really understand how the expressions of interest worked. It was new ground that the previous Government embarked on which the Goss Government was not prepared to do to get the Surat/Dawson reserved relevant to coal and the water potential developments of that area.

**Mr ELDER:** If you ever get back into Government and you are going to do it, let me know so that I can get into the success fee for an expression of interest. A \$2m plus success fee for an expression of interest is a pretty good deal.

**Mr SLACK:** Minister, you are well aware of the circumstances of that. It was properly advertised. You just answered in relation to a consultancy that was not even advertised. That was appointed and it is running into a fair bit of money. Incidentally, you did not answer the question as to where Mr Garrard works. Does he work within your department?

**Mr ELDER:** He works within my department. It is a consultancy of the department.

**Mr SLACK:** Where is he located actually?

**Mr ELDER:** He is located in Eco Managers and I have a facility for him that I enable him to use if he needs to work within my department. That is nothing new. I can recall Sir Llew Edwards having an office just down the road from my office at the time you were the Minister. Llew had a great facility. He probably had a better office than I had. Let's not play touch football.

**Mr BORBIDGE:** I notice your Government is employing him, too.

**Mr ELDER:** I think he is a reasonable person to employ. What I am saying is that his facilities were just down the road from mine and he had a reasonable office. You cannot be too touchy about these issues.

**Mr SLACK:** I will put the question this way. When you say that \$2m was paid, are you suggesting there is any impropriety in that?

**Mr ELDER:** No, I am not—not at all. What I am suggesting is that it is not bad for a company to get a \$2m success fee for finding someone who was successful in the expression of interest without any prequalification work being done. If you ever do it again in Government, let me know. I will be in business. I will be at your front door. I could do with that sort of success fee.

**Mr SLACK:** We could argue about that all night, but I will stand by the assessment of what your Government continued to do within a certain parameter. The question is whether you have driven it since we developed the project.

**Mr ELDER:** Hang on. You came out and you announced a project. A success fee applied to announcing a project. There was not one bit of prequalification work done on the Surat/Dawson project, and those consultancies in there clearly demonstrate the work that has had to be done to bring it through that prequalification stage so that SUDAW could make a commercial decision in terms of its application for the project. That is the problem.

**Mr SLACK:** Minister, the question was a direct question. It was just a straight-out question. It was not casting aspersions relevant to KPMG's appointment. I asked you whether your department has budgeted to provide some assistance to facilitate it, to which you have answered no at this point—

**Mr ELDER:** What I said to you was that we have budgeted to facilitate it. We are facilitating. What you asked was: have we actually made any contribution to the project? I said no, but we are facilitating it. There is a contribution of budget to facilitating the project, but there is not a contribution to the project per se, because there is not a project in front of me yet in terms of its finality.

**Mr SLACK:** Which is the question I asked you. Thank you. Further on page 7 of the consultancy list there is mention of an economic and infrastructure study of the Surat/Dawson region for an amount of

\$135,500. Also, page 41 of your Ministerial Portfolio Statements states that a detailed program of work has been completed to establish the commercial viability of the Surat/Dawson rail and dam projects. Minister, will you make the findings of this report available? Has your department made any budgetary allocations for further facilitation of this rail/port infrastructure project?

**Mr ELDER:** Why would you ask me that question when you know the answer?

**Mr SLACK:** No. Are there any staff dedicated to this project or has the Surat/Dawson project team been completely disbanded and is this portion of the project officially dead?

**Mr ELDER:** Firstly, the staff that were dedicated to this project are still dedicated to this project. Are you going to get a copy of it? No, for the same reason you would not give me a copy. It is commercial in confidence in relation to the matters that deal with SUDAW's proposition, because that was part of the exclusive mandate you gave them.

**Mr SLACK:** What you are saying is that there are staff and you are driving it to the same extent that we were driving it.

**Mr ELDER:** Bingo.

**Mr SLACK:** Thank you. You answered a question in Parliament some time ago in respect to SUDAW's position with the rail/port infrastructure development. You made the comment at that time that it wasn't a commercial reality, that SUDAW was a private company doing what it was doing and that it would postpone it on that basis, and you had extended the contract for it to come up with an outcome. Could I suggest to you that Minister McGrady made a ministerial statement in Parliament relevant to the outlook for steaming coal, which really says that there are big opportunities for the development of that particular resource. Are you going to give SUDAW a further extension relevant to the rail/port facility?

**Mr ELDER:** The decision for SUDAW is a commercial decision for SUDAW. It has determined at this point in time, with the international markets being as they are—

**Mr SLACK:** Which they were then.

**Mr ELDER:** This is SUDAW's decision. This isn't my decision or the Government's decision. With the commercial international markets being what they are, SUDAW has decided to slow the pace in relation to the development of the rail link, the mine and the port. But it has written to us formally now. Initially when you asked the question in

Parliament there had been an informal position put to us. SUDAW has now written to us formally to ask for an extension of the mandate based on the fact that at this point in time it does not see the commercial viability in bringing the project forward. We are yet to respond to that. That was received in the Coordinator-General's office less than seven days ago, but we will give it serious consideration and respond to it in the next few days, more than likely by the end of next week. That was part of the informal discussion I have had with a number of people with SUDAW, that we would get back to them once they had made that formal request. That formal request has only just been made.

**Mr SLACK:** Referring again to the consultancy list, could the Minister explain what the Bundaberg site development assessment report by Kinhill refers to on page 5? I am unsure whether this relates to two other references to the redevelopment of the former abattoir site or not. You have two on the abattoir site and you have a Kinhill one.

**Mr ELDER:** That is the consultancy to bring forward the food industry precinct and to look at what we can do to value add in the Bundaberg area. That is a significant initiative to actually provide infrastructure into that site, and provide opportunities for the companies that are actually now located there to develop their businesses and develop their export potential through processing facilities within the Bundaberg region on that site. The other is how we actually manage the old abattoir and what we do in terms of either dismantling it and/or reusing that particular old abattoir site. The important thing, though, in terms of developing the Bundaberg food precinct initiative is that we get the best outcomes for both Bundaberg and for the businesses in that region. The support that we have had from the Bundaberg City Council has been very pleasing indeed. We have an opportunity now where the businesses themselves and the Bundaberg City Council are very supportive of the Government's proposition.

**Mr SLACK:** And they always were when we were in Government, too.

**Mr ELDER:** Yes, but we have brought it forward.

**Mr SLACK:** I would dispute that there has been any quicker progress. More correctly, I think it is the opposite.

**Mr ELDER:** You could always have found the money.

If I can just relate to the Capital Works Program on it, the total funding for Bundaberg in terms of the sites is \$5.42m. The money to

date within this Budget and money that we will probably pull further through the Property Services Group—we have initially budgeted for approximately \$1m to start all of the planning and preliminary works in terms of the infrastructure, particularly the water infrastructure, and we will drag money forward through the Property Services Group if we need to bring the project on at a quicker pace. But it will incorporate the food processing precinct and the transport precincts that go with it.

We have already got the private sector involved. The member for Bundaberg is heading the steering committee. She has already had discussions with a number of the private sector companies which will actually be investing there as soon as we have completed our work. I actually think that we will have something up and running by late this year or early next year in terms of the project.

**Mr SLACK:** In relation to East Timor and consultancies, on 9 December 1999 you told Parliament, in response to a suggestion that the Government's efforts in promoting Queensland enterprise in East Timor's reconstruction had been less than wonderful, that—

"The fact of the matter is that we have been engaged with a number of companies in relation to support and providing assistance to access East Timor and work in East Timor. We have been working with the Federal Government in that."

Why, then, did you find it necessary, five months later, in May 2000, to hire a consultant, Mr Graeme Mickleberg of Hydra Enterprises, to "advise on opportunities"—which is, significantly, it seems, not "further opportunities" but to advise on "opportunities"—for Queensland business in East Timor?

**Mr ELDER:** The answer to that is very simple. In the early days in terms of the reconstruction of East Timor, there were a number of companies that had gone in there for totally inappropriate reasons. It has not been any more than the last month that I have met with members of the Timor Government who have been out here actually talking to the Queensland Government and to Queensland industries about the role that we can now play. They have been supportive about the way in which we have approached it, that is, making sure that in the early days we were not supportive of a number of companies that had gone in there for, as I said, inappropriate reasons, endeavouring, in my view, to gold-dig

on the backs of those who have actually suffered in East Timor. We actually then, in terms of our discussions with the Commonwealth—

**Mr SLACK:** You wouldn't concur that it was a little bit slow on your part to react to that?

**Mr ELDER:** No. Why would it be slow, given that the Commonwealth and the international agencies have been highly critical of companies that had gone in there at that stage? At all times, our discussions have been with the Commonwealth Government in terms of how we would engage the market and when was the most appropriate time for us to develop the business opportunities. We have done that, and we have used the consultancy to actually go in and evaluate those, and from that, we believe, given our engagement with the Federal Government and given our engagement with the Timor Government, that that consultant and the consultancy provided for us the best opportunities in terms of business opportunities for us to follow.

Whilst there have been significant sums pledged, most of it has been through US aid programs. Most of it has been not difficult but fairly structured in the way in which it can be accessed. Our view was that the best way for us to determine that was to use someone who had had experience in that type of market previously and to help us and our officers guide us in terms of that. The experience of Mr Mickleberg, of course, is that he has had a range of overseas experiences dealing with how you service markets of this type and how you service rebuilding of this type when it comes to the use of international aid. So we have used someone who has substantial experience to access the market.

**Mr SLACK:** And you won't concur that May 2000 is a considerable time after the event?

**Mr ELDER:** Given that we have used the advice of all the agencies that have been there, and given that those agencies themselves have been highly critical of a number of Australian companies that have been in there for the very wrong reasons, given that most of the reconstruction work was through aid projects, and given that, on all of that best advice, we concurred with a number of people at Commonwealth level to actually access the market on this basis, then I don't see it being slow at all. I see it as being deliberate, looking at the market and determining what was in the best interests of Queensland companies and at the right time to access the market.

The fact of the matter was that we had officers in Darwin dealing with those aid agencies and dealing with the Commonwealth from day one, and it had been on the advice of the Commonwealth officers that we took the action that we did, and we do not see it as being slow. I think the best thing I could say to you would be to get yourself a brief either from my department or from the international agencies to assess what the opportunities are for Queensland businesses in East Timor and how the delivery of that will be structured over the next few years. This is a tough market, and it is a market in which people will have to work responsibly and very sensitively.

**The CHAIRMAN:** Thank you. It is time for Government members' questions. I call the member for Woodridge.

**Mr KAISER:** Your department is charged with responsibility for investment attraction, business development and project facilitation. Obviously the bottom line of all of those activities needs to be the creation of jobs. Can you outline for us the success of your department in creating jobs for Queenslanders as a result of those activities?

**Mr ELDER:** I do thank the member for the question because it does give me an opportunity to go back to a range of issues that I was going to raise in my opening remarks. As I outlined right at the start, the fact of the matter is we have the lowest unemployment figure for the nation at 7.8%—down from 8% for the corresponding period last year. The number of people employed in Queensland rose by 2.3% over the last 12 months and that means 82,700 jobs since we came to Government. It has been by bringing on those projects and attracting that investment that we have been able to contribute to that.

I did say earlier very quickly in my opening remarks that Millmerran Power Station adds 1,400 odd jobs; the WMC Fertiliser Phosphate Hill plant, 1,200 jobs; continuing with the decision made by the previous Government on Callide C but adding to it through a number of decisions made by this Government, 1,200 jobs. The CSC program that I spoke about, the task force that I spoke about, the Olympics business opportunities—all of those are important—but on top of that we have been working right through the regions to provide job opportunities. The example of the Bundaberg initiative in the Bundaberg food precinct is one of those. Bringing forward opportunities within the meat industry—the Danpork piggery, for instance, which was floundering as a project is now coming to fruition. It has now been signed

off on; that had been a project that had been withering for some time. Bringing forward projects right through the State, whether it has been the Cairns CBD redevelopment, The Strand, Nelly Bay and working through Nelly Bay, whether it is working through the Whitsundays with the Airlie Beach resort, working in Rockhampton with the Smart City precinct and looking at what we can do for AMC, it has all been about facilitating growth in jobs with investments and we will continue to do that in, as I said, an environment that has not been conducive for us to do it.

I go back to the point that I made in relation to the introduction of the GST. I can recall the comments of the Prime Minister and just how he has viewed the implementation of the GST. If you look at his recent comments, they sound awfully like the comments that were made by the Canadian Government at the time that it introduced the GST. The comment at that time was that it was not the bureaucratic nightmare that everyone had expected. Well, that has been pretty much John Howard's rhetoric. It is said that there is a sense of calm out there. I can tell you, it is the calm before the storm if you are talking to any of those in small business. Also said is that people will look back and wonder what the fuss was all about and that it is not a political liability. They were all the comments that were made by the Canadian Government before it was turfed out after the introduction of a GST. If anyone believes that the small business sector is not hurting and that the small business sector itself is not being impacted upon by the GST, then go to the local store and ask them whether or not they are absorbing the GST, as many of them are, and not passing it on. We are delivering on the jobs agenda with substantial new job generation and will continue to do it in an environment that is not conducive to it.

**Mrs NITA CUNNINGHAM:** At this time last year much of Asia was still in the grip of a significant economic crisis. It goes without saying that Australia would have felt the impact of this upon its exports to many of our Asian neighbours. One of the measures instigated last year by your department to assist exporters during this crisis was the Asia Link program. With many of the Asian economies in various states of recovery, how has Queensland fared during that period?

**Mr ELDER:** There has been a significant upturn for us. This has been a tough period in which Queensland companies and this Government has had to engage the Asian market. There has been an upturn in Queensland merchandising exports to Asia



and it reflects the recovery in a number of those markets there.

Japan and Korea remain our largest export markets and for the financial year 1999-2000 Queensland's total merchandising exports climbed 4.7% following a decline of 2.4% last year. In other words, in terms of merchandising exports, we have seen a significant turnaround. Sure, the large export items of our commodity exports in coal and sugar are suffering, but the volumes are up there as well. If we were getting the return in relation to those exports in those areas, then the Queensland economy would be doing very well, but we have seen a substantial rise in merchandising exports. Our total exports to Asia rose 5.8% after a decline the year before of 4.1%. Exports to Japan—and this, I think, is a reflection of just how well we have hung in and how well we have targeted our programs—rose 7.3% to \$4.77 billion. Exports to Malaysia were up 15.2% in 1999-2000 to \$503.6m. Exports to the Philippines jumped 11.8% to \$238.3m and we have positioned ourselves to take advantage in terms of our resources within our overseas offices and the appointment of our new commissioners to actually look at assisting firms to expand their market opportunities and their presence in these markets.

One of the best that I have seen hosted has been—and I commend the work of the China Council and in particular the Chair of the China Council, Tom Burns. One of the most significant business forums that we have attracted to this State was the forum that we held recently where we had 120 senior Chinese businesses and Government leaders in Queensland. That was a significant plus for us and has opened up many new opportunities for us in the China market. The Premier's visit to Indonesia earlier to meet both the president and vice-president really reinforced our relationship there. That is a market that we do have to spend some time in because of our exports and because of the Indonesian economy. The impacts are down and we need to spend that time and reinforce that relationship. We will be participating in Mining Indonesia Expo in October/November 2001, which will be important for us. We believe that that participation will lead to substantial returns for us.

I have been into Singapore, I have been into Johor Bharu. We have been continuing to grow the cadetship program. We are actually working at whatever we can at this stage to enhance the new opportunities in the emerging markets of South Africa and UAE. So I think our opportunities long term and the

prospects for our merchandising exports as being reflected in these results are extremely positive and augur well for this year.

**Mr KAISER:** Minister, the Olympics are about to begin. What has your department been doing to ensure that Queensland firms maximise the opportunities on offer?

**Mr ELDER:** And a good question, Mr Kaiser, a very good question indeed. We have been doing plenty. We set ourselves the job of making sure that we could access as much Olympics business as we possibly could and that we can engage SOCOG and work towards building our prospects for Queensland companies out of that construction program for the Olympics and out of the provisioning program at the Olympics. What we did immediately was set up an office in Sydney and we set ourselves the target of \$50m. If we could get \$50m out of work that was associated with the Olympics, we felt Queensland companies were doing well. We doubled that. We have now got over \$100m worth of Games business for Queensland small and medium sized enterprises.

The fact that we doubled that initial target shows you just how well and just how successful we have been. This does not deal with the flow-ons, this does not deal with the track and field teams here and the other Olympics teams that we have here. It is none of those opportunities. This is straight business opportunities, commercial opportunities, that have come from the Olympics, not the pre-Games training. It does not include contracts won by branches of multinational companies based in Queensland. These are Queensland small and medium sized businesses. That office there has done a tremendous job. The department has done a tremendous job in that sense and we are still working towards more opportunities before the Games start and during the Games period. We have set the target of about another \$10m worth of business for the small and medium sized enterprises before the Olympics finish. For us that would have been a significant achievement and one worth a gold medal. We will not get the gold medal because, obviously, Sydney and New South Wales businesses will have done extremely well out of the Olympics, but we will just have to settle for the silver medal on this occasion. We have done extremely well in that market.

**The CHAIRMAN:** Thank you. The member for Bundaberg?

**Mrs NITA CUNNINGHAM:** Minister, much

has been said of the South East Queensland Regional Forest Agreement process. What are the implications of the RFA for Queensland?

**Mr ELDER:** I thank you for the question, because that really does show the contrast in which we have engaged what needed to be a visionary move within the timber industry and how it has actually faltered in many other States. Much to the consternation of the Opposition, both Federally and in this State, we have now signed 28 of the 29 mills and it will not be too long before we sign the 29th mill to 25-year sawlog supply. That will give them the continuity that they want in terms of supply to develop their businesses. We are already seeing evidence of that investment going in in a number of those plants right through that particular region, that is the region of the South East Queensland Regional Forest Agreement.

The other initiative that we said would manifest itself from this decision was that there would be significant investment in hardwood plantations, and that is starting to occur now. That investment is coming on stream, not only just what we are investing to make sure that we meet the wood supply agreements in 25 years—and we are planning those plantations—but private sector plantation investment.

Forest and timber industry jobs—it is estimated now that at least 152 have been retained in the south-east Queensland hardwood area in those small mills in those small regional centres. The additional Government support during the year for the industry, and it has been demonstrated now and I have spoken to a number of companies in the last few weeks, have been identified by creating the following jobs—the additional support. Fifty-two new jobs at Laminex Industries at their plant near Gympie. We said that would happen and that would be an opportunity for displaced workers, and that has occurred. Twenty jobs at Finlaysons at their Yarraman mill and at East Brisbane. We said that would happen, and it has. These are all claims that we were ridiculed for at the time that have now come to pass—claims that we said that we would provide those job opportunities and they have. Twenty-five new jobs, for instance, by Australian Flower and Foliage at Palmwoods, and there are more jobs being created in that industry. Fifty-five jobs were retained by Hume Doors and Timbers in Bundamba. These were all flow-on impacts of the decision that we made. During 1999-2000, Hyne and Son, Weyerhaeuser and Carter Holt Harvey made significant investments in softwood processing—not

hardwood but softwood investments. We negotiated those through, which has led to the retention of 380 jobs and, to date, the generation of 42 jobs but there are hundreds of jobs to come in those particular areas of plantations and processing.

So we have the only agreement in Australia that has been universally accepted by all the players—that all the mills have signed up to—and the only people who have been recalcitrant in this have been the Federal Minister, Wilson Tuckey, and the Federal Government. But sooner or later, regardless of their rhetoric, they will have to start investing in those businesses. Whether they do it through their own programs or mine is immaterial. Those companies will demand support from the Federal Government to actually help them in terms of their investment climate over the next 25 years, and Tuckey, if he is to be good to his word, will have to actually meet that expectation.

**The CHAIRMAN:** The member for Woodridge?

**Mr KAISER:** Minister, the exit of public ownership of abattoirs obviously creates opportunity for the private sector. In relation to the Cannon Hill site, what are the plans for ACC and their partners in relation to that site? What does that mean for Queensland?

**Mr ELDER:** I appreciate the question, because it means the retention of jobs and the creation of jobs in the meat industry. That is another contrast. Here is another clear contrast between the way in which we approach industry and industry policy. We had a report that said that 17 abattoirs would close and 5,000 jobs would go in the meat industry, and nothing had been done. Since that time and the creation of the Meat and Food Task Force, we have been actively engaged in turning that around. A good example is the Queensland Abattoir Corporation site at Cannon Hill, where 700 jobs would have been lost. They will be now maintained with the sale of that—not walking away from it and wiping their hands of it—to Australian Country Choice. Australian Country Choice—and anyone worth their salt would have seen this and could have worked this through—were major long-term suppliers to the Coles supermarkets and having a facility in Queensland would have consolidated Queensland as a leader in the meat processing industry in Australia. But they were going to go to New South Wales. They were on their way. They were leaving until we intervened to actually bring forward an opportunity on this site.

Now their plan is to spend in excess of \$24m in capital expenditure over the next four years to build a state-of-the-art food processing facility and provide those 700 jobs and more. In addition, on this site, ACC has an opportunity to work with other companies and are already working with another major refrigerated distribution company to provide co-location for both meat and food transportation—process it on the site, run it through into small packages for Coles and distribute it straight from that site—in other words, a whole-of-life cycle on that site. There was another job opportunity looking people in the face that people did not see.

ACC will refurbish the facility over the next 12 months. They took ownership of the site on 19 May. What we will have there will be 700 jobs retained, a state-of-the-art facility, one that will actually work well with the local community in terms of its construction and its operation. That would have been lost. The same applies at Churchill in Ipswich, and the same applies at a number of other sites around this State—opportunities that would have been lost if it had not been for a Government with some vision to maintain a vibrant meat industry and one, I might add, that now adds \$2 billion in exports to the Queensland economy.

**The CHAIRMAN:** Thank you. The member for Bundaberg?

**Mrs NITA CUNNINGHAM:** Minister, whilst we understand the advances that have been made in employment generation in the meat industry, what is the Government doing to develop opportunities for investment and employment in the food industry in general?

**Mr ELDER:** I thank the member for the question, because it follows on and gives me an opportunity then to move into food processing. Part of what we are doing with the Meat and Food Task Force is to look at how we develop opportunities in what is a key sector for Queensland. One third of our total manufacturing is in food manufacturing, and it is a key exporter for this State. Apart from working in the regions—that export promotion and developing the trade action plans in the regions; working with these businesses to cluster them as we will do around Bundaberg—that industry still faces many challenges, but with those challenges come a number of opportunities.

What we have done within my department, as we have done in a number of areas, is that we have developed a whole-of-Government response with the Queensland food strategy, and it has a special focus on

regional Queensland. The Food Industry Council that I have established, which is a council of the industry itself, advise me on matters in terms of those value-adding opportunities in the regions. The Meat and Food Industry Task Force that I have established brings together the skills and the resources from all of the departments to actually maximise the response that comes from the council and to assist then the food manufacturers. We have been providing over the last 18 months advice and assistance to small and medium-sized food processors in actually developing the opportunities for them to become world class. In doing that, we have seen the jobs created within those businesses—some 230 jobs to date.

We have seen investment from these small companies of around \$28m, and we are talking small to medium-sized companies to date. We have seen exports from the initiative—and we are talking an initiative in its infancy—of \$27m to date. We have been providing financial and other assistance to food processors to identify new areas of business expansion for them and to actually find those niche markets that they need to develop their expansion and look at their diversification and, again, look at what they can do about growing the jobs and, in turn, the exports.

So we have spent some time in doing that. We have been doing that from Cairns right through to Coolangatta where an opportunity exists—from the Albert region right through into the bigger areas of the Burdekin, where we see significant opportunities coming through, as I said, to the food industry parks that we are developing, and Bundaberg is a good example of that. It is all about making sure that when we do this, we have got world-class infrastructure in place to provide those facilities for them. In fact, we will take it probably one step forward as a whole-of-Government strategy in the not-too-distant future and look at what we can do to enhance the opportunities for these companies through developing food technology R and D opportunities, and we will be looking at a facility to actually underpin that in league with other Government departments.

**THE CHAIRMAN:** The time for questions by Government members has expired.

**Mr SLACK:** An area that has concerned me is overseas students studying in Queensland. I note from the answer to a question on notice I asked you that Queensland's share of overseas students in Australia has fallen from 17% to 15%. Can you

explain the reasons for that? This is a genuine question. I am concerned that there has been a fall. As you well know, we had a priority of encouraging overseas students to come to Queensland.

**Mr ELDER:** Are you saying that this was in the answer to a question on notice received back from us?

**Mr SLACK:** Yes. It indicated that there had been a fall to 15.1%.

**Mr ELDER:** Which question was that?

**Mr SLACK:** I think it is No. 4 or No. 5.

**Mr ELDER:** It said that there was a report that ranked Queensland third behind New South Wales and Victoria in attracting them. It did not say it had fallen. It said there was a report that had stated that. But, talking about where we are today, in 1999 foreign student enrolments increased by a total of 22,989 students, representing a 3.5% increase over the 1998 calendar. You asked this question in the Estimates for the previous year.

**Mr SLACK:** It is a big concern to me.

**Mr ELDER:** This gives you an indication of what has happened over that 12 months. Specifically, student numbers increased by 37.8% in the broader sector and by 12.3% in the higher education sector. We have seen 50% growth in overseas students from Sweden, Norway, Brazil and Colombia; a 38% increase in student enrolments from China, with the vocational education and training and school sectors experiencing the largest increase, and \$12m worth of educational exports to China were achieved in the secondary school vocational education, training and higher education sectors since January 2000. That is through the Shanghai office. So that we can improve the position, we have obviously been supporting our participation in education fairs across the globe, in particular in South America, where we think there is a good opportunity, back into Europe and also in South-East Asia. We have been bringing in and hosting education agents and journalists from South America, Poland, Portugal, France, Vietnam, Indonesia, China and Taiwan. I will not go through it in detail. I can give it to you if you like. We have been working through a range of new initiatives, because we realise that in 1998 we had seen a slip. There has been a recovery to date—a significant recovery.

**Mr SLACK:** The figures do not indicate that. The figures that you give indicate that there have been increasing numbers of students. That is okay, but that is not—

**Mr ELDER:** Those are figures.

**Mr SLACK:** No, let us explore this. Relative to other States, we have not increased our percentage. In fact, it has fallen since we were in Government. You can say all is well and that you have had an increase in student numbers, but that is not keeping pace with the other States. You are being outstripped in Queensland. That is the relevant fact. Market share has fallen in Queensland. That is the question I am asking you. It is easy for you to answer, as you have done before, by speaking about increases, but that is not comparing relativity. In respect of education, we have fallen. I asked you a question as to why you think we have fallen.

**Mr ELDER:** I gave you that answer.

**Mr SLACK:** You keep saying that you are doing these things.

**Mr ELDER:** I gave you that answer in last year's Estimates committee. You did not need to be a genius to work out that Pauline Hanson and One Nation had a significant effect.

**Mr SLACK:** You cannot say that. Pauline Hanson is an Australian. She is seen overseas as an Australian.

**Mr ELDER:** Hang on a minute.

**Mr SLACK:** Market share does not relate to Pauline Hanson.

**Mr ELDER:** You get to ask the questions. I get to answer them. You have asked them. Now I get to answer them. That is how the system works.

**Mr SLACK:** Yes, I realise that.

**Mr ELDER:** At the last Estimates committee you made a claim about a fall in student numbers.

**Mr SLACK:** That is right.

**Mr ELDER:** I answered at the time that the impact of One Nation, particularly in the Singapore market and a number of other markets, was serious. How do you and I know that? We received significant advice to that effect, and I had been there and seen that. There had been a drop. What I am telling you is that since that time there has been a recovery in the numbers that have come. They may not yet be back to 1997 levels, but there has been a significant recovery coming off what was a significant reduction based on issues that were out of the Government's control in relation to the perception of this country as a racist country.

**Mr SLACK:** I know that, but the reality is that our market share has not improved. The Pauline Hanson factor was perhaps a factor last year, but again it would not affect market

share. Pauline Hanson was seen overseas in those markets as an Australian. The problem for Queensland is market share. Market share has fallen from 17.3% when we were in Government. We had an emphasis on the project through the department to increase that to 20%. That has not been achieved. It went the other way. The question I will now ask you is: do you have the advisory board in place when we were there advising your department? Have you as a Minister travelled overseas with education delegations to maximise the opportunities for Queensland?

**Mr ELDER:** I have travelled overseas with TAFE institutions on a number of occasions and universities doing just that. The reality of life is that 81% of our market is in South-East Asia. Whether you accept it or not, at that time the growth of One Nation in this country and particularly in this State had a significant impact on our markets in Korea, Japan, Malaysia, Singapore and Taiwan. And 81% of our business came from that region. Why have New South Wales and Victoria improved their numbers? They looked at other markets, which is exactly what we are doing. Their growth was experienced in the South America and European markets. That is where their growth was. They have started to work in the China market. But their growth has been there. We are doing exactly the same things. We are working in conjunction with the Education Department on a range of joint opportunities. I am going overseas with universities and TAFE colleges to do just that—rebuild what was a fractured market in Asia based on the perceptions, rightly or wrongly, that they had of Queensland. I have gone back into a number of new emerging markets, including the Middle East, to look at opportunities. The figures are not as great as they may have been in 1997, but since 1997, particularly when it comes to education, this State has taken some significant hits—and that is not necessarily the fault of Governments—based on the perception that those markets had of this State, and particularly the Governments of this State, as being racist.

**Mr SLACK:** Are you making an allegation that the Government of this State was racist at the time we were in Government, are you?

**Mr ELDER:** No. By that stage One Nation people were in Parliament. As you well know—so you should not try to take a cheap shot—the perception of Asians and those in the Asian region is that, if people are in Parliament, they are in Government. That was the perception. That perception had to be turned around. We made many efforts. Those efforts are paying off. What we are now seeing

is an increase in the numbers and a return. If our expectation meets our commitment, as it will, over the next 12 months, we will make sure that those numbers are back up there. But it takes a little bit of time to turn the Titanic around. Actually, it takes no time at all, because it sinks. But to turn a tanker around takes a bit of time.

**Mr SLACK:** I know what you are saying. The question is meant genuinely, because we have failed in market share. That is a problem. The point I am trying to make is that I believe there needs to be more emphasis within the Budget or on the part of the department on whatever initiatives you can take to increase that market share. That is the point I am making.

**Mr ELDER:** Sure. But we are doing extra work within the department to make sure that we develop long-term strategies to give us that position as market leader in respect of international students and education and training. Our market share has grown, both in terms of onshore and offshore students. That has grown off a base that really took a whack. The work we are doing is making sure that we recover the ground that was lost. We are working with different industry sectors. My Director-General works with a number of senior players in industry.

**Mr SLACK:** What is the status of the education advisory group, which came from all areas of education and advised the department, when the department had the coordinating role, which you have indicated that you still have?

**Mr ELDER:** We still have a coordinating role and those committees are still active.

**Mr SLACK:** Are they active?

**Mr ELDER:** They are still active and they are working. We have enhanced them. We have actually moved people with substantial clout from the private sector into contributing roles on those committees. We have not been sitting there twiddling our thumbs when it comes to the education sector. We have had to develop strategies that actually pull back the market. I am saying to you that last year in this area was a successful area for this department because it is rebuilding those opportunities that were lost based on a set of events that we had very little say over.

**Mr SLACK:** I refer to the red tape reduction strategy that you have spoken of. I have looked through the Budget papers and I cannot find a mention. Last year when I asked about the estimated savings to business I was told it was \$20m; this year there is no mention of forecast savings, although on page 17 of

the MPS there is a very broad statement about continued support provided. Are there anticipated further savings for business under the Red Tape Reduction Task Force this year, what are they and where are they?

**Mr ELDER:** There are obviously anticipated savings for business, but as you move through the rationalisation of the licensing programs, it is easy at the start and it gets tougher towards the end.

**Mr SLACK:** Sure. I appreciate that.

**Mr ELDER:** You start with a different approach. You know that we have been working well in the Red Tape Reduction Task Force. One of the important initiatives this year has been the consolidation of local government licences with State Government and Federal Government licences. It was an initiative that had commenced under the previous Government. It made a great claim about it, but only—

**Mr SLACK:** Did we actually do something?

**Mr ELDER:** You did not do too much because you only had two councils on it. We now have in excess of 60 or 70-odd councils on there. So what we have seen now is a significant consolidation on it. We have seen business licence rationalisation to date as we can best quantify of about \$3.12m in savings; introduction of customer service standards for regulatory agencies, which amounts to probably a saving of over \$1m; and regulatory reform projects, including the development of a publication which you probably would have seen, Guidelines for the Alternative to Prescriptive Legislation. So we are working within departments to actually re-create an alternative regulatory regime. That is going to have, in my view, a long-term impact. It will be a beneficial impact for businesses.

**Mr SLACK:** Is the task force still in place? Is the group within your department that is working on other ways in which we can reduce red tape still in place?

**Mr ELDER:** The Red Tape Reduction Task Force itself has a group within my department that work to it, that do just that.

**Mr SLACK:** Is there a budget allocation for their operation?

**Mr ELDER:** My word, as there is for every other component of the department. There is a budget allocation. It is within the directorate. We will have to squirrel down and drill down to find that for you. There is a budget allocation, as there is for every other operation within the department.

We are creating a database of all statutory codes of conduct impacting on business and direct involvement in 22—this is through these agencies—interdepartmental working groups that are undertaking regulatory reform across Government, saving over \$6m. We have not at all resiled from the fact that the Red Tape Reduction Task Force has a role to play. It is a different role now in terms of what it may have been when it first started out when I had this in Business Regulation.

**Mr SLACK:** I accept what you are saying. Obviously there are changes as the end draws near.

**Mr ELDER:** We expect a further \$20m in savings in this coming year with the ongoing reform that we have already commenced to date with the Red Tape Reduction Task Force.

**Mr SLACK:** But the budget allocation in the department?

**Mr ELDER:** It comes within the operation of the Business Regulation Review Unit. It works to BRRU.

**Mr SLACK:** You have not got an identified amount for it?

**Mr ELDER:** Just under \$1m for BRRU. But that is BRRU and BRRU itself and the Red Tape Reduction Task Force—BRRU does the work for the Red Tape Reduction Task Force.

**Mr SLACK:** Could I move on to the development of the Burnett water catchment? I would like to draw the Minister's attention to the inclusion of the Burnett 2000 plus major project in the list of those to be facilitated by the department on MPS page 32 and the urgency with which water development is needed to bring this project to fruition. I understand that the State Development Department and Trade Department are undertaking a joint study with the DNR on economic impacts of a major Burnett water storage. Has this been allocated in this financial year? When will the study be released and will it place the Minister in a position to drive the vital regional development project, which Minister Welford has clearly let drag out?

**Mr ELDER:** Will the social and economic impact studies that are being done in conjunction with the water allocation management plan be released? All of that will be out later this year as we actually complete the WAMP. Part of the social, economic and environmental outcomes—they do not come out separately, they come out jointly. So when the WAMP is released, so will be the social and environmental concerns. That is the decision.

**Mr SLACK:** The WAMP has been released?

**Mr ELDER:** The WAMP is out. How it works is the WAMP is out for consultation.

**Mr SLACK:** I understand that.

**Mr ELDER:** In that consultation will be social, environmental and economic considerations in relation to which all of the departments have a role to play, my department facilitating the social and economic outcomes. When the WAMP hits the deck and the decision is made on the WAMP, it will deal with the social, economic and the environmental impacts.

**Mr SLACK:** So the release of that report that your department is doing in conjunction—

**Mr ELDER:** That will be part of the final WAMP.

**Mr SLACK:** What I am getting at is that, basically when you have submissions to the WAMP, you need the social report as a tenet on which people base their submissions.

**Mr ELDER:** That is right.

**Mr SLACK:** It plays a part in that. It is not going to be relevant if it is going to be released at the end of the exercise.

**Mr ELDER:** We are out there actually gathering the information.

**Mr SLACK:** It has to be released up front.

**Mr ELDER:** We are out there gathering the information now in terms of social and economic impacts with DNR. This is a joint project and it is part of delivering a WAMP outcome. I guess the pleasing thing for you and particularly the pleasing thing for the member for Bundaberg, because she has been pursuing it for quite some time, is that I have no doubt that we will resolve the water issues for Bundaberg.

**Mr SLACK:** That is good. I am very pleased.

**Mr ELDER:** I know you will be.

**Mr SLACK:** I will be over the moon.

**Mr ELDER:** The member for Bundaberg is overjoyed and I know that, as the member for Burnett, you would be, too. Wait with expectation for the outcome of that WAMP and I think you will be pleasantly surprised.

**Mr SLACK:** Can I just nail you on the precise time when you are likely to release that economic and social review paper? As I have pointed out, if it is at the end of the exercise it does not really play a part in the submission process.

**Mr ELDER:** If the WAMP is due out in September—and I will stand corrected; I just cannot recall the time. The WAMP is out for a couple of months' consultation. We are doing work in terms of the economic and social impacts. It will be incorporated within the WAMP that will actually be back out then as a determinant for the Burnett catchment. Look forward to the end of September if that is the case. I will stand corrected if it is a little earlier or later.

**Mr SLACK:** I turn to what we see as a discrepancy in the Budget paper in relation to the Queensland Bioindustries Strategy's capital expenditure. Could the Minister explain the discrepancy between—

**Mr ELDER:** Is it in the MPS?

**Mr SLACK:** Budget Paper No. 5. Can you explain the discrepancy between the local budgeted allocation for the Queensland Bioindustries Strategy and the amounts listed by statistical region? This item is listed in the Capital Statement, Budget Paper No. 5, page 14 as having an allocation of \$8.5m for 2000-01, yet the breakdown by statistical regions—Moreton, Darling Downs, Fitzroy, Mackay and northern areas—amounts to only \$3.35m. So where is the unallocated \$5.16m to be spent or what does it represent?

**Mr ELDER:** I might have to take that on notice, but I assume it is probably part of the commitment to the University of Queensland as a core commitment to the Institute of Molecular Bioscience. I would have to go through the statistical regions. So you have gone through and you have—

**Mr SLACK:** Yes, they do not add up to the total amount. There is a shortfall of \$5.16m.

**Mr ELDER:** I will have someone working on that while we are still talking for the next 20 minutes. I take what you say as fact and I will just see.

**Mr SLACK:** Would I say otherwise, Minister?

**Mr ELDER:** What are the amounts and the statistical divisions you have?

**Mr SLACK:** The items listed in Capital Statement Budget Paper No. 5 at page 14 have an allocation of \$8.5m, yet the breakdown by statistical regions, which is the Moreton region, Darling Downs, Fitzroy, Mackay and northern areas, amounts to only \$3.35m if you add them together. The question I am asking is: what has happened to the other \$5.16m? Where is that to be spent? Your explanation could well be right. I do not know. I am asking the question.

**Mr ELDER:** We will take it on notice and I will give you the information. I cannot grab it at my fingertips, but there is a logical explanation for it. If you think I have \$5m in a hollow log, you are kidding yourself.

**Mr SLACK:** Yes; it is a question. Funding of \$13.6m, including \$3.6m carryover, has been budgeted this financial year for the Carole Park energy industrial estate development. I ask the Minister: when is a final commitment to this project anticipated? What work is anticipated to comprise the \$13.6m allocation? Have the residents' concerns about the proximity of this project to the residential development been allayed?

**Mr ELDER:** We have set up a consultative group to work through issues with the residents. The resident group comprises residents from around the area, ourselves, the Ipswich council and proponents to allay a number of those fears. I think the biggest fear was the fact that initial considerations were to generate the power through biomass and the burning of biomass. There has been a commitment to using other forms of energy. It is most likely that gas will do that. We will probably have approval for it once we have finished the work with that consultative committee to work through those issues. We will probably have approval towards September this year to actually move forward with the construction of it.

The opportunities here are significant. We already have commitments to the site that would amount to around 1,000 jobs from a number of major food and distribution companies that will locate from interstate to Queensland. From our perspective, the 1,000 initial jobs are worth considering. However, the 3,000 long-term jobs that will come are our driving force. We have an opportunity here to actually develop a project second to none. I know of only one other in Australia that has this opportunity of being able to drive these types of industries with its own power plants and which is self-sufficient. We think we can meet the expectations for the community in terms of buffer and providing buffer opportunity for them by allowing more greenbelt in the construction.

As you would appreciate and know, it has been an as of right use for decades. It is our aim to build a state-of-the-art facility rather than duplicate what you see at Carole Park. That would be unsatisfactory for the residents of that region. We will work through with those residents as to how we can accommodate their concerns. I think we can meet their

expectations in terms of that and deliver a very good project for the State.

**Mr SLACK:** But you have not explained exactly what the \$13.6m will be used for and you have not made a commitment as yet until you have worked through those concerns.

**Mr ELDER:** The money is there. The money is committed. That money will go to actually bringing the project on. It will provide all the infrastructure and all the services. So it is committed. It is not as if we have to go looking for the money. It is there committed. In terms of actually starting the bulldozers, we will work through dealing with the issues with the community. We will deal with them and come up with what I believe will be a satisfactory resolution of their concerns. We will probably see that planning approval in the next few months around August or September. Once we have finished that with council, construction will probably commence early next year.

**Mr SLACK:** I refer to the Unity Satellite Launch Facility at Hummock Hill Island.

**Mr ELDER:** I have more information to add in relation to the bioindustry strategy. The bulk of the \$5.6m was spent in the Brisbane statistical division, which would obviously be our major commitment to the biostrategy.

**Mr SLACK:** I refer to the State Development Department's involvement in the facilitation of the Unity Satellite Launch Facility noted on page 32 of the MPS. Has the department allocated funds for the completion of an environmental impact statement this financial year? When is it anticipated that this work will be undertaken and findings made available to the public? Have the draft terms of reference been completed?

**Mr ELDER:** Our facilitation to date has been to work on a number of land issues as I understand it. We are negotiating with indigenous communities in relation to infrastructure requirements and the infrastructure corridors required. It has been given major project facilitation by the Commonwealth and it has been declared under our legislation as well. The fact of the matter is that, whilst there is joint responsibility between the State and the Commonwealth for the impact assessment, the Commonwealth itself requires the environmental impact study. Whilst it is facilitated under us, I have a feeling that the EIS will be provided under the Commonwealth. Mr Rolfe has just brought to my attention the fact that we will probably do it jointly.

**Mr SLACK:** Do you want to take it on notice?



**Mr ELDER:** No. We will do it jointly. They require it, but they have not come back to us. So the ball is in their court. They are going to have to come up with the EIS terms of reference. We will provide input into the terms of reference. They have not made the application.

**The CHAIRMAN:** Thank you. It is now time for Government questions. I call the member for Bundaberg.

**Mr ELDER:** Hang on a minute. There is another question.

**Mr BORBIDGE:** Just a clarification. Who has not come back to you? The Feds or the proponents?

**Mr ELDER:** No, the proponents.

**Mrs NITA CUNNINGHAM:** Minister, I note that 140 applicants have received funding through the Regional Business Development Scheme this year at a total cost of \$2.49m. In my region, I have seen a number of worthwhile projects get off the ground thanks to that scheme. What tangible results are we seeing from this scheme for the regions? Is the Government getting a return on its dollar?

**Mr ELDER:** There are a number, actually. We have reintroduced and recommitted ourselves to growing the RBDS. Importantly, it has been designed to generate support and assistance for companies from Cairns right through to, as I continue to use the term, Coolangatta. In 1999-2000, we allocated \$4.8m, including carryovers. In 2000-01, we will allocate approximately another couple of million dollars. Essentially, this is about what we can do to empower small companies within the regions to bring forward reasonable job opportunities and to develop the potential for growth into export and export opportunities. We find that there are many companies out there which are significantly not empowered. In terms of reassessing where we went after coming into Government, there had been a significant fall in development of regional development opportunities. There was a significant fall in grant systems to these smaller companies. We had to do something about capacity building. We had to do what we could to provide the impetus to drive those regional businesses because they are so important to our economy.

A good example of the success we have had can be seen with the smaller companies in Cairns that have been working with the regional development organisations and my department to diversify their businesses and give them opportunities to grow within the Australian market, the Queensland market and the international market. We have seen

evidence of companies that have the opportunity to do just that. We have continually focused on providing more resources into this to primarily give ourselves the capacity to drive the jobs agenda that we have and to drive that jobs agenda from a regional standpoint.

We have tried to focus on companies that have been viable, but marginally viable, and look at what we can do to take them and grow their capacity. We have done this right throughout the State with those that are just hanging in there that, with a bit of assistance through some support from Government, can have good opportunities generated for them.

We have done that in Mooloolaba. I went looking for this particular feasibility study that could grow a tourism centre up from a company that is involved in seafood production—develop a tourism opportunity for them. That is a good example of expanding the business and expanding the business opportunities. We will work with Quintrex, which is a boat-building company on the coast. They have now moved into the Coomera marina precinct with Riviera and a number of others. By helping them with a grant and approving a feasibility study, we actually helped them drive a business opportunity that now has 125 jobs involved. That will increase to about 220 jobs with exports of boats in the next few years. It is those types of industry capacity opportunities that RBDS is really targeted at.

**Mr KAISER:** Unemployment is obviously an issue of great concern to and a great focus of the Government, but so, too, is job security for those who are in employment. I notice on page 21 of the Ministerial Portfolio Statements a reference to a flexible response unit addressing issues impacting on businesses in some financial difficulty. I am interested to know how that response unit works but also what the Government can do in situations where financially distressed firms either have already cut back or have shut down completely.

**Mr ELDER:** That is a good question. Actually driving a jobs agenda in this State is not just about the creation of new jobs and new industries and attracting those industries into Queensland. They are important and they do drive solid jobs growth. The other element of it is actually working with companies that find themselves in difficulty. If we can intervene and work with them at an early stage, we can have—as has been the case to date—some significant success.

Since the inception of the response team, assistance totalling around \$251,000 has

been approved through this new initiative. We have worked with some 30-odd firms. We have assisted in having 500-odd jobs saved through working with companies. The key element in assisting firms in difficulty is, as I said, getting in there early, detecting the problem and, consequently, having the department work proactively with them to identify how we can help, how we can assist and what we can do in terms of a business plan to work with them to save what jobs they have.

**Mr KAISER:** Are they at some point required to inform the Government of financial difficulties? Is there some trigger?

**Mr ELDER:** I wish that were the case. If that were the case we would probably be involved more often. The problem is that it is all about early detection. Fortunately for us, having now expanded our network—we have 18 State development centres throughout the State—having now pushed more offices into the regions through new initiatives and having expanded our regional offices, the intelligence we manage to filter through those regional centres is now quite current and quite good. We can do something about that detection ourselves and get in there early and do something with it.

A good example is the South Johnstone mill. We are aware of the difficulties with the South Johnstone mill. By getting in there and working with them in a whole-of-Government response, to date we have managed to save the 220 jobs there. Yarraman pine company is a company that was in difficulty through royalties that were being paid for hoop pine and low market prices. Difficulty in terms of balancing those was resulting in low profitability. We actually worked with the owners of Yarraman, with Finlaysons and Brett's Timbers, to actually come up with a viable outcome for them. That saved 32-odd jobs.

This is about buying in at a time when it is probably appropriate to buy in without actually overstepping the mark and dealing with those companies and the commercial realities within those companies. A good example is the South Burnett Meatworks at Murgon. It is a difficult issue. They were under pressure. We established a temporary office in Murgon. We started dealing with a whole range of issues that were likely to come from that. In the end, through having the response team there we managed to resolve a number of issues for the Murgon workers themselves. In the end there was a reasonable outcome for the Murgon meatworks as well.

That response team has worked very well. It has been, again, one of the successes of the department in terms of dealing with what are very difficult and sensitive issues in communities that have businesses that are important, critical and crucial to them. You need to be in there early and you need to be working to try and turn the businesses around. If that is not likely to be the outcome—we hope that in most cases it is—we have a response in terms of other opportunities. We have people working face to face with them.

**The CHAIRMAN:** The last question for the evening is one of importance to Cairns. The decision by the Government to purchase the 950-hectare East Trinity site and preserve it for development will, I am sure, be widely recognised as being the right one for social, economic and environmental reasons. Can you explain the reasoning behind the purchase and what plans the Government has for the future of the site?

**Mr ELDER:** We saw the purchase of land as a long-term investment in Cairns's future, as you would agree, Madam Chair. It has been recognised since the purchase that it preserves that green backdrop and that in-part pristine environment to Cairns. There are opportunities that will come with that.

In terms of just being able to maintain that backdrop, we will actually be able to do something in the long term that enhances that interaction with those who come to Cairns. Cairns will grow and grow substantially as Virgin Airlines and the cut-price airline industry develop and provide that influx of people to Cairns. What we need to do is create an experience right beside Cairns. There is no better way to do that than with a lot of the area that was purchased in this site. Sure, there is some that has been degraded and we need to work out how we manage that.

We have an interdepartmental committee now looking at how we deal with some of those more immediate issues of managing those degraded areas. That interdepartmental committee consists of State Development, Premier's, Natural Resources, Local Government and Planning and Tourism Queensland. Long term, we will look at the tourism opportunities we can build into that. You have been a major driver of these initiatives—the Esplanade and in particular the CBD project. As you are driving those projects and building those opportunities within the Cairns CBD itself, what we will be able to do with the purchase of East Trinity is look at the tourism potential and the tourism opportunities that will come with it. The linkages there will be

significant for Cairns and provide substantial tourism opportunities for Cairns, as you well realise.

Not surprising, many people were quite surprised that the Department of State Development was involved in the purchase of an area that will have a significant conservation outcome. It just proves how caring and sensitive we in the State Development Department are and how in the long term we do see opportunities in green tourism and opportunities for itself lying with that East Trinity acquisition. I am sure you would approve of it as I am sure you approved of our decision at the time.

**The CHAIRMAN:** It is agreed that there are no further questions. Therefore, this concludes the examination of the estimates of expenditure for the Department of State Development and Trade. One question has been taken on notice.

**Mr ELDER:** I answered that, Madam Chair.

**The CHAIRMAN:** Not sufficiently, according to the member who asked it. Mr Slack, you were not happy with the fullness of the answer?

**Mr SLACK:** It was just in respect of that one question. I put a question on notice.

**Mr ELDER:** That was the bioindustries one, was it? The discrepancy in terms of—

**Mr SLACK:** The break-up of the region that did not add up.

**Mr ELDER:** What I said to you was that the remainder of the sums were in the Brisbane statistical division.

**Mr SLACK:** Okay.

**The CHAIRMAN:** There are no questions to be taken on notice. The hearing, therefore, is concluded. I thank all those who attended. I thank the staff, particularly Hansard and the staff of the Committee, and all Committee members.

**Mr ELDER:** I thank the Committee and the Opposition for the way in which the Committee was conducted today. I also thank my staff for the work that has gone on—a lot of work over many, many weeks. I am sure they are pleased with the outcome of the hearing but disappointed with the fact that many of the questions they had prepared answers for were not asked. I do thank them for their efforts.

The Committee adjourned at 6.34 p.m.