

ESTIMATES COMMITTEE F

Mr N. S. Roberts (Chair) Mr J. W. Seeney
 Mrs E. A. Cunningham Mrs J. M. Sheldon
 Hon. K. W. Hayward Mr G. J. Wilson

EMPLOYMENT, TRAINING AND INDUSTRIAL RELATIONS**IN ATTENDANCE**

Hon. P. J. Braddy, Minister for
 Employment, Training and Industrial
 Relations
 Mr R. Marshman, Director-General
 Mr P. Henneken, Deputy Director-General
 Mr P. Noonan, Deputy Director-General
 (Training)
 Ms R. Hunter, Chair, TAFE Queensland
 Mr B. Carlon, General Manager,
 Employment Taskforce

The Committee commenced at 8.36 a.m.

The CHAIRMAN: Good morning everyone. I declare this meeting of Estimates Committee F now open and I welcome the Minister, public officials and members of the public who are in attendance today.

Before I commence the proceedings, I advise the Minister and other persons present that the member for Mackay, Tim Mulherin, who was the Chair of this Committee was replaced by myself due to medical reasons. That was in accordance with clause 15 (3) of the resolution of the House on 22 June, and Mr Ken Hayward was appointed by the Leader of the House to replace Mr Mulherin.

The Committee will examine the proposed expenditure contained in Appropriation Bill 2000 for the areas set out in the Sessional Orders of 22 June 2000. The organisational units will be examined in the following order: firstly, Employment, Training and Industrial Relations; secondly, Mines and Energy and Regional Development.

The Committee has agreed that it will suspend the hearings for the following breaks: morning tea, 10 a.m. to 10.15 a.m.; lunch, 1.15 p.m. until 2.15 p.m.; and afternoon tea, 3.45 p.m. until 4 p.m. I remind members of the Committee and the Minister that the time limit for questions is one minute and answers are to be no longer than three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of

these time limits. An extension of time for answers may be given with the consent of the questioner. A double chime will also sound two minutes after an extension of time has been given.

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

In the event that those attending today are not aware, I should point out that these 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, any person admitted to a public hearing may be excluded at the discretion of the Chairman or by order of the Committee. The Sessional Orders provide that a member who is not a member may, with the Committee's leave, ask the Minister questions.

In relation to media coverage of the Estimates Committee F hearing, the Committee has resolved that still photographs and silent television film coverage only will be permitted for the first five minutes of each department. My final request is that, if you have a mobile phone, would you please make sure that it is turned off and if you are going to make phone calls, please do so outside the Chamber.

I now declare the proposed expenditure for the Department of Employment, Training and Industrial Relations open for examination. The time allotted is four and a half hours. The question before the Committee is—

"That the proposed expenditure be agreed to."

Minister, if you wish, you may make an opening statement, but would you please limit it to no more than five minutes. Thank you.

Mr BRADY: Good morning, Mr Chairman and members of the Committee. I do intend to make an opening statement. The No. 1 Beattie Government priority, certainly for our department, is to develop policies and programs that support the creation of sustainable job and training opportunities for Queensland. In that context, overall, Queensland's unemployment rate has been reduced from 8.8% in July 1998—as we came to office—to 7.8% in June 2000. This is the lowest unemployment rate in Queensland in a

decade. Youth unemployment has fallen from 25.2% in July 1998 to 19.4% in June 2000—below the Australian average, which it was not when we came to office.

Part of this fall can be attributed to the Government's focus on providing record levels of apprenticeship commencements. Apprenticeship starts rose a massive 43% in 1998-99 over 1997-98. The incidence of long-term unemployment in Queensland has fallen from 30% in July 1998 to 26.4% in June 2000—again below the Australian average, which it was not when we came to office.

Both the youth unemployment figure and the long-term unemployment rate are, as I say, below the national average, and I believe can be directly attributed to the policies of our Government. The Queensland Government's Breaking the Unemployment Cycle initiative has been one of the outstanding success stories in the fight to reduce unemployment in Queensland. The initiative started in October 1998 with the target of 24,500 jobs and training opportunities for Queenslanders over four financial years, but in just a little over 21 months the initiative has provided jobs and training for 23,000 Queenslanders. The figure will rise to 34,500 by 2003. That is 34,500 Queenslanders who would not have had a chance to break out of the debilitating cycle of unemployment.

Both the public and private sectors are supporting this initiative. The full-year target of 7,500 additional apprentices and trainees for the private sector has already been achieved. More than 7,800 extra apprentices and trainees were employed in areas of skill shortage thanks to Government bonuses of up to \$2,000 offered to employers under the initiative.

The initiative's community employment programs have also attracted widespread support from community and public sector organisation across the State. Together, the Community Jobs Plan and the Community Employment Assistance Program have helped 10,000 long-term unemployed and those at risk of long-term unemployment into jobs and training. All of the Committee members will have seen these programs in action in their electorates and in their regions.

The 2000-01 State Budget allocates \$91m for Breaking the Unemployment Cycle programs in the next financial year as part of this continued drive to create more jobs and training for Queenslanders. The initiative has been extended to 2003, with an additional allocation of \$80m. This will bring the total value of our investment to \$363m for the

creation of 34,500 jobs and training opportunities for Queenslanders.

We are also exploring new and better ways to work with local communities and other agencies to target unemployment. A \$10m allocation for the Community Training Partnerships Program 2000-01 demonstrates the Government's commitment to long-term solutions based on consultation and collaboration. High-quality vocational education and training are vital components of the Queensland Government's job creation and Smart State strategies.

The new Training and Employment Bill is the latest in a series of reforms enhancing the integrity and quality of the Queensland training system. The 2000-01 State Budget builds on this commitment with an allocation of \$675m for vocational education and training services in Queensland. It will provide quality training for apprentices and trainees, including more than 30,000 anticipated new commencements. TAFE institutes will receive \$509m for training delivery as well as capital investment funding of \$58m. Agricultural colleges will receive capital works funding of \$2.7m plus grants totalling \$12.7m to deliver training.

The Government will provide more than \$1m to expand opportunities for Queensland school students at risk of leaving school without the education or skills to get a job. This will provide training and job opportunities for up to 400 secondary school students in building and construction, office administration, information technology and rural industries. The Beattie Government has also overseen improvements to the industrial relations system that meet the needs of business. The latest industrial disputation figures support the Government's philosophy of fairness embodied in the Industrial Relations Act. Recent figures show that 1999-2000 applications for unfair dismissals are down by 22% on the 1996-97 level under the Borbidge/Sheldon Government.

The CHAIRMAN: The first period of questions will commence with non-Government members. The time periods will rotate in periods of 20 minutes. I call the member for Caloundra.

Mrs SHELDON: I refer to page 1 of your MPS and I note that unemployment is projected to remain at around 8% over 2000-01. Given this forecast, do you continue to stand by the Premier's promise to achieve a 5% unemployment rate and when, as Minister for Employment, do you project a 5% rate will be achieved?

Mr BRADY: In terms of the 5% rate, as has been constantly said, it was never a promise.

Mrs SHELDON: That is not what the people of Queensland think.

Mr BRADY: It was a target and a target which remains. The encouraging aspect in relation to it, of course, is the figures that I read in the opening statement. Where it is in our power to achieve that target, we are determined to do so. The macro-economics of this country impact on Queensland, as they do on Tasmania, Western Australia and any other State or Territory. But in terms of the target, we adhere to it. The figures that I read out show that we have been successful. We have got the best unemployment figures in Queensland in a decade. It was May of 1990 when we last had unemployment figures like this across the State. At no time during your term as Treasurer or your term in office did the youth unemployment figures or the long-term unemployment figures in this State ever get below the Australian average. They currently are. And there is no doubt that the major component in that drive has been what we are doing in this department in terms of creating apprenticeships and traineeships in both the public and private sector and also the Community Jobs Plans and the assistance program.

The Budget does show a forecast average unemployment rate. That is the average that is forecast. We will continue to work as we are. The forecast unemployment rate needs to be put into context. Firstly, solid employment growth of 2% is forecast for the coming year. However, growth in the labour force accompanied by continuing high labour force participation rates in an environment of moderating growth will effectively negate the gains from employment growth. Interstate migration continues to be a major contributor, as it was in your term of Government, to population and labour force growth, accounting for an estimated 31% of Queensland's population growth in the next 12 months. Secondly, it is apparent that the Commonwealth's economic policies will contribute to a moderation in economic growth in the next 12 months. As the Budget papers state, a pessimistic assessment by business of future business performance following the introduction of the GST—not by us but by business—and rising interest rates has caused delays in labour hiring decisions. These factors are economic realities beyond our control.

One thing is certain: we remain resolutely committed to reducing unemployment. We

have been extraordinarily successful—the best in 10 years—particularly with respect to youth and long-term unemployed. An important part of our holistic approach to job creation is the continuation of these job programs that I have been talking about.

Mrs SHELDON: What do you think tomorrow's unemployment rate will be?

Mr BRADY: Is that a question?

Mrs SHELDON: Yes, it is. So far you have not answered my original question. I asked you the date you thought the 5% unemployment rate would be achieved. You well know that the unemployment in Queensland is the result of the unemployment nationally.

Mr BRADY: Are you asking your second question?

Mrs SHELDON: If you wish. Could you tell me what tomorrow's forecast level of unemployment is?

The CHAIRMAN: We will take that as the second question and start the timer.

Mr BRADY: I am not in the business of forecasting tomorrow's weather or tomorrow's unemployment rate.

Mrs SHELDON: So as the Minister you have no idea, even though the figures are available—

Mr BRADY: The practice here is that I answer the questions and you ask them.

The CHAIRMAN: Members asking a question will allow the Minister to finish.

Mrs SHELDON: Mr Chairman, may I take a point of order? I do not mind that, provided the Minister does answer the question and not waffle on with a lot of policy for five minutes.

Mr BRADY: If you are going to continue to be rude—

The CHAIRMAN: Order! I remind the member for Caloundra that the Minister is entitled to answer questions as he sees fit. I call the Minister.

Mr BRADY: I intend to answer the question and I suggest that you continue to stop interrupting in the rude manner you are currently.

Mrs SHELDON: If you answer the question, I will not interrupt.

Mr BRADY: I am not in the business of forecasting either the weather tomorrow or the unemployment rate. We take the figures because they are supplied to us. What we have seen in recent months are good figures. We have also seen that the policies put down by the Federal Government—a Government

controlled by your party and others—have led business to make some very serious decisions and to be pessimistic about what will occur in the next few months.

Mrs SHELDON: That is not correct and you know it.

Mr BRADY: In terms of the surveys that are about, we see people telling us that they are not hiring at this time. So people are concerned in terms of what will occur, particularly in the next few months, in terms of hiring policies and in terms of the future of employment rates and employment growth. We do know, Mrs Sheldon, that at no time during your term as Treasurer did we have an unemployment rate such as that we have now.

Mrs SHELDON: Neither did they have—

Mr BRADY: At no time in the past 10 years was the unemployment rate—and at no time in your term in office did you get anywhere near reducing youth unemployment or long-term unemployment. We have reduced one of those by 20%—

Mrs SHELDON: It has also been reduced nationally.

Mr BRADY:—because we actually have policies and labour market programs. While the rest of Australia has not improved in those areas to the extent that we have in Queensland, there is no doubt that the improvement can be directly attributed to the policies that we put into place—policies that have been attacked by your side of politics. Your Leader of the Liberal Party, for example, referred to them as "phoney jobs". Those so-called phoney jobs have reduced youth unemployment in this State to a level that you could have only dreamed of when you were the Treasurer, because you did not do anything about it. You abolished all the labour market programs. The Commonwealth Government has similarly abolished the labour market programs in this country as a matter of ideology. It is a matter of commonsense that we have maintained them here. Over a period we will maintain our drive for that 5% unemployment rate, which was a target to be achieved in five years. We are two years into that program—less than halfway into the program—and we will maintain our drive for the 5% target. We are doing extremely well in all of the circumstances.

Mrs SHELDON: I refer to the non-Government question on notice No. 4. I note that \$18.9m was notionally allocated to new projects while \$22m was approved for 158 new projects and actual grant expenditure was \$19.9m. Could you explain these large

variances? Why was there such a substantial underspend?

Mr BRADY: Which non-Government question?

Mrs SHELDON: No. 4.

Mr BRADY: Read the question. We might have different numbers.

Mrs SHELDON: No. In the information sent back to me—the numbers here supplied by your own people—there is \$18.9m notionally allocated to new projects, \$22m was approved for 158 new projects and actual grant expenditure was \$19.9m.

The CHAIRMAN: Has the Minister located the question?

Mr BRADY: Under the Community Jobs Plan, as you say, total funding available for 1999 was \$25.5m, with \$18.9m notionally allocated to new projects; and in 2000-01 there is \$26.4m, with \$21.8m notionally allocated to new projects. In 1999, 150 new projects were approved for grants totalling \$22m under the Community Jobs Plan. Actual payments made for 1999 were \$19.9m.

Mrs SHELDON: That is right. My question is: what is the explanation for the large variance?

Mr BRADY: It is not a large variance. Obviously, as you would be aware from your days as Treasurer, moneys are paid at certain times in projects and there are carryovers in these matters. While some projects start, the moneys do not necessarily get paid precisely in that financial year.

Mrs SHELDON: Could you give me a list of the carryovers for those projects?

Mr BRADY: Under the Community Jobs Plan, 49.6% of total projects were funded in terms of Labor electorates. So if there is a suggestion that in any way there is a problem in relation to that, of course there is not. We are funding them fairly through programs. In terms of the carryovers, there will not be a problem supplying the details of the ones that have to be carried over. There are always carryovers in all Government projects and programs, as you know. The world does not stop at the edge of a precipice on 30 June each year. Matters are started in a particular financial year and some of them—many of them are completed—are carried over. It is always the way in any Government department or any Government program. We will have no problem at all supplying them.

The difference is not massive or a matter of concern at all. As I gave you details in the earlier figures, we are way ahead of our

projected numbers in terms of employing people under the Breaking the Unemployment Cycle initiative. You can only do that by expending money, and the moneys have been expended.

In terms of the general comments on the carryovers, employment initiative payments deferred for payment to 2000-01 are mainly under the Community Jobs Plan. There are also public sector apprenticeships and traineeships. The Community Jobs Plan is \$3.67m in carryovers. Public sector apprenticeships are \$0.2m. The Housing Industry Trade Training program is \$2m. So the situation there is, as I say, as it is in every Government department and every Government program; there will always be some carryovers. We are well and truly on track. In fact, we are ahead of track in terms of employment numbers.

Mrs SHELDON: Similarly in answer to that question No. 4, you referred to the fact that 74.6% of CJP projects approved since 1 July 1999 have been in electorates experiencing an unemployment rate of over 8%. Could you give me a list of electorates you are specifically referring to?

Mr BRADY: We have a list available of all the electorates where the moneys have been spent.

Mrs SHELDON: Yes, I have that list, thank you. I just wondered which electorates you are specifically referring to in the 8%. I guess you have a list of them.

Mr BRADY: We can certainly do that. The general policy that applies here should go on the record. We are very proud of the independent way this is done. For example, I play no part whatsoever in terms of decision making—not even signing off on where these projects go. There are job priority committees all around the State where people who are not party political or political in any way make these decisions. It is very interesting under the Community Jobs Plan, for example, that 49.6% of total projects funded from 1 July 1999 to 30 June 2000 are in ALP electorates, but we have close to 51% of the seats in the Assembly. So we have, in fact, fewer of the projects, although many of the Labor electorates are electorates with the highest percentages of unemployment. The National Party, which has fewer than 26% of the seats in the Parliament, has received over 26% of the projects. The Liberal Party has 10% of the seats; it has received 5% of the projects. The Liberal Party, of course, represents some of the seats with the lowest percentages of unemployment in Queensland.

Mrs SHELDON: I would not say so on the Gold and Sunshine Coasts.

Mr BRADY: Some of the Liberal seats, of course, do extremely well. Your own area, and I have been there several times, is doing extremely well in terms of Community Employment Assistance Programs. We rely on people from those communities coming forward with projects for approval. That is the first thing. We do not suggest the programs. It does not come from the Government. It does not come from the department. We rely on people suggesting them and putting them together in a way so that they can be approved. Approval is by a process totally independent of me. It is a totally fair process. That is well known. It is up to the people.

There are electorates where no projects have been approved, both in Opposition electorates and Government electorates. When you look at the nature of those seats, that is not surprising in some instances. The seat of Southport has received a lot of projects which cut across not only the seat of Southport but a lot of areas on the Gold Coast. Southport is a seat which is not held by us. I have here a paper which shows the 8% and above. Southport is the last one. Woodridge is first and it goes down to Southport, which is the last one above the 8% unemployed level.

Mrs SHELDON: Can I have a copy of that?

Mr BRADY: I will hand that over.

Mrs SHELDON: Minister, staying with that same question on notice, you refer to 14 Statewide Community Jobs Priority Committees. Could you give me a list of who is on each of those committees, where each committee is based and the process each committee follows before approving funds? Finally, what is the cost of running each of these individual committees?

Mr BRADY: There are eight to 10 people on each of those committees. They are very representative of the communities from which they come. I have no difficulty at all—I do not have the material here—giving the Committee a list of the people on each of those committees and the criteria set down as the guidelines for the selection of those committees. There is a wide range of representation on these committees such as local authorities and industry groups, as well as social input and Aboriginal and Torres Strait Islander input. We are very proud of the fact that we have kept party politics out of this. They are local community groups.

One reason we are doing so well in this area is based on the fact, first of all, that we

have a policy to do it. The whole thing would go if your party came back to Government, because your party is totally opposed to these programs, despite the fact that many of your local members know how beneficial they are to their areas. Apart from that, another reason they have been so successful is that we have very good local committees. They know that there is no political interference in the way they operate. They operate in a totally independent way. They are good people who have good projects, because we never design or devise a project. They are devised by the local areas and they are assessed by the local committees.

There is certainly no difficulty at all in supplying the names and criteria. It is well known in those areas who the people are serving on them. That is why we get praise from National Party mayors, non-Labor Party mayors and councils right across Queensland. I frequently receive correspondence which says how well these programs are going, because there is total confidence that these programs are put together in a totally apolitical way entirely for the benefit of the local communities. For example, on 7 February Pine Rivers Mayor Yvonne Chapman wrote to me about the Pine Rivers Heritage Museum project. She said—

"The construction of the project is nearing completion and council was able to achieve its objective to officially open the building on Australia Day. It is important to acknowledge the benefit of the grant provided for this project under the Community Jobs Plan scheme ... this project also gave opportunities for up to 20 participants to learn invaluable building industry skills that will assist them with longer-term employment opportunity. On behalf of Council and those within our community that will benefit from this facility, I thank you for providing the grant for this worthy project."

What I suggest should come out of this Budget process and this Estimates debate, Mrs Sheldon, is a recantation by your side, that you will no longer oppose those programs, that you will no longer oppose this policy and that you in turn, if ever you return to Government, will continue to fund them in the way we have rather than following the programs of Peter Reith and Peter Costello, who have slashed all these programs in the Commonwealth Government.

Mrs SHELDON: Minister, I refer to attachment A in that same question on notice No. 4. I notice that, in my electorate of

Caloundra, which has a high unemployment rate, there was \$110,553 in actual expenditure on—

Mr BRADY: Mr Chairman, you are going to have to extend the time.

The CHAIRMAN: Actually, the period for non-Government questions has expired. Mrs Sheldon, you can take that up in your next session, if that is okay.

Mrs SHELDON: Very well.

The CHAIRMAN: Minister, page 29 of the Ministerial Portfolio Statements refers to the 10-point plan to safeguard TAFE Queensland. Can the Minister advise the Committee of the health of the TAFE system?

Mr BRADY: Thanks, Mr Chairman. I am pleased to place on record before the Committee our Government's achievement in TAFE. It is clear that there is now a strong commitment to a financially viable public provider of training. We believe that we have made considerable progress in rebuilding TAFE Queensland from the parlous state it was left in when we came to Government. Desperate is not too strong a word for the condition of TAFE in July 1998. Its future was bleak because of the policies of the then Government that we replaced. Staff morale was at rock bottom. In over two years, we have turned TAFE around and the measures we have taken have started to pay dividends. Our first step had a positive impact on the lives of many Queenslanders in TAFE because we implemented our 10-point plan, which we promised to do in Opposition. During the 1998-99 financial year, \$10m was returned to the 16 TAFE institutes around the State, funds that had been earmarked by the coalition Government for removal from the TAFE budget.

We funded system improvement initiatives in staff development. TAFE Queensland's investment in staff development is well in excess of its commitment of 2.5% of payroll expenditure. The Labor Government converted a loan of \$18.8m used by the coalition Government to fund more than 500 voluntary early retirements in 1998 to direct grants to institutes. We froze the levels of competitive funding at 1998 levels with the aim of enabling staff to bed down some of the reforms that had been initiated. \$12m was then provided to revitalise institutes. Many of these projects supported staff and development initiatives.

An additional \$13m was allocated in the 1999 Budget to reaffirm our ongoing commitment by providing additional training places for Queenslanders, particularly in the

vital field of information technology. We targeted an increase in the recruitment of delivery staff to move towards a 60/40 delivery to non-delivery staffing ratio. Importantly for staff, more than 1,000 temporary staff were converted to permanent status after a closed merit scheme negotiated with the Office of the Public Service. It was a demonstration of our commitment to TAFE's long-serving temporary employees.

As a result of this, permanent staff in TAFE now account for about 70% of full-time equivalent staff members across Queensland. Many teaching and tutorial staff gained permanent status. We established the Vision for TAFE Queensland and the TAFE Queensland Constitution. I am confident that this Budget will help reposition TAFE as a strong and financially viable organisation which will continue to make a major contribution to hundreds of thousands of Queenslanders around the State, to industry, to local communities and to the State economy.

The CHAIRMAN: Minister, I refer you to your answer to that question and further ask: can you inform the Committee how TAFE Queensland is situated financially compared with its position as at July 1998?

Mr BRADY: I can certainly say that TAFE Queensland today is in a vastly better position than it was in July 1998 when we commenced Government. The treatment of TAFE Queensland financially by the coalition Government was a matter of great concern to us when we were in Opposition. We were concerned that the ideological zealotry of the then Government was threatening the very survival of TAFE Queensland. We knew at the time that things were bad. We were hearing about it from staff, from students and from the community. We knew that the then Minister was introducing user choice training and competitive funding at a rate far faster than any other State—at a rate that was not sustainable.

I remind the Committee of the situation facing TAFE Queensland. When we came to Government we found that in just two years the coalition had removed at least \$90m from TAFE Queensland's budget to fund user choice and competitive funding. In effect, this resulted in a real cut to TAFE of \$31m. The pillaging of the TAFE budget was intended to continue at the rate of an additional \$10m a year until the year 2005. That was the plan of the coalition Government.

To give the coalition its due, or to at least acknowledge the fact that it was returning to some semblance of reality, the alarm bells

finally rang late in the term of the previous Government when the former Minister was told by PricewaterhouseCoopers that if it continued on doing what it was doing and did nothing to change it TAFE Queensland would face a financial black hole of over \$90m by the year 2000—by this year. If we had not come to Government and reversed the financial policies that had been approved by the then Treasurer and the then Minister for Training in the coalition Government, TAFE Queensland this year would have had a financial black hole of over \$90m. That is not our assessment but that of PricewaterhouseCoopers. They told the coalition that if it proceeded down that path TAFE would need a massive injection of funds to cover staff redundancies, new systems and business initiatives.

The cost overrun in TAFE Queensland's budget in 1997-98 was at least \$27.3m—the start of this huge unfunded black hole that was building up. We moved immediately to address the problem. While it is not possible to meaningfully compare the 1999-2000 result with those of previous years because of the introduction of accrual accounting, it is clear there have been enormous improvements since our Government came to office. In 1999-2000 the overall operating result for TAFE Queensland was \$5m in deficit. This represents good progress from the disaster we faced. The figures I have given from PricewaterhouseCoopers' assessment clearly demonstrate the situation that would have applied. The actions we have taken have started to pay dividends.

The CHAIRMAN: Minister, page 9 of the Ministerial Portfolio Statements refers to the Breaking the Unemployment Cycle initiative. How effective has the initiative been in creating additional employment opportunities in Queensland?

Mr BRADY: This has been, clearly, one of the most important initiatives of our Government. It is all the more important because it is one of the areas in which we are in total conflict and debate with the Opposition. The Opposition opposes this initiative. Let the people of Queensland know this: the coalition has never supported the Breaking the Unemployment Cycle initiative and it is locked into the market forces ideology of Peter Reith, Peter Costello and John Howard, who abolished similar programs at the Commonwealth level. It refuses to face the facts. The facts are as follows.

The number of subsidised apprenticeship and traineeship places offered through public sector agencies demonstrates our

Government's commitment to providing employment-based training opportunities for unemployed Queenslanders. As at 30 June 2000, over 5,400 apprentices and trainees had been employed in public sector agencies as a direct result of this policy of ours. The initiative has attracted participation by 24 Government departments, 16 TAFE institutes, 115 local government authorities, 23 statutory authorities and 34 Aboriginal and Torres Strait Islander community councils. Statewide, distribution of apprenticeship and traineeship places has resulted in 61.1% employment in regions outside the Brisbane metropolitan and south coast regions. The focus of the program is on youth; however, no age group is excluded. Statistics indicate that nearly 5% of all trainees and apprentices are over the age of 40. So there has been a massive improvement in terms of apprenticeships and traineeships.

Private sector employees receive incentive payments which now go up to \$2,200. Under this program we set a target of providing subsidies to employ 2,750 additional apprentices and trainees. This target has been exceeded. At 30 June there were an additional 3,700. We are almost 1,000 over our target in terms of these private sector apprenticeships and traineeships under the policy. An overall target of 7,500 additional apprentices and trainees has been set. As at 30 June employers had been employing 7,818. Those programs have been enormously successful. The community jobs programs, which I have referred to before, have also been extraordinarily successful.

These policies stand the test of examination. The numbers are up. The jobs are up. The unemployment rate for youth and long-term unemployed is down. We will continue to drive this home. I want to see the day that shadow Minister Sheldon and the Leader of the Liberal Party come out and admit they were wrong and support these programs.

Mr WILSON: Can you outline what the Beattie Government's program More Jobs for Queenslanders has done for youth?

Mr BRADY: This has been an important part of our program. As I have indicated and will continue to indicate today, it has been the main reason youth unemployment in Queensland is for the first time in a long time now lower—bad as it is across Australia, and much better as it has to get in Queensland—than the Australian average, something that was never achieved under the coalition Government. It was a long way away

from it. Our main focus was to reduce unemployment and create sustainable job opportunities. We have focused, as I have said, on the long-term unemployed and the youth.

In relation to youth, of the total commencements in the public sector since the initiative was introduced in October 1998—that is when we actually started, very quickly after coming to Government at the end of June 1998—77.8% were 24 years of age and under. Nearly 80% were 24 years of age and under. That statistic indicates that in this program, which is open to all age groupings, young people are the primary beneficiaries of the opportunities provided through public sector agencies.

In the private sector, the incentive payments available are up to \$2,200. Again, the program is targeted at the employment of additional apprentices and trainees and has been markedly successful in assisting youth. Since the commencement of the program, 6,638 apprentices and trainees 24 years of age and under have been assisted. In the private sector that represents 85% of all apprentices and trainees employed. Again, whilst the program is open to all age sectors, 85% of these over 6,600 people who have got work because of this incentive have been 24 years of age and under.

During the term of the Government there has been a significant reduction in youth unemployment. The unemployment rate for 15 to 19 year old Queenslanders was estimated at 19.4% in June 2000—the lowest in Queensland for almost six years. It has fallen from 25.2% in July 1998. That is where it was. We are six percentage points better than we were under the system we inherited from Treasurer Sheldon and the Borbidge/Sheldon Government in terms of youth unemployment. Nationally, youth unemployment is above 20%. This result is the best for six years—six percentage points better—because we have policies and programs, and they are working. For 20 to 24 year olds the unemployment rate has fallen from 13.8% in July 1998, when we came to Government, to 10%. We have knocked it down almost four percentage points. You do not do that by accident. You do that by targeted policies and programs and by working with the community—having a policy, spending the money and spending the money well.

Mr WILSON: Going a little bit more broadly, could you inform the Committee of the Government's progress overall in creating employment since it took office?

Mr BRADY: What we have done is significant, because it is going to continue to be done under our Breaking the Unemployment Cycle initiatives provided the Beattie Labor Government stays in power. It is goodbye to all of this if the Beattie Labor Government loses office, and that has to be remembered. I again call on the Opposition to admit its error and come forward and say that this now has bipartisan support, but I suspect I am going to wait a long time to hear that. There has been some muted support, I have to say, from the member for Caloundra in her speech in the Parliament, unlike her leader, who continually refers to our initiatives as phoney jobs.

After 24 months in office, the evidence speaks for itself. Employment in Queensland has grown strongly during our term, increasing by 5.1% or nearly 81,000 new jobs, exceeding the average growth for the rest of Australia, which was under 5%. Three out of every five jobs created in Queensland in this time were full-time jobs—over 53,000. Let us take the comparison. We often hear these figures. We will take the comparison. We have been in office now for two years. Let us look at those two years and compare them with the first two years of the two years and four months of the Borbidge/Sheldon Government. In that time, only 24,800 full-time jobs were created. I repeat: in our time in office, in our two years, over 53,000 full-time jobs have been created, compared with less than 25,000 full-time jobs in the first two years of the Borbidge/Sheldon Government. So unemployment, as we know, has fallen to 7.8%, the best for 10 years. During the term of the coalition, the unemployment rate reached 9.8% in the months of February and March of 1997.

Queensland, of course, has to battle—as it always does, whether it is under Labor or coalition Governments—the highest labour force participation rate in Australia, with the exception of Western Australia, which basically is confined to Perth and around Perth. At 65.1%, it exceeds the national average by 1.4 percentage points. Queensland's strong labour force growth is likely to have been exacerbated by an increase in net interstate migration in recent quarters. Even so, we believe the strong growth in the labour force is not an excuse for the current level of unemployment. We have been able to provide employment to a number of target areas by policies that are appropriate for State Governments, policies for youth, mature-aged and long-term unemployed.

So over the period of the coalition's first 24 months in office, unemployment for youth

fell just 600. The corresponding unemployment rate at the time was 26.9%, whereas we have got it down to under the Australian average. Our policies are working and they will continue to work provided they can be put into practice, and it needs a Government that is determined to do it to do that.

Mr WILSON: Can I take you now to the area of long-term unemployed. On page 12 of the MPS, it refers to employment assistance for the long-term unemployed. What assistance has been provided to long-term unemployed people in the financial year 1999-2000, and what is planned for the next financial year?

Mr BRADY: That is an important question. It is particularly important because Queensland is very much part of Australia, but it also has to fight its situation with our policies in a sea where we are opposed by the policies of the Commonwealth Government. You may have noticed in recent days that the Commonwealth Government has been heavily criticised for its failure to assist long-term unemployed people, and rightly so. In fact, over the past four years there has been an increase in the number of long-term unemployed people in Australia, because the Howard Government, through its policies, has done absolutely nothing for them. But in Queensland, we have. So at the same time as across Australia the situation of the long-term unemployed has worsened, in Queensland it has actually improved. Over the period of the Beattie Government, we have succeeded in bringing down long-term unemployment by 9,300. There has been over a 20% reduction in long-term unemployment in Queensland, at the same time as the Australian long-term unemployment situation has worsened. There can be no other explanation for that situation other than the policies of the Breaking the Unemployment Cycle initiatives, the catalysts that they produce, not only in the jobs they directly create in the public sector and the private sector but also the impetus that it gives to the community that a Government is fair dinkum about doing something about long-term unemployment.

Unlike the previous Borbidge/Sheldon Government and the Howard Government, we actually believe that labour market programs such as the ones we have introduced are valuable and do make a difference. The difference between us and the Howard Government—or what would be another Borbidge/Sheldon Government if they came back, because they would do what the Howard Government is doing—is that the Howard

Government's response has been to slash \$80m it took from intensive assistance for the long-term unemployed and to put it into the work for the dole scheme, a scheme which offers no training and precious little help.

Therefore, Australiawide, long-term unemployment has worsened; in Queensland, it has improved. There is no explanation other than the one we are giving. This is the one State that has a policy which it is putting into practice. The contrast is there; the evidence is there; the results are there for all to see if they have the eyes to see them and are not blinded by ideology to the market forces program of the coalition parties in this country.

The CHAIRMAN: The time for Government questions has expired. I call the member for Caloundra.

Mrs SHELDON: I refer again to Question on Notice No. 4. Speaking of these programs of CEAP and CJP funding, I refer to my own electorate, which has an unemployment rate, according to the figures you have presented to me, of 11.7%. On the figures you have presented to me, it looks like the only approval has been \$54,600 for the approved project funds in CEAP and absolutely nothing for CJP, yet in the paper you have just presented and tabled, it has that Caloundra has one project of \$168,200 for CJP and, under CEAP, three of 166. These are both supposedly at 30 June. Could you tell me which set of figures is correct?

Mr BRADDY: Again, these are our programs, our policies, our strategy. I repeat, Mrs Sheldon: we don't devise these programs; we depend on local communities to come up with them and then to have them assessed by local committees. I don't initiate the actual programs and I don't kick them off. I don't either approve or disapprove of them; neither does my department. They are priorities. The other thing, of course, that you have to take into account and we all have to take into account is that Caloundra is only, like all of the individual electorates, a speck. It is not existing on its own; it is not an island; it is a region. So a lot of these programs are funded in a particular electorate, and they have to be allocated to one electorate or another, but the region of the Sunshine Coast is really what affects you, and also in and around the Caboolture area. A lot of people live in one electorate and are funded or working in programs in another electorate that is nearby. So let us talk about the Sunshine Coast region.

I can say that over 1,100 jobs and skill development opportunities have been created

on the Sunshine Coast under our policies. With respect to the Sunshine Coast region, as at 24 July 2000 a total of \$2.4m has been invested in 15 projects on the Sunshine Coast to create 205 jobs under the CJP part of it. So on the Sunshine Coast—forget just Caloundra itself for a minute—\$2.4m in 15 projects creating 205 jobs. The Community Agency for Development and Employment Training in Landsborough received \$168,000 to employ 15 people to carry out work at the Ewen Maddock Dam. Funding of over \$200,000 enabled the Noosa Community Training Centre to employ 20 people on a community recycling project.

The CEAP fund's projects do help the long-term unemployed develop skills. The Sunshine Coast benefits under that program. Thirteen projects have been awarded on the Sunshine Coast, totalling nearly \$600,000, to assist 300 people there. Examples on the Sunshine Coast that have received funding under the program are the Caloundra City Council's two projects—

Mrs SHELDON: Point of order, Mr Chairman. Am I going to get an answer to my question or not? It was quite specific and it is important.

The CHAIRMAN: The member has asked a question. The Minister is entitled to answer the question as he sees fit.

Mrs SHELDON: Then I take it the tabled document was incorrect.

The CHAIRMAN: I call the member to order. The Minister will be allowed to answer the question.

Mr BRADDY: I pointed out at the start, and Mrs Sheldon knows it full well: you don't exist on an island in Caloundra; you are part of the Sunshine Coast—

Mrs SHELDON: Which figures are right, these or these?

Mr BRADDY:—and would you please stop interrupting me.

Mrs SHELDON: It is pretty simple. Which are right?

The CHAIRMAN: Order! I am not going to allow debate. The member for Caloundra will come to order, and the Minister will be allowed to answer the question.

Mr BRADDY: You are part of the Sunshine Coast. You are part of a program—

Mrs SHELDON: My electorate has an unemployment rate, according to you, of 11.7% and no funds.

Mr BRADDY: Why don't you get more programs initiated in your area? I don't know

that you have ever done anything about it personally.

Mrs SHELDON: You wouldn't know whether I had or not.

Mr BRADY: And in terms of what is happening on the Sunshine Coast, of which you are a part, in policies that your coalition party has, in fact, opposed—

Mrs SHELDON: Why won't you just answer my question?

Mr BRADY: You opposed these policies, so you are getting the benefit of programs, policies and—

Mrs SHELDON: No benefit at all, by the looks of it.

Mr BRADY:—money expended which you in the Parliament actually opposed. You have had in Caloundra, for example, two projects which together received over \$150,000 to help 100 disadvantaged young people develop skills in the interactive multimedia industry. What we are talking about in that particular attachment is not the whole of the two years. This is just the more recent areas in relation to it. You have had—

Mrs SHELDON: Bit of a fudge.

Mr BRADY: Over the two years you have had two projects under your council which have helped 100 disadvantaged young people. So your area in Caloundra has done reasonably well and the Sunshine Coast has done even better.

Mrs SHELDON: According to your own figures, there has been only one project, so I am asking can these figures be cleared up, please. They are your figures, not mine.

Mr BRADY: No, is that an actual—

The CHAIRMAN: That is a question, Minister.

Mr BRADY: That is a question.

Mrs SHELDON: It was my previous question, Mr Chairman.

Mr BRADY: Well, you were out of time, Mrs Sheldon.

The CHAIRMAN: Order. I will—

Mrs SHELDON: And so were you.

The CHAIRMAN: I will ask the member for Caloundra to—

Mr BRADY: No, you are out of place.

The CHAIRMAN: I ask the member for Caloundra to ask her questions and allow the Minister to answer. If the member continues to interject and interrupt, I will move on to the next member from the non-Government side.

Mrs SHELDON: Mr Chairman, just a point of order and your clarification, please. That is the same question I asked before. I purely asked which set of figures were correct because this is what has been presented to me. What am I to go on? Now you are saying the Minister has another five minutes to answer the question which he did not answer before on his own figures. That hardly seems fair.

The CHAIRMAN: Order. I have made the point to the member for Caloundra on more than one occasion. She is entitled to ask the question and the Minister is entitled to answer as he sees fit.

Mrs SHELDON: So that is your ruling on my question to you?

The CHAIRMAN: That was your second question. I am inviting the Minister to respond to the question.

Mrs SHELDON: What a farce.

Mr BRADY: She is debating—

The CHAIRMAN: There will be no debate. I would ask the Minister to respond.

Mr BRADY: It is now another question. One of the problems that I think you obviously have, member for Caloundra, is you do not look closely at figures. That figure is for 1999. Caloundra—

Mrs SHELDON: 1999-2000—30 June 2000.

Mr BRADY: There are also statistics that go up to June 2000 in relation to other programs that are being funded. I am talking about across the couple of years of the program.

Mrs SHELDON: I am talking about your budget.

Mr BRADY: No, you are talking about attachment A, which was for 1999—

Mrs SHELDON: Funding by electorate of 1999-2000, your own words—or your department's own words.

Mr BRADY: You continue to interrupt me. Would you please stop. I have a limited amount of time. I am telling you—

Mrs SHELDON: So do I.

Mr BRADY: In the period that we have been doing these programs, not necessarily within 1999-2000, Caloundra has had, for example, the example I gave you before of a program that involves the Caloundra City Council's two projects which together received over \$150,000 to help disadvantaged young people develop skills in the interactive multimedia industry. I visited that program so I

know it is there. You may not know it is there but I know it is there.

Mrs SHELDON: Mr Chairman, a point of privilege.

Mr BRADY: And you are only—

Mrs SHELDON: A point of privilege.

Mr BRADY: You are only looking at the attachment A—

Mrs SHELDON: Mr Chairman—

Mr BRADY: Which does not cover—

The CHAIRMAN: Order—

Mr BRADY:—the whole period of Government. It is as simple as that, Mrs Sheldon. Understand there is more than one year in the calendar.

The CHAIRMAN: Member for Caloundra, what was your point of privilege?

Mrs SHELDON: I have a point of privilege in that the information I was given by the Minister to my question on notice was obviously misleading and I would like the fact that he has misled the Parliament—because this is part of it—referred to the privileges committee.

The CHAIRMAN: There is no point of privilege. I would ask the Minister to—

Mr BRADY: It is absolute nonsense, Mr Chairman. Mrs Sheldon is taking one year in the calendar. We have been in Government for two years. You do not just look at what happened in Caloundra—

Mrs SHELDON: They are your own figures. 1999—

Mr BRADY: Attachment A—

The CHAIRMAN: Order. I ask the member for Caloundra to cease interjecting and allow the Minister to answer. If you continue to follow this course of action, I will invoke the Sessional Orders. I call the Minister.

Mr BRADY: I repeat, you asked a question relating to attachment A which is for the period 1999-2000. That is one year—one year—of our Government's program. If you want to be fair and look at how these programs are going, you look at them over more than one year. We have actually been in office for two years. You have done very well both in Caloundra and the Sunshine Coast in terms of these programs. Despite your opposition to the programs, despite your opposition to the policies, you have had some people in your area who have worked very hard at getting up some projects. If you look at the programs, there is other material available that shows the CJP and CEAP statistics from the commencement of the program to June

2000. You took one particular year. I am telling you, please look at the two-year statistics and you will see Caloundra comes out of it far better than you are trying to insinuate.

Mrs SHELDON: I would also like to raise a point of privilege, Mr Chairman, in that you have no right to rule there was no point of privilege. That has to go to the Speaker, who will rule on it.

The CHAIRMAN: The Committee will determine or deliberate on that matter during the break. Would you ask your next question, please.

Mrs SHELDON: Thank you.

Mrs LIZ CUNNINGHAM: Could I please go to question No. 2 on notice regarding consultancies. In that answer you gave us a register of 68 consultancies—68 contracts. Thirteen were advertised, 55 were not. There is no differentiation in costs. Some high cost ones were not advertised, some low cost ones were. What criteria are used to determine which ones will be advertised and why was such a high level of contracts not advertised?

Mr BRADY: I can tell you this: I will give you the principle in relation to it and I will ask the Director-General to give more detail in relation to it. We have policies and principles that are laid down by Government which must be adhered to. In relation to all these consultancies, we have strictly adhered to those principles. I might say, we have been very abstemious in terms of these consultancies. For example, if we look at the annual reports, when the previous Government was in power for two years and four months, in our department consultancies totalled \$7.3m over a two-year period. Just remember that. The difference is that under our Government in our department the consultancies over a similar period have been costed at \$1.3m—\$6m less. So we have been very abstemious. We have done all that we can to do work through our department and there has been a significant decline, as you can see—down from \$7.3m in two years to \$1.3m in two years. I will now ask the Director-General, Mr Bob Marshman, to comment further in relation to your question.

Mr MARSHMAN: I assure the Committee that all consultancies were let in accordance with the State Purchasing Policy, of which there are a variety of levels. There are the publicly advertised consultancies; there are the ones for which three quotes were got which we are allowed to do under that policy. The third area is standing offers—where there are standing offers where either the Treasury or Public Works Department or others have done

that assessment, if you like, prior to us and we can take the consultancies off the standing offer. What I would like to offer you is to give you the details of all of those—for each of those consultancies—whether they were advertised, three quotes obtained or on a standing offer.

Mrs LIZ CUNNINGHAM: That information is here, with respect—whether it was advertised or not. That was provided in the reply, but there is an inconsistency in that. Some consultancies for \$3,000 or \$4,000—there is one here for \$16,000 that was advertised, there is one for \$140,000 that was not advertised, there are others that are quite small that are advertised, and there is one for \$556,000 that was not advertised. I would just be interested in why there is such a huge fluctuation and why the larger ones were not advertised as a matter of course.

Mr MARSHMAN: To give you an example, if we were in some areas getting computer expertise into the department, there is a standing offer arrangement that I think the Treasury has where they have made the assessment as to the six consultants that it is okay, if you like, for departments to use. We might invite expressions of interest from people who are on that list. That could be an expensive consultancy. So each one, in terms of the State Purchasing Policy, is a matter of judgment.

Mrs LIZ CUNNINGHAM: Who makes the judgment?

Mr MARSHMAN: It is usually made—well, in our department, it is made by me.

Mrs LIZ CUNNINGHAM: All right. Could I ask, then, just as an example on page 6 of that register, it says in relation to actuarial consulting services that it is over half a million dollars and there was no advertising. Would that be one of those standing offers?

Mr MARSHMAN: The actuarial consultancy, is that in WorkCover? It is not in the department. I am sorry—

Mrs LIZ CUNNINGHAM: Yes, it is.

Mr MARSHMAN: WorkCover is an independent authority whose board would make that decision and we would have to get you the details on that one. I can answer for the department where I have the authority and exercise the decision, but not for WorkCover.

Mr BRADY: You understand, they do not come to us for approval. We are not in any way in those decisions. It is an independent authority that makes those decisions.

Mrs LIZ CUNNINGHAM: All right. Thank you, Minister. Could I ask a question regarding

TAFE? In the answer to the non-Government question on notice No. 1, it states that as at the end of June 2000 the number of teachers in TAFE Queensland is 2,466, and for the end of year 30 June 2001, 2,480 teachers are to be employed. Given that there is a laudable emphasis on training in the Government, will 14 additional TAFE teachers be sufficient to address those training needs?

Mr BRADY: The decisions in relation to the mix in TAFEs are made ultimately by the 16 independent TAFE institutes. We have a Government policy, which is that we must try to improve—as you have indicated, it is a laudable ambition—to get to a 60/40 mix. So what is happening as well as the small increase in teachers, as you are saying, is that there is also a change of teacher situation. Some teaching roles are no longer as important or as necessary as others and you have a situation that the teaching staff in a particular institute will vary from place to place. So you can have situations where the particular mix of teachers can change. So that is as important as the numbers themselves.

In terms of what we have done, of course, we have tried to also make it better for the staff in terms of reducing the number of casual staff, and that has been also very important. As I have indicated earlier, we have converted nearly 1,000 casual staff to permanent staff. The situation, I believe, will continue to be that—where there is a flexibility as to the nature of the teachers and the work that they are doing. I believe that it is working as well as it can in the circumstances that we inherited and that the policies that we are implementing will continue to make sure that the institutes themselves make these decisions rather than head office, that the mix of staff and administration will be improved and continue to be improved and that the particular mix of teachers that you want will continue to be improved. The situation, I believe, is good.

You cannot have head office making these decisions. We can make policies, we can make strategies, but the independence must increase in the 16 institutes. I believe that they are doing extremely well. So it is not just a matter of looking at the raw figures; it is a question of the changing mix of the nature of the teachers as well, the permanency that applies to them rather than casualisation, which was the increasing situation before.

Mrs LIZ CUNNINGHAM: I just seek a clarification. I presume that teachers are the contact hours people. The non-teaching, I thought, would have been administrative staff. But in the subnote it says that non-teaching

comprises delivery, that is, those directly involved in the delivery of the program and non-delivery support staff. I would seek a clarification, if I could. Those directly involved in the delivery of the program, are they teachers or not? If they are not, there is a slight reduction in support staff, that is, the admin-type people. What checks do you have in place to ensure that administrative staff—they are almost 50% greater now—do not outstrip the teachers who actually deliver the services?

Mr BRADY: I think the best way that I can help you in answer to that, Mrs Cunningham, is to ask Ms Rachel Hunter, who is the Director of South Bank TAFE and also the Chair of TAFE Queensland, to answer that question.

Ms HUNTER: Thank you, Minister. There are inconsistencies in terms of the way in which the information has been requested, because, in fact, we work to staff ratios that are based on delivery and non-delivery and it is difficult to correlate that back to tables that ask for us to categorise teachers, tutors and administrative staff. The realities are that a number of administrative staff are performing delivery duties, where "delivery" is defined as direct delivery of a teaching and learning activity or direct support to that teaching and learning activity.

I would refer the Committee to the definition which we use through our delivery and performance agreements with the director-general, and that reference is the National Centre for Vocational Education and Research definition, which defines expenses that can be directly attributed to particular teaching activities or learning areas, such as salaries, wages, on-costs for teachers and tutors including supervisory teaching staff, heads of department and schools. It also includes salaries, wages and on-costs for non-teaching support staff directly associated with a particular teaching activity and material supply services, expenses and facilities costs capable of direct association with a particular learning activity.

By way of example, staff who work in our flexible delivery centres, where computer-based models of delivery occur, they support learning but they may not be teachers.

The CHAIRMAN: Order! The time allocated for non-Government members has expired. I call the member for Kallangur.

Mr HAYWARD: Minister, earlier you mentioned that the Breaking the Unemployment Cycle initiative was opposed by the Opposition. In light of that, what has been

the effect of that initiative on rural and regional Queensland?

Mr BRADY: Mr Chairman and members, it has been a very important initiative for rural and regional Queensland. In 1999-2000, one of the two years—and I emphasise that for the benefit of the member for Caloundra—that these programs has been running, 158 Community Jobs Plan projects were approved in providing employment for nearly 1,900 people who were long-term unemployed or at risk of long-term unemployment. Fifty per cent of these projects—I am sure that the member for Callide would be pleased to hear this, even if his party does not support this policy—were in rural and regional Queensland, providing employment to 952 people.

Significant numbers of Community Jobs Plan participants have found ongoing employment at the end of the project. In 1998-99 and 1999-2000, 50% of participants in those programs found ongoing employment at the end of their project while another 8% accessed further training. This is another way of showing the importance of these programs. They are very important to rural and regional Queensland. In rural and regional Queensland participants in the Community Jobs Plan have had considerable success in finding work or moving into further training. In north Queensland, for example, over 80% of CJP participants found ongoing employment or undertook further training at the completion of their project.

If you look at the national statistics over a long period, you see it is usual for a third of long-term unemployed people who engage in programs of this nature to get meaningful training or work at the end of the program. In north Queensland, 80% have gone on to find permanent employment or further training outside the project. It should also be noted that many participants in areas such as north Queensland are Aboriginal or Torres Strait Islander people, who traditionally face significant obstacles in accessing work. It is very important that this program works well.

In terms of the CEAP, 55% of the projects are in rural and regional Queensland. Significant numbers of Community Employment Assistance Program participants have found ongoing employment as well. In 1998-99 and 1999-2000—again, the program has been going for two years—52% of participants found ongoing employment at the end of their project while another 18% accessed further training—a total of 70%. That is across the whole program. These programs are significant for rural and regional

Queensland and it is very encouraging to see that in rural and regional Queensland the outcomes in terms of employment and further meaningful training at the end of them have been very good. There have been 115 local councils cooperate with us on these programs.

Mr HAYWARD: What is the Beattie Government's record of achievement in creating additional apprenticeships and traineeship opportunities in the public sector?

Mr BRADY: The public sector has been a significant part. It has played its part along with the private sector in these programs. I will give you some statistics that indicate the regional distribution of them and, therefore, their importance: 20.4% in north Queensland; 15.3% in central Queensland; 12.3% in Wide Bay/Sunshine Coast; 13.1% in the south-west; Brisbane north, 27.8%; and south coast, 11.2%. The statistics highlight the level of involvement in this program by regional Queensland. Some 61.1% of all apprentices and trainees are employed in areas outside south-east Queensland. Participation by 115 local government councils is proof of the fact that we must cooperate in this. We cannot do it alone. We do not devise or initiate the programs. We fund them. We have the policy. We supply the money and the support. The public authorities have been extraordinarily cooperative. We made an important decision at the start to extend it from State Government departments and Government authorities to include local government councils. They are amongst our most enthusiastic supporters. The number of councils participating has increased since the program commenced. The councils have employed—this is extremely interesting—1,467 apprentices and trainees, thus providing opportunities that were previously not available.

In terms of the public sector, you have to think not only about State Government departments. Do not just think about Brisbane and where the mass of State Government personnel are; think local governments, think statutory authorities and remember that the involvement by regional Queensland through the public sector takes up over 61% of the numbers taken on through apprenticeships and traineeships in the public sector. Statutory authorities have employed 540 apprentices and trainees across regional Queensland. As we can see, the public sector is playing a significant role. It is being well conducted and well run. The progress in regional Queensland will continue, because we have the enthusiastic support of local government across Queensland, whether they be Labor

councils or councils dominated by non-Labor people.

Mr HAYWARD: Earlier in the hearing you mentioned the term "phoney" jobs. Can you comment on claims by the Leader of the Liberal Party that jobs created under the Breaking the Unemployment Cycle initiative are "phoney" jobs?

Mr BRADY: It is an extraordinary comment and it is ideologically based. There is no other explanation for it. It was just an extraordinary comment—a refusal to face the truth. Something I can say, as I indicated earlier—and it would appear that this is not fully shared even by the member for Caloundra, who in her speech in the Budget debate made reference to the fact that she would give some support for these programs but indicated she would like to see them better targeted and so on—is that the official policy of the coalition Opposition is to continue to denigrate these programs and to call them phoney jobs. What is the reality? Between October 1998 and June 2000 over 4,200 private sector employers have taken up moneys and incentives to take on nearly 5,000 additional apprentices and nearly 3,000 additional trainees. Phoney jobs? What a load of nonsense!

In just 21 months we have exceeded our target of 7,500 jobs in industries with skills shortages. That is why they are not phoney jobs. For example, we do not just say to any employer in the private sector area, "Under this initiative, we will give you a cash incentive to take on additional apprentices and trainees." They have to be in areas of skill shortage, which means that there is the probability that it will lead to a job at the end of the apprenticeship or traineeship. That is important. Again, we have provided jobs and training for almost 10,000 long-term unemployed people. I gave you the figures before for north Queensland, where over 80% of the people coming through those programs are getting jobs or training at the end of the program that will lead to jobs. Phoney jobs? What a load of nonsense!

I repeat: look at the statistics for long-term unemployed and youth unemployed in Queensland and Australia. See the massive reduction that we have been able to bring about since we came to Government two years ago. We are getting ahead of the game in Queensland while the rest of Australia is getting worse in relation to those figures. They are not phoney jobs, they are real jobs; we target them at people who can benefit from them. For example, over 6,600 long-term

unemployed people have received assistance through 153 projects around the State, with grants totalling \$9m. Over 3,700 of them have gone on to full-time jobs when they finished. So they are real jobs when they are doing these programs. Ask the councils in regional Queensland. They are real jobs while they are being funded to do the work and a lot of them are getting real jobs at the end of these programs as well.

The CHAIRMAN: Can you inform the Committee of the success of the Breaking the Unemployment Cycle initiative in communities generally throughout Queensland?

Mr BRADY: Let us firstly deal with that issue again of long-term unemployment. It is the hardest cycle to break. If you abandon labour market programs altogether—as the coalition Government in Canberra has done or as the coalition parties in Queensland would do again if they were in power here—they would be the last ones to ever get jobs. If you are going to make a real indentation in the total unemployment rate, you have to have policies that target the long-term unemployed as well as youth and general unemployment.

The positive effects of our programs can be seen by the statistics I have already given but also by people around the State who tell us how important they are. The North West Star in Mount Isa on 25 July quoted Mount Isa Mayor, Ron McCullough, talking about the Green Belt Community Jobs Plan project which took on 12 long-term unemployed people. Councillor McCullough pointed out that the first stage of the project had finished and four out of 10 people who were long-term unemployed on that project then found work. An editorial in the same edition of the paper said that the project should give the participants a kick along in life. It said—

"Any move in providing meaningful occupation of the mental and physical capabilities gives the subject a new outlook and projects such as this must be encouraged to continue."

In the Gympie Times of 15 July, Mary Valley Heritage Railway station master Ken Boody said—

"I'm sorry to see the end of the project. They are wonderful workers who achieved so much. I would recommend them to any prospective employer ... I wish we could keep them here."

On 15 July in the Toowoomba Chronicle, Gatton Shire Mayor, Ray Ferdinand, talked about the Lake Apex project at Gatton. He commended the project and said that participants had learnt a lot and had given

them a lot. Councillor Boulton, the Mayor of Redcliffe, wrote to me thanking me for the CJP program in his area. Radio 612 ABC Radio's Metro Drive program on 16 May 2000 discussed youth unemployment and job creation with Jacinta Amies from Get That Job Employment Service. Ms Amies said—

"In Queensland, Beattie's big focus is breaking the unemployment cycle and that actually funds us to run a program at the moment for eight people. So, I guess I feel there's a lot more than what the Federal Government is doing. Our State Government is doing a lot because Beattie's taking it really seriously."

This multiplicity of small programs and projects that are undertaken with the community at the instigation of the community are working. Therefore, the program is a great success and we are going to continue to fund it.

The CHAIRMAN: The Committee will break for a period of 15 minutes.

Sitting suspended from 10.01 a.m. to 10.21 a.m.

The CHAIRMAN: The Estimates Committee F hearings are now resumed. Minister, in a previous answer you referred to a number of councils which have joined with the Government in implementing the Breaking the Unemployment Cycle initiative. Will the Government continue to work with local councils throughout 1999-2000?

Mr BRADY: The cooperation of the local government authorities across Queensland is greatly appreciated by our Government. Despite the fact that many of them have mayors or councillors who are active members of coalition parties, they have found in the interests of their community that it is important to put aside political point scoring and differences and to welcome the opportunities which this Breaking the Unemployment Cycle initiative brings to their communities. They are very vocal in their support. For example, we received a letter from the Toowoomba City Council staff integration development officer, who wrote to our department on 3 May stating—

"Council has found that the utilisation of the skills acquired by the participants in this employment initiative has been beneficial to both parties. Thank you for the chance for Toowoomba City Council to again be involved in this partnership and we look forward to another successful year."

The chief executive officer of the Winton Shire Council wrote to us on 19 May. He said—

"Council actively promotes the value of the State Government sponsored trainee program. We are sure of the positive impact this initiative has on the community in skill level of the trainees. We thank you for allowing us to participate in this program and with the State Government to jointly help provide jobs and benefit the people of our rural community."

The CEO of Monto Shire Council wrote to us saying—

"Council has been pleased to be part of the Breaking the Unemployment Cycle. We believe that it is an excellent means of providing training and apprenticeships for the young people of our community."

Peter Huth, Gayndah Shire Mayor wrote to me on 29 June. He said—

"I am in receipt of your recent letter and am quite conscious of the recent achievements of your Government's Breaking the Unemployment Cycle programs. Over the past 12 months, while I have been involved as a member of the Community Jobs Priorities Committee, I have gained a first hand understanding of the overall focus of the programs and more-so seeing the realisation of community benefit and creation of employment opportunities. From the point of view of my own community, the ongoing delivery of both the Mount Gayndah CJP project and also the much larger and very innovative BIEDO project, I believe that your commitment to such programs should be commended. In regard to your kind invitation to continue as a member of the Priorities Committee until 30 June 2001, I sincerely reply in the affirmative."

I could go on with positive quotes from people across Queensland. It seems that the only people who actively state that they do not appreciate the benefits come from the ranks of the Opposition, especially the Leader of the Liberal Party, Dr Watson, who unfortunately leads in this respect and leads very badly. Across Queensland Labor and non-Labor councillors support what we are doing and we will continue to work with them.

The CHAIRMAN: Can the Minister advise the Committee how the Breaking the Unemployment Cycle initiative programs compare with labour market programs elsewhere?

Mr BRADY: Certainly it is important to note the difference because, as I say, of Dr Watson's recent comments about phoney

jobs in relation to our initiatives. Again I accept and note that the member for Caloundra recently in Parliament actually said that she agrees that spending money on the sorts of programs under the highly successful Breaking the Unemployment Cycle is good if they are delivering. She went on to make some comments in relation to delivery and some criticisms, and that is part of the political debate. But at least there was a positive comment on these programs from the shadow Minister for Employment and Training. But the policies of the coalition are still against them. There is no support for their continuation and a clear indication that they would be abolished when they come to Government.

The member for Caloundra recently said that, if the Government was honest, the money could have been spent more efficiently and more productively. We certainly believe that it has been spent very efficiently and very productively. \$60m has been paid to public sector agencies for nearly 5,500 traineeships and apprenticeships at a cost of over \$12,000 per job. This figure only represents a cost to date for this period and does not take into account the agencies paid in instalments. \$12.6m has been paid in incentive payments to 4,294 private sector employees. That has led to an additional 7,818 apprenticeships and traineeships at a cost of only \$1,615 per job. So I believe that the cost effectiveness is very good.

This Government believes that market forces alone are not enough. We believe that these programs must be continually assessed and that their importance in terms of success can be viewed from the number of people who get jobs at the end of it, which is higher than is normally associated with the long-term unemployed. There is also the fact that the figures in Australia are not as good as Queensland's. As you would expect, New South Wales has brought down the Australian average with the advent of the Olympics, yet we are still doing better than the Australian average. The programs here are working. Other States in Australia can look at why they are so successful.

Mr WILSON: Minister, I ask you to direct your mind to the indigenous community and advise the Committee what the Government has done under its employment program to provide support to that important sector of our community.

Mr BRADY: One way we have addressed their particular needs has been by working with the Aboriginal and Torres Strait Islander councils. There are 15 Aboriginal

councils and 19 Torres Strait Islander councils. We are in a situation where the most recent census data highlighted a 22.5% unemployment rate for indigenous people. At the time those statistics came out, Queensland had an overall State average rate of 9.6%. Of course, it is well and truly down from that now under our Government. The unemployment rate in some indigenous communities is over 40%. The indigenous population is forecast to grow by 2.3% per annum over the next 10 years, so it is important that we work with the communities.

Appointment of employment and training support workers in communities identified as requiring additional support will help ensure that apprentices and trainees are encouraged and supported through programs and maintained in the work force. Additional community support will provide a culturally appropriate mechanism whereby trainees and apprentices can be assisted throughout their training program and into employment. The program for indigenous support will also assist indigenous communities initiate suitable employment programs through the CJP and the CEAP initiatives. By placing employment and training support workers in the communities, the workers will be able to align these training and employment programs with the community's economic development plan. This initiative will provide a resource that can work with the targeted indigenous communities to develop employment and training opportunities with ongoing support to help ensure that the viability and outcomes of funded employment and training opportunities are maximised. The workers will also have a liaison advocacy role with employers developing projects within or near the community.

To make sure that these initiatives work, we recently signed an MOU with Pasminco in relation to Century Zinc. The aim there is that, by putting in significant amounts of money from both the Government and Pasminco, by 2003 50% of the work force at the Century Zinc mine will be indigenous people drawn from the communities in that part of Queensland. No other major mine in Australia approximates that sort of ambition. Already, 20% of the workers there are Aboriginal. Under our training initiatives with CJP and CEAP, they all have to work together. The Century Zinc example is a great encouragement for us to know that, by the Government and private sector working together, we can create meaningful trained jobs for the Aboriginal community of this State.

The CHAIRMAN: The time allocated for Government questions has expired. I call the member for Caloundra.

Mrs SHELDON: Thank you, Mr Chairman. Minister, I refer to page 37 of the MPS and ask: can you confirm that at the end of September last year the Brisbane Institute of TAFE had a shortfall of approximately 250,000 student contact hours for the 1999 calendar year? This would affect the operating revenues of your Budget.

Mr BRADY: Can you repeat the operative part of your question please?

Mrs SHELDON: Can you confirm that at the end of September last year the Brisbane Institute of TAFE had a shortfall of approximately 250,000 student contact hours for the 1999 calendar year?

Mr BRADY: Can you please point out where on page 37 of the MPS that particular conclusion you are referring to is drawn?

Mrs SHELDON: I am drawing that conclusion because that would certainly, if it was the case and I just asked if it was the case, affect your operating revenues.

Mr BRADY: I want to know where you draw the factual basis for it. You referred to page 37 of the MPS. I cannot see anywhere there that—

Mrs SHELDON: The factual basis was a memo that you have seen that was sent by Mr Ian Abraham to institute staff on 22 September 1999.

Mr BRADY: If you have such a memo here, I would like the courtesy of seeing the memo to which you refer.

Mrs SHELDON: I am certainly happy to get a copy for you, but you should also have it within your own department. I will get you a copy of that memo.

Mr BRADY: I do not have that and I do not see the reference on page 37 of the MPS.

Mrs SHELDON: It certainly ties in.

Mr BRADY: I think you are getting that advice from someone else, but there is nothing on page 37 of the MPS that I can see that ties into the question you are asking and the factual basis for the question.

Mrs SHELDON: On the same issue, are you aware of allegations that, in order to rectify this shortfall in student contact hours, the BIT falsified enrolment levels through a process that required all staff to enrol as students?

Mr BRADY: I am certainly not aware of any such allegations. If I or my senior officers or any officers of the department were aware

of such allegations being made—allegations are not proof—that matter would be referred to the CJC. That is an extraordinary allegation to make. What is the basis for that allegation?

Mrs SHELDON: The allegation is in a letter which I understood you saw. I am getting a copy of that letter for you. This has not been referred to the CJC.

Mr BRADY: Why do you understand that I saw it?

Mrs SHELDON: It is fairly common knowledge that it went to your department, and I was told it did.

Mr BRADY: It is a big department. You said that you understand that I saw it. You have no evidence at all, from what you are telling me, that I saw such a letter. You said it went to my department. You make the allegation that I saw it. Obviously there is lots of correspondence, notes, memos and briefs in my department that I do not see. I have certainly not seen such an allegation. If you have it and you have had it for some time, it should have been drawn to my attention so that it could have been referred to the CJC.

Mrs SHELDON: I have not had it for some time, but I understand that you have.

Mr BRADY: No, I haven't. I am telling you I have not. I have not seen such an allegation and I am asking you to produce the document which you say contains it.

Mrs SHELDON: I will get you that letter. In the meantime, I will table a copy of a letter and an application/enrolment form from the BIT used as part of its campaign to boost student contact hours. What was the cost of this campaign, including the cost of CD-ROMs? How many additional student contact hours were obtained through enrolments in this somewhat shonky course?

Mr BRADY: In terms of the allegations of any fraud or, as you use the term, "shonky course", they will be referred to the CJC. I am informed that the Deputy Director-General in relation to training is not aware of the letter you have just referred to. It is passing strange that you can come here and make broad, sweeping allegations that I have seen things or that I know of things. I am informed that the Deputy Director-General responsible in the department of training is not even aware of any such letter.

Let us get the allegations out, if there are allegations being made by people. As you know from your days in Government, numerous allegations can be made, some of which turn out to be accurate and some of which turn out to be significantly inaccurate.

We have a policy that if anything is ever alleged in relation to fraud or involves impropriety of any kind, it goes to the CJC. I am yet to see what you said you would produce for me. I would like to see this memo, this letter.

Mrs SHELDON: It is coming, but you have got it in your own department.

Mr BRADY: No, we have not got it here.

The CHAIRMAN: I understand it is being copied, Minister.

Mrs SHELDON: We are getting the letter. We are copying the other document.

Mr BRADY: We will certainly have it investigated. We have nothing to hide politically or at a Government level in relation to any allegations of impropriety. It has been my policy over several distinct and different portfolios since coming to Government in December 1989 that all matters that involve any possible impropriety go to the appropriate authorities. I have no hesitation in doing that. In relation to enrolment data, I understand that that data is independently audited anyway to check and make sure the data is accurate and that funding is done on the basis of such data. It must therefore be independently audited.

Mrs SHELDON: As part of that, you might look into the fact that it was said that BIT needed only to prove enrolment and course commencement to receive Government funding and that the institute achieved both requirements by making all recipients of the CD that you have a copy of wittingly or unwittingly enrol as students and then by classing commencement as merely breaking the seal on the CD-ROM's packaging.

Mr BRADY: When you say "it was said", what are you quoting from now?

Mrs SHELDON: This letter I received.

Mr BRADY: Which letter that you received? Can you tell me the author of the letter and the date of the letter? Is it an anonymous letter?

Mrs SHELDON: No, it is not anonymous. It is signed. This gentleman has made approaches to the department and has informed them of this practice, and absolutely nothing has happened.

Mr BRADY: Again, am I getting the letter?

Mrs SHELDON: You are.

Mr BRADY: It is not this letter from the institute director. It is a letter from a private citizen?

Mrs SHELDON: That follows it. The letter from the institute director, you can see, sets out the procedure that will be followed as I set out in my question.

Mr BRADY: The last allegations that you are repeating are contained in a letter—

Mrs SHELDON: The allegation that flows from the letter and from the document you have is that if anyone opened this CD, which is referred to in that letter—staff, former students or current ones, although it did not actually relate to the current ones—they would go down as an enrolled figure at TAFE, at that particular TAFE. If that is the case, it is a fraud.

Mr BRADY: The letter you have now supplied to me does not say anything of the type.

Mrs SHELDON: I do not have that with me. Have I got the original back?

Mr BRADY: You are making very sweeping allegations. I am looking at a letter that is not dated but is signed by Derek Whitlock, Institute Director of the Brisbane Institute of TAFE. It does not say any of the things you are now telling us that it says.

Mrs SHELDON: If you look over to the second page—

Mr BRADY: There is only one page to this letter, and there is a form attached to it.

Mrs SHELDON: The form. The subject selection list has actual subject code numbers on it.

Mr BRADY: So?

Mrs SHELDON: In other words, if a student signed for this free CD-ROM offer it actually registered a subject code. Is it normal procedure that that is part of that subject, which indeed it evidently was not?

Mr BRADY: On this form there are codes which would mean nothing to you or me. I do not carry the code interpretations for institutes around in my mind, I can assure you. We are getting a brief in relation to it. Certainly you are drawing a very long bow in terms of what you are gleaning from this, as I understand it at the moment. Nothing of the nature that you said is contained in writing in the document signed by Derek Whitlock, Institute Director. It states—

"Until 3 December 1999 the Brisbane Institute of TAFE is offering, at NO COST, a CD-ROM, which gives you training in the following software ..."

It then lists 12 items. It goes on—

"Act now to receive this valuable training and reference tool which will

enhance your computing proficiency, whether you are a novice or experienced user."

But the questions of shonkiness and their acknowledged shonkiness which you are implying are certainly not here. We will get further information in relation to this and supply it to the Committee at a later date. I am informed by my officers that they cannot assist me any further in relation to it.

The CHAIRMAN: Before the member proceeds, the Committee will receive the following documents: CJP/CEAP statistics as at 30 June 2000, and Brisbane Institute of TAFE free CD-ROM offer.

Mr BRADY: I still have not received—

Mrs SHELDON: It is coming, Minister. I will get it to you as soon as it does arrive. I refer to page 50 of your MPS and in particular to the operating statement. Can you guarantee the accuracy of the estimated actual figures contained in the 2000-01 Budget papers?

Mr BRADY: In relation to this particular question, all data and figures placed in the Ministerial Portfolio Statements, including those at page 50 to which you refer, are based on figures prepared by my department. I signed off on them on the basis of their being bona fide figures on the information given to me. I have no reason to not believe that they are accurate at the time at which they were placed. I will ask Mr Peter Henneken, my Deputy Director-General, to comment also in relation to the operating statement.

Mr HENNEKEN: These documents were prepared in late May/early June. They were based on estimates of the end of the year position at that time. We are still in the process of finalising the actual expenditure for 1999-2000, and that should be available in the next week or so. My expectation is that they won't be substantially different from what is in the estimated actuals.

Mrs SHELDON: Would you be able to say whether they would guarantee the accuracy of the estimated actual figures to within 2%?

Mr HENNEKEN: Without having the final figures, I cannot give that guarantee, but my understanding, having had discussions with our finance people, is that the bottom line will not be substantially different from the bottom line that is there.

Mrs SHELDON: I note from question on notice No. 4 that the estimated actual—

Mr BRADY: Non-Government question?

Mrs SHELDON: Non-Government—that the estimated actual staffing levels in TAFE were calculated as at 31 March 2000. Why is this so if the other estimates, according to Mr Henneken, were late May/early June?

Mr BRADY: Why were the—

Mrs SHELDON: Why were these to 31 March? That is three months out from budget.

Mr BRADY: These are not financial figures; these are staffing figures.

Mrs SHELDON: Yes, these are staffing figures.

Mr BRADY: Is it in fact question No. 1 to which you are referring, not question No. 4?

Mrs SHELDON: Yes, I think it is question No. 1.

Mr BRADY: They come off an entirely different system from the financial figures. There is no particular reason. They have to be collected from 16 institutes across Queensland, and numerous colleges make up those 16 different institutes. As you can see from the figures from last year and this year, the variation is very small. So if there is any implication that there is anything untoward by having them in March rather than May, it is laughable, because the situation is relatively stable and it is proceeding in the way that we have indicated in relation to previous answers.

Mrs SHELDON: Seeing the budget is till the end of June, would it be possible to have those figures till the end of June?

Mr BRADY: We will be able to get those figures for you. I don't know in what time period. Whether it is within the time period that is normally allowed for supplying answers, I am not sure. We have only a relatively short period, I think. I am not sure, Mr Chairman. How long is that?

The CHAIRMAN: I think it is Monday.

Mr HENNEKEN: If I could just explain to the member for Caloundra, the figures in the MPS for staffing levels are as at 31 March. The figures in the answer to non-Government question on notice No. 1 are as at 30 June. Perhaps I need to clarify what I said before. The MPS was prepared, obviously, before the end of the year, and the staffing numbers in there were as they came off the Aurion HR system as at the end of March.

Mrs SHELDON: You can appreciate there is quite a difference, however, in three months till the end of a budget, or there could be quite a difference—

Mr HENNEKEN: There could be, but the difference is—

Mrs SHELDON:—when you are looking at a reporting mechanism.

Mr HENNEKEN: The differences are, if you take the estimated actuals for TAFE, the estimated actuals in the—

Mr BRADY: This might be a new question. We will have to treat it as a new question.

The CHAIRMAN: You want the answer to be given?

Mrs SHELDON: I have the answer here. My question really related to the three months' difference.

Mr BRADY: Mr Chairman, we will continue to give the answer if you take it as a new question. We just have the timekeeper over here giving us a touch-up.

The CHAIRMAN: We will take it as a new question.

Mr HENNEKEN: The MPS shows 7,405 for the total vocational education and training services sector. The final end of the year actuals were 7,466, which is a difference of 61. That is less than 1%.

The CHAIRMAN: The time for non-Government questions has expired. I call the member for Ferny Grove.

Mr WILSON: Minister, I direct your attention to the Worker Assistance Program. Could you inform the Committee whether that program has met the Government's commitment made prior to the last election?

Mr BRADY: Certainly the Worker Assistance Program is totally consistent with our Government's commitment which we made in Opposition prior to the 1998 election. The program reflects the principal objective of the Labour Adjustment Fund proposed in the job security policy of assisting workers displaced in large-scale retrenchments to make the transition to employment. The originally proposed Labour Adjustment Fund was reviewed to improve its effectiveness and responses to the contemporary Queensland labour market. The result is a more focused program supporting a broader range of the Government's priorities. Improvements included targeting the individuals affected by retrenchment and refocusing the program to better assist regional and rural communities. To avoid the possibility of overlap with programs being established by the Department of State Development to assist businesses with regional or sectoral significance in financial difficulty, it was determined that the Worker Assistance Program would focus on the displaced employees of such businesses.

The originally proposed Labour Adjustment Fund was to be resourced by payroll tax paid by the affected company during the 12 months immediately prior to the adverse circumstances occurring. To maximise flexibility and responsiveness, funding has now been allocated in the Budget instead. The allocation of specific-purpose funds for the program reflects our Government's priority to this initiative.

The program is an early intervention labour market program that aims to assist workers displaced, as I said, in large-scale retrenchments. The need for the program and its ability to deliver was attested in situations at Landsborough, Moura—areas close to the member for Caloundra and the member for Callide—and Murgon. Although the program has been available for only 10 months, there have been four activations with the following number of retrenched workers being assisted: 61 after the closure of the Bellenden Joinery at Tolga and Guilfoyle's glazing at Atherton; 21 workers at Warwick when local sawmills closed; 350 workers when the South Burnett meatworks ceased operations at Murgon; and 88 staff when the Cooroy Private Hospital closed.

Early results indicate a rate of return to work of over 90% of those displaced workers who drew on post-interview support. Each individual worker is interviewed. In each of these cases where we have been able to put this program into place, 90% of the displaced workers who cooperated with us have got a return to work. In addition to that, a similar level of support has been provided to the Queensland Abattoir Corporation for the 87 people in Toowoomba, 376 at Cannon Hill and 168 at Ipswich. So this program has been successful. It is consistent with our policy. It has been improved, in fact, from our Opposition policy.

Mr WILSON: You gave an answer earlier to a question about the amount of consultancies that had been arranged through your department. Could you elaborate on the total expenditure undertaken by your department on consultants since 1 July 1999?

Mr BRADY: The level of expenditure on consultancies as disclosed in the 1996-97 to 1998-99 annual reports of the department demonstrates how responsibly this Government has managed the use of and expenditure on consultants. As I indicated earlier, if you go back to 1996 onwards under the coalition Government, expenditure on consultants in this department was quite a staggering \$7.3m over two years and four

months—\$7.3m on consultancy. We have reduced that to \$1.3m in two years. It is an extraordinary reduction in consultancies because that is the way to do business. We find we have an efficient department. We only use consultants where they are necessary. We do not have the free-spending approach that the Borbidge/Sheldon Government allowed to occur under the previous Minister. I remember under the previous coalition Government one Sydney consultant was paid between \$6,200 and \$6,750 a day to advise on "corporate and business unit planning". So we were shocked on arriving in Government to see that sort of extraordinary largesse and unnecessary expenditure of taxpayers' funds on consultancies. It is down from \$7m to \$1m.

It is not unreasonable to say that the administration of the department previously was propped up by consultancies. In fact, it was a department without direction. It is very different today. An administrative instruction that reflects the guidelines for the engagement and use of consultants contained in the State Purchasing Policy has, of course, been put out. This instruction places the onus of responsibility on business units' managers to ensure that the processes involved in establishing a consultancy are adhered to and properly documented. The department's internal audit unit undertakes periodic audits of consultancy records. In addition, the Office of the Public Service Commissioner has produced a practical guide to using consultants. Access to this document is available to all staff via intranet linkage.

The Auditor-General's Report No. 4 identified four instances from a sample of 17 where the department had not completed performance reports on consultancies with a value over \$10,000. Audit recommended that a report of performance should be completed for all consultancies over \$10,000. The matter has been raised with senior staff to maintain awareness of these requirements. The level of expenditure on consultancies as disclosed in 1996-97 to the end of the coalition years is available and, as I say, shows a difference. We have significantly reduced consultancies. They are important to use from time to time, but \$1.3m is more appropriate, we believe, than \$7.3m in a two-year period.

Mr HAYWARD: Can I refer you back to the departmental operating statement on page 50 of the Ministerial Portfolio Statement which was, I think, previously referred to by the member for Caloundra. Why does the department's operating statement show a deficit for 2000-01 and is the department living beyond its means?

Mr BRADY: No, the department is being financially responsible. The estimated cash balance at 30 June 2001 is a positive \$6.2m. So how do we get to the situation where there is an estimated deficit of \$7.7m in the MPS? That results from cash being received and recognised as revenue or a liability in the case of loan funding in 1999-2000 with the expenditure not being incurred until 2000-01. This is a direct result of the accounting treatment for cash carryovers when we have an accrual accounting environment.

The previous Government entered into contracts for training delivery that agreed to pay in some cases 75% of the contract value as a prepayment. As a result of this, the Schofield report noted many anomalies. In addition to this, it was identified there was a lack of suitable systems for both processing contract claims and managing the contestable funding arrangements. The department took steps to reduce the up-front payment to contractors and to implement tighter internal controls and improved information systems. This slowed the payment of contestable funds and created a surplus of cash, causing a mismatch of revenues and expenses paid across financial years.

During 1999-2000 extensive efforts have gone into improving the internal controls and checks on contracts for training delivery and major system development has been undertaken. The deficit resulting from expenditure being made from cash carryovers of \$13.3m includes \$10m from the Smart State initiative known as Community Training Partnerships which is a new initiative, \$1.1m for employment grants and \$2.2m for corporate projects. The above cash carryovers of \$13.3m are offset by \$5.6m recorded as income from own source revenue used for the purchase of assets. Despite an estimated operating deficit for 2000-01, the estimated cash balance, I repeat, is a positive \$6.2m. This demonstrates that the department is being financially responsible and is certainly not living beyond its means.

Mr HAYWARD: Can you outline the financial status of WorkCover Queensland?

Mr BRADY: Let me say at the outset that WorkCover Queensland is now the best performing workers compensation system in Australia. WorkCover's official financial performance at 30 June 2000 will be made public when its annual report is tabled as anticipated in October this year.

However, I can tell you at this stage I am advised that WorkCover expects its full funding target of 20% solvency to be achieved. This is

a significant improvement from the 15.1% solvency at 30 June 1999 and an even more significant improvement from the 2.2% solvency at 30 June 1998 when we came to Government.

This solid financial position has been supported by positive investment returns, capital injections by Government—coalition and Labor—and payouts of outstanding claims to self-insurers. I congratulate WorkCover, the board and the staff for developing a strong commercial focus for the organisation. All this has been achieved while at the same time offering the lowest average premium rate in the country, that is 1.75%, and affording the widest possible coverage for Queensland workers. The recent reduction yet again in the premium rate under our Government coupled with lower "F" factors applied in the premium setting formula will result in significantly lower premiums for the majority of policyholders. Further, these "F" factors have been fixed for two years, effectively locking in the 1.75% premium rate average for 2000-01, providing employers with a level of certainty not previously available under any system. WorkCover projections indicate that 83% of current policyholders will benefit from a lower premium rate in 2000-01 than that which applied in 1999-2000.

So WorkCover Queensland is a very strong performer financially as well as being a very strong performer in terms of covering workers. The system has been further improved following a review of WorkCover's premium system, the experience-based rating system, which we inherited from the coalition Government. They have conducted this review in conjunction with industry representatives. This experience-based rating review was regarded as necessary and we believe it is now playing its part in again making sure that the WorkCover system is not only financially sound but even more fair.

It was indeed the former Minister's refusal to accept the advice of the WorkCover Board in implementing transitional arrangements for the rollover to experience-based rating which directly resulted in many employers paying more than they should have last year. But we have addressed that. Given WorkCover's strong financial position, more focus can now be given to ensuring that employers pay competitive premiums and injured workers receive appropriate benefits.

Mr HAYWARD: So, Minister, to follow up on your answer, how do the WorkCover premiums that are paid by employers in Queensland compare with premiums paid in

the rest of Australia? Do you have any comparisons available?

Mr BRADY: We do indeed. As I say, WorkCover Queensland's 1.75% average premium is the lowest average premium rate in the country expressed in per cent of declared wages. In other jurisdictions in Australia, for the 1998-99 financial year, you can see an extraordinary difference. Western Australia had the highest average premium rate in Australia at 3.44%, South Australia at 2.86%, New South Wales at 2.8%, Tasmania at 2.7%, the ACT at 2.12%, and Victoria and the Northern Territory at 1.9%.

On 4 May this year, I announced a reduction in the average premium rate from 1.85% to 1.75%. This change, I emphasise, was recommended by the WorkCover Board to apply for the 2001-01 assessment year. The premium rate had been calculated including stamp duty. I accepted their advice and the premium rates went ahead on that basis. This reduction, coupled with lower "F" factors applied in the premium-setting formula, will result in significantly lower premiums for the majority of policyholders. As I said before, they have been fixed now for two years.

WorkCover projections indicate that 83% of current policyholders will have a lower premium rate in 2000-01 compared with last year. In addition, WorkCover, in setting its rates a year in advance, will assist employers, who will be able to budget for their workers compensation premiums. This change is a direct, flexible response to feedback from Queensland businesses, which are asking for premium stability, and WorkCover is providing it. So an employer's premium rate now will change only if their own claims experience improves or worsens while the same rate applies. WorkCover will set industry rates and "F" factors a year in advance starting from 1 July this year.

So we have a situation where, whilst the solvency of the WorkCover fund has improved significantly for the reasons that I gave before, we are still able to lower the premium. WorkCover is now conducting a significant review, with our strong approval, as to how the benefits to workers should be applied in future to make sure that they continue to share in the improved financial position that WorkCover is in.

The CHAIRMAN: Minister, could you advise the Committee on how WorkCover's service delivery structure ensures that quality services are delivered to regional Queensland?

Mr BRADY: WorkCover Queensland under the Beattie Government has maintained

its strong regional presence. It is in 24 locations around Queensland stretching from Brisbane up to Cairns and out in many regional areas. I will not detail them all; there are 24. The WorkCover service project, implemented in August 1999, introduced a reorganisation of the functions of these offices. As a result, 11 centres were designated as major service centres to provide streamlined processing services.

The reforms followed reports delivered to the board which targeted both business process and information technology improvements in the core claims and policy business areas. The major service centres, known as hub offices, are service centres for all business activities within a specific region. These activities include statutory claims assessment, case management, insurance services and customer management. WorkCover has introduced area service officers attached to hub offices and area service representatives attached to satellite offices who act as mobile WorkCover officers in the regional areas. These people primarily obtain information from the injured worker, employer, witnesses and medical specialists to ensure the timely determination of a claim.

WorkCover has been performing well against its client service benchmarks, with 67% of claims now being decided within one week—the target is 50% decided within one week—and exceeding other benchmarks such as the average duration of claims, which is now at 27 days, one day under its target of 28 days. The average decision time for statutory claims by regional branches has dropped from 20 days in 1997-98 to eight days as at 31 December 1999—from 20 days down to eight days at the end of the of the last chronological year.

So none of its 24 regional offices have closed, improved systems and processes have been put in place, a recent customer satisfaction survey has revealed that stakeholders have given WorkCover an overall mark of 7.54 out of 10, with 21% more policyholders indicating that they would stay with WorkCover if they were given the choice to switch insurers, compared to the previous year. That is an enormous satisfaction improvement rate, and regional Queensland has been looked after. We have done this not by centralisation but by making sure that the offices have stayed open, and the people, the information technology and the efficiencies are flowing out into the regions. WorkCover understands that it is a regional organisation as well as a Brisbane organisation.

The CHAIRMAN: Order! The time allocated for Government members' questions has expired. I call the member for Caloundra.

Mrs SHELDON: I think the member for Gladstone would like to ask a question, Mr Chairman.

The CHAIRMAN: The member for Gladstone?

Mrs LIZ CUNNINGHAM: Thank you, Mr Chairman. Just following up on that WorkCover issue, you quoted earlier that the department's consultancy costs were \$1.3m and then you quoted that the coalition's costs were \$7.3m. That \$1.3m did not include WorkCover consultancies?

Mr BRADY: No. I will check that, but I am quite sure that it did not.

Mrs LIZ CUNNINGHAM: Okay.

Mr BRADY: Neither should have the \$7.3m.

Mrs LIZ CUNNINGHAM: Could you clarify that for me?

Mr BRADY: We compare like with like. We will confirm that. But certainly, it is proper and appropriate that like be compared with like.

Mrs LIZ CUNNINGHAM: Minister, could I move to something that I know in past Estimates has been a sensitive issue, but I will broach it anyway. The ability of a department to perform well and for departmental officers to be able to perform with all the equipment that they need can be affected by the decisions of the Director-General—and please do not take this as a personal comment—

Mr BRADY: No, that is all right.

Mrs LIZ CUNNINGHAM: I would be interested to know whether your department pays a performance bonus to its Director-General.

Mr BRADY: My department, in the sense that I have anything to do with it, does not pay a performance bonus to the Director-General, but all Directors-General in the Government are assessed for a performance bonus by the Department of the Premier and Cabinet, and that is a matter entirely for the Premier and Cabinet. The Premier and I do not discuss the bonus, I can tell you. We discuss how my department is going, my relationship with senior officers and how things are going, but he does not tell me what he proposes to do in relation to performance bonuses. Our discussion is about the efficiency of the department and how things are going. So the matter of a performance bonus is

entirely a matter for the Premier and the responsibility of the Premier.

As I said, the Premier and I did not even sit down and talk about a performance bonus. He did not get any information from me directly on that topic. As I said, we talk about how the department is going and what is going really well and what needs to be improved, but the performance of the CEO—the Director-General—and whether or not he is entitled to a performance bonus has never been discussed by me and the Premier. It is a matter of Government policy. The Premier makes that decision and that is where it rests.

Mrs LIZ CUNNINGHAM: Could you clarify who employs the CEO? Is it the Premier's Department or the Department of Industrial Relations?

Mr BRADY: The CEO's salary, along with those of all of the other officers in the department, are part of the department's budget. But in terms of the allocation of responsibilities of Government, the Premier in our Government is the designated person appointed to make decisions in relation to the performance bonuses of all CEOs. It is a combination of a joint responsibility, I should say. His salary comes out of the department's budget. But all CEOs have a contract with Government, which is a contract signed by the head of the Government—the Premier—on behalf of the Government and the individual CEO who is entering into the contract. It is a matter of the Government's allocation of responsibility. The Premier is the person who represents the Government in terms of entering into the contractual arrangement between the Government and the CEOs.

Mrs LIZ CUNNINGHAM: This is the Estimates committee that I am on; hence the questions. Would it be fair to assume that the Premier determines the level of salary for a CEO apart from the bonus?

Mr BRADY: Yes, that is so. I think it is so in all Governments. I am sure it is not unique or peculiar to this Government that those matters are determined. There are different levels of salaries paid within Government to CEOs. I think that is common knowledge. Again, I play no part in deciding the level of salary. My responsibility in relation to the CEO involves at the outset of Government having a discussion with the Premier about who the CEO of my department will be. But I was not invited to discuss the salary levels. I did not do so. I have confidence in the Premier. People at this level negotiate these things appropriately and properly. They do vary from department to department. But it is the

Premier ultimately who has the responsibility for fixing the level of salary for each CEO. That is then reflected in the contract signed by the Premier and by the CEO.

Mrs LIZ CUNNINGHAM: Could you see circumstances where, irrespective of the individual in the position at any given time, that performance bonus could affect the decision making or the overriding power that the CEO could have as far as departmental operation is concerned? For example, would you see circumstances where, if certain equipment is necessary for a department to operate within workplace health and safety guidelines but the purchase of that equipment would exceed budget, the CEO could override the purchase of that equipment?

Mr BRADY: If anyone has any concerns about a particular decision that is made in the context of the bonus, obviously, the Premier is the person to question about that at the Estimates committee. I do not know the detail of the performance bonuses. It is not my business. Anything can in theory affect how people go about it. The Government has very tight rules in relation to what people can approve and not approve. There are levels of expenditure that the director-general can approve up to a certain level. There are levels of expenditure that the Minister can approve up to a higher level again and then there are levels of expenditure beyond which the matter must go to Cabinet or, more precisely, to Executive Council. Those processes are standard and have been around for a long time. People have to work within those financial standards and areas. I do not see how the performance bonus would really play any significant role at all in decisions that are made as far as expenditure is concerned. The performance bonus is obviously assessed by the Premier on his assessment taking everything into account in respect of the performance of the CEO.

In relation to an earlier question you asked, it has been confirmed to me that expenditure on consultants, in accordance with my previous answer, excludes WorkCover expenditures in both instances. They refer to the department only. So the \$7.3m did not take into account any WorkCover consultancies under the previous Government and they do not take into account any WorkCover consultancies under our Government.

Mrs SHELDON: I find it strange that the Minister has no input into whether his DG deserves a bonus or not. The Auditor-General stated that more than 130 SES officers had

been appointed on section 70 contracts that represented deviations from normal remuneration ranges of salary, that is, these people were paid more than the gazetted remunerated levels. Are any SES officers in your department amongst those referred to by the Auditor-General? If so, what positions do they hold? When were they appointed? How much were they paid? What are the reasons for paying amounts in excess of those gazetted?

Mr BRADY: In relation to the preamble to the question in respect of input, clearly, the Minister for this department, or any other department, whoever it is from time to time, has an input in the sense that we have a policy where the Premier sits down, and we talk frequently, of course, about matters as they arise. But there is at least an annual review of how a department is performing. Clearly, how a department is performing in the estimation of the Premier would be relevant to the performance bonus. So to say that I do not have any input is inaccurate. We do not discuss the amount of the bonus, but the Premier and I do discuss the strengths and areas that need improving in the department. So he is well aware from his own observations firstly of the department's performance and the CEO's performance but also he has an input from me on my estimation of how the department is going and my relationship with and regard for the director-general. I have a high regard for this director-general. The department has improved enormously in the two years that we have been in Government and he has played an enormous role in that. I am sure the Premier is in no doubt that that is my view. Yes, I do have a role in that sense, but we do not say, "I am talking about this in the context of the bonus." We talk about it in the context of what is good for the Government, the department and the community, and how we can lift our game and what areas of importance will come up. In relation to the second part of the question, I will refer that to the director-general as a technical question that he can give an answer on.

Mr MARSHMAN: We think there are two, and we will confirm the SES officers on section 70 contracts in the department. But the enhancement that you referred to is in respect of a car. That, we think, applies to the director of the Logan Institute of TAFE and also the director in Mount Isa. But it is in relation to a special contract in relation to giving them a car. But in any case, I will confirm that for you. But we are sure it is only the two. But we will

confirm the detail of it and how it all works for you.

Mrs SHELDON: And the other parts as to why they would receive a car when others did not?

Mr MARSHMAN: Yes.

Mrs SHELDON: I refer to your comments on page 42 of the MPS regarding the workers compensation levy collection system for the building and construction industry, and I ask: would you confirm that under the proposal the levy will be paid as an extra tax by the owners of the project, including struggling new home buyers, to cover self-employed contractors, business partners, directors and trustees of companies and even the builders themselves for workers compensation, and would you also confirm that rights bestowed under this include giving such people the right to sue new home buyers for negligence in the courts through very expensive common law damages claims?

Mr BRADY: Confirmation of anything cannot be given at this stage. There has been no decision made yet by Cabinet as to whether the workers compensation levy in the building and construction industry will be introduced. I can certainly confirm that we are looking very closely at that with the industry and we are receiving significant lobbying from sections of industry who are very keen for this to be brought in. I can say that this is one area where the building and construction industry and the unions involved in the building and construction industry are working very closely together. They have been very cooperative with each other and they are looking for the best possible solution.

We are in an area where your Government and the previous Goss Labor Government were not able to fix up the non-compliance in the industry. We did not do it. It has been a point of concern for some time. People have found it difficult. No-one else has instituted a levy of this nature. Clearly everyone has been dissatisfied with the high non-compliance of some employers who are leaning improperly on their colleagues by not paying their workers compensation premiums and are bringing about an improper system. So we needed to look at it. Lack of compliance is considered a problem for two reasons. Some employers are not paying their premiums and are undercutting other tenderers as a result; if they do not pay premiums, they can undercut them. Employers who are doing the right thing are facing higher costs for workers compensation than the ones who are not. So non-compliance is a very serious problem.

To ensure that the industry was fully consulted in the development of any initiative that may come about if possible, I established an industry consultative group including major stakeholders who provided advice on issues. The HIA is on it as well as the Australian Workers Union, the Master Builders Association, the Australian Industry Group, the CFMEU and the national electrical and communications association—a whole range of people. The industry consultative group has met twice in full to develop a proposal. The proposal is about equity for those construction industry employers who were doing the right thing by insuring their workers with WorkCover. It is also about including genuine employers in the safety net and rewarding those industry employers who currently have a WorkCover policy by simplifying the current arrangements. At this stage we are continuing our research and developing options, but it will be a fair system. It will not increase the costs to building and construction in this State. Getting all the people in the industry to pay their fair share will lessen the burden, not increase the burden, on all people including home owners.

Mrs SHELDON: Would you confirm the number of statutory claims lodged with WorkCover and the total of all statutory claim payments made for the 1999-2000 financial year, together with the same information for the 1997-98 and 1998-99 financial years?

Mr BRADY: Obviously, as you would expect, we do not have that information immediately available. It is probably the sort of statistics you should have sought in questions beforehand.

Mrs SHELDON: If you wish to take it on notice, I am happy.

Mr BRADY: We will, but that is the sort of question that is designed to be asked before we come here so that we can get that statistical information collated.

Mrs SHELDON: I would have thought you would have it with you.

Mr BRADY: They are not part of the department's statutory—

Mrs SHELDON: I am happy to take it on notice.

Mr BRADY: I know. I suggest that if you want it next year you ask for it in the questions on notice.

Mrs SHELDON: Could I suggest that next year you have the information?

Mr BRADY: Could I, as the Minister, suggest that you give us an opportunity to do it, and the best way would be to give us time in advance to collate statistical information. It is

not the sort of thing you can give off the top of your head. I am told it would probably take two days to put it together.

Mrs SHELDON: Similarly, could you confirm the number of current claims that are still in receipt of either weekly benefits and/or the payment of medical expenses for each of the previous three financial years as at 30 June 1998, 30 June 1999 and 30 June 2000?

Mr BRADY: Again, it would take a couple of days to get that information collated and put together. We will do that.

Mrs SHELDON: Would you please advise why successful prosecutions of workers by WorkCover for fraud are no longer publicised under your Government when your own task forces have identified that publicity will provide a greater deterrent for those wishing to take their chances at being caught?

Mr BRADY: Just excuse me. I will talk to a WorkCover representative. While he is coming, I will say that decisions—as you should know and I think do know—that are made by WorkCover are made as an independent authority. I do not have any day-to-day responsibility for WorkCover. I am the Minister responsible for the overall performance of WorkCover and I report to the Parliament accordingly. But I do not direct them how to do their prosecutions, when to do their prosecutions or what their prosecution policy is. The prosecutions are publicised as the media chooses. These things are not done in a Star Chamber. They are not done in secret behind some—

Mrs SHELDON: Your department, I asked.

Mr BRADY: No, not my department. My department does not run WorkCover.

Mrs SHELDON: It has the ministerial responsibility.

Mr BRADY: You are repeating the mistake. My department does not run WorkCover. WorkCover Queensland runs WorkCover and they make no attempt to hide these prosecutions. The media are quite assiduous in attending courts in this State. I do not think there has ever been any suggestion that they are not. There is no policy made to hide these things by the Government. There is no policy made by WorkCover. We rely on the authorities to do it. WorkCover communicates and has communication factors. It is a statutory authority which was set up by your Government. It would be quite improper for me to interfere in how they conduct their prosecutions, who they prosecute or the level of publicity that is given to them. But there is

no policy made to do anything other than to be open and to let the natural events take their course in terms of the publicity that is given to them in a society. I do not think you could ever say to Queensland that we do not have sufficient media. For three and a half million people we have an extraordinary number of outlets, and publicity does follow in the normal course of events if the media chooses to follow it.

The CHAIRMAN: Order! The time allocated for non-Government members' questions has expired. Minister, could you explain why economic outcomes for Queensland will be maximised by maintaining a strong industrial relations system as opposed to the continuing deregulation of the Federal system referred to on page 16 of the Ministerial Portfolio Statements?

Mr BRADY: There is no doubt that the maintenance of a strong and appropriate industrial relations system is extraordinarily important to the economic outcome for Queensland. One of the reasons why we have been successful in our employment policies is that we have had a good industrial relations system set up by us, unlike the Opposition where the real issue was not the economy but ideology. We had the previous Minister talking about handing it over to the Commonwealth, which would be an absolute disaster. That is what happened in Victoria. Hundred of thousands of Victorian workers were left with few conditions and no award protection.

In direct contrast to that, our industrial relations policy and legislation introduced provisions to ensure a viable awards system and a strong and independent umpire. The picture from the United States—apparently another model for much of the coalition's industrial relations policy—is that deregulation leads to a growing gap between the wages of the rich and the poor, growing hours of work and a lack of employment security. All this adds up to a lower quality of life and industrial unrest. The latest results in relation to the reputed economic benefits from the industrial relations deregulation policies show how bad they really are.

They were pursued vehemently in New Zealand during the 1990s. A report commissioned by the New Zealand Treasury found that labour productivity was reduced overall following unchecked deregulation of the labour market from 1991. The study also found that the reduction in productivity was linked to a reduction in union membership, highlighting that productivity tends to be higher in industries that have higher rates of

participation in industrial organisations. The anticipated improvements in efficiency and productivity growth which were expected to offset the harsh outcomes such as the growing gap between rich and poor have not eventuated.

A 1997 OECD report found that few substantive links between measures of economic performance and bargaining systems exist. It did find that there is some tendency for more centralised coordinated bargaining systems to have lower unemployment and higher employment rates compared with a less centralised system. This 1999 study by the OECD also found that countries that weaken their employment protection legislation such as the UK, Spain and New Zealand have not reduced unemployment. They have not improved their economic position. They have failed time after time. The social costs of division and equity are simply not worth paying the piper.

Mr WILSON: Minister, I take you to page 18 of the Ministerial Portfolio Statements which refers to the Commonwealth Government's proposal for greater application of Corporations Law to the situation in Queensland. Can you expand on what the Queensland Government will be doing in its response to this proposal?

Mr BRADY: This is a very difficult situation which is made more difficult by the Federal Government playing politics. Over the past 12 months, Minister Reith, the Minister for Workplace Relations in the Federal Government, has been promoting a proposal for using the corporations power in the Constitution to establish a unified industrial relations system. In response, the Queensland Government has made it very clear that we oppose that. When the member for Clayfield was the shadow Minister in this area, he proposed that the coalition should go along with Minister Reith's proposal. I am delighted to see that, since his resignation from the shadow ministerial portfolio and his replacement by the member for Caloundra, the Leader of the Opposition has indicated that that was not something that ever went to the shadow Cabinet and was the proposal of the member for Clayfield, not the proposal of the Opposition.

People can take that for what it is worth, because we are now faced with the situation where the former shadow Minister has been repudiated, but it is the policy of his Federal party that this take place. We in Queensland are at serious risk. Can an incoming coalition Government be trusted to implement a policy which it says it now adopts but which is in

contradiction to the policy adopted by the Federal Government of the coalition parties? If it happens, it certainly raises the undesirable prospect of the Federal Government extending its divisive deregulatory approach to industrial relations right across Australia. It is clear already that the corporations power cannot by itself underpin a unified industrial relations system as Minister Reith claims.

A truly unified system may only be established through complementary State and Federal legislation. The corporations power does not allow any Government to take over policies in this matter relating to small business. They are not corporations as defined by the Constitution, so you cannot get a truly unified system, good or bad, by merely using the corporations power. The only way to get a unified system is by complementary State and Federal legislation. Of course, the only proper way would be legislation that is appropriate to all. Minister Reith is wrong. He is playing politics. Queensland is at risk if this happens. I welcome the announcement that the member for Clayfield's approach is not accepted, but I hope the coalition keeps its word on this because it is not the word of the Federal Liberal and National Parties.

Mr WILSON: Minister, I take you to the previous page of the Ministerial Portfolio Statements at page 17, which refers to a number of new registered Queensland workplace agreements. Can the Minister advise of developments in relation to this form of agreement making?

Mr BRADY: Yes. Late last year I requested a review of the changes that have occurred to these agreements since we amended their operation through Parliament in Queensland in September 1998 and July 1999. A report was prepared by the Australian Centre for Industrial Relations, Research and Training at Sydney University, an organisation which is independent and outside Queensland. The report found that, although the amended QWAs are more beneficial for those employees covered by them than before, their minuscule take-up rate questions their relevance in workplaces for 2000 and beyond. The report also said that their lack of flexibility and lack of innovation have been a failure. For that reason, it is not surprising that the low take-up rate of QWAs continues to decline and become even lower.

In 1998-99, there were 1,110 QWAs approved. In 1999-2000, there were 275 QWAs approved. QWAs continue to cover only approximately 0.2% of the Queensland work force. The large majority of Queensland

workers, some 55%, continue to be covered by State awards and State agreements. In contrast, Federal awards and AWAs cover little more than one-quarter of the Queensland work force. The combined coverage of individual agreements, both QWAs and AWAs, is less than 1% of all Queensland workers.

We have to ensure that people understand that this was again an ideological approach which has failed. The people are not interested. Employers are not really interested. The preference of the vast majority of Queensland employers—forget about the employees—is for collective regulation. Arising out of previous industrial relations legislation, a protocol was entered into between a former chief executive of my department and the President of the Industrial Court to provide support and assistance to the enterprise commissioners on QWA matters and processes. We put considerable resources into that to make sure that that was done.

In March 1999, there were 711 QWAs awaiting approval. In February 2000, the number was 316. In June 2000, the number is down to 87. Of this number, 64 are with the commissioners, 15 were returned to employers for amendment and eight were to be started. Some 43 of the 64 which were with the commissioners have since been approved. We are putting the appropriate resources in. The reality is that Queensland employers have decided that QWAs are not the way to go. I believe that their use will continue to decline.

Mr WILSON: Thank you, Minister. I now take you to page 20 of the Ministerial Portfolio Statements and the measure of wage dispersion. This is the first time this measure has been used in the MPS. Could you expand on how the issue of wage dispersion is being measured?

Mr BRADY: A recent publication by the Australian Bureau of Statistics highlighted the widening gap in earnings between those on low and high incomes in Australia. The increasing gap has not gone unnoticed by the average Australian, and I think that is pretty obvious when you see the polling figures both at Gallup polls and polls that occur at election time. A recent Newspoll of 1,200 people reported that 83% of the respondents are aware that the gap between the rich and the poor is widening. 83% believe that. The survey results clearly showed by a margin of 70% to 28% people want this gap reduced. They voted this issue ahead of economic growth in terms of importance. This is what the public thinks.

The growing wage dispersion and related social stratification in Australia can be traced to the increasingly significant deregulation of the labour market. This effect on workers was paid very little attention during the period of the coalition Government in Queensland. Much of this gap can be attributed to the differing wage outcomes achieved by those who have secured wage increases through collective bargaining agreements compared with workers who are reliant on awards. This is a particularly critical issue for rural and regional Queenslanders, with over 50% of these workers being solely reliant on awards for settling their wages and conditions.

The coalition refused to act when it was in power. A recent analysis of the radical deregulatory approach to industrial relations done in New Zealand reveals that the expected improvements in economic performance have not been achieved, as I indicated earlier. The anticipated improvements and efficiency in productivity have not happened, and this is not an outcome occurring only in New Zealand.

This is not an outcome that is good for the country. The 1999 OECD study has found that where countries have weakened their employment protection legislation they have not improved their economic position. Perhaps what best illustrates the coalition's preferred system of industrial relations is what happened after the Kennett Government referred its industrial relations powers in Victoria to the Commonwealth in 1996. It is a very interesting case study. A recent report on the conditions in Victoria for those 561,000 Victorian workers who were transferred to the Federal system says it all. Some 42% of these employees are stuck on minimum rates, compared with 26% of Federal award workers in Victoria.

The Opposition should be well aware of this research and well aware of the facts, but ideology comes into it again. It is not learning from what has occurred. We have learnt and will continue to learn. We, by our submissions to national wage cases amongst other things, are very conscious of what is occurring in relation to this area and will continue to be. By keeping a strong Industrial Relations Commission system we believe we can overcome the problem, given an opportunity to do so.

Mr HAYWARD: Minister, page 16 of the Ministerial Portfolio Statements refers to amendments being made to the Industrial Relations Act 1999. What was the purpose of the amendments to the Industrial Relations Act 1999 that operate from 23 July 2000?

Mr BRADY: The amendments, as I indicated in Parliament—I think it is important for us to look at it—fall into three categories. First there were amendments of a technical nature. Some finetuning was needed in introducing totally new legislation such as the Industrial Relations Act. Matters of a technical nature that were brought to my attention were attended to.

The second category involved the unfair dismissal provision for Federal award employees employed by non-constitutional corporations in Queensland. These are employers who do not fall under the ambit of the Commonwealth Government's corporations power. The independent industrial relations task force recommended this provision be continued in the new Industrial Relations Act—that is, the provision that allowed complementary provisions for State jurisdiction employees. The scheme of complementary laws has been invalidated by a ruling of the High Court. It was therefore necessary to amend the Act to provide access to the Queensland Industrial Relations Commission so that those State jurisdiction employees have the opportunity to challenge any alleged unfair dismissal.

The third category involved amendments to the Act which were consequential on the introduction of the Training and Employment Bill, which is now an Act, having passed the Parliament. Some of these amendments complemented the provisions of the Training and Employment Act by ensuring that adequate industrial relations processes were in place to support the training arrangements for apprentices and trainees. If we are going to continue our drive for more apprentices and trainees, we need to ensure that our legislation has adequate industrial relations processes. Other amendments incorporated provisions that were previously in the Vocational Education, Training and Employment Act and should now be in the Industrial Relations Act.

Mr HAYWARD: The last point on page 16 refers to the Queensland Government advocating its position to the Queensland Industrial Relations Commission on a general review of long service leave provisions. Can you provide information on the review of long service leave entitlements under the Industrial Relations Act 1999?

Mr BRADY: Long service leave, as we know, is one of the general employment conditions in the Industrial Relations Act. These conditions set out the minimum standard for a range of leave and other entitlements. In the case of long service leave,

section 58 of the Act provided that this standard had to be reviewed before 30 June 2000. This review has now been completed.

Following an extensive review process of written submissions, oral argument and evidence from all interested parties, the Full Bench of the QIRC released its decision on 27 June 2000. The Full Bench decision supports a change to the current entitlement under the Act, which is 13 weeks' leave after 15 years' continuous service and access to a pro rata payment on termination after 10 years.

The full bench supports the following changes: two months' leave after 10 years' service, and conditional access to pro rata payment for long service leave after seven years' service—that is, where the employee terminates because of illness, incapacity or for some domestic or other pressing necessity. Also, the cashing out of all or some of the employee's long service leave should be met after 10 years' service. That is what the QIRC said.

The Government believes that, overall, the decision provides a reasonable, moderate improvement to current standards and offers a fair outcome for workers. For instance, reducing the qualifying period to access leave from 15 years to 10 years will benefit an additional 88,000 employees. Bringing forward the entitlement to pro rata payment on termination will also benefit more employees.

At the same time, there is a recognition of the cost impact facing employers. In the public sector there will be no cost impact from the reduction in the qualifying period from 15 years to 10 years. Queensland public sector employees will maintain their existing entitlement of 13 weeks' leave after 10 years' service. The access to pro rata payment after seven years represents an enhancement to the current public sector standard. The cost to the Government of this enhancement was initially estimated at \$11m per annum, or 0.18% of the Government wages bill. However, it should be noted that these figures were calculated on the basis of broad access to the entitlement as contained in the current legislation. By making access to the pro rata entitlement conditional on illness, incapacity or a domestic or pressing necessity, the cost of \$11m in fact would be reduced.

Also, the Full Bench considered the portability of long service leave entitlements. This year the Full Bench made no recommendation and supported the Government view that the appropriate means for achieving portability is, where possible, for

the parties to achieve some broad level of agreement.

The final outcome will cover all relevant employees unless they have a more favourable long service leave entitlement in their award agreements. Although the minimum entitlement primarily covers award-free workers and employees under that system, in many cases employees covered by Federal awards receive the minimum entitlement under State laws.

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

Mrs SHELDON: Minister, with regard to extra payments to SES officers I would like to ask you why Mr Harry Hauenschild, who is only an AO8 in your department, has access to a luxury privately plated Holden Statesman as part of his salary package.

Mr BRADY: I understand that the conditions of employment for the Commissioner for Training, which is the position Mr Harry Hauenschild has held for some time, have not changed. He has had access to that vehicle as Commissioner for Training for some 10 years. That covers the period when you were Treasurer, Mrs Sheldon.

Mrs SHELDON: So that level of AO8 would cover a Holden Statesman?

Mr BRADY: He has a position of Commissioner for Training. Whatever level that may be, a vehicle was supplied and has been for 10 years, including the two years and four months when you were Treasurer of the State of Queensland. You did nothing about it then. No changes have been made to that under our Government. It is a statutory position. The fact that it is an AO8 is, in a sense, immaterial. The position requires considerable travel. That decision was made commencing 10 years ago under a previous Labor Government. It was continued throughout the period in which you were Treasurer and the member for Clayfield was the Minister for training and industrial relations. It is not something I have introduced. It was in place when this Government came to office in June 1998.

Mrs SHELDON: Would you say that all other AO8s should have a Statesman?

Mr BRADY: I do not believe all AO8s should have. I am talking about one particular position, which is Commissioner for Training—a position which, irrespective of the level it is at, involves a lot of travel. You had Treasury officials under you when you were Treasurer who were obviously well aware of it. No attempt was made by you or your Government—your Premier and your

Ministers—to change it. The assessment has been made for 10 years that the Commissioner for Training in Queensland—forget whether it is an AO8 or whatever—needs a vehicle of that nature with those particular requirements. You are bringing up something that is 10 years old, something that you did nothing about for two years and four months.

Mrs SHELDON: You missed the question originally. I thought possibly all other AO8s should apply.

Mr BRADY: You clearly made the decision that it doesn't apply to all AO8s, because you did nothing about it when you were Treasurer.

Mrs SHELDON: You seem to be the people with the bonuses and the SES payments.

Mr BRADY: You didn't fund all AO8s. But it is a statutory position that people for 10 years have made the decision was applicable to that particular statutory position, whether it is AO8 or SES1 or whatever it might be at a particular time. The Commissioner for Training does an enormous amount of travelling. You clearly made that decision, because you funded that for two years and four months in your Budgets.

Mrs SHELDON: Getting back to WorkCover, would the Minister please confirm the total number of successful prosecutions of workers for fraud in the 1999-2000 financial year?

Mr BRADY: I can get that information for you, I am advised by the CEO of WorkCover, within the same two-day period as the other answers you are seeking.

Mrs SHELDON: Thank you. Minister, would you please advise why WorkCover has stopped providing copies of claim file documents, including medical reports and previous claim histories, since your Government came to power? Also, why is it that the 22 major Queensland employers who are currently self-insured for workers compensation and therefore totally manage their injured employees' claims without any involvement of WorkCover have full access to all information, including previous claim histories and medical reports?

Mr BRADY: That information is still supplied, I am advised by WorkCover, and again it has nothing to do with whether it is my Government or your Government. WorkCover was made an independent statutory authority by your legislation. They make these decisions. There is no input at all from our

Government. The information is supplied where the individual concerned agrees. WorkCover advises me that they were advised that under privacy legislation it was improper to supply that information unless the person concerned gave his or her authority to do it. So they are more than happy to supply it, but they believe they have to comply with the law, and that was the advice that was given to them. The only changes that have been made have been where the individual concerned refuses to give his or her consent to the supplying of that information. They were taken to task, in fact, for supplying it; there was some public debate in relation to it by people who were objecting to it being supplied without their consent, and WorkCover was subjected to some attack and criticism. They had the matter legally examined and they arrived at a decision that the proper situation is to supply it with the consent of the person concerned, and they can't supply it without that person's consent.

Mrs SHELDON: Are you then saying that the 22 major Queensland employers who are self-insured and do get that information and are supplied it are flouting the privacy laws?

Mr BRADY: My understanding is—and I think it makes sense—that it is supplied to them, as it frequently is in the WorkCover situation, only where the person concerned approves. So there is no difference in the principle that is involved. In the vast majority of instances, the worker concerned wants the matter dealt with, so they consent. So whether it is done through WorkCover or privately, the same principles of law and access to information about a person apply. So that is what occurs.

Mrs SHELDON: My understanding is that they are not getting that information, even though they have to obviously, as an employer, look at rehabilitation and how fit that person is to go back to their employment.

Mr BRADY: Provided the employee gives the consent, the information is made available, and my information is that that happens in the majority of cases.

Mrs LIZ CUNNINGHAM: I have a question along the same line. An amount of \$54,495,000-odd was paid to barristers and solicitors for legal costs for workers compensation. How does that compare with the total amount paid for workers compensation claims?

Mr BRADY: We can get the exact percentages, but in terms of a reasonable estimate, it is about 20 to 25% of the total of the claims paid, and I understand that it has been at that level for some time; that this is

not something that has varied in recent years to any real extent. But we will give you the exact figures.

Mrs LIZ CUNNINGHAM: Thank you. Could I just follow up with another workers compensation issue? We talked about it earlier with the consultancies. There is one here from WorkCover for \$556,000. It was not advertised. Could you perhaps get some advice from WorkCover officers as to why that was not advertised? It was a consultancy for the provision of actuarial consulting services.

Mr BRADY: That particular one was with PriceWaterhouseCoopers, I think they are called today, and it relates to actuarial advice. It flows from a contract that was entered into three years ago by WorkCover under the previous Government to provide actuarial advice for a period of three years. So whilst it was a new allocation of moneys, it is a contractual arrangement that was entered into by WorkCover three years ago, and it is a continuation of that.

Mrs SHELDON: With regard to those consultancies, I notice that the budget was about \$1,060,000, yet the overrun on that is 75%, because actual expenditure was \$1,865,375. Could you explain why you had that overrun? These were on consultancies from your department.

Mr BRADY: Sorry, what did you say the overrun was?

Mrs SHELDON: \$800,000, roughly.

Mr BRADY: The Deputy Director-General, Peter Henneken.

Mr HENNEKEN: Are you querying the estimated contract price and the actual expenditure and the difference between those two?

Mrs SHELDON: Yes. I am querying in the figures you gave me on the question on notice what the budget for this was and what the actual expenditure was, the total estimate compared with the actual expenditure.

Mr HENNEKEN: The table that you have from that question on notice has two columns. One is the estimated contract price. Contracts can go over the end of the calendar year; contracts might be completed early; the department and the contractor might decide that the issue is no longer an issue and the matter is not to proceed. So there can be a difference between the estimated contract price and actual expenditure. The actual expenditure is the actual amount of expenditure that was incurred in that particular year. So in most cases it would be lower than the value of the contract.

Mrs SHELDON: But your estimates added up to a million and the actual expenditure added up to \$1,800,000.

Mr HENNEKEN: Yes.

Mrs SHELDON: That is a considerable overrun; it is 75%.

Mr HENNEKEN: That difference could be the two factors I mentioned before. One is that a contract could go over a calendar year, so you could sign a contract, say, a month before the end of a financial year and the contract could be for 12 months. So for this particular year you might only incur two twelfths of the value of the contract.

Mrs SHELDON: I see what you are saying, but I still do not think it explains the amount of that overrun.

Mr MARSHMAN: Can I just add something there? What you have here is the answer to your question. That is not an estimated expenditure in that year. The question that you asked us in the question on notice was what was the contract price and how much was expended in that year. You did not ask us to estimate how much we would expend in that year and then the estimated actuals.

Mrs SHELDON: But on the figures you have given me, that is the result.

Mr MARSHMAN: The result is the relationship between a contract price which can run over two or three years and the expenditure in one year.

Mrs SHELDON: I hear what you are saying, but I do not know that that necessarily clarifies that question. To go on to another question I would like to ask, I refer to page 7 of the MPS and note that your department recorded an operating loss of \$26.961m when it was budgeted that there would be a surplus of \$4.791m. Could you tell me the reason for this deficit in excess of \$30m?

Mr BRADY: The Deputy Director-General, Peter Henneken, will answer this question.

Mr HENNEKEN: What has occurred here is that the department had substantial cash carryovers from the year before. During the year, those cash carryovers were expended and, as you can see on that table if you look at the "Total Expenses" column, they have gone from \$798m to \$824m. So essentially what happened during last year is we took advantage of the cash carryovers that were available to the department mainly in terms of Commonwealth carryovers and own-source revenue carryovers. They were spent during that year and the result is a loss of \$26m.

There is sufficient cash left in the department to still have cash left over for 2000-01.

Mrs SHELDON: You have got a negative estimate for 2000-01, too, \$7.6m.

Mr HENNEKEN: Well, the same will apply next year. Again, there are some further cash carryovers available to the department which will be run down over the next 12 months.

Mrs SHELDON: Could I also refer to page 50. In relation to equity return, has your department been compensated by the amount of the equity return levied?

Mr BRADY: I think the main purport of your question was whether the department would be funded for it.

Mrs SHELDON: Has it been?

Mr BRADY: The answer to that is yes.

Mrs SHELDON: In full?

Mr BRADY: Yes. Equity return, as you would know, is calculated based on the department's estimated operating net assets each year and a 6% return on equity injection is estimated to be made during the year. So the answer is, yes, equity return expense for 2000-01 would be approximately \$54.7m. This varies slightly from the estimate of \$54.4m that was based on the net asset base of \$907m, but yes, it would be.

Mrs SHELDON: So has your \$51m been fully refunded by Treasury?

Mr BRADY: Yes. The answer to that is yes.

Mrs SHELDON: Is that recorded anywhere in the Budget documents?

Mr BRADY: It is reported at page 50 of the MPS under "Operating Statement".

Mrs SHELDON: As I understand it, correct me if I am wrong, that is the equity return that your department has to make. I am asking: where is the record of the money coming back?

Mr HENNEKEN: Under the accrual output budgeting arrangements, the department is fully funded for all outputs, so the equivalent amount of equity return is included in the output revenue that is provided by the Government and the exact amount is included under output revenue and for last year's Budget is part of the \$574m and for this year's Budget is part of the \$589m.

Mrs SHELDON: That is the global figure, but has that actual amount been repaid?

Mr HENNEKEN: Yes, that amount has actually been paid.

Mrs LIZ CUNNINGHAM: Could I just follow up on that. I asked a question on notice and the same numbers were given. \$51.215m was last year's equity return. That was the first year for that return and it was fully funded by the Government. This year you advised in the answer it was \$54.4m. You have now said that it could be more accurately \$54.7m. So that is a little bit over \$3m additional money that your department had to return to Treasury as part of that equity return in a 12-month period. If, as the Deputy Director-General has said, that is fully funded from Treasury in your output revenue, where then is the intended purpose of the equity return actually being achieved? We were told last year the equity return was to make departments accountable for lazy equity, to sell assets that they do not need. If Treasury is fully funding that equity return, what is the point? Is it a book entry only?

Mr HENNEKEN: That is the arrangement at the moment. You could imagine, though, at some stage in the future the departments will get used to being fully funded for all of their outputs, including depreciation, including equity return. At this stage, departments need to be aware that there is an equity return—that they have got to efficiently use their assets—but at some stage in the future there could be an incentive regime whereby if the departments more efficiently use their assets, they can actually gain out of the equity arrangements. Those matters have not been finalised by Treasury and, obviously, will be subject to further discussion with the departments.

The CHAIRMAN: Order! The time for non-Government questions has expired. I call the member for Kallangur.

Mr HAYWARD: Minister, page 17 of the Ministerial Portfolio Statements refers to work commencing on the development and implementation of a code of practice for outworkers in the clothing industry. Can you elaborate on what issues led to the need for the development of this code of practice and what the code of practice is aiming to achieve?

Mr BRADY: Recent history shows that it is necessary. There have been closures of major clothing factories in Queensland since tariff reductions in the 1970s and 1980s, which has resulted in the number of outworkers in the industry growing to an estimated 10,000 to 15,000 workers in Queensland. A look at the situation tells us that these outworkers are predominantly Vietnamese, Chinese and Cambodian—they are from those backgrounds. These numbers swell when family members, including children, assist the

main outworkers in periods of high demand and short time frames.

In December 1998, six months after coming to Government, our department undertook a campaign to investigate award compliance in the clothing industry. During the campaign, Queensland industrial inspectors investigated 98 employers in the industry and interviewed 63 of their outworkers. Inspectors found much anecdotal and hearsay evidence of wide-scale underpayment of award wages to workers, who were said to be receiving as little as \$2 per hour. Many employers in the industry did not keep time and wages records as required. Anecdotal evidence also emerged that workers in the industry were not covered by workers compensation or superannuation and often worked long hours and in conditions which did not meet workplace health and safety standards.

So strategies were identified to stop this dreadful practice that was occurring. One of the strategies called for an amendment to the Industrial Relations Act to strengthen these workers' legal claims to their entitlements as employees rather than them being denied them by so-called contract arrangements. These amendments, which will alter the definition of "employee" and "employer" to include these workers, have now been passed by the Queensland Parliament. The department has also conducted public multilingual education seminars in order to advise outworkers and their employers of their rights and responsibilities under the Industrial Relations Act.

Another strategy involves the development of a code of best employment practice for the industry, which is currently in draft form, for consultation and input from key stakeholders in the industry. The proposed code aims to ensure that all Government purchasing of clothing, textiles and footwear is sourced from suppliers who can prove their credentials as a best practice employer.

We are working on this as a strategy in conjunction with New South Wales and Victoria, because Queensland, New South Wales and Victoria are the three States where the outworker situation is most prevalent. New South Wales and Victoria, of course, have even significantly more numbers of people working in this industry as outworkers. What we are trying to do is to ensure that the reforms are consistent in the three States so that dreadful employers do not move from one jurisdiction to another in order to continue their shonky and sham practices.

The CHAIRMAN: Minister, the ANTA agreement is due to conclude at the end of this year. Can you advise the Committee what you and your department have done to assist in the development of a new agreement and what has the Commonwealth Government's role been in this process?

Mr BRADY: The three-year ANTA agreement concludes in December 2000. The agreement is based on the Commonwealth maintaining real-term funding in exchange for growth through efficiencies. We should recognise that Queensland's Voc Ed and Training Division has grown considerably through the present ANTA agreement. The total delivery in 2000 is expected to reach 45.1 million annual hours curriculum, which is an 11.9% increase over the hours delivered in 1997. We are now arguing here in Queensland that future growth cannot be achieved solely through efficiencies. The likely growth scenarios developed recently by the national resourcing working group on future demand for voc ed and training estimate growth of between 2.5% and 5.7% likely to occur each year up to 2005.

We are also leading the debate in Australia here in Queensland that growth cannot be pursued in isolation of quality issues. The independent investigation into the quality of training in Queensland's apprenticeship and traineeship system demonstrated a range of quality issues which had not been taken up under the previous Government. We are seeking to redress these issues. The States and Territories are working cooperatively to develop a document which could form the basis of a new ANTA agreement which would be suitable for the future.

In contrast, Federal Minister Kemp proposed a new agreement which was simply a repeat of the previous agreement. The proposed agreement sought a commitment from the States and Territories to strive for ongoing efficiency improvements but did not provide the additional Commonwealth funds. This is interesting, since the Commonwealth's own future demand work estimates growth is likely to be in the order of between 2.5% and 2.8% per annum up to 2005.

So it is of concern to me—the spirit in which Federal Minister Kemp is entering into the negotiations. He has taken to making serious allegations regarding performance and not looking at the quality issues. In some instances, he has selectively and misleadingly used statistics. His continued attempts at political point scoring are not helpful. However,

we in Queensland and the other States and Territories will continue to negotiate in good faith in the context of the growth that is necessary in this area.

The CHAIRMAN: Will the Minister outline the levels of apprenticeships since the Beattie Government came to office?

Mr BRADY: This has been one of the extraordinarily important success stories of the Beattie Labor Government. The apprenticeship commencements in Queensland have reached record levels since we came to office a little over two years ago. It is therefore a record which is very important and a record of which we are indeed justifiably proud.

In the 1998-99 financial year, a record 11,768 apprentices commenced training in Queensland compared to only 8,234 in the same period the year before. That was a 43% increase in apprenticeships. With the support of our Government, 19,947 apprentices have commenced training over the two-year period to 30 June 2000. That is a 20% increase over the intake under the previous Government for the two-year period up to when they ended Government in June 1998.

The record intake for apprentices can be attributed to our Government's commitment to upskilling the State's labour force and creating real jobs, and figures will increase over the next three months as apprenticeships continue to be registered. Clearly, our initiative has made a very positive contribution to increasing the number of apprenticeships and traineeships in industries suffering skill shortages that are crucial to the development of the State's economy.

Since the program commenced, an additional 570 apprentices have been employed in the public sector. The Government is taking up the responsibility for apprenticeships as well the private sector. In the private sector, nearly 5,000 additional apprentices had commenced up until the end of June 2000. One of the great success stories has been our move to boost apprenticeship numbers in the building and construction industry. For the financial year 1999-2000, an additional 130 training opportunities were taken up because of the building and construction industry's active monitoring and enforcement of the State Government's 10% policy. By making sure that 10% of the workable hours were worked by apprentices and trainees, another 130 young people got jobs.

Over the next two financial years, it is anticipated that up to 800 additional training

opportunities will be created through that training policy being in place and being enforced. The HITT program was launched in October 1998. Some 236 additional apprentices and trainees have been employed on Queensland public housing projects. Yes, there are big skills shortages in the housing and the building and construction industry, and we have done something positive about it with the help of the industry.

The CHAIRMAN: Could the Minister provide an explanation of the reasons for a reduction in the number of traineeships?

Mr BRADY: The number of real traineeships in Queensland has continued to be a success story, along with the extraordinarily successful figures for apprenticeships. We have attacked the rorts and made sure that the public is paying taxpayer funds only for trainees who are getting new jobs and traineeships, not existing workers. We are all for existing workers being trained, but it is not the responsibility of the taxpayer to pay for the training of existing workers; it is the responsibility of employers primarily, with the assistance, of course, of the existing workers themselves.

What we experienced in 1999-2000 was traineeship growth at a real level, that is, where those entering the system are genuine trainees, not doctors, squadron leaders or religious people seeking to offset professional development costs against the public purse. The Queensland Government has trained all of those sorts of people in the past. Under the coalition, nothing was done about it. While apprenticeship and training activity has been cyclical in nature, the important thing is that we continue to work from a high base.

While you could always measure the growth in apprenticeship numbers—they are real and have always been real—it was more difficult to determine what traineeships were real because too many rorts were allowed in the past. We took the step to stop the rorts, and we had a cut-off period. In the two weeks prior to Christmas 1998 the department received in excess of 6,000 agreements in a last-ditch effort to access the previous Government's open slather existing workers policy. That shows us how many of the previous agreements, of which the coalition was so proud, involved paying public money to train people who were already working; they were not really proper traineeships. We looked into it. We have stopped that rort. We have also stopped the worst examples of fully on-the-job traineeships, where often no real training was taking place. Although we have

had a growth in the number of real traineeships, we are proud to say that we have had a significant demise in the rorts in the "unreal" traineeships occurring under the coalition Government and which were encouraged by their policies and also, to some extent, by the Federal Government. However, it has now followed our lead and improved the processes in relation to that as well.

Mr WILSON: Recently, there have been allegations in the press about a reduction in apprentices and trainees due to increased administration. Have any measures been taken by the Government to streamline the administration processes in the apprenticeship and traineeship system?

Mr BRADY: We know there has been a significant growth in apprenticeships—the figures have been given to you—and real traineeships in the two-year period. In fact, they reflect the 38% increase in commencements over the corresponding two years to 30 June 1998. We engaged an outside expert, Kaye Schofield, to look at the quality of training in our system. Kaye Schofield confirmed that apprenticeship and traineeship administration arrangements were dysfunctional and recommended that improvements were required in their administration in Queensland.

In response to those findings, my department has worked closely with stakeholders in piloting and evaluating new initiatives designed to enhance the quality and improve the outcomes of the system, to increase completion rates, and streamline administrative arrangements. The pilots began in February 2000 in the Brisbane north and central Queensland regions. The initiatives included the release of client information to registered training organisations and New Apprenticeships centres through the Delta Net system; a revised registration process for apprenticeships and traineeships; and monitoring, evaluation and feedback on the initiatives in the pilot programs. The level of support that we have got from industry as a result of this has been very strong. A number of other proposed changes are also likely to contribute to a better administrative process. Claims that it takes an employer 14 steps to put on an apprentice or trainee are simply not true. Entering into any contract requires some action and commitment. An employer seeking to put on an apprentice or trainee is required to take a number of steps, but not 14, which is what has been argued.

An example of how the new system is working well is clear from the following

statement from the Queensland Chamber of Commerce and Industry—an employer organisation not known historically for its active support of Queensland Labor Governments. The Chamber of Commerce has said this about our new system—

"Employers, apprentices and trainees should experience improved support and streamlined services as a result of the changes. The new arrangements set a higher standard which will result in overall quality improvements. They also ensure that employers, apprentices and trainees are better informed and consequently make a better decision before entering a training program."

That is the situation. We are receiving strong support from employers and the employer organisation, which understands the need. The changes in the system have been grossly maligned by people seeking to do so for political reasons, not for real reasons at all.

Mr WILSON: I direct your attention to vocational training in regional areas. The Government has announced new training initiatives whereby the benefits to communities from vocational training are actually integrated into regional plans. In your opinion, will this proposal to allow regions to decide their training needs grow jobs?

Mr BRADY: It is a very important proposal. The Community Training Partnerships Program provides a new way to deliver training that will be able to respond more quickly to local and regional needs. In 2000-01, \$10m is being allocated for the program. The program will fund regional networks to identify their specific training needs in relation to their regional economic development plans. This means that local people will be able to get the skills they need to take up employment opportunities offered in their regions.

The program will encourage the use of regional economic development plans to benefit the community and individuals through the delivery of training consistent with the opportunities in their region. The focus of the funding is on people in the labour force who have not completed high school and have not gained a post-school qualification. As I recall, there are over half a million people in Queensland who have not completed high school and who have not gained a post-school qualification. That is a very high number. These people are particularly vulnerable to unemployment as the demands for skills increases. People who have, for example, been production workers for years will now

have the chance to get a qualification to enable them to remain functional in the workplace.

The regional networks will encourage industries at the local level to participate in the program, which will help Queensland improve its qualification profile, which is currently below the national average. The level of qualifications of the labour force affects productivity and investment, so the high proportion of the labour force without qualifications is definitely a limiting factor on economic growth. The program aims to assist 4,000 participants through over 40 projects across Queensland.

Pilots are being conducted in 10 areas across Queensland. The Laidley pilot, again with the support of a local authority—sponsored by the Laidley Shire Council—has already provided training to more than 100 people from the local community in the areas of computing, business, forklift operation, welding and small engine maintenance. The Logan City Council is doing something similar with more than 70 people. A project sponsored by the Central Highlands Development Corporation is presently completing an analysis of training needs within the Emerald community. A particular focus is the shift to the employment needs of the mining industry and the emerging needs of new local fruit growing ventures. A pilot is under way at Palm Island and also at Warwick. You can see we are doing this across the State and in regional and rural areas. Again, it is part of the money that we put into Breaking the Unemployment Cycle. It is something we have learned. It complements what we are doing with the CJP plans. It is very important that it continues and that this Government continues to supply the money, because it will not be supplied by any coalition Governments in this country.

The CHAIRMAN: The time allocated for Government questions has expired. I call the member for Caloundra.

Mrs SHELDON: I did ask you a question much earlier today about the 250 student contact hours shortfall at the Brisbane Institute of TAFE and also certain allegations, and I gave your public servants letters relevant to that. I was wondering if you have an answer.

Mr BRADY: In relation to the letter that has been received, it is obviously from a person who certainly has not supplied that letter to me. It is difficult to understand. One thing I can say is this: as the letter, in which the name has been eliminated and so on—

Mrs SHELDON: It has been eliminated

because that person was very concerned about retribution.

Mr BRADY: People are obviously concerned. But the proper purpose for this would have been, as has always been done in portfolios—and I have had a few of them since 1989—I refer everything to the CJC. I have nothing to fear. You can point to no person who has ever suffered any retribution in any department of which I have been the Minister.

Mrs SHELDON: Has this matter been referred to the CJC?

Mr BRADY: No, it has not been referred to me.

Mrs SHELDON: I understand that.

Mr BRADY: I am telling you it has not. I told you that before.

Mrs SHELDON: The person who wrote that letter said he had met with people within your own office as well as—

Mr BRADY: I know nothing of this matter. That is what I am telling you now. A person who can say that—at this stage it is an anonymous matter because that person has chosen not to supply their name.

Mrs SHELDON: He is actually taking it to the CJC himself, I understand.

Mr BRADY: That is good if he has taken it to the CJC, but we will not take that for granted. It will be referred because one of the things it talks about is a request for information in regard to falsifying institute course enrolments. It must immediately be referred to the CJC. Any matter of this nature that comes to my attention—and this is the first time that it has come to my attention—will be referred to the CJC. I assume the person then would be more than happy to have his or her name available. That would be a matter for you because I think you obviously know who the person is. I will refer the matter to the CJC.

I have no personal knowledge of this. Information is being sought from the Brisbane Institute of TAFE, which is the institute which is named in two relatively short paragraphs, by a person who says he or she was a teacher at the institute during 1999. So I will pass this on to the CJC. I obviously cannot pass on the name of the person so that that person can be interviewed. All appropriate inquiries will be made. I repeat: the information has not been supplied to me previously.

Mrs SHELDON: You would be aware of the other document that was tabled, which was a profile meeting.

The CHAIRMAN: If I might ask, the Committee has not got a copy of that letter.

Have you got another copy that you can provide to members, please?

Mrs SHELDON: If the Minister is agreeable, that is fine.

Mr BRADY: Sure. Sorry, when you say "the other document"—

Mrs SHELDON: This was authored by Mr Ian Abraham in which he states—

"As you may be aware, the institute has a shortfall of approximately 250,000 student hours for this calendar year."

Can you confirm that is correct?

Mr BRADY: I have a copy of the document here. Again, I have not seen this before. I will ask Mr Peter Noonan, Deputy Director-General (Training) to comment in relation to the matter.

Mr NOONAN: While it is true that in November 1999 the Brisbane Institute of TAFE may have anticipated a shortfall in delivery of student contact hours of 250,000 student contact hours at the end of the calendar year, the Brisbane Institute had achieved 103.6% of their target for profile, that is, through direct grant funding. Actual delivery in 1999 was 1,583,000 student contact hours against a target of 1,527,644 student contact hours. So it would seem that the institute was taking measures anticipating a possible shortfall to ensure that its target was at least achieved. It is not unusual in an institute to ensure that corrective action is taken to ensure that profile targets are achieved.

Mrs SHELDON: The allegation—and the Minister can handle this—was that that shortfall was made up by this questionable practice that I referred to and, hence, the student contact hours were able to be put down as the number you have enunciated there.

Mr BRADY: In relation to the allegations of questionable practice, I will have those examined. They are only allegations and they are very brief—two paragraphs. Those allegations will be examined. As is appropriate, they will go to the CJC. We have no hesitation in referring allegations of impropriety. If they had been made to me, they would have been referred earlier. But they have popped up in the way they have. So be it. They will now be referred to the CJC and all appropriate officers will be interviewed no doubt by the CJC and the matter will be looked into.

Mrs SHELDON: Could you also guarantee that these alleged questionable practices have not occurred at any other TAFE institute, and would you guarantee to investigate whether they have or not?

Mr BRADY: Let us take it one step at a time. First of all, we need to see whether these alleged questionable practices in fact are real questionable practices and not merely allegations. Clearly, if they have not occurred at the BIT—and we would all have an open mind on that—they obviously had no reason to believe that they occurred anywhere else because the allegation relates to the BIT. If it turns out that that is not true, that there is an intentional or otherwise misleading calculation of what has occurred, then there is no need to inquire further. If even at the outset it appears that there is some possibility of a problem, then obviously the CJC and my department would be wise to look elsewhere.

There is no reason at this stage to accept that they have occurred at all. It is just an allegation by a person. No doubt you received information as Minister over the years or so-called advices that turned out to be not true. I frequently have had that experience over the years. Each of them, however, are required to be looked at properly by the appropriate authorities to see if there is any truth in them and that they are not either mischievous or mistaken. If anything comes up that indicates there is a problem in relation to this or any other institute, it will be appropriately examined.

The CHAIRMAN: Just for the record, the Committee will receive a document titled "Profile Meeting" with the author, Ian Abraham, dated 22 September 1999.

Mr BRADY: Have you got the other one by the anonymous person?

The CHAIRMAN: Yes, with an attachment of the anonymous letter.

Mrs SHELDON: The letter was not anonymous, but the name has been deleted.

Mr BRADY: We understand that.

Mrs SHELDON: I refer to page 37 of the MPS and ask: how many compliance audits of private training providers have occurred over the past financial year?

Mr BRADY: During the 1999-2000 financial year, there were 187 audits of registered training organisations that were specifically related to compliance with the Australian Recognition Framework. In addition, the department conducted 74 contractual compliance audits related to delivery of training under user choice. As a result of the Australian Recognition Framework audits, 20 registered training organisations were asked to show cause why their registration should not be cancelled to deliver training programs. Of these show-cause actions, six registered

training organisations had all or part of their registration cancelled. One registered training organisation had its registration suspended for six months.

As a result of the contractual compliance audits, eight registered training organisations had their contracts to deliver apprenticeship and traineeship training under user choice cancelled. During the 1999-2000 financial year, TAFE Queensland institutes underwent 15 external Australian Recognition Framework audits and two TAFE contract compliance audits. Two further compliance audits of institutes are programmed for July and August 2000 covering specific aspects of user choice. The TAFE integrated audit program was established during the last financial year. TAFE institutes are covered by this ongoing integrated audit program which is more comprehensive than the audit arrangements covering private providers of training.

Mrs SHELDON: Minister, you may have said it, but how many compliance audits of TAFE institutes have occurred? You gave me the figure for private training, though.

Mr BRADY: Yes, I did say it. It was two. I also said that two further compliance audits were programmed for July and August and both are under way. So there have been two and there are two under way at the present time.

Mrs SHELDON: So there were 178 or 187—I forget the figure you said—for private training providers but only two for TAFE?

Mr BRADY: I am saying—and this is very important, because you can twist the answer if you do not understand the difference between private and TAFE—that TAFE has a more rigorous continuing additional auditing program as well, which we cannot do with private providers. I was in the middle of saying that when you asked the further question. TAFE institutes are covered by the integrated audit program which is more comprehensive than the audit arrangements that cover private providers of training. The integrated audit program, which reflects the resource agreement which TAFE institutes have with the department, covers every aspect of the business of an institute. The institute director is personally accountable for the provision of quality training and quality service to the community and to the individuals the institute serves. The actual audits include representatives from industry training advisory bodies, departmental regional staff and senior TAFE staff.

It needs to be understood that, in addition to the compliance audits which you question,

TAFE institutes are subject to an intensive program of internal audit and, in addition to that, to external scrutiny by the Queensland Audit Office. So you cannot draw anything like an exact parallel between the compliance audits for private providers and the TAFE situation. There is a threefold process for TAFE whereas there is only a single process in relation to the private providers. They are subject to these compliance audits. They also have the internal audit process, which is very rigorous. Then there is the external scrutiny by the Queensland Audit Office. Make no mistake: TAFE is subject to more auditing more often by more people than the private providers are. The nonsense put about by some people that private providers are subject to more rigorous auditing than TAFEs is nonsense. We have not the capacity to audit private providers in the same way as we do TAFE. The numbers in relation to the compliance audits are one thing, but also bear in mind that in addition to that we have a more rigorous departmental audit process as well as external scrutiny by the Queensland Audit Office.

Mrs SHELDON: Minister, you referred previously to success in people getting jobs or future training after taking part in job schemes. Can you detail the proportion of people who get jobs rather than further training?

Mr BRADY: Yes. Whilst we are getting that material, the implication of the question is that further training is somehow not important. Very often the best thing that can happen out of the CJP and CEAP is that people undergo further training, particularly in areas with skills shortages. Working on a CJP or CEAP program in itself is not necessarily the best way to get permanent employment for the future. For some people it is with the confidence that it builds. For others, working in CJP or CEAP programs indicates that the best way to get future permanent employment is to undergo further training. Provided that further training is, as we require it to be if the Government funds it, in areas of skills shortages, then that is the appropriate way to go. It is not a second-best option. It is often the best option to undergo further training.

Let us look first at the CJP program. In 1998-99 and 1999-2000, 50% of participants found ongoing employment at the end of the project while another 8% accessed further training. You can see that the majority of people coming through this program go into jobs. This has occurred in the context where experts over the years have said, "You run these labour market programs for the long-term unemployed and the best you can hope

to achieve is that a third of them will get future employment", which is still a heck of a lot more than not running them, I might say. But that is not true. These programs have been so successful and so well done with the cooperation—and I admit this fully—of the community and business, particularly local government, that half of the people are getting jobs at the end of them and another 8% are accessing further training.

Mrs SHELDON: That was one of the programs. What about the others?

Mr BRADY: In terms of the Community Employment Assistance Program, in 1998-99 and 1999-2000, 52% of participants found ongoing employment at the end of the project while another 18% accessed further training. So that brings it up to 70%. In relation to the CJP, some 50% got work and 8% got further training. In relation to the CEAP, 52% got work and 18% got further training. I believe that those figures should be welcomed. It clearly shows how successful these programs have been.

Mrs SHELDON: Thank you, Minister. I refer to page 9 of the MPS and in particular to the Worker Assistance Program. You have stated that the program links with major State infrastructure projects to fast-track participants' return to work. What major projects have you linked with? How many people have been assisted as a consequence?

Mr BRADY: I gave some of these figures before, but I think they are well worth repeating. Under the Worker Assistance Program 350 workers were assisted when the South Burnett Meatworks ceased operation at Murgon. When they went to other programs, most of those went to Tarong. They were given assistance in relation to obtaining employment and they went to Tarong. Some of them I think went to Millmerran. There were 21 workers at Warwick when the local sawmills closed. They were assisted to obtain work at Millmerran primarily. They are just two examples. I gave other examples earlier.

Mrs SHELDON: Could you repeat what those other examples are?

Mr BRADY: Yes. Sixty-one workers were assisted after the closure of Bellenden Joinery at Tolga and Guilfoyle's glazing at Atherton. I mentioned Warwick, the local sawmills, and the South Burnett. There were 88 staff when the Cooroy Private Hospital closed.

Mrs SHELDON: Where are those people from Cooroy Private Hospital being helped?

Mr BRADY: They have not got a major project. A whole range of employment has

been made available for them, particularly because of their qualifications.

Mrs SHELDON: Could you give me a list of where they have been redeployed?

Mr BRADDY: We cannot today, but we can. There are other ones as well. In addition to the actual retrenchment situations under the Worker Assistance Program, we have provided assistance to others who do not strictly fit into that. From Evans Deakin Industries 230 workers were assisted. From Collinsville coalmine 51 workers were assisted.

Mrs SHELDON: That does not come under this Worker Assistance Program. What program would they come under?

Mr BRADDY: We just took them in under the department's desire to promote employment. They did not strictly fit the guidelines of the Worker Assistance Program, but the departmental people we have working on that program have done the same things in these situations. I do not know offhand why they did not fit. It does not matter that much, because they have been assisted. Assistance was provided to 51 workers from Collinsville coalmine, 230 workers from Evans Deakin Industries, 65 workers from Moura mines and 15 workers from Biggenden mine.

The department draws its responsibilities very compassionately in these matters. The program itself has been a very successful one. I think the people involved in the department need to be praised for the work they do. They interview every single worker, assess their capacity and assess what they can do. They have had extraordinary success in keeping people's confidence levels up. We hear reports of people saying that they have never in their lives seen a Government take an interest in them when they have lost a job. They are just astounded.

One of the reasons some of the others do not fit the program is that the employers did not go out of existence. For example, Evans Deakin retrenched people and the workers lost jobs, but Evans Deakin has continued in business. The Worker Assistance Program was set up to assist workers when a business collapsed, where the business ceased to work. We have extended it to assist workers who have been retrenched by employers who have continued to exist as employers but who have gotten rid of, as Evans Deakin did, 250 workers.

Mrs SHELDON: Thank you, Minister. In relation to page 14 of the MPS, could you explain the completion rates under the private sector apprentice/trainee programs of 52% when you promised in the Budget brought

down in September last year to achieve a completion rate of 70%? On what basis was that 70% calculated?

Mr BRADDY: Your question is about the private sector and we ultimately do not determine the completion rates for people who work for someone else. We are not talking about Government employees here; we are talking about the private sector. We can only encourage, exhort and have programs and policies that assist. Our aim was to have 70% completion. The 52% is referred to in note 5 at page 14 of the MPS. It states—

"Although the 52% falls short of original estimates, it compares very favourably with the current completion rates (35.7%) highlighted in the Apprenticeships and Traineeships: Queensland Trends 1998-99 Update (The Smith Report)."

One of the great tragedies for all of us in Queensland is that completion rates in apprenticeships and traineeships are nowhere near as good as they should be. We have analysed this. Certainly our analysis in the first year showed that there was a need for improvement. A completion rate of 35.7% is really shocking. It is typical across Australia. There are all sorts of reasons for it, some of which you can fix and some of which you cannot. I will describe one of the problems anecdotally. Someone is undertaking an apprenticeship in the building area and his mates come along and say, "You can get far more money if you work as a builder's labourer than you are getting as an apprentice." The apprentices do not look two years down the track to when they are qualified, and they walk away from their apprenticeship. So there are real problems.

A review was undertaken halfway through last year, with one of the objectives being to identify ways of improving the completion rates of apprentices and trainees employed in the private sector. One of the changes implemented was to extend the qualifying period for payments for completion of the probationary period to a flat six months for both apprentices and trainees. If we are going to pay the taxpayers' money to encourage apprenticeships and traineeships, although 52% is better than the industry average of 35%, we want the completion rate to be even better. We are doing things to ensure that we pay the incentive money to employers whose apprentices and trainees are much more likely to complete their apprenticeship or traineeship.

Another change was to restrict payments to apprenticeships or equivalent level

traineeships. This was primarily done because apprenticeships and higher level traineeships were being identified as the real skill shortage areas; however, this change could have had a subsequent benefit in increasing completion rates. Anecdotal evidence suggests that apprentices or longer-term trainees are more likely to complete their training than traditional 12-month trainees. We are conscious of the problem. It is a real problem for everybody. We are doing better than industry generally with our support, but we have to do better still.

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

Mr WILSON: In the move to establish Queensland as the Smart State, what is the Government doing to address the growing need for information technology and telecommunications skills and expertise in Queensland?

Mr BRADY: In recognition of the importance of the information and communication technologies industry to the economic development of the State, our department has developed a comprehensive strategy to address the skill requirements of the industry. The strategy comprises strategic reviews, better planning, increased training delivery, technological infrastructure investment, employment initiatives and promotion of flexible training packages. With this strategy the department is confident that, through its major provider, TAFE, it has the capacity and direction to lift information and communication technologies.

The department has continued to make a significant investment in information and communication technologies training. It is estimated that in 2001 more than four million annual hours curriculum will be delivered through TAFE and the competitive purchasing program and user choice. This represents an investment conservatively estimated at more than \$25m. To support this increased level of training delivery the department will invest a further over \$15m in TAFE information and communication technologies infrastructure in 2000-01 and outlay moneys to develop and expand the Queensland Open Learning network. We will also spend moneys to develop the agricultural colleges' information technology network.

The capital infrastructure funds invested on information and communication technologies in TAFE include: \$7.5m to further develop the VET information technology network to link TAFE institutes and campuses into a single network for on-line training; education desktop systems; \$4.7m to expand

institute based information technology networks; a system upgrade to maintain the technological relevance of the information technology network; funding for the virtual college; and \$1.2m to provide an Internet teaching facility.

The use of technology will support the development of greater flexibility in service delivery, allowing improved services to regional and remote communities and greater convenience in larger communities. The department is also entering into collaborative arrangements with the Queensland Open Learning Network to use and expand its extensive information and communications technology network and thereby avoid duplication of Government-owned infrastructure.

The need for a dedicated and more strategically focused advisory body for communication and information technology training was identified by industry during a recently completed review of the Queensland ITAB. As a result, Education Enabling Queensland Incorporated has been established and is responsible for identifying and advising on block ed and training issues and opportunities in the industries. In 1999, my colleague Terry Mackenroth launched a State communication information strategic plan for the following five years, and DETIR is a key player in this strategy.

Mr HAYWARD: Are school-based apprenticeships working?

Mr BRADY: It is relatively early days for school-based apprenticeships, but it is very difficult not to be enthusiastic about them. Queensland leads Australia in the take-up of them. As I recall, some 58% of school-based apprenticeships and traineeships in Australia are taken up in Queensland. These were commenced by the previous Government. They have been expanded enormously in the last couple of years. The success of the program in Queensland is therefore demonstrated by its ever-increasing popularity. It started with just 30 students in 1997 in Queensland. In 1998, 910 signed on. That was more than doubled in 1999 with 1,900. In the first five months of this year, a further 1,131 had signed on. So there has been this extraordinary increase in the numbers taking them up, and the early evidence of the quality that results from them is also good.

Students invariably find that their academic performance at school improves once they have taken on the extra work of the school-based apprenticeship or traineeship, and employers, school teachers, parents and

students themselves are just so enthusiastic about the scheme. What we have seen is schools being recognised for what they are doing in this regard. A recent finalist in a training competition was Toolooa State High School in Gladstone, the first school in Queensland to implement school-based apprenticeships. The school saw the need to develop opportunities for those students unlikely to complete Year 12 while promoting community development of trade skills. Working with the Gladstone area Group Apprenticeship Scheme, the school piloted a part-time apprenticeship program in 1997. It is now well entrenched. So those schools which have got in earliest have been the most enthusiastic, and it is certainly right around the State. Beerwah is an example of it. Seventy-five per cent of Beerwah's graduates from high school do not aspire to go to university. So that is a school that has taken up the need for these school-based apprenticeships and traineeships. Queensland leads Australia. The early quality is very evident, and the numbers are very impressive.

Mr HAYWARD: Can you outline the measures that have been introduced to improve the speed with which payments are made to private training providers? In answering that, what was the average time taken to make payments on an invoice in 1999-2000, and do you think that will improve this year?

Mr BRADY: I can say this: the average time taken to process a claim for a validated training activity is now down to three working days. Processing can be achieved within the same day even, depending on the volume. I am just trying to see what it was. I know there has been a significant improvement. At one stage, in some cases it was out to months—three and four months—so now the average time is three working days. The older system was antiquated. There was a very onerous manual system which had been imposed on the registered training organisations by the previous coalition Government. We have streamlined that. Previously they had to submit manually a claim form and then documentation to enable their claim. The situation was that 46% of the RTOs previously thought the payment system was onerous and too slow. We agreed with them; it was too onerous and it was too slow. We brought in new processes and systems.

From 1 January 2000 to 30 June 2000, of the 518 claims for payment submitted, 337 were paid before the end of the month in which the claim was submitted. Of the remaining 141 claims for payment, only 9—so

that is 9 out of 518—were paid outside the contract conditions. So from 1 January onwards this year, of 518 claims, 9 were outside the contract conditions. The primary reason for those was that the delay was related to incorrect training data received from the training organisations themselves. So we have now improved it considerably. Certainly when I was shadow Minister, the delays in payment were a source of constant and severe criticism. We believe that further improvements can still be made, and we will continue to make them, but we now have it to the stage where, from 1 January this year, only 9 of the 518 claims for payments were not paid within the contract time stipulated. In each of those instances—well, the primary reason; I cannot say for sure in each of them—the primary reason for the delay is related to incorrect training data which the RTOs themselves sent in.

The CHAIRMAN: Thank you, Minister. The time allotted for the consideration of matters in the Estimates of expenditure for the Department of Employment, Training and Industrial Relations has now expired. Before dismissing departmental officers and the Minister, I remind you that responses to questions taken on notice at this hearing are required to be returned to the Committee by 9 a.m. on Monday, 14 August. If any agency is unable to meet that time frame, I would appreciate it if you would notify myself and the Deputy Chairman at your earliest convenience.

I thank the Minister and his officers for their attendance today. This hearing is now suspended for lunch and will resume at 2.15 p.m., when the Committee will examine the Department of Mines and Energy and Regional Development.

Sitting suspended from 1.13 p.m. to 2.15 p.m.

MINES AND ENERGY**IN ATTENDANCE**

- Hon. T. McGrady, Minister for Mines and Energy and Minister Assisting the Deputy Premier on Regional Development
- Dr T. Campbell, Director-General
- Mr B. Coulter, Acting Deputy Director-General
- Mr P. Chard, Executive Manager, Administration
- Ms L. O'Neill, Manager, Budget and Systems
- Mr K. Griffith, Chief Executive, Ergon Energy Corporation and Chief Executive, Ergon Energy Pty Ltd
- Mr G. Jardine, Chief Executive, Queensland Electricity Transmission Corporation Limited (Powerlink Queensland)

The CHAIRMAN: Good afternoon, everyone. The hearings of Estimates Committee F are now resumed. The next item for consideration is the estimates of expenditure for the portfolio of Mines and Energy and Regional Development. The time allocated for this session is four and a half hours.

Before proceeding, I would advise the Minister and his departmental officers that Mr Tim Mulherin, who was appointed as Chair of this Committee, was unable to attend due to a medical matter. Therefore, in accordance with Sessional Order 15 (3) I have been appointed by the Leader of the House to chair this Committee. Additionally, in accordance with Sessional Order 15 (1) the Leader of the House has appointed Mr Ken Hayward MLA, member for Kallangur, to replace Mr Mulherin. The Committee has also agreed that it will suspend the hearings this afternoon from 3.45 p.m. until 4 p.m. for an afternoon tea break.

I remind members of the Committee and the Minister that the time limit for questions is one minute and answers are to be no longer than three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. An extension of time for answers may be given with the consent of the questioner. A double chime will also sound two minutes after an extension of time has been given. The Sessional Orders require that at least half the time available for questions and answers in

respect of each organisational unit is to be allotted or allocated to non-Government members. Any time expended when the Committee deliberates in private will be equally divided between Government and non-Government members. For the benefit of Hansard, I ask all departmental officers when they first speak to please identify themselves.

In case those attending today are not aware, I point out that these proceedings are similar to Parliament to the extent that the public cannot participate in these proceedings. In that regard, I remind members of the public that in accordance with Standing Order 195 any person admitted to a public hearing may be excluded at the discretion of the Chairman or by order of the Committee. Sessional Orders also provide that a member who is not a Committee member may, with the Committee's leave, ask the Minister questions.

In relation to media coverage of this Estimates Committee F hearing, the Committee has resolved that still photographs and silent television film coverage only will be permitted for the first five minutes of this particular department. My final request is that if you have a mobile phone, please switch it off and make any calls outside the Chamber.

I now declare the proposed expenditure for the portfolio of Mines and Energy and Regional Development open for examination. The time allocated is four and a half hours. The question before the Committee is—

"That the proposed expenditure be agreed to."

Minister, if you wish, you may make an opening statement with a time limit of five minutes. Thank you.

Mr McGRADY: Thank you, Mr Chairman. The last financial year was a very busy year in my portfolio areas and a lot has been achieved. This year's budget aims to keep that momentum going. The department will have a total operating budget of \$83.7m in this financial year. This represents an increase of some \$7.8m on spending over last year.

The new budget includes additional funding for a number of projects. A sum of \$1.9m will be spent on Stage 1 of a project which will review the benefits, costs and viable pricing options of introducing full retail competition into the Queensland electricity industry and then make a recommendation to Cabinet. An amount \$1.098m has been provided for new systems, policies and processes to be established to support new petroleum and gas legislation in line with National Competition Policy. An amount of \$700,000 over four years has been provided

to enhance the security and the safety at Government explosives magazines. Funds of \$800,000 will be provided over four years as continued support for QTHERM coal promotion program. This project will continue to promote Queensland coals, particularly thermal coals, in the international and indeed the domestic marketplace. The Government believes this important program should continue to attract new exploration and mining ventures to take advantage of the 36 billion tonnes of thermal coal resources available in Queensland, and this represents enormous potential to generate jobs for Queenslanders. We have also allocated \$2.3m to continue with the "prospectivity plus" initiative. This funding will be spent on mineral occurrence mapping, airborne geophysical data acquisition and the development of digital information systems that will promote Queensland as an attractive place to explore and provide real incentives to potential explorers.

The introduction by the Premier of the Queensland energy policy A Cleaner Energy Strategy was a significant milestone for Queensland. As part of this policy, we will continue to raise the profile of renewable and innovative energy technologies that will reduce greenhouse gas emissions. As part of Mines and Energy's commitment to the Queensland energy policy, just over \$2m has been provided for Queensland sustainable energy innovation fund grants. The solar hot water rebate scheme has been increased and will receive funding of \$3m this year. Industry feedback suggests the increased rebate has raised demand for solar hot water systems by around 100% and, of course, this also generates new jobs in the industry. An amount of \$4.6m has been allocated for the Remote Area Power Supply Rebate Scheme, including the Daintree remote area power supply program. It is anticipated that more than 400 remote area power systems will be approved for rebates this year. In response to the good take-up rate of these systems, the number of formally accredited remote area power supply installers has increased from 12 to 48 and generated additional employment in the industry. The Government is also preparing to implement the working properties rebate scheme in this financial year. Funds of \$1m have been set aside for this scheme which, for the first time, will provide Queenslanders on remote properties with a realistic option for a reliable 24-hour power supply. I might add that this is a joint program with the Commonwealth Government, which has been most supportive.

This Government will continue its commitment to capital projects within the

electricity industry. Across the State, the electricity corporations have committed more than \$1.3 billion in capital works spending this financial year for major maintenance upgrades and new construction to ensure that they keep pace with the ever-increasing demand for electricity. Mr Chairman, this is \$300m more than was committed by the corporations during the last financial year and represents more than twice the amount committed in the coalition Government's last budget.

All in all, I believe this next year will be an exciting one and I am more than happy to participate in this process this afternoon.

The CHAIRMAN: Thank you, Minister. The question periods will rotate in 20-minute blocks, commencing with the non-Government members. I call the member for Callide.

Mr SEENEY: Minister, could we begin by following up on a number of issues that were raised in the questions on notice. I refer to question on notice No. 3, which related to the number of customers declared contestable. I note that currently only about 30% of electricity consumption is sold to contestable customers, but you predict in your answer that this will rise in the near future with further downward pressure on wholesale electricity prices. I understand that individual arrangements would be commercial in confidence but, in broad terms, what sort of savings are being achieved by these contestable customers?

Mr McGRADY: I thank the member for Callide for the question. Competition in the retail sector of the electricity industry, as you know, is being introduced in Queensland in a series of tranches, with the third tranche, which was commenced on 1 July last year. Around 7,000 consumers in Queensland with consumption greater than 0.2 gigawatt hours per annum are now potentially eligible to enter the competitive market and secure the benefits on offer. It is intended that full retail competition for electricity consumers be introduced in Queensland subject to an evaluation of the benefits and costs to domestic consumers. New South Wales and Victoria have altered their time frames for contestability. Queensland is considering its position on the need for a change in the date of the planned introduction of full retail competition in our State.

Under the national electricity market arrangements, electricity prices paid by contestable customers are a commercial matter, as you mentioned, negotiated between the customers and, indeed, their retailer. Non-contestable, or franchise customers, pay uniform tariffs, which are

supported by community service obligation funding from the Government. Franchise electricity tariffs, as you know, are set by myself as the Minister for Mines and Energy and a 3% increase in franchise tariffs was implemented on 1 July this year—the first increase, by the way, to these tariffs since March 1994, during which time the consumer price index has risen by approximately 15%.

As of 1 July this year, electricity tariffs are also subject to the Federal coalition Government's goods and services tax. As the removal of the wholesale tax has only reduced electricity prices by about 2%, electricity prices rose by approximately 9.8% as a direct result of the GST.

Mr SEENEY: Have you finished? With respect, the question related to the degree to which contestable customers had benefited from the contestable market. Referring again to your answer to question on notice No. 8 and your expectation of further downward pressure on wholesale electricity prices, and given that we all understand that the downward pressure on wholesale electricity prices is going to continue, how can the price rise on 1 July of 3% that you have mentioned, amounting to \$42.9m from the 1.5 million franchise customers, possibly be justified? How can it be justified in view of the falling wholesale prices that you have referred to and the downward pressure that we all understand will continue?

Mr McGRADY: As I have pointed out on many occasions, the 3% increase is the first increase for many, many, many years. As I have also pointed out, if the electricity authorities were to have increased prices by the CPI, we would have had a 15% increase. I think it is my responsibility to congratulate the electricity authorities for being able to hold down those prices when right around the world prices have, in fact, been increasing. I think that it is not a bad job to have a 3% increase in prices when, as I have said before, the CPI prices would have gone up by some 15%.

The other point we have to make is that, whilst you talk about prices coming down, this has not really started at this point in time. So they are the benefits which customers will get after new generation comes into place around the State.

Mr SEENEY: So I take it from that that you believe that the retail prices will fall in future as the downward pressure on wholesale prices continues? Because what we have at the moment—correct me if I am wrong—is the situation where the contestable customers have benefited to some extent, although you are unable or unwilling to quantify that extent,

and on the other hand the franchise customers, the mums and dads, the domestic customers, are facing a 3% rise against a background of continually falling wholesale prices that will continue.

Mr McGRADY: We can all play games if we want to.

Mr SEENEY: It is not a game, with respect.

Mr McGRADY: The program and the policies which were in place had the support and were introduced, in fact, by the previous coalition Government and, indeed, by the other States. The industry will tell you that there have been some substantial reductions to electricity by those people, those corporations or clients, who have accepted the offer—

Mr SEENEY: The contestable ones.

Mr McGRADY: Nobody has been forced into accepting these new arrangements; it is a voluntary situation. If a corporation elects to come on board, they, to date, have received the benefits. In regard to the mums and dads, nobody has more sympathy than me for the mums and dads. But I keep on saying that there has been no increase since 1994.

Mr SEENEY: But they have not benefited from the falling wholesale price.

Mr McGRADY: They have not benefited from the falling wholesale prices at this stage. The big end of town have and that is what competition is all about. Competition is something which you, obviously, support and your coalition Government obviously supports. That is one of the impacts of competition. We cannot have it both ways. You cannot have competition and then say, "But if there is any drop in prices as a result of you signing contracts, you do not get it." That is what it is all about.

I would say to the average mum and dad out there that I would be more concerned about the major increase that they suffered as a result of the GST. We are talking now about a 3% increase in tariff prices and yet they have suffered a lot more than 3% as a direct result of the introduction of the GST.

Mr SEENEY: I believe your logic is twisted, but I will let it go at that. Referring to the final tranche of customers—the domestic consumers—that were due to become contestable in January next year, in the Budget documents there is funding for a study concerning that final tranche of contestability. Can you indicate what initiated that study? Why is the Government reconsidering the timetable for the contestability of the final

tranche? When is a decision likely to be made about that?

Mr McGRADY: As I said in my opening remarks, the other States have put back the dates when the fourth tranche will come in. We have not made a decision at this stage, but we are certainly looking at the time frame. When we determine that, we will certainly let people know. The Government is working long and hard, as I mentioned in my opening remarks. At this stage we have not made a determination, but we will soon and we will announce it through the normal channel.

Mr SEENEY: Referring to your response to question on notice No. 3 about the rate of uptake of contestable customers tranche by tranche, except perhaps for the first one the rates were much lower in Queensland than elsewhere in the national electricity market. Why is that so? Why have so few customers been willing to join the contestable market? Are the benefits available through that process not sufficient to attract people?

Mr McGRADY: As I said before, this is a voluntary scheme. The offer is out there to business. They can elect to stay in the current scheme or they can elect to take what I consider to be the benefits. But it is not for me, the Government or anybody else to force people. I do not know the reasons why the take-up rate has been somewhat slower in Queensland than in the other States, and I am not prepared to offer an opinion.

Mr SEENEY: I turn to tariff equalisation. The annual reports of both Energex and Ergon for 1998-99 indicate a significant change in Government policy in relation to tariff equalisation and the CSO—after your disastrous miscalculation for 1998-99—towards a system which places at least a significant element of the responsibility for meeting the CSO on the distributors themselves. Can you explain to the Committee how the CSO regime for tariff equalisation now works? In particular, what was the extent of the cost borne by the Consolidated Fund? What was the extent of the cost borne by the distributors? What formula was used?

Mr McGRADY: A lot of mention has been made over the past number of months about the CSO payments. The CSO payments are a payment made by Government to retailers to ensure that those people who live basically in the more remote parts of the State get reasonably priced electricity or a tariff similar to those in capital cities. Without having some sort of a benchmark or ceiling, you would basically be giving an open chequebook to the retailers.

What we have done is to say to the retailers, "There is the benchmark." There will be times when the retailers win—times of low prices—and there may be times when the retailers make a loss because prices have risen. But they are professional people. They are being paid to go out there and ensure that they make the decisions that safeguard the interests of the company and its shareholders. Basically, they are doing that.

Mr SEENEY: How much of the risk are they carrying? That was the thrust of the question.

Mr McGRADY: They are carrying a substantial part of the risk. But at the same time, as I explained before, a benchmark figure has been established. When the prices are low, they reap the rewards of the low prices. When the prices are high, they have to meet the costs. But the point I make—and I will repeat it again—is that the executives and the boards of these retail organisations are professional people and they have the responsibility and the job to go out there and to ensure that they can enter into hedging contracts when the time comes when the prices go high.

We have had situations, as you would well know, where for unforeseen reasons the prices have shot up for a very small, short period of time. Obviously, it costs the retailers. But then there are other times when the prices are low, and that is a time when the retail organisations make their money. But it is certainly not the role of me as a Minister or indeed of the Parliament, the Government or the Cabinet to make those decisions. We are paying the executives of those corporations. In the main, they do a reasonable job.

Mr SEENEY: The question was about the regime and the formula and how it works.

Mr McGRADY: The benchmarking price is negotiated and arranged, as I understand it, between Treasury and the retail organisations.

Mr SEENEY: The thrust of the question is: how does the level of funding that the retailers are responsible for as opposed to what the Consolidated Fund is responsible for—

Mr McGRADY: As I understand it, it is negotiated between Treasury and the retail organisation. Let us just come back to this. Can you imagine a situation where the Government were to say to the retailers, "Go for your life"? The taxpayers would be up for massive amounts of money. We are saying, "Here is a benchmark figure. You have the responsibility to ensure that commercial practices operate and that the taxpayers of

this State are not being called upon to pay excessive community service obligations." You have to have some sort of a benchmark. If you were in my position, you would endorse exactly the same policy.

Mr SEENEY: The figure that you cite in the budget for what that CSO is going to cost is based on an assumption of a power price for the year. We asked you what that price was in the questions on notice, and you said it was commercial in confidence.

Mr McGRADY: It is.

Mr SEENEY: Last year, it appears there was something like a 24% error in judging the market—the budgeted figure for the CSO and what the actual was. What were the power prices that you made those judgments on last year? What were the figures that you misjudged by 24%?

Mr McGRADY: As I explained, I personally do not make those decisions. I have said twice already that Treasury and the retail organisations, as I understand it, negotiate a benchmark figure. That is based on certain assumptions. I think most budgets are guesstimates.

Mr SEENEY: The figure this year is considerably lower than it was last year?

Mr McGRADY: That is correct.

Mr SEENEY: We asked you for the power price that that figure was based on, and you said it was commercial in confidence.

Mr McGRADY: It is commercial in confidence. The point we make is that there were some abnormal situations last year, and we believe that the CSOs will not be costing the taxpayers as much as they were last year.

Mr SEENEY: Can we turn now to the capital investment programs of the Government owned corporations in the Budget documents, which total \$1.36 billion? Your answer to question on notice No. 1 sets out a borrowing level of \$585m for that capital expenditure program and, again, your continual demand for high levels of dividend payments from the GOCs. My question is: how does this increased borrowing and continual drain of dividends affect the ability of these Government owned corporations to operate successfully in the competitive world of the national electricity market, and how much longer is this strategy of draining the dividends and increasing the debt loads of the GOCs sustainable?

Mr McGRADY: The question of dividends is a hardy annual. It does not matter whether the coalition is in Government or—

Mr SEENEY: Could I save the Committee time and concede that it has happened in the past. The thrust of my question is: how much longer can it be continued into the future? I really do not want to waste time hearing about what happened in the past.

Mr McGRADY: I know you do not.

Mr SEENEY: I know what happened in the past. We have spoken about it.

Mr McGRADY: I know you do not want to hear.

Mr SEENEY: The question is: for how long can it be sustained in the future?

Mr McGRADY: With due respect, you ask the question and I give you the answer. There is a fundamental issue here, and that is that Governments become involved in corporations for a number of reasons. One reason is to make money. I sit in the Parliament and I hear people in the Opposition complaining about the amount of dividends the Government extracts from Government owned corporations. It is all very well to be critical of the amounts, but I ask you: if we reduce the amount of revenue that we receive from dividends, you tell me where we start making the cuts or you tell me which schools, hospitals, roads, power stations and community service obligations we cut. You tell me where we make a cut.

It is all very well for some people to grandstand—and I am not suggesting you are—about dividends, but the dividends are there to go back to the shareholders. The shareholders are the people of this State, and this State over many, many years has used the dividends from Government owned corporations to build schools, railways, houses and everything else. That is the issue that when you are in Government you will have to handle.

Mr SEENEY: Which is why the thrust of my question was about the sustainability of that.

Mr McGRADY: And we come back to the sustainability. The facts are quite simple. The dividends come out of the after-tax profits of those corporations. The dividends come out of the profits which are made. I suppose any board would be like *Oliver Twist* and ask for more or indeed want to pay for less, but the shareholders are entitled to a return from their investment. You do not get the BHPs, the MIMs and these other people refusing to give dividends to their shareholders.

Mr SEENEY: They do not pay 95%, either.

Mr McGRADY: And they did not pay 115%, either, like some of your colleagues.

Mr SEENEY: I conceded that at the beginning of the question.

Mr McGRADY: Let us be bipartisan about this. When your people were in office it was 107%, 115%, and that is accepted. You never hear me referring back to that unless I am provoked, and sometimes you do provoke me.

Mr SEENEY: Once again, the question related to the sustainability into the future. We both know and accept what happened in the past. The question related to the sustainability into the future, but you and I will continue to debate that issue, I am sure. I would suggest that the advice that the boards are giving to you and to your fellow shareholding Minister is well documented and points out the dangers in that. For the current year did you require any interim dividends from those GOCs as you did in 1998-99 when you required three generating corporations to meet the budgetary pressures associated with the extra CSO payments by insisting that interim dividends be paid?

Mr McGRADY: I do not think so. I will check and come back to you.

Mr SEENEY: With respect to the GOCs, once again looking to the future and the new business environment in which they must operate, do you believe there is a need for more independence from Government? Do you believe there is a need for less ministerial directives, less ministerial involvement in the operation of those GOCs?

Mr McGRADY: This is a difficult question, because when the lights go out, the first person that the media or the shadow Minister or the Opposition run to is the Government and, in particular, the Minister. I have a strong view on this. I take the view that, if I am going to be held accountable and responsible, then I want some say or I want some influence in the major decisions. So what is the point in me as one of the shareholding Ministers or, indeed, the portfolio Minister keeping a total distance from the corporations and then having to come up here today and to defend at this Estimates committee every decision which those boards and those executives have been taking for the past 52 weeks? You cannot have it both ways.

I have a philosophy that the Government of the day appoints the boards and in the main they run the day-to-day—they set policy. The executives of the organisations carry out the policy, which is prescribed by the board. There are some times when there are issues in which the Government of the day needs to have some input. I make no apologies at all for at times maybe directing the board—and if

you make a formal direction, it appears in the annual report. There will be times when I meet each chairman of the corporations in my portfolio on a monthly basis. Sometimes they come in with their chairman or chief executive officers as the case may be and we sit there and we go through some of the issues. It is a very, very difficult situation, because in the case of the three generating companies they are in competition with each other. I am aware of that so I am very, very careful of what I say. It is mostly a listening exercise, but it gives me the opportunity as one of the shareholding Ministers and the portfolio Minister to have an understanding of what is going on. At the end of the day the Treasurer and I are shareholders of those organisations and we have a right to have a say. So if the buck is going to stop with me, I want to know what is happening and if need be, as the wise old man I am, sometimes I offer somebody gentle counselling.

The CHAIRMAN: The time for non-Government questions has expired. In the Future Developments section on page 15 of the Ministerial Portfolio Statements a review of the electrical safety aspects of the electricity legislation is mentioned. Can you advise the Committee what is being done to address the problem of electrical fatalities from contact with overhead powerlines?

Mr McGRADY: I thank the Chairman for that question, because it is one which has received a great deal of attention in the past two years. I am obviously very concerned about the continuing high number of fatal and non-fatal accidents involving the use of electricity, particularly those you mentioned involving contact with overhead powerlines. Many of those fatalities with the overhead powerlines involve the use of cranes and, indeed, harvesters and elevating platform vehicles being manoeuvred, particularly on properties but also in other situations, near powerlines. The revised code for elevating work platforms was published in February of this year. Electricity entities have documented policies and procedures regarding fallen powerlines. These procedures focus on the actions to be taken by system operators, field crews and contractors from the moment that a problem has been identified. The policy covers measures to ensure public and worker safety, including receipt of advice regarding the problem, dispatching crews and undertaking repairs.

In association with the industry and with the Division of Workplace Health and Safety, working in cooperation with my ministerial colleague Paul Braddy, the Electrical Safety

Office within my department produced an awareness video Look Up and Live; Look Down and Survive. This video is targeting operators of mobile equipment. At a recent inquest the coroner commended this video as a very valuable training aid. The dangers of overhead powerlines will also form a major part of this year's electrical safety awareness campaign involving electronic media, advertising, the mobile safety truck display which travels around the State, and safety booklets and brochures. These initiatives will be funded, in part, from an additional half a million dollars being provided by the Government specifically for promoting electricity safety right around the State.

The CHAIRMAN: Page 4 of the Ministerial Portfolio Statements refers to the Mineral and Energy Exploration and Development Services, describing expanding value adding industries as a whole-of-Government outcome. With this in mind, what is the Government doing to assist the Australian Magnesium Corporation advance the magnesium metal project at Stanwell that will be adding value to the State's magnesite resources?

Mr McGRADY: As you know, this Government is strongly supportive of this project and the proposals to construct a 90,000 capacity magnesium metal plant at an estimated expenditure of approximately \$1.1 billion. It is estimated that the plant will engage a direct construction work force of just over 1,000 people, a direct operational staff of about 330 as well as approximately 100 subcontractors.

The Kunwarara magnesite deposit about 55 kilometres north-west of Rockhampton will be used to supply the magnesite raw feed to the plant. On 30 June this year we granted a mining lease over a specific portion of those resources, securing long-term supply of raw material for the plant. An environmental impact statement has been completed and a development application for Stage 1 and preliminary approval for Stages 2 to 4 was approved under the Integrated Planning Act by the Fitzroy Shire Council on 27 June this year. There were no appeals lodged at the Brisbane or the Rockhampton Planning Court registries during the appeal period which closed on 28 July, just a week or so ago.

The notice period in this case expires on 11 August this year. Australian Magnesium Corporation's timetable is for a project commitment decision by November. The construction period would be about three years. It is a project which, as I have demonstrated, will provide a large number of

jobs in an area of the State which would welcome these additional jobs.

The CHAIRMAN: Minister, following some of the questions the member for Callide has asked, with the introduction of contestability in the Queensland electricity market, could you outline what is the implication for customers on franchise prices?

Mr McGRADY: I thank the Chairman for that question. As you say, the matter has been raised by the member for Callide. Under the new electricity market arrangements, contestable customers in Queensland can either enter the competitive market or continue to receive the safety net or the franchise tariff, which the member for Callide and I discussed earlier. The Government makes community service obligation payments to support franchise electricity tariffs at their current levels. Franchise tariffs have not been increased, as I mentioned before—and I say it again, because it is important—since 1994 when they were increased by 0.6%. The Government decided to implement the 3% in the uniform tariff which started on 1 July, which is the normal time to start these increases.

Following this price increase, franchise electricity tariffs in Queensland will still remain low compared with the other States in the Commonwealth. I have to use this forum today to again say that the introduction of the coalition's goods and services tax has resulted in a net increase of 9.8% for Ergon and Energex franchise customers. The Government has maintained a consistent franchise tariff for individual customer groups right across this State.

Mr WILSON: Minister, major themes of the Ministerial Portfolio Statement relate to the need to ensure reliability of electricity supply, to reduce greenhouse emissions, to improve health and safety performance and to improve the competitiveness of electricity corporations. With respect to the \$800m Callide C Power Station project, could you explain how these various aims are to be achieved.

Mr McGRADY: In 1998 CS Energy entered into a joint venture with Shell Coal to construct two 420 megawatt coal-fired generators at the existing Callide B Power Station and these will be fuelled by coal from the nearby Callide coalfields. The new units are the first in Australia to use supercritical technology and are 14% more efficient than conventional coal-fired units. They will produce less greenhouse gas and other emissions than conventional units. During construction, the project will employ up to 1,100 people and the new units will support 40 permanent jobs when

it is in operation. Some 784 people were employed on site as at 30 June this year and the coalmine will require a \$30m mining infrastructure upgrade in this current financial year.

The project's contract value is some \$800m, of which more than half is locally sourced. This is a high percentage of local content considering that many major components are not available within this country. Construction commenced in August 1998 and it is on track and on budget for the first of the two new units, which will be operational in May next year. The second will be operational in December next year. Safety is at a high level, with one million hours being worked with no lost time injuries to April 2000. The Callide expansion is one of a number of projects currently under way to increase Queensland's generating capacity and to improve reliability of supply.

Shell Coal has divested its interests in Callide C to Intergen. Intergen is a global power producer and fuel asset development company which is 50% owned by Bechtel Enterprises and 50% owned by Shell Generating Limited. Intergen develops, owns and operates power stations in a number of countries. Intergen also holds the controlling interest in the 840 megawatt Millmerran Power Station project currently under construction and has indicated an intention to further expand its power operations in Australia. Of course, this will not jeopardise the progress or success of this particular project.

Mr WILSON: Minister, I refer you to page 42 of Budget Paper No. 5, the Capital Statement, which reflects a total capital budget of nearly \$1.373 billion for the Mines and Energy portfolio in 2000-01. Could you please provide details of the most significant projects to be funded from this allocation for the coming financial year.

Mr McGRADY: As I mentioned before, in this current financial year my portfolio will spend \$1.3 billion on capital works throughout our State compared with less than \$600m spent by the coalition in 1997-98. Our Government has spent twice the amount of capital expenditure on electricity infrastructure than the coalition did in its last year of office. The majority of capital works will be undertaken by Government owned electricity corporations, with some of the more significant projects being just over \$77m for a high voltage transmission line to interconnect the Queensland and New South Wales electricity supply grids. I would love somebody to ask me

some questions on that later as it is one of my favourite subjects.

There is just under \$98m to continue the construction of Tarong North, which is a new 450 megawatt extension to Tarong Power Station, and \$70m for Tarong Energy to construct a power facility at Carole Park, and this is provided for in the Budget Capital Statement. However, following the decision by the Government that gas will be the sole fuel supply considered for the Carole Park project, Tarong Energy has undertaken a full commercial and strategic review of the project. It is currently planned to present the findings of this review as a conditional feasibility report to the Tarong board at its August meeting.

Other projects include just under \$97m for the Callide C project. This is a fifty-fifty joint venture between CS Energy and Shell Coal, the construction of that 840 megawatt power station, which comes in two 420 units. Units 1 and 2 are scheduled for completion in May and December, as I mentioned before. There is also \$150m for the construction of a 385 megawatt combined cycle gas turbine power station at Swanbank. These projects will certainly not only have a significant impact on employment but will also improve reliability and sustainability of our State's electricity supply.

Mr WILSON: In view of the negative comments circulating about the current state of the Queensland coal industry, would you please tell us about any mines being developed or proposed for development that will support the future of our coal industry?

Mr McGRADY: Twelve months ago I undertook a trip around Asia. I met with the major customers and indeed the leaders of the various countries that buy our coal. I think I said this last year, and it is something we should take stock of. Queensland is regarded as an extremely reliable supplier of coal. It is acknowledged that we have the product that most of the Asian countries want. It is acknowledged that we have the infrastructure—both the rail and the ports. It is acknowledged that we can deliver our coal on time. When I hear people complain about Queensland or Australian industry I get a little bit sick, because whenever I go overseas I hear comments about how good Queensland is and what a good and fine reputation Queensland has. So there is massive potential for our coal overseas.

Coming back to the domestic scene, the markets for Queensland's prime coking coals for steel production and thermal coal for power generation, together with coals for pulverised coal injection, are all increasing. The 1999

calendar year was yet another record for the Queensland coal industry, with over 122 million tonnes of saleable coal produced. This has risen to 123.5 million tonnes for the year ended March this year.

While production from open cut mines predominates, the development of new longwall mines such as Newlands and Moranbah North, combined with the reopening of the former Gordonstone mine, now renamed Kestrel mine, has led to an increase of 50% in underground coal production to over 18.8 million tonnes last year. Queensland's most recent new mine development is Foxleigh. That is a low ash PCI thermal coal mine near Middlemount in the central Bowen Basin. This open cut mine commenced commercial operation in January of this year and is currently producing approximately 1.5 million tonnes per year of saleable coal for export, mainly to Japan. Expansion of existing Bowen Basin mines has been undertaken at Gregory and Crinum, Coppabella, Newlands, Oakey Creek, Moura and Peak Downs. The coal industry is in good hands and it is going well.

Mr HAYWARD: \$2.4m was transferred to the Australian Centre for Mining and Environmental Research in 1998-99 to promote a Queensland-based coalmine site rehabilitation program. What are the key elements of this program? What has been its progress to date?

Mr McGRADY: In light of the social and economic importance of the Queensland coal industry and the increasing importance of the need to ensure that mining is an environmentally responsible industry, I agreed with the previous Minister's direction that residual Queensland Coal Board funds would be used to improve environmental performance. As I have said, the previous Minister made that decision and I was more than happy to go along with it. Accordingly, it was determined that these residual funds would be used to establish a specific Queensland-based coalmine site rehabilitation program.

Following discussions with the relevant research organisation and the Queensland mining industry, it was determined that the funds should be provided to the Australian Centre for Mining and Environmental Research on the proviso that the Australian Centre for Mining and Environmental Research is required to invest the funds and use the annual investment income to fund approved coalmine site rehabilitation activities. The funds would be used to encourage the development

of relevant rehabilitation training, teaching and research activities at both the Central Queensland University and the University of Queensland.

An agreement between the Government and the Australian Centre for Mining and Environmental Research was signed and an amount of \$2.4m was transferred to the centre. That was in 1998-99. The agreement covered the purpose of the coalmine rehabilitation fund, how the capital grant is to be invested and used, Government representation on the Australian Centre for Mining and Environmental Research, the type of teaching and research activities that would be funded, annual reporting requirements and how the agreement may be varied or indeed amended.

On 10 April this year the research centre sent the Government its first annual report on the program. The report outlines the progress and the recent development of two coalmine site rehabilitation projects. I look forward to the ongoing benefits that this program will bring to our important coal industry. I also note that its activities will strongly support this Government's commitment to improved environmental performance, including rehabilitation of the State's mining industry.

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

Mrs LIZ CUNNINGHAM: I want to cover a couple of topics that have already been raised. If I understood it correctly, contestable consumers have attracted reduced prices while ordinary consumers have faced increased costs. Is there any possibility that the mums and dads, either intentionally or inadvertently, are cross-subsidising the cost of power for the companies?

Mr McGRADY: No, I would not say so. I certainly hope not. When the fourth tranche comes on, the mums and dads will be able to negotiate their deals.

Mr SEENEY: If it comes on.

Mr McGRADY: I said "when". What the purists say is that you might be able to go into Woolies in Gladstone and do a deal with them. This is what the competition is all about—how you can go and negotiate. I have had discussions with some people in the industry. Who knows? In the years to come, some retail organisation may provide you with refrigerated airconditioning free on the condition that you buy your power from them. This sounds a bit far off and a bit far fetched, but it is happening in some places around the world. I have no doubt that eventually it will happen here. I think the mums and dads will be able to

benefit from competition. I would certainly hope that the mums and dads of Queensland are not subsidising the big end of town.

Mrs LIZ CUNNINGHAM: Is there no way of auditing that that does not occur? There is no audit obviously done.

Mr McGRADY: It is up to the larger corporations or the larger businesses in the first three tranches—the deals they have done with the people they are purchasing their power from. When the fourth tranche comes in, the mums and dads will be able to enter into agreements. As I said, there is no reason why the local credit union, Woolies, the uni or anybody else cannot do a special deal for its customers.

Mr SEENEY: Page 1 of the MPS refers to the implementation of the State Government energy policy. I refer to the policy document issued by your colleague Rod Welford before the last election which states that Labor remains committed to a "no regrets" approach to reducing emissions. How can the Government's energy policy, which is supposedly in response to the greenhouse gas issue, fit with that commitment of a "no regrets" approach? How can that policy not increase electricity prices when it mandates 15% of the market to a more expensive energy source? If it is not a more expensive energy source, why does it need a 15% mandated market?

Mr McGRADY: The energy policy the Premier announced earlier this year has been almost universally applauded. We can sit around and we can criticise. That is the role of certain organisations and parliamentarians. Whether we like it or not, community standards are changing. International agreements have been entered into. This country and this State have to reduce their greenhouse emissions. If we do not do it ourselves, it will be imposed upon us.

Some people may say that mandating the State to use X amount of energy other than the traditional forms of energy will be at a cost. But the cost if we do not go down this path would be greater, and when we get the extra generation coming on in the years ahead, I do not believe that that will become an issue. Surely nobody but nobody can complain about a Government being proactive with an energy policy which is designed to encourage the use of gas and other alternative forms of energy, a policy which is designed to ensure that a base power station will be built in the north of the State, thereby helping to assist in the reduction of electricity prices in that part of the State, a base power

station which will create employment in that part of the State.

This is all about looking to the future; it is not about the way things used to be. We have had letters and requests from many other countries wanting more information about the recent energy policy. I think if anyone forgets their political allegiances, they would have to agree that it is a policy for the times; it is a forward-looking policy; it has captured the imagination certainly of the people of Queensland and indeed the people of Australia, and I have been proud to be associated with it, because I see the benefits it is going to bring to north Queensland and also to places such as Gladstone and, indeed, eventually to industry in Brisbane. This project we are talking about is one of the biggest projects since the Snowy Mountains Scheme, and I am delighted to be part of it.

Mr SEENEY: It would appear that the policy is certainly aimed at that one project, the Chevron gas project, and there is a perception that the Government has gone a very long way to promote that one particular project. We have seen the extraordinary exposure of taxpayer funds in the context of the take-or-pay contracts on the gas for 20 years by Energex and Ergon, and more recently we have seen the yet undetailed undertaking by the Government to build a significant section of the pipeline from Gladstone to Townsville.

Can you indicate to the Committee today the full extent of the undertakings in relation to the Chevron project, including the extent of the exposure associated with the Ergon and Energex contracts, and the extent of the support via the pipeline construction proposal, which is obviously a significant addition to the indirect support to the Comalco package. What is the extent of the Government's exposure to the Chevron project?

Mr McGRADY: Can I just say that I have not used the words today "the PNG pipeline". I have talked about gas coming to the north, Gladstone. The PNG pipeline is one of a number of proposals. If it is the PNG, fine; if it is some other one, that is fine too.

Let me just say this: the Government has in no way put pressure on the two organisations you named, namely, Energex or Ergon. The decisions that those organisations have made have been commercial decisions which the boards of those corporations have agreed on. There is no instruction from Government to any Government owned corporation to participate or otherwise in any project. That is one point.

Mr SEENEY: It is almost in contradiction to what you told us before, though, about your role in the GOCs.

Mr McGRADY: I will go back to what I said.

Mr SEENEY: It beggars belief that they would enter into this type of project without you being aware or having an influence.

Mr McGRADY: Can I just say that what we are doing today is part of the parliamentary process. If I mislead this Estimates Committee, I am misleading Parliament.

Mr SEENEY: I know that.

Mr McGRADY: Understand that? So I will repeat it again: the decisions by both Energex and Ergon and any other Government owned corporation to participate in any discussions or contracts regarding the PNG pipeline are commercial decisions which those corporations have taken themselves. They have not been directed by Government. The PNG pipeline, as I implied a moment ago, is an exciting project, and if it comes to fruition it will bring great benefits to Queensland and, in particular, to the north of the State. I hope it succeeds, just like I hope that other projects around the State succeed, because unless we give support to ventures such as this, the chances are they may not happen.

Mr SEENEY: The thrust of the question was: what is the Government's exposure to the PNG project? Apart from the Energex and Ergon contracts, what is the Government's commitment to the pipeline from Gladstone to Townsville?

Mr McGRADY: There is no financial commitment at this stage. Further down the pipeline maybe there may be, but at this point in time both organisations are talking. They will make decisions which are in the interests of those organisations and, of course, of their shareholders, which are the people of Queensland.

Mr SEENEY: I return again to the greenhouse gas emission issue, which was the basis of the Government's energy policy. I refer to the references in the MPS, and I ask: what basis was used to compare the emissions of coal and gas-fired power stations in the department's strategic planning and the compilation of the Government's energy policy? Did your analysis use whole-of-lifecycle figures or did it just focus on the amount of emissions at the point of combustion? Did your analysis take into account the advancing combustion technologies and co-firing with other fuels that are available to the coal industry? Did it consider emission

displacement credits such as those available from fly-ash use, or did you just decide to give a gas mandated market to assist the PNG project and use the emissions argument as a convenient cover because of its simplistic electoral appeal?

Mr McGRADY: You do not make those decisions for some electoral appeal or something else, because—

Mr SEENEY: Did you consider all those other things? That is the question.

Mr McGRADY: I will take the question on notice, because I think the whole purpose of those Estimates is that you impart knowledge to the Opposition and, indeed, the Government members. I will take that question on notice.

Mr SEENEY: With respect, it is hardly a question to be taken on notice. I am asking you about the process that you went through in arriving at the Government's energy policy. It is hardly a technical question. I accept that if you ask a technical question that requires technical information, it can be taken on notice.

Mr McGRADY: If you insist on the answer now, that is fine.

Mr SEENEY: What I am asking you is whether you considered all of those other issues or whether you just opted for a 15% mandated gas market because it was an enormous opportunity for the PNG gas project, and I am alluding to the contention that the greenhouse gas emissions issue is a convenient cover because of its simplistic electoral appeal.

Mr McGRADY: All right. I withdraw my offer to take it on notice. The start of your question listed a whole series of areas, and I was doing the right thing, as I thought, by you in coming back. But I will answer your question. You do not make policy on the run, and obviously all those aspects that you mentioned before would have been taken into account. I mentioned in my previous answer that the energy policy which we or the Premier announced some months ago has captured the imagination of many people, both in Queensland and, indeed, around the Commonwealth. It took many, many, many, many months of negotiation, working out, late-night sittings burning the midnight oil. I think as a result of the work which was done by senior public servants and senior Ministers, we have come up with an excellent policy. So if your question is: was the 15% simply a ploy to capture some electoral support, the answer to your question is: no, it was not.

Mr SEENEY: My contention was that the 15% had more to do with the Papua New Guinea project than to the greenhouse gas emission issue. That was the thrust of my question.

Mr McGRADY: My answer to that is: no.

Mr SEENEY: I refer to the coal production figures on page 7 of the MPS. Given the obvious importance of the coal industry to the Queensland economy, how much effort is being put into coal research to reduce emissions and improve efficiencies? How much money is allocated in this budget to that area given the importance of the coal industry to Queensland, and why did the energy policy not support efforts towards co-firing and clean coal technologies? Why did it not support them financially to the same extent as you have supported the PNG project and the move to gas generally?

Mr McGRADY: The Queensland Government supports the coal industry in many, many ways. Clean coal technology is an important part of the future of this industry and I think the coal industry is starting to realise that it has to compete with other forms of energy.

Mr SEENEY: It can do that. The fact that you had to mandate a 15% market for gas would intimate that it is gas that cannot compete. Let us maintain some degree of logic.

Mr McGRADY: Is that another question?

Mr SEENEY: It is a suggestion.

Mr McGRADY: As I have mentioned on previous occasions, we have the QTHERM project. We have just announced a \$10m contribution towards a school at the University of Queensland which is going to be a joint venture between the industry, the Queensland Government and a number of other organisations. There are many ways in which the Government helps the Queensland coal industry. The Queensland Mining Council and myself meet at least once a month. We have set up a number of groups where we discuss the various issues concerning the coal industry and I think the role we play as a Government in support of the industry is good. I have to say that I do not get too many complaints as I travel around the place for lack of support for the coal mining industry.

Mr SEENEY: You mentioned the QTHERM budget allocation, \$800,000 over four years—\$200,000 a year. That really is a token amount in terms of promotion of Queensland's coal in the international marketplace. How does that balance with the

financial commitment and the other commitments that you have given to the gas industry? What possible good can \$200,000 a year do in terms of making up for the loss of 15% of the Queensland domestic power generation market?

Mr McGRADY: The Queensland coal industry is an established industry. As I mentioned before, it has huge numbers of customers. It is considered to be one of the most efficient industries in this State and it is not a matter of simply ploughing millions of dollars into an industry. I believe the industry is working well. I believe that as a Government we promote the industry. We promote the industry both here and indeed overseas. You do not judge the amount of support you give simply by the big cheque mentality.

Mr SEENEY: An amount of \$200,000 is a token amount.

Mr McGRADY: The industry is doing quite well and, as I mentioned before on two occasions, coal exports and coal production figures are at a record level. I mentioned that to you before. Every year for the past number of years we have increased production of coal. So the industry is not doing too badly, thank you.

Mrs LIZ CUNNINGHAM: Over the last financial year there was an outstanding debt or a debt owed, if you like, to GOCs from the department for things like the clearing of trees from power lines. Could you advise if that debt has been settled and whether there are any outstanding amounts that are owed by the department to the GOCs for work contracted by the department on their behalf?

Mr McGRADY: I am sorry. Can I take that on notice?

Mrs LIZ CUNNINGHAM: Sure.

Mr McGRADY: I am not aware of that. The Director-General is not aware of it. Can we take it on notice?

Mrs LIZ CUNNINGHAM: Sure. Could I draw your attention to questions on notice No. 9. I thank the Minister and the Treasury for this response. I was provided with a breakdown of the dividends paid, the tax equivalents paid and the return of capital paid from the Queensland electricity supply industry to Government. In particular, there is a sum of \$2.529 billion that has been returned to the Government from the QEC as a return of capital cash. I have a couple of questions on this, but in the first instance, how long can you see the power industry being able to sustain that sort of return to Government given that it

is not a dividend, it is not a tax equivalent and it is not equity return?

Mr McGRADY: This is similar to the question which the member for Callide asked before. The electricity industry and those corporations are vital to the economy of this State. As competition comes in and as the private players move in, well then, we have to ensure that we can compete. The point I keep on making is that we do not just simply pull funds out of these corporations for the sake of. We negotiate with them, but at the end of the day the funds that we receive from these corporations go towards running the State, go towards providing new schools and hospitals, and if we are to reduce these contributions from Government owned corporations money has to be raised somewhere else.

Mr SEENEY: Equally, if you do that you kill the goose that lays the golden egg.

Mr McGRADY: It is all very well to sit there and make these comments. I ask you now: if we reduce the amount of contributions we get, say, by \$100m, you suggest to me where we recoup the \$100m from or what schools we do not build, what hospitals we do not build, what nurses' pay rises we do not give, what teachers' pay rises we do not give.

Mr SEENEY: If you run those corporations so lean that the dividends are not there in the future, what do you do then? It is easy money at the moment. The question relates to the sustainability of the strategy.

Mr McGRADY: It is easy for people to make these claims, but I do not hear the chairs and the chief executives of these corporations screaming to me that we are dragging the funds off them. I do not hear these sort of comments. It is something which people who are members of Parliament have to understand. You aspire to be the alternative Minister in this State. I am asking you, if we reduce the income that we get from Government owned corporations by just, say, \$100m, where do you pick up that \$100m from, or you come out and tell the people of Queensland what services you are going to withdraw or what new schools or new hospitals or new roads or new meatworks you are not going to subsidise.

Mr SEENEY: Minister, I have read the letters from the CEOs and the boards of those corporations that were sent to you in response to your request for those dividends and I know that they are providing you with the same warnings that we are trying to raise in these questions in regard to the sustainability of those strategies.

Mr McGRADY: They would not be doing their jobs if they did not. It is like *Oliver Twist*—they want more all the time. That is what they are being paid for, that is the reason they are on those boards, but at the end of the day somebody has to make a decision and if those boards were not agitating to keep a larger proportion of their funds, probably they would not be doing their jobs. But the important thing is—and this is something which you as an aspirant to my job have to tell me—you have to decide where you are going to recoup that money from or what services you are going to withdraw from the people of Queensland or what schools you are not going to build or what pay rises you are not going to give. It is all right smiling. They are the facts of life.

The CHAIRMAN: Order! I determine that the time for non-Government questions has expired. I call the member for Kallangur.

Mr HAYWARD: I want to follow up some earlier questions that were asked regarding the new energy policy. I think they were asked by the honourable member for Callide. The new energy policy promotes a greater use of gas in power generation, which I think we have discussed before, but could you please provide an update on the exploration and development of coal seam methane resources in Queensland.

Mr McGRADY: Coal seam gas is now a commercial reality in Queensland. People have been talking about this for many, many years but now it is, in fact, a commercial reality. Appraisal development of coal seam methane resources is continuing in central Queensland near Injune. The Tri-Star Petroleum Company is continuing with the development of the Fairview field and appraisal work is continuing at Durham Ranch.

They are currently producing about 3.6 petajoules per annum. Tri-Star Petroleum Company have applied for a pipeline licence from Durham Ranch to Wallumbilla and are investigating the connection of a pipeline from Fairview to Durham Ranch. The future of this gas pipeline is dependent upon Tri-Star securing a contract to supply gas into the south-east corner market based here in Brisbane.

Tipperary Oil and Gas has also recently announced a five-year deal to supply Energex with up to 17 petajoules from its share of the Fairview field. Santos has announced the development of the Scotia field near Wandoan and has signed a 120 petajoules contract to supply the Swanbank E power station gas-fired units over a 15-year period. Oil Company of

Australia Limited is developing the Peat field adjacent to Scotia and is contracted to supply the BP refinery in Brisbane. This company operates the Nipan and Dawson Valley fields near Moura, which are supplying the Dyno ammonium nitrate plant at Moura. A pipeline connecting the Scotia and Peat fields to the main Wallumbilla-Brisbane gas pipeline is currently being appraised. Peabody is gearing up to increase development of the coal seam methane resource from the Moura mine area. A new joint venture between the Macquarie Bank, Barlow Jonker Pty Ltd and BHP is planning to undertake extensive exploration for coal seam gas near Moranbah.

The recent contract announcements are very promising for the future of this industry. The proposed development of the Rockhampton to Townsville pipeline also provides significant opportunities for coal seam gas projects in the Bowen Basin. Coal seam gas is likely to be competitive in meeting a significant proportion of Queensland's future gas requirements.

The Department of Mines and Energy is finalising a coal seam gas regime that will provide certainty of rights and regulate access to resources where overlapping coal and coal seam gas tenures occur. That will be put in place as part of the Petroleum and Gas Bill, which is currently being developed.

Mr HAYWARD: Minister, mine subsidence at Collingwood Park has been an issue for some time, as you know. How is the present situation regarding mine subsidence in Collingwood Park being managed?

Mr McGRADY: Mining-related subsidence has occurred, as you said, in Collingwood Park over the past 10 years. The Queensland Government currently owns 20 properties in this suburb through buying houses affected by the subsidence. Five houses were demolished last year and work will be carried out this financial year to reshape these vacant blocks of land to enhance safety by the removal of retaining walls and to facilitate ease of maintenance. Ten of the 20 properties still have houses on the land and it may be necessary to instigate further demolitions should circumstances indicate that safety is an issue. Structural engineering inspections of the majority of the houses are conducted every two years. These are supplemented by random inspections by the building inspectors from the Public Trustee Office.

Subsidence can be expected for at least the next 10 years and selling these properties is no longer an option. Funds from the rental of the remaining houses and the

Government's shaft repair budget are being used to maintain these properties and manage any urgent and potentially dangerous situations. Further private homes could be affected as time goes by. Each claim is investigated initially by the appropriate department staff with follow-up inspections by suitably qualified professionals, such as structural engineers where considered necessary.

This Government has shown that it has taken the issue of mine subsidence very seriously and the people of Collingwood Park can rest assured that their safety is our highest priority.

The CHAIRMAN: Minister, the establishment of a Consumer Protection Office is identified on page 20 of the Ministerial Portfolio Statement. Given that the office was established to protect the rights of electricity consumers in the resolution of complaints and disputes between consumers and electricity entities, what is the current status of this office?

Mr McGRADY: We have established a Consumer Protection Office within the Department of Mines and Energy. All the costs associated with the establishment and the ongoing operations of this office will be paid through a contribution by electricity retailers and distributors based on customer numbers.

We are now finalising the necessary legislative changes to allow the arbitration phase to commence operation by the end of this year. A three-stage process of dispute resolution will be instigated, comprising investigation, mediation and arbitration. In the interim, the Consumer Protection Office has been restricted to performing only its mediation role and did not utilise its full budget in relation to staffing of the appointments and administration of the arbitrators.

The Consumer Protection Office will be evaluated within 12 months of commencement of full operation to compare its performance with the electricity industry ombudsman model, in accordance with my undertaking to both the Parliament and to consumer groups. To allow that evaluation to occur, the automatic commencement provisions for the previously proposed ombudsman in the Electricity Amendment Act will be deferred until January 2002. The Consumer Protection Office will essentially mirror the functions originally considered for the ombudsman. However, it will alleviate the complex processes which are necessary to establish and maintain a separate statutory authority.

The fundamental purpose of the Consumer Protection Office is to provide access to specialists who will investigate complaints and/or disputes with electricity entities on behalf of the consumer. It will also employ on a fee-for-service basis seven independent arbitrators located right throughout Queensland regions, who will have the power to make determinations and orders in relation to matters that cannot be resolved through mediation. This process will ensure that electricity customers and other affected parties have an accessible and effective means of having complaints and disputes with electricity entities investigated and determined by an independent third party.

An energy arbitrator will be able to make an order against an electricity entity that is party to a dispute but not against a customer. The arbitrator can order the electricity entity to pay an amount of no more than \$10,000 to the other party to the dispute or, alternatively, make a non-monetary order against the electricity entity to remedy any issue in dispute.

The CHAIRMAN: Minister, on page 20 of the Ministerial Portfolio Statement it is stated that the restructure of the Government owned sector of the Queensland electricity industry was implemented to position the industry to compete effectively in the national electricity market. With the key aspect of effective competition being technological skill and experience, what has been done to ensure that the skills of the people in AUSTA Energy's Murarrie and power plant automation business units have been retained?

Mr McGRADY: As you know, AUSTA Energy has almost ceased to exist. I have to compliment the various Government owned corporations for the way in which they cooperated in providing work for former employees of AUSTA.

Our Government is committed to providing Queensland with a reliable and secure electricity service, as I state time and time again. But to achieve this, we are determined to ensure that the vital skills and experience of the people working in the Government owned electricity industry are retained within that industry. To this end, the Government has retained the AUSTA Energy Murarrie and power plant automation business units together as a group to provide important services to the industry. This group is now known as Sigma Process Solutions.

The Murarrie and power plant automation assets of AUSTA Energy were transferred to CS Energy at their market value in accordance with the regulation under the Government

Owned Corporations Act 1993. The objective was to enable CS Energy to establish a commercial service provision operation utilising this intellectual property for the benefit particularly of the Queensland electricity industry. To avoid any potential conflict of interest in the operation of this company, Sigma Process Solutions has been established as a wholly owned and separate subsidiary of CS Energy.

Sigma Process Solutions provides material sciences, chemistry services, turbine technology and fuel utilisation services to the Queensland power generation industry. The power plant automation unit provides power station control systems and automation design services. The development of Sigma Process Solutions is a clear demonstration of our efforts to ensure that the engineering expertise of the former AUSTA Energy staff was not lost as a result of the wind-up of that corporation.

The CHAIRMAN: Thank you, Minister. The Committee will break for 15 minutes and resume at 4 p.m.

Sitting suspended from 3.45 p.m. to 4 p.m.

The CHAIRMAN: The Mines Regulation Act 1964 allows the Minister to appoint district workers' representatives to assist in monitoring the safety and health of workers in metalliferous mines and quarries. Can the Minister advise the Committee how many representatives have been appointed to date?

Mr McGRADY: As you would be aware, the previous Government abandoned the practice of appointing district workers' representatives. I think it is vital that we have district workers' representatives in the metalliferous side of the industry. In 1997-98, three of the four workers' representatives elected to take voluntary early retirement. One was retained at Mareeba. I made a commitment during the last election campaign on behalf of my party that, if we were to win Government, we would reintroduce the district workers' representatives, which we have done. We have recently appointed one in Mount Isa, one in Rockhampton and the existing one in Mareeba. At the present time, we have three district workers' representatives. I do not know whether the one in Rockhampton has taken up the position, but certainly the selection has taken place.

The district workers' representative is an independent person. He or she has expertise in mine safety. He goes into a mine, checks the safety of that particular mine and generally is regarded by the work force as somebody independent of the company and indeed the

Government, and that person carries a great deal of responsibility. I think at a time when we are all working to improve health and safety in the mines it is vital that we have district workers' representatives. I think the three we have now will do a good job. The reintroduction of these representatives into the workplace has been welcomed by most people I have spoken to. I believe it is the right decision that we have made.

Mr WILSON: Minister, under the Future Developments Section on page 15 of the Ministerial Portfolio Statement reference is made to community education in relation to electrical safety. Can you explain to the Committee what is being done to increase electrical safety awareness in the community?

Mr McGRADY: As I mentioned before, the Government allocated an additional half a million dollars a year for the next four years to promote electricity safety awareness in industry and the wider community. This supplements other awareness and training initiatives of the Electrical Safety Office, which is funded from base funding from the department. Initiatives included in the electrical safety awareness campaign include television and other media advertising, which I mentioned a little while back.

Of this funding, \$185,000 remains available to supplement a television promotion which is scheduled to start in October of this year. Extensive electrical safety information has also been included on the department web site. The electricity distributors and indeed retailers will also use a variety of programs, including media advertising, electricity account inserts and safety brochures, to promote electrical safety awareness. As some honourable members would be aware, a mobile electrical safety vehicle display will continue to operate.

I have been concerned at the number of incidents in the electricity industry. Governments and the industry itself can do only so much, but it also needs people to realise the potential dangers of electricity. Whilst people all show their concern in many ways, I more than most am aware of the problems, because I get these reports coming across my desk. I think we all, whether we be a retailer, a generator, a Government or a member of Parliament, will have a role to play in trying to improve safety in the industry. If these sorts of figures were on the roads, there would be major campaigns. We are trying to work as a team to try to bring to people's attention some of the dangers of electricity.

Mr WILSON: Page 13 of the Ministerial Portfolio Statement indicates that there has been a decline in the occurrence of serious incidents, accidents and fatalities. I understand a task force has been set up to help improve accident investigation. Can you provide us with the information on this task force?

Mr McGRADY: I certainly can. My ministerial colleague Paul Braddy and I have had a number of discussions over a period to see what we can do to try to improve electrical safety in the industry. We have agreed to establish a joint ministerial task force to consider ways to improve the manner in which electrical incidents are investigated, dealt with and prevented. The terms of reference for the task force, which incidentally went through Cabinet on Monday, were: firstly, to consider strategies to improve compliance with electrical safety standards in industry; secondly, to develop a process to ensure that serious electrical incidents are investigated thoroughly; and, thirdly, to clarify the investigation and enforcement roles of various regulatory agencies involved with electrical safety.

The membership of this task force includes Energex, the National Electrical and Communications Association, the Queensland Master Builders Association, the Australian Industry Group, the ETU, or the Communications, Electrical and Plumbing Union—to the Chairman and me it is still the old ETU—the ASU, the Division of Workplace Health and Safety at the Department of Employment, Training and Industrial Relations, and the Department of Mines and Energy.

Also as a result of the Cabinet decision, my ministerial colleague Judy Spence suggested—and we agreed—to have a consumer representative on that task force. The task force will be chaired by Ray Dempsey, who is a former Queensland Industrial Relations Commissioner and comes from the electricity industry. So I would compliment all of those people who have agreed to work on this task force. The secretariat has been provided jointly by the Department of Mines and Energy and Workplace Health and Safety. I think it is a positive contribution to safety for the industry, and I am sure it will have the support of both sides of the Parliament and, indeed, industry in general.

The CHAIRMAN: The time allocated for Government questions has expired. I now call the member for Gladstone.

Mrs LIZ CUNNINGHAM: I just wanted to clarify a couple of issues on the payments by GOCs to Government, and I am sorry to harp

on the issue. In reply to my question on notice No. 9, the dividends in total paid from 1992 through to 2000 was \$2.15 billion, the tax equivalent paid was \$673,000-odd and the return of capital was \$2.52 billion. In the dot point under it, it talks about equity returns of \$2.53 billion. I am assuming that that is a typing error, that that is the return of capital—that is the sum of that. I am wondering whether GOCs are paying an equity return to Government as well as those three other categories.

Mr McGRADY: The previous Government set an average pay-out ratio across all subsidiary corporations of the Transmission Supply Corporation, which was the previous corporation, at some 100%. As I mentioned before, in the case of South West Power and Energex, the dividend paid was 107%, 115% which exceeded reported profits and were partly financed from returned earnings. It is fortunate that these unsustainable dividend policies were not continued by our Government.

In relation to dividends from 1997-98 operations, the Government's pay-out percentage for the distribution corporations for that year were set at 95% of profit and did not, in contrast to the higher percentages paid from 1996-97 operations, require any dividend payment to be partly funded by the returned profits. The average percentage for the generation corporations was 87% and Powerlink paid 88%. In relation to the dividends from the 1998-99 operations, the Government set the average dividend payment for all corporations of that year at 95%. The dividend pay-out percentages set by the Government are commercially sound and enable the people of Queensland to benefit, as I mentioned before, from the dividends that we receive.

In relation to dividends from 1999-2000 operations, the electricity Government owned corporations provided forecasts of profits in that year in their statement of corporate intent. It would be inappropriate to comment on those figures on an individual corporation basis until audited financial statements are available. Of course, the 2000-01 Budget does not, in line with long established policy, specify the budgeted dividend payment for specific Government owned corporations. The Budget estimate for total other revenue is made well before the final financial results are known and dividend consultations are complete, and that happens around about October or November. In regards to the typo, that is correct.

Mrs LIZ CUNNINGHAM: It should be return of capital, not equity return—\$2.53 billion?

Mr McGRADY: I might ask Tim Peisker—

Mrs LIZ CUNNINGHAM: Just while he is considering that, you said earlier on this same issue that—and I acknowledge that Governments of your persuasion and other persuasions have expected payments from the GOCs to the Government consolidated revenue—when the payments have been required or requested, the entities have not complained, no matter who the CEO is. I think your words were, "I am sure if there was a problem they would let me know." Subsequently the member for Callide had a copy of either a letter or a memo by these electricity generating organisations to the Minister expressing concern that the continued requirement for dividend payments to Government was placing the entities at risk, and I presume that is as far as capital works and maintenance are concerned. Are you not contradicting yourself when you have subsequently said they would not be doing their job if they did not agitate for more money?

Mr McGRADY: I think the point I made was that I did say that I meet with the chairmen and sometimes chief executives on a monthly basis. It was a flippant comment when I think I said something like, "I do not hear them screaming" sort of in jest. The point is that some organisations have over the years—not just to this Government but to other Governments as well—made overtures to the Government to say, "The dividends that you are requiring from us are excessive." They certainly said that in the coalition years when it was 107% and 115%—that is the job of directors. I used the words *Oliver Twist*; they always want more. But at the end of the day somebody somewhere has to make the decision as to how much dividends come out of the corporations.

This debate goes on every year. When I was in Opposition I used to say exactly the same thing as Mr Seeney has been saying. But the bottom line is that that is a recognised form of revenue. We would not take dividends out of those corporations if we honestly believed it was going to kill the golden goose. It is just a matter of trying to work out what is an appropriate rate of return.

As I said, we believe that approximately 95% is fair. We have done it in previous years and in the current year we will determine what the dividends will be. This debate could continue. You can keep on saying that the

amount of money that we are taking out is excessive and I will keep on coming back to you saying that that is fine. I accept that you have the right to say that, but tell me from where you are going to make up the shortfall. That is the issue. What services do you withdraw from the community? What schools or hospitals do you not build? That is the difficulty that we have. But the bottom line is—and I have said it on many occasions—I make no apologies for taking dividends from these corporations because that is one of the reasons, although it is not the only reason, why we are involved in these businesses.

Mrs LIZ CUNNINGHAM: It is not the dividends or the tax equivalents I am talking about; it is the additional cash that has been required in three separate instances where the directors of these firms may not be killed but may be severely disabled in the area of maintenance programs because, as the Government, you are saying, "Tell me which schools we cannot build", but the electricity industry as a whole surely must be able to survive.

Mr McGRADY: The industry is surviving. When you see some of the work that is being done by these corporations, they are not screaming to me saying that they cannot continue their operations. Of course they are continuing their operations and of course they are reinvesting. I went through some things before whereby \$1.3 billion is being spent in upgrading facilities, providing additional powerlines and building new power stations. \$1.3 billion is being spent. I might invite Mr Coulter to come in and answer the first part of your question. I am slowly but surely losing my voice.

Mr COULTER: The figure of \$2.53m you mention as an equity return is the same as that figure in return of capital. I think they are interchangeable. What is being done here is bringing back the corporations to more commercial rates of debt equity ratios. It is not just stripping them out and taking everything out of them; it is bringing them back to a more commercial basis. So the debt equity ratios are more in line with normal commercial principles.

Mr SEENEY: Minister, I have one more question about the electricity industry and then I want to move to other areas. I refer to the marketing of renewable energy, particularly by Ergon Energy. I table a brochure which landed in my mailbox that breathlessly tells us that the greenhouse effect threatens to erode our pristine beaches and that the greenhouse effect threatens to kill the Barrier Reef. There is a photo of a lady by the name of Jenny

Gibson doing her washing with green energy and thereby "ending the El Nino weather cycle". Given that the El Nino effect has been recorded for hundreds of years and was named by the Spanish in South America in the 17th century, is not this sort of advertising taking advantage of people? Is not this sort of rubbish, for want of a better word, destroying the integrity of the green energy product? What are you going to do to ensure that these green energy products are marketed properly and that they do have integrity?

The CHAIRMAN: Minister, do you want to see the document?

Mr McGRADY: No, it is fine. It comes back to one of the first questions you asked this afternoon about ministerial involvement. Surely you do not think for one minute that I sit there checking every piece of advertising which comes out of any of the corporations. As part of this exercise today is to transfer knowledge from one side of the table to the other, I would be more than happy to invite Mr Kim Griffith, the Chief Executive of Ergon, to speak and no doubt he can explain to you the philosophy of his organisation with regard to advertising.

Mr SEENEY: The question did have a broader thrust, though. However, I would be pleased to hear from Mr Griffith. It is about the integrity of the product. This is just one particular case.

Mr GRIFFITH: Ergon Energy has quite a comprehensive range of environmental programs. One of the significant thrusts we have is directing products at the community that the community can deal with. Many members of the community are concerned about the environment but are not sure what they can do about it. The thrust of that advertising indicates to the community that they can make a difference, that is, if in fact they subscribe to our product, they will be making a difference. They do not have to go out and march in the street or do anything like that. It is very simple. All they have to do is fill out a form and they will be investing money in green energy.

Mr SEENEY: And then there will be no El Nino weather cycle? That is what it says. The question is about the integrity of the marketing. Nobody doubts the worthiness of green energy products. The question is about the integrity of the product and taking advantage of people with this sort of stuff. That is the question.

Mr McGRADY: It is like a political document, isn't it?

Mr GRIFFITH: I would respond and say that that whole series of advertisements are

quite tongue in cheek in terms of people sitting down watching their television, etc. It just gives the indication that they can make a difference through different means.

Mr McGRADY: I would respond by saying that obviously this pamphlet is controversial as it was brought to your attention by people who referred it to you. As a result, it has gained a place in Hansard. It is in the history of the Parliament.

Mr SEENEY: Minister and Mr Griffith, the concern I was expressing is that there need to be some checks and balances in place to ensure that the marketing of these products is done with integrity and not as a vehicle to take advantage of people.

Mr McGRADY: We take the point on board.

Mr SEENEY: I now turn to—

The CHAIRMAN: Before you do, Mr Seeneey, the Committee receives a document headed "Paul Smolenski. Reversing the Effects of Global Warming".

Mr SEENEY: Minister, I refer to the answer given to question on notice No. 8 which referred to staffing levels within the department and specifically to the creation of the Industry Liaison Unit. I note that the responsibilities set out for that unit in your answer are those already carried out by the department and are those it has carried out for many years. Minister, is one of the staff members to be appointed to this unit the previous Federal member for Hinkler, Mr Brian Courtice?

Mr McGRADY: In the Department of Mines and Energy?

Mr SEENEY: He is not? Is Mr Courtice employed by your department in any way?

Mr McGRADY: No, sorry.

Mr SEENEY: I refer to the output performance of the regulatory service set out on page 13 of the MPS and the Land and Resources Tribunal. I know that you would be familiar with the concerns expressed about this tribunal by the mining warden. My question is: why was not the mining warden consulted about the changes to the regulatory services? As the warden said in a letter to Mr Beattie he made public, were the changes made simply to give the tribunal something to do in the absence of any success on your part to progress the native title situation?

Mr McGRADY: The carriage of that particular tribunal comes under the jurisdiction of the Premier. It does not have anything at all

to do with me. I think that that question should be addressed to the Premier.

Mr SEENEY: As the Minister for Mines and Energy, are you happy with the changes that have been made in respect of the duties of the mining warden? You have no doubt heard the concerns expressed by the mining warden.

Mr McGRADY: I am a member of the Queensland Cabinet and I obviously support all the legislation which Cabinet approves.

Mr SEENEY: So you believe that the concerns that the mining warden has expressed about the doctrine of the separation of powers and the independence of the Judiciary do not have any validity in this case?

Mr McGRADY: I think the mining warden is entitled to hold views concerning the Land and Resources Tribunal and the legislation which set that in place. However, I am not prepared to discuss who should or should not be a member of that tribunal. All I would say is that the mining industry will be well and truly represented when that tribunal is fully appointed.

Mr SEENEY: The concerns that the mining warden expressed related to his judicial powers being transferred away from the mining warden. I imagine that that would certainly be something that you as the Minister for Mines and Energy should have an interest in. Are you comfortable with the situation despite the concerns expressed by the mining warden?

Mr McGRADY: I am comfortable with the legislation which Cabinet approved. I do not think this is the place to discuss who should and who should not be a member of that tribunal.

Mr SEENEY: That was not the question I asked.

Mr McGRADY: That is the answer. Mr Chairman, somebody mentioned Brian Courtice. We have Bryan Coulter. Maybe somebody is getting mixed up.

Mr SEENEY: Perhaps. Minister, I want to ask you some questions about native title. I refer to page 8 of the Ministerial Portfolio Statements. It is listed as a recent achievement that 75 exploration permits and 68 mining leases were granted in 1999-2000, which I contend indisputably reflects the decline in exploration in Queensland. What is your strategy for the coming year to ensure that your colleagues in the Federal Senate support the Queensland legislation? Did you pursue that end at the national conference of the Labor Party in Hobart?

Mr McGRADY: I think it has to be acknowledged that the Beattie Government has done more than the previous Government to try to resolve the native title issue. The very first piece of legislation which went before the Queensland Parliament from this current Government was the native title legislation. Whilst some people at the time had some concerns, these people today are pleading with people around the countryside and the Commonwealth to support the legislation because it is good legislation.

Mr SEENEY: It is better than no legislation.

Mr McGRADY: It is good legislation. You know the situation. We sent the legislation to the Federal Attorney-General. He sent it back to us with a large number of amendments, which we as a Parliament adopted. The legislation then went back to the Federal Attorney-General. They have approved it. It is now before the Senate. I do not know and you do not know what the Senate is going to do. I would certainly hope that you would muster all the support you can among your colleagues to ensure that this legislation goes through the Senate. I can assure you that I have used every means at my disposal to encourage people whom I come into contact with to support the legislation. I was part of the legislation. I was part of helping to conceive that legislation. It is good legislation and it deserves to be supported by the Commonwealth Parliament.

The CHAIRMAN: The time for questions by non-Government members has expired. I call the member for Ferny Grove.

Mr WILSON: In the output performance section on page 14 of the Ministerial Portfolio Statements there is a statement that all principal safety and health legislation has been or is being reviewed. The electrical safety aspects of the electricity legislation were last reviewed in 1994. Is this legislation appropriate for today?

Mr McGRADY: The electrical safety provisions of the Electricity Act 1994 and the electricity regulation of the same year are outdated. Sections of the legislation cannot be enforced, such as notification of electrical accidents, definitions of electrical works, etc. The legislation does not cover contemporary safety management problems, particularly in the electricity supply industry, which other States have already addressed or are addressing.

There are a number of activities in hand to improve Queensland's electrical safety performance. One important initiative is a

major review of the electrical safety legislation which I recently initiated. This review complements the updating of the department's safety and health legislation. To this effect, mining, explosives, petroleum and gas safety and health legislation has been or is being reviewed.

This review of the electricity legislation requires extensive consultation with the many industry stakeholders, including the various electricity entities, the trade union movement, manufacturers, contractors and other vested interests. The process will involve stakeholder consultation on important matters such as the role of an electricity distributor, the retailer and safety, electrical installation monitoring, uniform service requirements and so on. Background information to support the consultation phase is nearing completion. There is a basic timetable for review and implementation of new legislation. An electricity legislation discussion paper will be completed by September of this year. The authority to prepare this legislation will be ready by March of next year.

Mr HAYWARD: Minister, you have previously said that retail competition is being introduced in Queensland in the electricity industry, but also in the gas industry, thereby providing customers with greater choice as to where to buy their power and on what terms. What pricing arrangements exist for customers following the introduction of contestability?

Mr McGRADY: We have been through parts of this. As I said before, the third tranche commenced on 1 July. There were 7,000 consumers in Queensland who took advantage of that. As I said before, it is intended that the full retail competition for electricity consumers be introduced fairly soon. As I said, the date could vary.

Under the national electricity market arrangements, electricity prices paid by contestable customers are a commercial matter. They are negotiated between the customer and their particular retailer. Non-contestable customers pay the uniform tariffs which are supported, as we mentioned before, by the community service obligation funding from the State Government. Franchise electricity tariffs are set by me as the Minister. As I mentioned before, there is a 3% increase in those tariffs which took effect on 1 July.

Mr HAYWARD: Minister, on page 13 of the Ministerial Portfolio Statements principles for auditing safety standards are outlined. There has been increased focus in recent times on the electrical safety performance in Queensland, especially in relation to

prosecutions for breaches of the electricity legislation. Minister, what are you doing about this situation?

Mr McGRADY: As we discussed earlier this afternoon, electrical safety in Queensland, while continuing to improve, still remains unacceptable in this State. Compliance with legislation is only one factor in ensuring an appropriate level of electrical safety for the community and the workers. Appropriate codes of practice and standards, together with a robust licensing system for electrical workers, are also needed to achieve the safety goal.

The existing 1994 electricity legislation has limited application in the area of prosecutions and associated penalties. Concerns have been raised about ways to improve electrical safety through compliance with electrical safety standards in industry and ensuring serious electrical accidents are thoroughly investigated with a view to prosecution. The electrical safety provisions of the Queensland electricity legislation are currently being reviewed to ensure legislation is appropriate and, importantly, enforceable. This will involve full stakeholder consultation, as I mentioned before.

I have also talked about the task force, which my colleague Paul Braddy and I have been working on. I informed you before who the new chairman will be and who the participants will be. A number of other inquiries have been taking place or are happening now. I think we have demonstrated this afternoon that we are concerned about the ongoing problems regarding safety in this industry. We have taken a number of actions to try to halt this problem because, at the end of the day, one fatality or one serious accident in that industry is still too much.

Mr HAYWARD: Minister, the monitoring of the maintenance practices of Government owned electricity generating corporations by the Electricity Monitoring Unit is mentioned on page 20 of the Ministerial Portfolio Statements. Has there been any progress in relation to this unit?

Mr McGRADY: As a result of the number of electricity outages during 1998 and projections of severe shortages in the same year, I appointed Ron McGuigan, who has a vast knowledge of the Queensland electricity industry, and Mr Dick Williams, who is from the union movement. They were commissioned to undertake a study of maintenance procedures in the Government owned generators to determine if these procedures were a contributing factor in the unplanned outages.

This study identified significant backlogs in generator maintenance requirements.

As a consequence of this study, in February of last year Cabinet approved the establishment of an electricity monitoring unit. The unit commenced operation in October of last year. All officers of the unit—that includes five professional staff and one admin and support worker—are from the former Government owned corporation AUSTA. The monitoring unit has completed a review of how well the generators have implemented the recommendations of the McGuigan report. In all major areas the generators have implemented these recommendations. In all cases the backlog of maintenance activities has been brought under acceptable limits. All maintenance items identified as being high priority, such as the potential to directly impact on the plant operations, are addressed within 24 hours and other items are dealt with within three to six weeks. The monitoring unit has commenced monitoring and evaluating the asset management and maintenance practice of the generators to ensure their continued effectiveness. The unit also receives and checks quarterly maintenance reports from the generators, ensuring that the Government is kept appropriately informed of progress in dealing with future maintenance issues.

Where appropriate, and within competitive guidelines, the unit will assist in the sharing of certain information on major plant failures and follow-up investigations between stations using similar plant. Where appropriate, and again within competition guidelines, the unit will assist in sharing this information, and it is also developing a system to investigate security of supply issues. The work of this unit has already contributed to a greater focus by the generators on maintenance issues which could affect the security of supply, and further gains are expected during the ongoing auditing phase.

The funding for the unit's salaries and operational expenses is provided by a levy on the Government owned generators, and the estimate for this current year is about \$0.65m.

The CHAIRMAN: On page 20 of the portfolio statement, mention is made of market and regulatory arrangements aimed at providing lower cost power to customers. Can the Minister tell the Committee what has been the level of electricity prices since the market start and what are his expectations for the direction of prices in the future?

Mr McGRADY: Wholesale prices in the Queensland region of the national electricity market have averaged \$47.89c/MWh since

the market started on 30 December 1998 to the end of June this year. This is a time-weighted average for the 18 months, and this compares with prices in other States such as New South Wales, which is just over \$26, Victoria, which was \$25, and South Australia, which was \$54.70.

Peak prices have been associated with short periods of plant unavailability or record demand conditions. Weather extremes have also contributed to this variation. High prices occur for relatively short periods of time but can impact on the average pool price. Prices reflect the balance between the supply and demand in the marketplace, and Queensland demand has grown rapidly in recent years, and supply growth has only just kept pace. The prices in the pool are the key indicator to new generation investment, and this has been demonstrated by the developments of the Roma, Callide C, Tarong North, Millmerran and Swanbank E power stations. With the introduction of this new committed capacity, the likelihood of price spikes will diminish.

Pool prices are also likely to be influenced by the interconnection with New South Wales, which is expected to commence operations in December this year. Published pool prices reflect the balance of supply and demand at the regional reference now just north of Brisbane. Prices for energy in the more remote parts of the network include the impact of losses. Differences of more than 10% in prices are not unusual in Queensland because of the length of the network servicing the State.

The Government's clean energy policy, recently announced by the Premier, has a key component: the construction of a base load power station in Townsville, which will go a long way to alleviating this situation. A period of lower pool prices is expected in the next few years until the supply/demand equation is more closely balanced. Whilst this could impact on the profitability of the Government owned generating corporations, the Government is not considering the mothballing of any existing plant. The Government owned generating corporations are developing appropriate strategies to ensure that their exposure to market risk is minimised.

The CHAIRMAN: On page 19 of the portfolio statement, it is said that the Energy Division provides advice on issues related to the provision and supply of energy in Queensland. The energy demand/supply situation has been tight over recent years. What is the expected situation this coming summer, and what energy projects are under

way to ensure that problems resulting from a tight demand/supply do not continue?

Mr McGRADY: Peak demand this winter reached over 6,200 MW during the cold snap in late May and early June. Based on current estimates, I am advised that the 2000-01 summer demand peak could exceed some 6,600 MW. Total system supply capability currently stands at 8,120—that is excluding Mica Creek power station in Mount Isa and most sugarmills—following the commissioning of over 850 MW of generation capacity since this Government came into office. Mica Creek is not connected to the main transmission network. The station held capacity of about 325 MW. There is also about 292 MW of bagasse generation capacity available from the Queensland sugarmills. However, the majority of power from these mills is generated only during the crushing season in the form of electricity and steam. Most of the power is generated for internal use, and actual exports into the distribution network vary from year to year.

Since the Government came to office, Powerlink has agreed to work to an accelerated timetable to ensure the interconnector is commissioned, as I said, by December this year, or certainly commissioned by late this year or early next year, allowing the delivery of a further 500 MW into the Queensland market. Northpower and Transenergy have constructed an underground 180 MW link over the border called Directlink. This interconnector is planned to provide support to the local Gold Coast power supply, and one 60 MW system is commercially operating, with system testing continuing on the remaining 120 MW. These power projects will take system capacity to 8,620 MW in the summer of this financial year. Further power stations are scheduled to come on line by mid 2003—Callide C, Millmerran, Tarong North, Swanbank E—totalling 2,515 MW. There are a number of other generation projects under consideration for development in the future. These include: Townsville, 375 MW; Kogan Creek at a later date; Gladstone, 120 MW; and Tarong Energy's south-east Queensland gas project, some 700 MW.

The CHAIRMAN: The Future Developments section on page 15 of the Ministerial Portfolio Statements mentions energy efficiency labelling of electrical appliances. Could the Minister advise the Committee: how will the energy labelling program for electrical appliances help conserve electricity usage in Queensland?

Mr McGRADY: The energy labelling program has been operating in Queensland for nine years, and it was developed nationally to enable customers to compare the energy efficiencies of domestic appliances on a fair and equitable basis. It also provides incentives for manufacturers to improve the energy performance of appliances. It is mandatory for refrigerators, freezers, clothes dryers, washing machines, dishwashers and airconditioners to carry an energy efficiency rating label when they are offered for sale.

The energy label criteria are about to change. Continued improvements in appliance performance have resulted in the current ratings clustering at the top of the range. Changing the label to a more onerous standard will provide a more meaningful guide to consumers. This change will encourage improved technology and more efficient products, which will help reduce greenhouse gas emissions. Research has found that the credibility and the authority of the appliance labelling schemes are well established, with high recognition amongst appliance consumers.

Operation of this program in conjunction with the electrical product approval program requires no additional funding from the department's base funding. The program is fee for service, based on full cost recovery with no cost to Government. The department issues a certificate of approval or suitability for electrical safety of equipment. Revenue from the energy labelling registration is estimated to be about \$4,000. Total revenue from the product approval program—that includes the administration of this program—is some \$380,000, and it is an important part of measures to ensure electrical safety for all Queenslanders.

The CHAIRMAN: The time allocated for Government questions has expired. I call the member for Callide.

Mr SEENEY: To return again to the native title issue and your reference on page 3 of the implementation of a State scheme for the management of native title, I ask: are you aware of the attitude of the Queensland Labor senators to the Queensland native title legislation? In particular, are you aware of the attitude of Senator Jan McLucas from north Queensland who was a signatory to a minority report of the Senate committee that claims that the Native Title Act is racially discriminatory and that it is a breach of Australia's international obligations and that that minority Committee recommended that the Government only implement land rights

policies which have the informed consent of the Aboriginal people. Have you spoken to Senator McLucas about these views? Have you spoken to the other Queensland senators about the importance of this legislation to the Queensland mining industry?

Mr McGRADY: I have spoken to many people, both politicians and others—

Mr SEENEY: But it is the Federal senators who are important. Have you spoken to them? Have you put Queensland's case to them?

Mr McGRADY: There would be no greater advocate for this native title legislation—

Mr SEENEY: Does that mean no?

Mr McGRADY: Than the Premier, myself and indeed Cabinet Ministers. This is good legislation and—

Mr SEENEY: Have you spoken to the Federal senators about it?

Mr McGRADY: This is good legislation and I have spoken to many people, both in the Federal Parliament in the House of Representatives and indeed the Australian Senate, and I will continue to talk to these people until the final vote is taken. I will be trying to convince anybody who is prepared to listen to me or anybody who cannot get past me because this legislation is good legislation. The industry initially was not 100% comfortable, neither were the indigenous people, and to some extent that suggests to me that is good legislation because neither side were 100%. But let me say this: everywhere I go people from the mining industry are telling people it is good legislation. I was at the Australian Coal Conference at the Gold Coast some months ago and many of the very, very prominent people from the Queensland Mining Council were talking to Mark Vaile and other people telling them how important it was to get this legislation through, because it is good legislation, it was conceived by this Government of which I am a member and I will do all I can—I will talk to anybody who is prepared to listen—to try to encourage them to support this legislation.

Mr SEENEY: Minister, no matter how good the legislation is, it is not going to go anywhere without the support of the Queensland Federal senators. My question is: have you spoken to them informally about their positions or have you had a formal meeting, either you alone or you and the Premier, with the Queensland senators? Failing that, do you plan to have a formal meeting with the Queensland senators before

the Queensland legislation is considered by the Senate?

Mr McGRADY: I just repeat that I want to see this legislation go through the Australian Parliament and I will use whatever means are at my disposal to try to convince people who hold the power over this to support this legislation. It is good legislation. I want to see it approved by the Australian Parliament and I will do all I can to encourage people who will be voting on this to support this legislation.

Mr SEENEY: Your answer forces us to the conclusion that you have not met with the Federal senators and that you do not plan to meet with the Federal senators before the legislation is considered by the Federal Senate. Does that mean you have accepted the inevitability of this legislation's defeat in the Federal Senate?

Mr McGRADY: I certainly have not. I certainly have not.

Mr SEENEY: Then why are you not meeting with the Federal senators? Why are you not planning to meet with the Federal senators? Why are you not talking to people like Senator Jan McLucas about her extreme views? Why are you not putting the case of the Queensland mining industry to these people and making it clear to them how important this legislation is to the Queensland mining industry?

Mr McGRADY: You are assuming that I have not. I am not going to sit here—

Mr SEENEY: I have given you a number of opportunities to indicate to us that you have.

Mr McGRADY: I am not going to sit here and detail to you or to anybody else who I have had discussions with. Let me just repeat again: this is good legislation. I believe it is important that this legislation goes through the Australian Parliament and I will do all that I possibly can to ensure it does. If you cannot deduct from those comments who I have or have not spoken to, well I think we are wasting our time. I am not prepared to detail whether or not I spoke to individual senators. I have a role to promote this legislation. I have and I will continue to promote it right up until the vote is taken.

Mr SEENEY: So is not part of that role to make sure that the Queensland Federal senators who will determine the fate of this legislation understand fully the importance of this legislation to the Queensland mining industry and that importance can be no better illustrated than in the exploration figures that are referred to in your MPS? Is not part of your

role to make sure that they fully understand the importance of this legislation and would not the best way to get that message across be to have a meeting with them and to have been talking to them before now to try and convince them of the importance and, to use your own words, how good this legislation is?

Mr McGRADY: Your question is assuming that that has not happened.

Mr SEENEY: That is a safe assumption, given that you did not—

Mr McGRADY: It is not a safe assumption at all.

Mr SEENEY: You have refused three times to acknowledge the fact that you have spoken to them.

Mr McGRADY: I have not refused anything at all. What I am saying to you is that I have and I will continue to promote this legislation because it is good legislation. I will talk to anybody to encourage them to support this legislation. But if you think I am going to detail to you which senators I have or I have not spoken to, what members of the House of Representatives I have or I have not, what Clerk of the Senate I have or I have not, well, I am sorry, I am not. Rest assured that I, the Premier and many other Ministers have been actively promoting this legislation. You can sit here till 10 past 7 and I am not going to answer questions as to what individual senators I have or I have not spoken to. I will repeat again: this is good legislation; it deserves the support of the Senate; and I will continue right up until the vote is taken to try to influence people to support the legislation.

Mr SEENEY: It is not me that you have to convince that it deserves the support of the Senate, Minister; it is your Federal Labor colleagues, and that is the point that I was trying to arrive at. That is the point I was trying to make. But given that it seems you have accepted the inevitability of this legislation's defeat—

Mr McGRADY: Point of order, Mr Chairman. I have not accepted that this legislation is going to be defeated.

Mr SEENEY: Given that you are unable to advise the Committee that you have spoken to any of the Federal senators who will determine the fate of this legislation and given that you are unable to advise the Committee that you have any intention of speaking to those Federal senators, what contingency plan do you have for the Queensland mining industry if and when this legislation is defeated by your colleagues in the Federal Senate?

Mr McGRADY: The point I have made before is that it is good legislation. I do not accept that it will be defeated at this stage and obviously as a Government we have plans for a number of eventualities, but quite honestly I am not prepared to discuss them here because my view is, and my hope is, that this legislation goes through the Australian Senate.

Mrs LIZ CUNNINGHAM: Mr Chairman, I would have to say that mining is an important part of this State's economy and certainly in my electorate it plays an important role. However, the current oil shale project is planned in three stages by SPP, CPM and Suncorp. The result of this planned approach has had devastating effects on the community, and this is only Stage 1. It has affected land values, community health and financial futures. Given that there are Stages 2 and 3 still to proceed, I would ask the Minister: what funds have been set aside in the budget to examine the impact of mining on land owners adjacent to and in proximity to mining areas, given that industry is only required to buy properties within the mining lease.

Mr McGRADY: I, like you, am aware of a number of problems which have arisen as a result of this development and I think, in fairness, there has been a good relationship between you and your office and my office and myself. There have been times when we have had to take actions to stop the operation for short periods of time. As you know, there are some 5,000 jobs involved in this project. It is basically being run by the Department of State Development, EPA and, indeed, the Department of Mines and Energy. We obviously do not want to see a project such as this disappear. But at the same time, as was mentioned earlier on today, community attitudes are changing and what was acceptable some years ago is no longer acceptable, and we all have to understand this. No funds have been made available by my department, but I have no doubts at all that funds would have been made available from either State Development or the EPA. But again, we will check on that and come back.

Mrs LIZ CUNNINGHAM: Thanks, Minister. I acknowledge, too, that you have certainly been very mindful of the impacts on the community, and I look forward to your answer. A number of the landowners have contacted me wondering where they are going to get relief, because the company refuses to purchase and they are left with nowhere to go. I have a question then as a follow-up: does the Minister support, and support financially, the original intent of the at-risk agreements?

Mr McGRADY: Of the?

Mrs LIZ CUNNINGHAM: At-risk agreements.

Mr McGRADY: Could we come back to that one?

Mrs LIZ CUNNINGHAM: Yes, sure. I can put that on notice.

Mr SEENEY: Minister, we move on to the issue of the remote area power systems—the RAPS schemes. I have here—and I table—two letters from you on your departmental letterhead written to Ms Julie Groves. In the first letter dated 9 November 1999 you say—

"The Coalition Government's proposed remote area policy was not practical, requiring a commitment from Government of about \$121 million for about 1,700 remote rural working properties."

That works out at an average of \$71,176 per property. Then on 6 March 2000, in the second letter you say—

"For a system costing about \$150,000, property owners will be required to contribute \$52,000.

...

Clearly, the scheme is far more affordable than grid power."

How is a system costing \$150,000 better value than one costing \$71,000 to connect to the grid system? Is it not a situation where it is a poor deal for the property owners but it is a better scheme for you, because you get the money from the Greenhouse Office, you get the Federal money?

The CHAIRMAN: Minister, we are getting those letters copied. Do you require to see them before you answer?

Mr McGRADY: No, I do not. This is an issue that is very, very close to my heart. I have spent many years trying to provide reliable power to the people of remote areas.

Let me just go back in history. It is all very well for people to grandstand, but it was the Goss Government, under my portfolio, that made the very first move to try to bring power to the people in the outback. We set up a pilot scheme at Boulia where there were four properties. One of the conditions was that people had to be able to come and view these systems.

The coalition Government came in and abandoned that scheme, and I heard no comments from the lady whose name you mentioned before. They made no comment at all. The only time they started to raise the

issue again was when our Government came back into power. Let me just remind you that the deal which the previous coalition Government offered the people of the outback was that it would have cost them about \$180,000 a year to get grid power to their properties.

Mr SEENEY: Minister, by your own letter that is not right—by the figures in your own letter.

Mr McGRADY: Please—

Mr SEENEY: You cannot really sit there and say that. The figures are there in your own letter—\$71,000 per property.

Mr McGRADY: I am talking about the offer that the coalition made to those people. You did not spend a single, solitary cent—not one single cent. You did not take any action at all. We came back into office. I have met with various groups—Women for Power. I have chartered a plane and taken those people to Boulia so that they could see first-hand how the RAPS system works. It is not the old Dad and Dave system which used to be on properties; it is state-of-the-art stuff.

I can show you letters, too. I can relate to you a telephone call that we received just this week from a person out at Jundah who has bought one of these schemes and rang up to say that it is working perfectly. Let us just see what we have offered them: 65% of the cost of one of these state-of-the-art schemes. The two concerns they had were the battery and the maintenance. So what have we done? Not only are we paying 65% of the capital cost of the equipment—

Mr SEENEY: You are paying 15; the Federal Government is paying the other 50.

Mr McGRADY: I will come to that shortly.

Mr SEENEY: Do not mislead the Committee.

Mr McGRADY: If you recall, I have already paid compliments to the work of the Federal Government. It is a joint scheme. Sixty-five per cent of the capital cost, 5% of the capital cost—can I have an extension of time, Mr Chairman—

Mr SEENEY: Yes.

The CHAIRMAN: Yes, two minutes.

Mr McGRADY: Sixty-five per cent of the capital cost. We have allocated approximately \$10,000 for them to purchase the second set of batteries after the seven years. We also are in the process of entering into a maintenance contract with the suppliers.

To me, that is generous. What people are saying is that mains power brings them reliable

supply. That is a nonsense. It is an absolute nonsense, because in that part of the State we are subjected to floods and bushfires. We have the experience of other small communities that sometimes the grid power is out for weeks and months at a time.

This system that we are proposing is delivering 24 hours a day. We have also agreed and arranged that those people who do not have access to funds to pay the 35%, we will arrange for lease payments for them.

We have covered every aspect. I am saying to you that those people who are neutral, who do not have a political axe to grind, are coming to us saying that it is a damned good scheme. There are some people—a handful of people—who are simply playing their party politics. I make no apologies for saying that, because these people were silent right throughout the coalition years and the years before that. The only time they have made any noises at all were during the Goss years and now during the Beattie years. I say to you that this is a damned good scheme. It is a generous scheme. It is a scheme being supported by the Commonwealth Government and the Queensland Government. This is one area where both Governments are working hand in hand to provide a good, efficient service to those people in the bush. That is what I am all about, because I represent those people.

The CHAIRMAN: Just for the record, the Committee will receive a letter to the Minister dated 6 March—

Mr SEENEY: From the Minister.

The CHAIRMAN: To a Ms Julie Groves from the Minister—both letters: one dated 9 November, one dated 6 March.

Mr SEENEY: Minister, even with the extension of time, you did not address the main thrust of my question. I will repeat it again: how is a scheme that is going to cost \$150,000 on your own figures better value to the people of western and northern Queensland than a scheme that is going to cost them \$71,176 on average per property? Can I put it to you that your passionate support of the RAPS scheme that we have just seen exhibited here has more to do with the fact that the RAPS scheme is funded by the Federal Government from the Greenhouse Office, thereby allowing the State Government to get away with a token contribution—15% I think it is, capped; you can correct me about the figures, but it is a small contribution, it is a token contribution—and that is the reason for your passionate support for the RAPS scheme, rather than any real concern or

empathy for the people of western Queensland.

Mr McGRADY: Firstly, the Commonwealth Government came into this later on in the piece. That is the first thing to be established. This scheme was going to go ahead whether or not we got Commonwealth assistance. It is something that I have been fighting for a long time. As the Minister, I was not prepared to sit back without a fight. That money would have been coming from the State Government. I have said on a number of occasions today that this is one area where the State and Commonwealth Governments have worked extremely well together. I again today give my compliments to the Commonwealth Government for the way in which it is working with our Government. The second point concerns this fallacy about the grid power being reliable. I have just demolished that argument.

Mr SEENEY: I do not accept that. I think that is an insult to the Ergon people to say that the power was out for months. I would like to see some figures about how many power consumers have had their power disrupted for months. I would like to hear what the CEO of Ergon has to say about that.

The CHAIRMAN: Order! Let the Minister finish.

Mr McGRADY: Mr Chairman, I can tell you that at places such as Urandangi, Dajarra and others which have been out for long periods, if the creeks and rivers are running, there is no way the Energex people can get in there and there are times when they refuse to fly helicopters in there.

Mr SEENEY: Ergon, that is.

Mr McGRADY: Ergon.

Mr SEENEY: Ergon. Energex is in Brisbane.

Mr McGRADY: Sorry, Ergon.

Mr SEENEY: I thought you would have known that, being the Minister. Perhaps you can provide us with those figures.

The CHAIRMAN: The Minister is answering. Have you finished, Minister?

Mr McGRADY: No, I have not.

Mr SEENEY: Perhaps you can provide us with the figures.

The CHAIRMAN: Order! Let the Minister finish, please.

Mr McGRADY: You are going back to your nasty old self. Mr Chairman, I have to say that I did a trip with Mr Seeneey and I found him to be a thorough gentleman. It is only

when he gets in forums like this that he shows his nasty side.

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

Mr WILSON: Page 19 of the Ministerial Portfolio Statements states that the Queensland energy policy—

"... includes the establishment of a competitive market for gas and the development of other sustainable energy options to complement the State's continuing strength in coal-fired power."

Could you outline, please, the expected impact of the new Queensland Energy Policy on the existing State coal industry?

Mr McGRADY: While the Queensland energy policy contains significant initiatives designed to encourage greater use of gas-fired electricity, the policy outlook for the coal industry is also promising. The coal industry has served Queensland and the electricity industry well in the past, and I expect that this will continue in the future. Coal has been the main fuel for electricity generation throughout the last century, and it will continue to play the major role in electricity generation in the future. At present, approximately 17 million tonnes of coal are used each year in Queensland power stations. The development of the Callide power project, Millmerran, and the Tarong North projects, together with the future development of the Kogan Creek project will see this figure increase in the future. Domestic demand for coal will therefore be strong well into the future. Over 80% of Queensland's coal production is exported and coal exports are set to grow into the future.

The Government is working to promote Queensland coal overseas and recently facilitated a trial burn of Surat coal at a power station in Japan. Interest has been expressed in the coal because of its low nitrogen and sulfur burning characteristics. The Government is supporting work to assess the suitability of Queensland coals for use in new cleaner coal technologies through the Black Coal Cooperative Research Centre. In 1995 the Government committed to provide the centre with funding of \$80,000 annually for a period of seven years. The Black Coal CRC has applied for a renewal of the Government's commitment for a further term.

The energy policy includes \$1.5m in funding over five years designed to assist the coal industry to capture and use waste mine gas. This will assist the mining industry in reducing greenhouse gas emissions, which are likely to incur significant costs in the future if the Kyoto Protocol is ratified, as well as

assisting the industry to harness a resource that is currently wasted. The new retail licence conditions will also provide benefits to those mines generating electricity from waste mine gas, as the electricity generated from waste mine gas will be eligible to meet the requirements on retailers to source that 15% of electricity sold from gas fired or renewable energy.

Mr WILSON: I turn to page 21 of the Ministerial Portfolio Statements, which note—

"In collaboration with other Government Agencies, DME will implement the Queensland Energy Policy which provides for \$50M for programs targeted at:

supporting renewable and innovative energy technologies;

reducing greenhouse gas emissions ..."

Could you please provide some examples of how this money will be spent?

Mr McGRADY: The Office of Sustainable Energy within the Department of Mines and Energy was established by the Government on 9 December 1998. We will spend \$50m over the next five years on a range of new and expanded programs designed to encourage greater use of renewable energy and to help people use energy more efficiently. These programs will also help to reduce greenhouse gas emissions. The Office of Sustainable Energy administers the majority of these programs. I have already mentioned some of them. But as an example, I point out that just over \$2m is set aside this year for the Queensland Sustainable Energy Innovation Fund. This is a fund where we invite the private sector, the universities and indeed some of the corporations to put forward a submission. We have an independent panel that makes the selection and makes recommendations to me, and we provide seed funding for them. We had the presentation in Parliament House some months ago. These people were delighted, firstly, to have been recognised and, secondly, to be getting some financial assistance. This ranged from \$20,000 to, I think, about \$100,000. Those are recommendations which come to me from this independent panel.

Another example is the \$1.1m for purchasing green energy. The Queensland Government is currently the largest purchaser of green energy in the State, with 2% of total electricity usage being supplied from renewable sources. We have the \$3m Solar Hot Water Rebate Scheme. As I said, this was an initiative of the Goss Government. The

coalition came in and abandoned that. We have reintroduced it, and we give applicants \$500. We have recently increased that from \$500 to \$750. As I said in my opening remarks, the indications we have received from industry are that the number of people purchasing solar hot water systems has increased by 100%. This means not only that more and more people are using solar; it means jobs and expansion of the industry. We also have the Remote Area Power Supply schemes. There is a number of those. We also have the school programs whereby we go around to the schools. A whole series of areas is covered successfully by the Office of Sustainable Energy.

Mr WILSON: Can I take you to the question of the rehabilitation of former mine sites? A great deal of resources has been spent on former mine sites, but not as much information is provided on the status of those sites across the State or the level of rehabilitation or repair work that has been done in the past. You would probably agree that that creates a gap in our knowledge and affects our planning of the budget. Therefore, I am interested in knowing: what will this program that is being instituted for monitoring former mine sites include?

Mr McGRADY: I think we have to accept that in the past there were some mine owners who did not do the right thing by the environment. These are the people who today give the industry a bad name. I think I have to say, though, that in recent times the industry is certainly performing; the industry understands that attitudes have changed and they are at the forefront of the environmental concerns. Just recently the Cannington mine in north-west Queensland invited the north Queensland conservation society to actually audit their environmental performance, and it came through with flying colours. The point I am making is that there were environmental vandals, but I believe those days are gone.

As a Government, we are taking a proactive role to ensure that abandoned mine sites in Queensland do not have the potential to cause serious long-term environmental harm. A program has commenced to review the impacts of abandoned mine sites in the State, and this program will involve the identification and assessment of each one of these abandoned mine sites to determine the level of environmental harm, the development and implementation of rehabilitation plans, and implementation of environmental monitoring programs. The works will be implemented subject, of course, to available funds on a priority basis determined by the

level of environmental harm and the risk to public safety.

As a Government—and I have to be fair to the previous Government; they continued the work that we started—we have committed significant financial and physical resources to address these issues. We have the Croydon goldmine in the Georgetown district. We have the Herberton tailings dam in the Mareeba district. Horn Island, which is just off Torres Strait, was an absolute disgrace. Those people went in—it was a goldmine. That is one example you can use of environmental vandals. It is costing many millions of dollars to rehabilitate that particular mine.

You have Mount Morgan. We have the shaft repair work at Charters Towers and Gympie. As I mentioned in answer to a question from Mr Hayward, we have the work which is being done at Ipswich. These projects demonstrate, I think, our Government's commitment to improved environmental performance by addressing these issues and at the same time bringing some satisfaction to the people in those areas.

Mr HAYWARD: What progress has been made towards achieving a final position on the environmental regulation of the petroleum industry?

Mr McGRADY: As I mentioned briefly before, the Government is working towards achieving a final position on the environmental regulation of this industry. I believe that the outcome will be as successful as the environmental management regime recently agreed to for the mining industry. I have to say that considerable progress has been made in negotiations with key industry groups represented by the Australian Petroleum Production and Exploration Association and also the Australian Pipeline Industry Association. Further discussions will be held with industry and other key stakeholders, including the Queensland Conservation Council, landowners and the Queensland Indigenous Working Group, aimed at reaching a final position.

Petroleum industry operations are quite different from mining operations. The approach to developing a framework recognises the different ways in which the petroleum industry operates, in particular, the lesser environmental impact. I expect our final submission outlining the proposed new environmental regulations for the petroleum industry will be brought to Cabinet after the environmental transfer for mining from DME to the EPA is completed.

Mr HAYWARD: On page 15 of the Ministerial Portfolio Statements reference is made to an upcoming new regulation to support the Explosives Act 1999. Has anything been done to improve security at the Government explosives reserves?

Mr McGRADY: We have allocated in this year's budget some \$428,000. Already our officers have been around or are in the process of going around to check what the requirements are. It is important that these magazines are protected and are secure. As I said, we have allocated some \$428,000. The last theft of a quantity of explosives occurred in January last year, and this was the second incident in 15 years. All the explosives that were stolen were recovered. The mechanism used in the theft at that particular magazine at that reserve has been addressed and also at the other ones. So electronics security has been introduced to the reserves as the funding allows. Yes, we are aware of the program, and this year we will be spending some \$428,000—the first amount, by the way, for some time.

Mr HAYWARD: My next question is a matter about which I have heard you speak often, and that is mining operations where the work force flies in and flies out. It normally depends on working long cycles of extended shifts. Industry, of course, is managing these arrangements. Is there any concern about these shifts?

Mr McGRADY: I have some grave concerns about fatigue in the workplace and, in particular, the mining industry. I want to make it perfectly clear—I do not want people to misrepresent what I am saying—there is a changing philosophy in the mining industry where people are now moving away from the normal eight-hour shifts and they are working extended shifts of, say, 12 hours and they work three or four days a week. It is a system which operates in many mines and, quite honestly, it is very popular with some people. I do not have a problem with that, but I do have a problem with people either volunteering or being expected to work 12-hour shifts for up to 28 days without a break. I do not care who you are, you cannot work 28 days, particularly at a manual type operation, without that having some impact on the safety either of yourself or, probably more importantly, your colleagues with whom you work.

I have had SIMTARS and the Department of Mines and Energy do a number of studies on this. We have involved the Queensland Mining Council and we have involved the unions. A couple of weeks ago there was a

forum in New South Wales where the Queensland unions, the Mining Council, individual mining councils and the department and Minister went down. I was very pleased because it was recognised by New South Wales that Queensland was certainly leading the way. I congratulate the people in my department on the work they are doing.

So it is an issue. It is a concern to me. I believe it makes a contribution to some of the accidents in the mine. There are figures which can prove this as other people use figures to disprove it. But at the end of the day I believe I, as the Mines Minister who has the responsibility for the safety of the industry in my hands, have a responsibility to investigate such instances. This is happening now. SIMTARS, as I mentioned before, is doing a lot of work. There have been a number of forums around the State where we have invited the key stakeholders to attend. It is now starting to gain momentum.

But I have to emphasise that there are some people in the industry who think that this is an attempt by me to abolish 12-hour shifts. It is not. It is an attempt by me to try to address the issue of men and women working 12-hour shifts over a long period.

The CHAIRMAN: On page 8 of the Ministerial Portfolio Statements reference is made to an extractive industry strategy for south-east Queensland and projects that are currently under way. The program clearly has a resource focus, but will environmental considerations also be addressed?

Mr McGRADY: This is an issue which is of major concern to people because we all need the materials which come out of quarries and other areas but very few of us—none of us—want to have the quarry close to us. This year's budget allows for operational funding of a quarter of a million dollars to carry out a program of extractive resources identification and assessment. This is in addition to \$360,000 allocated for salaries for the unit. The current work program includes implementation of an extractive industry strategy for south-east Queensland. This has been developed under the auspices of the Healthy Waterways Management Plan produced by the Brisbane River Management Group and the Regional Framework for Growth Management produced by the Regional Coordination Committee of the South-East Queensland 2001 Regional Planning Project. The program aims to establish a secure and sustainable supply of construction aggregates for south-east Queensland while at the same

time reducing environmental, social and cultural impacts of this industry.

The current stage of the program is focused on projects to identify and evaluate potential alternative resources of fine and coarse sand, including manufactured sand produced from hard rock. The program includes improving environmental performance right across the industry through an industry developed code of practice, opportunities for recycling and demand reduction. Alternative technologies are also being examined. The program also includes the preparation of a State planning policy for extractive resources to provide guidance to local governments and industry right across the State. A Statewide assessment of regional deficiencies in extractive resource supply has commenced to direct the future work program. Implementation of this plan is increasing rapidly and the program should make a significant contribution to establishing secure supplies of basic construction materials whilst at the same time minimising environmental, social and cultural threats.

The CHAIRMAN: The time for Government questions has expired. I call the member for Callide.

Mr SEENEY: Minister, I return to the issue we were discussing previously, that is, the Remote Area Power Supply Rebate Scheme. Would you be prepared to provide to the Committee figures about power outages in western Queensland to support your contention that RAPS systems are more reliable than mains power?

Mr McGRADY: The point I made, and surely you would not disagree, is that people think that mains power provides service 24 hours a day 365 days a year. That is not the case, because we live in this State with climates which often bring storms, lightning strikes and fires. As I mentioned before, when a line goes out when there is a storm, lightning, bushfire or when rivers and creeks are running, the authorities simply cannot get there to repair the damage. Helicopters refuse to fly. Outages are quite common. Nobody would dispute that. What I am saying to this Committee tonight is that the system that we are offering will provide service 24 hours a day 365 days a year.

However, let me say this: there is a RAPS system at Macsland Station in Boulia. Macsland Station is owned by the Mayor of Boulia. His wife appeared on the ABC radio talkback program and she basically contradicted the people calling in criticising the scheme. She said, "You don't know what

you're talking about. We've had a RAPS scheme in our house for so many years. It works." They have refrigeration. They have freezers. They have airconditioning. They have reliable energy. They are more than happy with the system they have.

The point I made before is that that system is a few years old. The one we are talking about is state of the art. I repeat what I said before about the telephone call that my Mount Isa office received from people in Jundah this week or last week where their system is now operating. They are more than happy. I reiterate again that 65% of the capital cost is being met by Governments. The battery situation has been addressed. The maintenance program has been addressed. In relation to the balance between the 65% and the 100%, we are prepared to arrange finance for those people.

Mr SEENEY: Minister, that is impressive rhetoric. My question was: will you provide the statistics to reinforce your contention that mains power in western Queensland is less than reliable? Will you provide the statistics of outages? I am sure they are available. Will you provide them to the Committee?

Mr McGRADY: No, I will not. I do not have them.

Mr SEENEY: Will you take the question on notice and provide them at a later date?

Mr McGRADY: No. I am telling you that if you lived in those areas you would know.

Mr SEENEY: Why will you not provide those statistics?

Mr McGRADY: I am not going to have officers of the corporations running around getting this information to allow a handful of people to once again mount a campaign. I have been subject to so much personal abuse. I have been accused of not consulting with people. Let me just say this: at the Winton Cabinet meeting I met numerous people. I have met people in Barcaldine, been to Winton and flown people from the Barcoo to Boulia. I have never ever refused to meet people. Bryan Coulter—not Brian Courtice—has been to Boulia on how many occasions?

Mr COULTER: Once or twice.

Mr McGRADY: We have had people out there showing them.

Mr SEENEY: Why will you not provide the statistics?

Mr McGRADY: Let me answer the question. What happens today is that, unless you tell people what they want to hear, they

say you are arrogant or you have not consulted. I do not know what else I can do.

Mr SEENEY: You can provide the statistics.

Mr McGRADY: No, I am not going to provide the statistics tonight.

Mr SEENEY: Take the question on notice and provide the statistics at a later date.

Mr McGRADY: You know as well as I do that there are massive amounts of outages in the bush. You know that.

Mr SEENEY: Not at my place.

Mr McGRADY: You are playing games. I am not going to have officers of Ergon running around getting the statistics. If you wish to contact Ergon yourself, they may do it for you. However, tonight I am not taking that question on notice because I believe you know as well as I do that the comments I have made are correct. They are correct. I can talk to you about Urandangi, Dajarra and some of the steps Ergon has taken to try to improve the quality of the service, which was abysmal. They had the grid coming in. So I do not need to produce the figures. You know—and you are smiling—what I am saying is true.

Mr SEENEY: I am smiling because it is obvious that, while you can provide the Committee with meaningless rhetoric, when you are put on the spot and asked for statistics to back that up, you refuse to provide them.

Mr McGRADY: This will look good in the Barcoo bugle or whatever paper you subscribe to, but everything I have said tonight is 100% true, and you know it.

Mr SEENEY: Provide the statistics to back it up.

Mr McGRADY: You know it.

Mr SEENEY: As is the case with most things you say to justify the Government's position on the RAPS scheme, they do not stand up to any sort of credible examination. They do not stand up to an examination of the statistics, which I suggest to you is the reason why you will not provide them. Have you received agreement from the Commonwealth Government for the provision of its share of the money? Have you received any money yet from the Commonwealth Government?

Mr McGRADY: No, we have not.

Mr SEENEY: "No" you have not received any money or you have not received final agreement?

Mr McGRADY: We have not received any money and the agreement has not been signed.

Mr SEENEY: Have you received a final acceptance from the Commonwealth Government of the scheme?

Mr McGRADY: As I have said before, the Commonwealth Government have been more than helpful. Negotiations are still continuing.

Mr COULTER: The Commonwealth ministerial committee has to meet to finalise the arrangements. We have provided everything from our side that they need and we have been in constant contact with them. It is now up to the Federal Government to finalise their side of it.

Mr SEENEY: So you don't have an agreement?

Mr COULTER: We do not have a final signed agreement yet but, as I said, that is not for a want of trying on our side. We have done everything we have to do—everything.

Mr SEENEY: There is a figure in the budget of \$1m. How many systems does that relate to? How many are you budgeting to install in this financial year?

Mr McGRADY: That figure in the budget of \$1m is Queensland's contribution.

Mr SEENEY: I appreciate that.

Mr McGRADY: Please, don't get excited.

Mr SEENEY: Don't take me for a fool.

Mr McGRADY: I am not taking you for a fool. Just allow me to answer the question. There is \$1m in the budget. We have committed ourselves to this policy. We have committed ourselves to providing schemes to people in those 12 remote shires. Does that 12 include Cooktown?

Mr COULTER: Fourteen including Cooktown.

Mr McGRADY: Because the scheme is so popular and so successful, we had a whole heap of requests to move from originally 12 to now 14. I am confident that the agreement will be reached very, very soon. As Mr Coulter said, we have been working very closely with the Commonwealth Government. If for some reason that agreement is not reached, we will find funding to increase that \$1m.

Mr SEENEY: Will you finance the schemes to 65% from State Government revenue?

Mr McGRADY: The Cabinet decision, which was taken at the Winton Community Cabinet meeting, was an agreement to the proposal. Part of the proposal was that there would be Commonwealth Government finance. If for some reason the Commonwealth does not come to the party,

we will re-assess our financial priorities. At the end of the day the scheme will still operate. I do not want you to be running to the media saying that the scheme will fall flat. If the scheme falls flat, which it will not, it will be the responsibility of your colleagues in Canberra. I am sure they will not be responsible for that, because the people we have dealt with are honourable, decent people who, like me, want to help the battlers in the bush.

Mr SEENEY: I have one last question about the RAP scheme. I refer to the comments you made about the cost of pay TV for the residents of Richmond. You will no doubt remember that you said the costs asked by Austar were an outrage and you demanded an inquiry into the enormous costs facing people in remote areas. You questioned whether Austar was a fit and proper company to operate a broadcasting licence. Surely the provision of mains power is more important than pay TV. Could not your comments about Austar's quote to the people of Richmond be just as appropriately applied to you and your department regarding the cost of mains power to the people of western Queensland?

Mr McGRADY: I have seen your comments in the media. Really, you were taking some poetic licence.

Mr SEENEY: Never.

Mr McGRADY: Mr Chairman, please. I ask for some protection from Mr Seeney. He will not allow me to answer the question.

The CHAIRMAN: I think you are doing fine so far, Minister.

Mr McGRADY: The point I raised is that Austar Pay TV could have provided pay TV to people in Richmond for a very, very small amount of money. When their salespeople went around talking to potential customers they said, "We can give you pay TV for this amount of money"—a massive amount of money. They admitted to me that their staff had not informed the public that they could have had maybe not quite as good a reception but certainly a good reception for a very small amount of money.

The point I made was that, whilst organisations such as the electricity industry have a responsibility to provide power—not necessarily grid power—and have to pay community service obligations, companies that are getting the cream of the market in built-up areas, in Brisbane and other places, surely have a responsibility to subsidise our country cousins to some extent.

I did not call for an immediate inquiry. What I said was that if this is the attitude of

this company then surely the Federal Government should look at the way in which licences are issued. I then had a telephone call from the managing director of this organisation. He basically said, "Our people did the wrong thing. They didn't tell the people of Richmond that they could get a service for this amount of money"—I forget the exact figure now—"and that service will be provided at a cheaper price." I then went into negotiations with the Richmond council and everything is fine and people are happy.

Mr Seeney, I would suggest that, as a result of the work done by the ABC and the member for Mount Isa, that issue has been resolved. Had I sat back and said nothing, maybe the people of Richmond would still be expected to pay massive amounts of money.

Mr SEENEY: They are still expected to pay massive amounts of money for mains power. That was the question.

Mr McGRADY: That is what this business is all about: achieving for the people you represent—not getting your name in the headlines and not getting your face on the television but getting results. The attitude I adopted has paid off for the people of Richmond who, by the way, are not even in my electorate. I love them all.

Mrs LIZ CUNNINGHAM: It is overwhelming. Without reflecting on any current individuals holding positions in your department, I want to ask a couple of questions on an issue that in past Estimates committees has been fairly contentious. Could you advise whether in staff costs in your budget there is an inclusion for a performance bonus, particularly for your chief executive officer?

Mr McGRADY: The situation as regards the Director-General of my department is a matter between the Premier and the Director-General. That comes under the Premier's portfolio. The Premier is responsible. I would suggest that that question be referred to the Premier.

Mrs LIZ CUNNINGHAM: I find it very difficult to understand, though, how the Minister for a department could be unaware of the negotiations with or the allocations by the Premier to the senior staff appointment in that department. Your answer is consistent with that of the Minister who appeared before this Committee this morning. You have no argument from me about that. The same reply was given and the explanation was further given that the Minister at the time did not even know what was paid to the CEO as far as a performance bonus is concerned. I find that

very difficult to believe, given your important role as overseer of the department.

Mr McGRADY: As you would be aware, the former Director-General passed away and Dr Campbell has recently been appointed. I will tell you how we appoint the Director-General. We have a panel which consists of a representative from the Queensland Mining Council, the Minister, a person from the Government and an independent person—somebody basically plucked out from industry. We call applications. I go through them all. I get a short list. I send the applications out to the panel and they normally agree with the short list and then we interview. In Dr Campbell's case it was unanimous. I recommend to the Premier, the Premier takes it to the Governor in Council and the person is employed. As I said, the matter of salary and bonus and anything else is a matter between the Premier and the Director-General.

Mrs LIZ CUNNINGHAM: The salary allocation is out of your budget, though—not out of the Premier's?

Mr McGRADY: It is, but it is decided by the Premier. That question should be asked of him.

Mrs LIZ CUNNINGHAM: Thank you, Minister. Again I reiterate that I am not intending to sleight any individual. I asked the question of the Minister who appeared before us earlier for the same reason. There are some departments, perhaps more so than yours, in which the decision-making role, particularly in reference to budgeting, can affect the efficiency of the department. It could be that the Director-General of the department vetoes certain positive decisions on the basis that that could affect that bonus. It just seems a strange arrangement where the Minister for the department has no input into the level of the bonus or the criteria on which the bonus is paid.

Mr McGRADY: I think it would be naive to suggest that the Minister of the day would not discuss the performance of the Director-General. Obviously, you do. But the actual matter of bonuses is between the Premier and the Director-General.

Mrs LIZ CUNNINGHAM: If I can move on to the inspector for explosives under your jurisdiction. I wonder what budgeting allocation has been made to flesh out a new criterion that the inspector for explosives is applying to some decision making or recommendations that he is passing on with regard to societal risk. Do you know of any information or investigation that has been made to determine

the criteria for societal risk? Do you want a little bit of background?

Mr McGRADY: Yes.

Mrs LIZ CUNNINGHAM: Part of the new role, since, I think it is, 1 January for the Inspector of Explosives is to recommend to port authorities in this instance when there is an application to extend the limit of explosives from ports. The inspector is now using societal risk criteria, and there is no information or empirical information on how that risk is assessed.

Mr McGRADY: I think at this point I will ask the Director-General to respond and give my voice a rest. I know the issue you are referring to now.

Dr CAMPBELL: The Chief Inspector of Explosives is involved in a number of cases where there are movements of explosives required, and he has to make an assessment of a risk. In those cases, he usually asks for information from the company as to what it is intending to do, and he then has that independently assessed, normally by a group of consultants, and then quantifies the likely risk. I think that exercise has been carried out recently in the case of an ammonium nitrate proposal to be moved through the port of Gladstone. But it is a fairly detailed technical quantification, and it involves independent assessment of a proposal put up by the company.

Mrs LIZ CUNNINGHAM: Except that, to date, the proposal and the manner of assessment has not been consistent, or some could even say it has not even been logical, in that AN in itself is not an explosive or it has not been listed in the past as an explosive, and the societal risk criteria that the inspector appears to be using are inconsistent with assessments used in comparable ports, or even ports that are more built up, like Brisbane. I wondered whether there had been any funds allocated to define more specifically what societal risk was so that it could be clearly understood by all parties.

Dr CAMPBELL: I think we could carry out an assessment like that within the existing budget, and I would be happy to take it back and talk to the inspectorate about it.

Mrs LIZ CUNNINGHAM: Thank you.

The CHAIRMAN: The time for non-Government members has expired. Minister, page 8 of the Ministerial Portfolio Statements mentions the North-West Queensland Development Initiative launched last year to foster further development in the north-west region. It is my understanding that this initiative

followed from a conference which largely dealt with the issue of fly-in/fly-out mining practices. Given that fly-in/fly-out is still seen as a serious problem in many regional and remote areas, what measures have you taken to promote labour recruitment from communities situated near mine sites?

Mr McGRADY: Fly-in/fly-out is one of the curses of the mining industry today. In years gone by, mining companies would operate from very, very close to where the mining activity was taking place, and I instance my own city of Mount Isa, where the general manager and the top professional people such as metallurgists, engineers and scientists all worked and lived in that particular city. It is not only Mount Isa; it is other places. But there is a change in attitudes today, and more and more companies are opting for the policy whereby they fly their workers in, from the coast normally; in some cases, from Perth. What it does is destroys the whole fabric of society. It destroys community. It is very, very difficult to get any sort of a solution to the issue. It is a matter which I have addressed on many occasions. In fact, at a meeting in Canberra attended by the Deputy Prime Minister and Ministers for development from the other States, I was requested to present a paper to the next meeting, which is scheduled very, very soon.

Western Australia, the Northern Territory and some of the other States have exactly the same problems. What it means is that whilst companies can fly people in, particularly contractors, it becomes less of an incentive for people to stay in these remote places, and we are denuding central Australia of people. Whilst this is happening, we all still pay lip-service to the ideals of decentralisation. It is very, very hard for Governments to move in. Some people suggest that maybe one of the conditions of a mining lease is that companies attempt to attract some of their work force from the local area.

I have held a number of conferences. I have got assurances from some of the leading mining houses that, where possible, they will recruit locally. I am not suggesting that the days should return where we built mining towns for 15 years. What I am suggesting is that where there is a local population, a local town, employers should encourage their employment staff to recruit locally and not fly people in from many thousands of kilometres away. I have seen when I have come down to Brisbane people who are going back to Perth who are actually sitting on the plane asleep. The hostie has to wake them up. Some of them have been working the 24 shifts which I

mentioned to you before. So it is a curse on society.

The CHAIRMAN: The Capital Statement Budget Paper No. 5 provides an extensive list of capital projects by Government owned electricity corporations which are either under way or about to commence. What processes are in place to maximise the involvement of local businesses in these projects?

Mr McGRADY: As you would be aware, the Government has been paying a great deal of attention to trying to get more and more services and products sourced from within Queensland. We recently came out with a policy on local purchasing whereby we expect our Government owned corporations to access their resources within Queensland. One of the problems we have, of course, is that whilst you can place these conditions on your own generators in particular but also other Government owned corporations, you can't impose the same standards on the private sector, and therefore, the Government owned corporations to some extent are or will be trading or working at a disadvantage. At the same time, there are people out there who say that these are corporations owned by the people of Queensland and we should not be exporting jobs to other countries. It is a very, very difficult situation. But I think most people will accept the fact that the policy which the Beattie Government introduced is a good policy.

It has three key objectives: first of all, advancing Government priorities, value for money and the accountability for outcomes. The Government proposes that the new State Purchasing Policy will apply in full to Government owned corporations. This is in contrast to the previous policy where Government owned corporations were only required to observe the spirit and intent of the guidelines. The implementation of the State Purchasing Policy to Government owned corporations will be reviewed after 12 months, particularly in relation to the impact on the community service obligations. The policy ensures that the purchasing policies and practices of GOCs provide maximum opportunity for local businesses to enter supply contracts with the corporations, which represent a major portion of total Government spending.

Mr Chairman, one of the other problems we have—and it comes back to the previous question about fly-in/fly-out—is that where you have purchasing officers who live a distance from the mine site or from the local area, they tend to form relationships with the companies

and they start to purchase their goods and services from Brisbane or Townsville or Perth rather than at the source, and this is another issue or another area which we have addressed in this local purchasing policy. Local purchasing officers can in fact purchase goods locally, providing they can justify the social benefits to the local region.

Mr WILSON: I would like to address a number of questions, if I could, to the whole issue of the greenhouse effect in Australia. The first question relates to comments on page 19 of the Ministerial Portfolio Statement regarding the department's achievement in developing the Queensland Energy Policy. Looking in a whole-of-Government way at the Government's response to greenhouse, could you outline your particular department's contribution to the whole-of-Government approach in Queensland to the greenhouse issue?

Mr McGRADY: As you rightfully say, it is a whole-of-Government response and the Government is continuing to implement a range of greenhouse initiatives, including measures contained in the National Greenhouse Strategy. These initiatives are overseen by the Office of Sustainable Energy, which I mentioned before, and a number of initiatives are flowing from the Queensland Energy Policy. The various initiatives contained in the energy policy are expected to deliver significant greenhouse savings estimated to be in the order of four million tonnes per year by the year 2008 when the Kyoto Protocol is due to come into force.

DME is working closely with the other Government departments in providing significant input to the Government's position on a number of national greenhouse measures and issues currently under consideration. Issues include the possible design of an emissions trading system and the proposed greenhouse trigger under which developments emitting more than half a million tonnes of carbon dioxide equivalents per year would be required to undergo an impact assessment and approval under the Commonwealth environmental legislation. The DME is actively engaged in greenhouse matters due to the potential for policies aimed at reducing greenhouse gas emissions to impact significantly on the mining and energy sectors. Of course, meeting Australia's greenhouse commitments will not be easy. It is likely that additional measures will be required in the years ahead.

Mr WILSON: The next question I have relates to the issue of the Commonwealth's

proposed greenhouse trigger. On page 21 of the Ministerial Portfolio Statement it states that the Energy Division will continue to develop and refine greenhouse gas emission estimates and projections for Queensland's energy sector together with the ongoing provision of strategic greenhouse advice. Can you advise the Committee what the latest position is on the Commonwealth's proposed greenhouse trigger and, in particular, the potential impact it may have on major projects in Queensland?

Mr McGRADY: The Federal Government is considering the introduction of a greenhouse trigger under its Environmental Protection Act and the Commonwealth's new legislation which governs impact assessment. Our Government has expressed its concern on a greenhouse trigger to Senator Hill and he has written to the Minister for Environment, Rod Welford, suggesting a meeting of Ministers for the Environment to discuss this issue in more detail. We will continue to express our concerns to the Commonwealth at every opportunity.

A greenhouse trigger would give the Commonwealth environmental Minister the power to approve or halt the development of projects emitting significant quantities of greenhouse gases, such as large power stations. Senator Hill announced that he is considering a greenhouse trigger that would require developments emitting more than half a million tonnes of carbon dioxide equivalents per year to be subject to impact assessment and approval under this Commonwealth Environmental Protection Bill.

If a greenhouse trigger is introduced at that level, it could potentially require all coal-fired power stations, larger gas-fired power stations and energy intensive resource projects to be directly subject to the Commonwealth environmental Minister's approval. These approval powers could also apply to new coalmines and other such industries. The likelihood of a greenhouse trigger is unknown at this stage as some Commonwealth Ministers are not convinced of its merit.

Greenhouse issues are addressed in Queensland's environmental impact assessments and it is not clear what value would be added by duplicating the requirements for assessment of greenhouse gas issues. A comprehensive, integrated and strategic approach is required to address the greenhouse gas issue. A greenhouse trigger will target only new large greenhouse emitting projects. It will do nothing to address existing, old and indeed inefficient greenhouse gas emitters.

Mr WILSON: The third question I have is directed to the question of green energy and its benefits. On page 21 of the Ministerial Portfolio Statement under "Future Developments" it is stated that the Government will spend \$50m on a range of programs designed to support renewable and innovative energy technologies and reduce greenhouse gas emissions, including increasing green energy purchases for Government buildings. Could you outline what benefits you see in the Government purchase of green energy?

Mr McGRADY: In the last financial year the Government purchased green power equivalent to 2% of total Government consumption. The electricity purchased from renewable energy sources displaces electricity that would otherwise come from coal-fired power stations and equates to a saving of more than 20,000 tonnes of carbon dioxide. The green power purchased is equivalent to the electricity consumed by Parliament House, the Executive Building, 111 George Street, the Precinct Centre and the building which I operate from, 61 Mary Street—all of those buildings here in Brisbane. Green power is also purchased which is equivalent to that consumed in seven Government offices in six regional centres—Rockhampton, Townsville, Cairns, Bundaberg, Maryborough and, of course, Gladstone.

The Government is able to exceed its election commitment target of green power of 2% of total annual Government consumption as the bulk buying power allows the Government to purchase green power at a lower price than expected. In the energy policy, the Government committed to increase its purchase of green energy from 1 July this year from 2% to 5% of total electricity used in Government operations. Contracts are now in place which will ensure that the Government fully meets its commitment in this financial year. The Government purchase of green power provides support for new renewable energy projects such as the Rocky Point sugar mill power project, the Windy Hill wind farm at Ravenshoe, the Koombooloomba hydroelectricity project near Tully and many others.

Mr HAYWARD: Minister, my question concerns the implementation of the goods and services tax in your department. What I am interested in knowing is how that implementation has gone, including the associated cost and staffing resources which have been required.

Mr McGRADY: Five staff were engaged on a full-time basis and a number of other staff worked part-time to implement the GST. We are talking about the DME; that is not the Government owned corporations. Changes were made to the computer system, legislation, internal reference documentation, invoicing and receipting procedures and the prices for over 3,000 products and services. Training on the impacts of the GST has also been provided to staff right across the State. The department, with the support of Treasury, was able to have a number of key industry-related services exempted from the GST. These include, but are not limited to, various licence fees, application fees, mining and petroleum royalties, mining lease and claim fees, refinery permit fees and the pipeline licence fees. Mining lease rentals will, however, be subject to the GST, but those tenure holders registered for the GST will be able to claim an input tax credit for any GST that they pay.

Over 3,600 letters were sent to suppliers detailing the department's requirements for the GST and providing them with the pertinent information they need to claim their input credits back. The department acted as the Queensland Government lead agency for the GST changes to the SAP financial system and these modifications have now been adopted by all departments and agencies using that system. The department's implementation process and progress has been routinely reported to Cabinet via the Treasury and will be thoroughly audited to gain an independent confirmation of the thoroughness and robustness of the implementation process.

Mr HAYWARD: Minister, on page 37 of Budget Paper No. 5, expenditure on the national grid interconnector is mentioned along with a number of smaller projects of Powerlink Queensland. Can you elaborate on this project, including its expected completion date and is it proceeding on budget?

Mr McGRADY: I think that I mentioned earlier on this afternoon that I would love someone to ask me a question—

Mr HAYWARD: You have got it.

Mr McGRADY: Gordon Jardine has a fit when I refer to it as Eastlink, because the official word now is the interconnector. As I mentioned earlier on, this is scheduled for December this year. I think that Gordon has done a tremendous amount of work on this, so I will throw that question over to Mr Jardine, who is the Chief Executive of Powerlink.

Mr JARDINE: The interconnector project is proceeding ahead of time and well within the

budget for the project. The original target date for the interconnector was October 2001. Most of the construction—in fact, all of the line construction work—has now finished. We are now into the final construction work on the substations along the interconnector. That construction work is going to be finished in October this year. Commissioning will start in October and will proceed through November and December and into early next year. The intention at this stage is to try to get about 300 MW of capacity flowing in each direction by the end of this calendar year. That will come about through progressive testing during the commissioning phase and then moving through to full capacity by March 2001. The project is, therefore, around 10 months ahead of the original schedule and well within the budget.

Mr HAYWARD: Could you please explain the nature of the MERLIN system as used by the Department of Mines and Energy and, in doing so, could you also address its performance and its reliability?

Mr McGRADY: Within the industry, of course, and within the department, MERLIN is well known. The department's Mineral and Energy Resource Location and Information Network—which MERLIN is the abbreviated name for—is an information system that has been operational since 1990. It facilitates the processing of all mining tenure functions at regional and district offices as well as the head office here in Brisbane. It also facilitates the capture and storage of geoscience and resource data.

A major redevelopment of MERLIN was implemented in May of 1998. There were several subsequent performance and reliability issues that were addressed under warranty. Additional enhancements to improve the function, including provision for the Solar Hot Water Rebate Scheme, was also made during this period. The performance and the reliability of MERLIN was further enhanced by a major hardware and operating system upgrade during the last financial year and by upgrades to the telecommunication links to regional and district offices.

Recent enhancements have been made to MERLIN to account for the GST, particularly in relation to mining tenure rentals and to enable management of native title under the proposed alternative State provisions. A joint project with the EPA has been established to facilitate the exchange of information required to ensure that there is an effective system for the environmental regulation of mining. A project to improve access to the MERLIN

system using the Internet has been planned and it is expected that resources will be available to commence the project some time this financial year.

The CHAIRMAN: Minister, in the capital statement there are a number of capital projects identified that are currently under way by the Government owned electricity corporations, Callide C, Swanbank E and Tarong North. There is also a major private sector power project currently under construction at Millmerran. Can you please provide the Committee with details about this project?

Mr McGRADY: As I mentioned earlier on, the international power generation company, Intergen, is constructing an 840 MW power station at Millmerran. Construction of the power station commenced in August of last year, following completion of financing arrangements for the project. Commercial operations are targeted for the third quarter of the year 2002. The power station is part of a \$1.4 billion project that also involves the development of a 3.4 million tonnes per annum coalmine. The power station will help meet future demands for electricity in Queensland and, indeed, with the interconnector interstate.

The project is expected to create approximately 1,200 direct jobs during the construction phase with about 230 new permanent jobs expected when fully operational. The project will also drive economic activity in this region. So we are now talking about 230 new jobs in an area of high unemployment. The power station will be a base load advance cycle pulverised coal-fired power generating station using technology which improves coal use efficiency and reduces emissions. Mining will be by open-cut methods, 24 hours a day, seven days a week. That is not to say that the miners will be working 24 hours a day, seven days a week. We will ensure that that does not happen.

Mr SEENEY: It will be better than gas.

Mr McGRADY: An impact assessment study setting out the environmental impacts of the project and an explanation of how these will be managed has been completed in accordance with the requirements of the State Development and Public Works Organization Act. The impact assessment study was accepted by the Deputy Coordinator-General in April of last year. The EPA and the Australian Greenhouse Office were among the parties consulted as part of the impact assessment study process. Also in June of last year, Senator Hill advised that he had

assessed the impact assessment study and he concluded that no further studies were required to meet Commonwealth legislation.

A generation authority for the power station was granted under the Electricity Act on 13 July, and Millmerran will be one of the first generators in Australia to use supercritical technology, which will result in an overall reduction of greenhouse gas emissions of 5% per unit of electricity compared with currently available subcritical technology. Callide C is recognised as the first to use this technology.

The CHAIRMAN: The annual Queensland Mining Industry Health and Safety Conference has been held every year for the past 11 years. In view of its undoubted success and the fact that it is attended by miners and operators from the central coalfields, will the department continue its involvement with this conference?

Mr McGRADY: As you said, the Queensland Mining Industry Health and Safety Conference will be held in Townsville in August. The Department of Mines and Energy initiated this conference back in 1989. It allows people from the industry to come together to share that information. Since the inception of this conference, the Mines Inspectorate has been a key member of the organising committee. That committee now includes SIMTARS, the Mining Council, the CFMEU and the AWU. There are very few organisations where you get those people all coming together.

About 300 delegates from State, national and sometimes international organisations come along to this conference. Over the years it has been held in Yeppoon and the emphasis has generally been on coal. However, this year there has been a suggestion that we try to include more people from the metalliferous side of the industry. It was suggested—and we agreed—that the conference should be held in Townsville, which will enable more of the metalliferous side of the industry to participate. I think you have to be careful that you do not overconference an organisation. There are some people who would go to conferences every week. You see them as you travel around. I do not mean from the department. But there are professional conference-goers. I think a conference where you discuss the health and safety issues in the industry is important, and a large contingent from the Department of Mines and Energy will be attending this conference. I certainly hope to go along and present one of the papers.

The CHAIRMAN: The time allotted for

questions from Government members has expired.

Mr SEENEY: I wish to raise an issue that you have made some statements about in the press. And a couple of times today you have accused me of grandstanding. I raise the issue of the location of electricity infrastructure, in particular the location of that infrastructure underground in sensitive areas, both in north Queensland and elsewhere where the location of infrastructure is causing concern to community groups. I am sure you are well aware of the activities of those groups from Logan through to the Tully Valley and lots of other places. Would I be correct in saying that there is no allocation in this budget to progress the location of existing infrastructure underground or to allow for the location of any new infrastructure underground? In respect of the developments, for example, that are referred to in this budget on behalf of Powerlink and the distributors, has there been any budget allocation to allow for the location of that infrastructure underground?

Mr McGRADY: The undergrounding of electricity cables—basically, that is what you are referring to—is an important issue. Late last year, I went across to Perth to see how the system operated in that State. It was very interesting. What the Western Australian Government did was have a pilot scheme whereby a local municipality—the system in Perth is a lot different from that here, because there is a large number of municipalities in the Perth area, as opposed to one large city council—could elect to participate in the scheme of undergrounding their cables. If they elected to do so, the cost was borne three ways—a third by the local council, a third by the State Government and a third by the utility. The problem was that, whilst the State Government and the utility would pay the cost, the local council had to decide how it raised the money. What they did was have a publicity campaign which concluded with a referendum. As you know, it is either all or nothing. You cannot go past three houses.

They tell me that, when the referendums were held, 90% of the people supported it. They also told me about a house that had been passed in at \$400,000 before the undergrounding took place and which, a few months later, was sold for \$1m, because of the difference it made to the environment of the suburb. That is true. If you go to a suburb where all of the cables are underground and the council takes a keen interest in maintaining the trees, there is a total transformation. The trial scheme finished and they then moved on to the full scheme, under which the

Government allocates so much money a year. The difference now is that, whereas under the pilot scheme the council paid 25%, under the new scheme it is 33%.

I have some concerns with the Western Australian scheme, because the affluent councils were keen to go ahead and do it. At an extra \$1,500 per house, it worked out at about \$4,000 per block. \$1,300 or \$1,400 to someone like a Bond means nothing, whereas for the old battler it presents a difficulty. They tended to make the selection on the environmental impact, not on where the problem areas were. I had some concerns, as a taxpayer, about subsidising underground power to Alan Bond's house.

To cut the story short, I was very enthused about the concept, because of the environmental and safety aspects and the reliability of supply. I got together a task force consisting of local government—from memory, Councillors Soorley and Mooney—Tim Mulherin and people from Energex and the ETU. There are about nine or ten people involved in this task force. We are looking at whether it is going to be a viable proposition. By the way, the average cost in Queensland, based on some work we are doing in Inala, is \$7,000. That is because Perth is built on sand and parts of Brisbane are built on rock. It is an issue that I am committed to; I want to see more work being done.

Mr SEENEY: Did you make an allocation in the budget? That was the question.

Mr McGRADY: No, we have not.

Mr SEENEY: Does it not indicate a degree of hypocrisy when you make such a song and dance about it in the media but you are not prepared to put money into it?

Mr McGRADY: Is this the next question?

Mr SEENEY: Take it as the next question. That is fine.

Mr McGRADY: Surely the reason why you and I and the other people here are in politics is to try to improve the lot of people. If I come forward with an idea, which I have, I am not going to rush in and carry it out right away. We talk about consultation. Out there in voter land people may have higher priorities than undergrounding their electricity cables. That is the whole reason why you talk to people, listen to people and float an idea. Surely that is why you came into politics. Hopefully, you want to see the lot of the people you represent improved, and so do I. It is an idea that I am floating. I am not being hypocritical. I am not being a hypocrite. I have an idea. I have done a lot of work on this and now I have started to

involve people whom I think would be interested. That is what life is about—thinking, exchanging ideas, asking people for their point of view. At the end of the day, if you can get agreement we then go through the normal processes—go to Cabinet, get some money, talk to Energex, Ergon and Powerlink and perhaps give them a direction that next year they will pay a 95% dividend and a special allocation for undergrounding the cables. Who knows? I am being flippant when I say that about getting the money off—

Mrs LIZ CUNNINGHAM: They just fainted.

Mr SEENEY: In respect of Powerlink's infrastructure, you would be aware that large-scale infrastructure is increasingly causing concern to communities. What level of consultation do you recommend that Powerlink undertake before they decide on the location of that infrastructure, and what other issues do you recommend that Powerlink consider besides financial costs in the location of that infrastructure? Here again is an opportunity for you, I would suggest, to prove that you are not being hypocritical on the issue of undergrounding powerlines, because obviously to put such infrastructure underground is going to cost a lot more but it would be a lot more socially desirable. It is a test of whether or not you are prepared to put your money where your mouth is.

Mr McGRADY: The problem we have today, whether it be starting a new mine, doing transmission lines or anything else, is that you will always have a group of people who are opposed to whatever you are trying to do. In the democratic society that we live in, people are entitled to oppose. You put yourself in my position. The Government, through its Government owned corporation, is trying to improve the reliability of supply to people, in this case north Queensland. Next month or next year it will be somewhere else. You are referring to one of a number.

Mr SEENEY: One of a number. It is a problem wherever this infrastructure—

Mr McGRADY: It is a problem. No matter what you do, you are going to get a group of people for various reasons who object. If we stopped work every time there was an objection, we would be back in the Middle Ages. I made it clear, so nobody will be able to misquote me, that people are entitled to object and oppose. That is why we have a system.

In the case of the Tully transmission line, there is a process which you go through. We talk about consultation. I personally have flown the route in a helicopter. I have had numerous meetings with the various people who have a

concern. I have met them on site; I have met them at Cabinet meetings; I have travelled to Cairns; I have sent people from Powerlink to go there to listen to these people. At the end of the day, when the process is concluded, a recommendation will come and the decision will be made. It would be most inappropriate for me as the Minister to make a comment at any time as to whether or not that will or will not go ahead. But nobody can accuse me of not listening. Nobody can accuse me of not knowing the facts.

Some of the other ones we have—this is the predicament in which we find ourselves. There is a large area of land just outside of Brisbane which was a reserve for future electricity services. A real estate agent comes along with a pretty picture and he subdivides the land and he tells the people—or so it is claimed to me—that this area was a nature strip and there are all these little kangaroos jumping around. Many years later the electricity authorities come along. It is a good story, this; can I continue?

Mr SEENEY: Only if you answer the question.

Mr McGRADY: I am answering the question. So a few years later the electricity authority comes along because they want to improve the supply for people and all of a sudden people realise gee, it was not a nature strip; it is not a reserve for nature, it is a reserve for electricity. Meanwhile the poor people—the battlers—have bought houses. Rather than go to the solicitor who did the deal for them or rather than go to the estate agent, what did they do? They came to me, to Powerlink, and they said, "You cannot do this." This is happening all of the time. Rather than attaching the blame to some of the sharks that operate, they come to the taxpayer.

I am saying that if we start to underground, which we can, it has been estimated that it will cost sometimes 10 times the amount and there are also some concerns and some reasons why Powerlink have to basically do the cheapest possible thing within reason. But when you have a number of people objecting, the alternative is you re-route the line, and then all you do is upset a different group of people or you charge the taxpayer 10 times what the cost was going to be. So there is no easy solution.

Mr SEENEY: While are you prepared to talk about it, you are not prepared to really grasp the nettle and do it. That is the upshot of your answer.

Mr McGRADY: So what you are saying tonight—this will go in Hansard, because I

want an answer from you—is that if by some fluke—

Mr SEENEY: This will be interesting. I will answer your question.

Mr McGRADY:—you end up in the next six months as Minister for Mines and Energy, you will instruct Powerlink to underground that line from Tully to Innisfail.

Mr SEENEY: My question related to the comments that you made about undergrounding electricity infrastructure and why there was no financial commitment to back up your rhetoric. Consistently today we have seen your rhetoric fail when it has been put to the test. Here again we have another example. We are running out of time. I have been gracious enough to grant you a couple of extensions.

Mr McGRADY: You have been very gracious today. You are showing your true colours. You are a decent bloke; I have always said that.

Mr SEENEY: I wanted to ask you a specific question about the transmission line in the Tully Valley. Can you assure the Committee and the people of Queensland that the decommissioning and the revegetation of the route through the World Heritage area is not the driving force for the establishment of the coastal route that is so unpopular with local communities? Can you assure the Committee, the people of Queensland and especially the people of the Tully Valley that there is sufficient evidence that the Kareeya to Innisfail line needs replacing, despite the fact that similar lines in the same area that are the same age do not need replacing? Can you assure those people and the Committee here tonight that that particular line is absolutely necessary?

Mr McGRADY: I have been advised by Powerlink that it is. Along with some of the members who represent those areas, I have requested Powerlink to consider other options, which they have. I think the person to answer this is again Mr Jardine. As he is coming to the table, let me just say that there are various reasons why people do not want a powerline. It could be that it goes through cane property and perhaps the cane property could be subdivided in years to come and maybe the value depreciates. But there are many, many reasons.

Mr SEENEY: Mr Jardine, I remind you that my question dealt specifically with the World Heritage area and the view of some people that that line needs to be reviewed and that area revegetated because it is a World Heritage area.

Mr JARDINE: I understand the question.

Mr SEENEY: Is that the driving force? Is it an element in Powerlink's decision-making process?

Mr JARDINE: The driving force is that Powerlink is obliged to meet the standards of security and reliability for its network as outlined in the National Electricity Code. That is the driving force. Those requirements cannot be met with the existing old, deteriorated line that runs through the World Heritage area between Kareeya and Innisfail. That line has deteriorated to a large extent. It is almost 50 years old. It is not only the conductors and the insulators that have deteriorated; it is the towers themselves. It is an area of high rainfall; it is an area of high erosion. The towers, the foundations and the bases are in a very deteriorated condition, and we cannot deliver in the long run the requirements of security and reliability under the National Electricity Code with that particular line.

Mrs LIZ CUNNINGHAM: Page 20 of the MPS refers to the Electricity Monitoring Unit that has been established to monitor general maintenance practices in GOCs. Could you advise the Committee on the nature of the reports that have been presented by the unit and whether they are public documents?

Mr McGRADY: I referred to the Electricity Monitoring Unit before. A lot of this information is commercial in confidence, and you would appreciate that. As I said before, this unit goes into Government owned corporations. As we all know, there are three separate companies all competing against each other. In my reply to other questions earlier, I did say that there had been good cooperation between the three generating companies and they did allow the unit to go in. But, no, the information is not public. The unit was set up in 1998 to try to improve the alleged lack of maintenance. From the report I gave before, it is working well. I am more than pleased with the work it is doing. However, you would appreciate that some of the information is commercial and obviously in confidence.

Mrs LIZ CUNNINGHAM: I understand that, but you leave people nowhere to go simply because the evidence that the companies are not being starved of funds to do their maintenance is not available. There is no proof of that. When they say that they cannot pay the dividend the Government asks for, you write back and require them to do it. So it is a closed loop and we have no way of really knowing independently that these GOCs have the capacity to carry out the appropriate maintenance and capital works needed.

Mr McGRADY: I make the point again that the dividend is based on the profit. The companies do their maintenance work as part of the normal expenditure of the business. If they elect to do a massive maintenance program, obviously their profits for the end of the year would be less and therefore the dividends extracted by the Government would likewise be less. I hear people say on a regular basis that the corporations cannot do the necessary work. As I have said, I meet with them at least on a monthly basis individually. Whilst they would love to have more money like any company such as BHP or Mount Isa Mines, they are limited by the amount of money which is available to them.

Mrs LIZ CUNNINGHAM: Minister, changing the subject, you said before that the Government was purchasing 2% green power and that has been increased to 5%. Could you give me either now or later the cost of the 2% green power versus power bought generally from the grid and the cost of the 5% green power versus equal power purchased from the grid?

Mr McGRADY: We will take it on notice.

Mr SEENEY: I also have a question you might like to take on notice. Page 23 of the MPS, which is the opening page of the Output Statement, refers to the fact that the department has forecast a 10-year gas and electricity supply and demand for the State. Can you make a copy available to the Committee now or later? You may prefer to take this on notice.

Mr McGRADY: The report is not finalised yet, but in good faith I am not going to give you a promise now that we will. If there is nothing in it which is confidential I would be more than happy to give it to you.

Mr SEENEY: There is one other issue I want to raise, that is, the issue of electricity supply to the Daintree area. Why have the Government or why have you, as the Minister, pre-empted the findings of the Daintree Future Study by removing the area north of the Daintree River from the Ergon franchise before the results of the study were released? What will happen to the existing electricity consumers north of the Daintree River who are already connected to the grid? Will they be disconnected and all the lines north of the river removed?

Mr McGRADY: For the past 10 years the Daintree has been subject to this ongoing debate. It is one community where you can actually say it is split right down the middle. There are 50% who want power and 50% who do not. I have been there many times and

participated in public meetings. The facts are that nobody could call me a greenie. I have never been called a greenie. But the first time I went to the Daintree I believed that it was a unique part of this planet. It was something beautiful. I believe that it is something we should keep for future generations. I took a decision then that, if we allowed mains power into the Daintree, we would destroy forever the unique quality of that particular part of the planet.

Mr SEENEY: But it is already there.

Mr McGRADY: There are some properties just over the river which have mains power, and that will stay.

Mr SEENEY: Okay.

Mr McGRADY: In relation to the point you make about pre-empting the study, that study was not just about mains power. That study went into a number of areas and a number of issues. The reason why Ergon has placed the notice in the newspaper is because, under the Act, that organisation is responsible to supply grid power to that area. As a Government, I make no apologies that we have determined that there will not be any additional mains power north of the Daintree. Ergon is doing the right thing by advertising the fact that it proposes to delete that part of Queensland from the area which it would otherwise be compelled to provide grid power to. So we are not pre-empting the study; we are basically clearing up the situation. A lot of people have tried to use that for their own advantage. Have you been to the Daintree?

Mr SEENEY: Yes.

Mr McGRADY: As I said before, I think it is a unique part of this planet. I think that in a small way I have made my contribution to preserving that for future generations.

The CHAIRMAN: The time allocated for non-Government questions has expired. The non-Government side has had access to a full 50% of the total allocated time for the proceedings today. There will be a couple of brief questions from Government members and then we intend to wrap up the proceedings. Minister, on page 14 of the Ministerial Portfolio Statement reference is made to the mobile education facility. Electrical safety is an important issue for the Queensland electricity industry. What is being done to improve electrical safety awareness, particularly in relation to schoolchildren?

Mr McGRADY: The Electrical Safety Office within the department currently manages and operates a mobile electricity safety facility which is used to go around the

various schools in the area. It basically educates schoolchildren about electrical safety. Ergon Energy, in association with the Queensland Fire and Rescue Authority, provided the major sponsorship for the facility. That was commissioned in August 1998, from memory, at Toowoomba. The unit contains numerous safety displays and education presentations. The whole idea is to get the message across about the importance of electrical safety. I think it is doing a good job. It is expensive, but we have sponsors. I hope that we continue to do this for some time to come. It goes around schools, the various shows and anywhere at all where there are large numbers of people.

Mr HAYWARD: Minister, I want to canvass an entirely new issue for this hearing, that is, mineral exploration. Was the Prospectivity Plus initiative a one-off effort in 1998-99 on the part of the Government to encourage exploration in Queensland?

Mr McGRADY: I mentioned before that I went to Canada a few months ago to a major conference, but it was also the inaugural meeting of world mining Ministers. If you were to close your eyes whilst at that meeting, you would have believed you were back in Queensland, because the issues being raised by Ministers from various countries and States were exactly the same as what we talk about here. They were saying that more money needs to be spent on exploration. As you know more than most, unless we start to explore we are not going to have the next generation of mines.

Prospectivity Plus is an \$8m initiative over four years—it is basically \$2m a year—designed to promote Queensland as a place for explorers to come and do some work. Since this initiative commenced last year the Department of Mines and Energy has already delivered extensive new geoscience and resource data which will drive future projects in this State. It is \$2m a year. I believe it is working. I would love to see a lot more money being spent on exploration because, as I said before, it is about the next generation of mines. Unless we explore now we will not get them. It is our way of assisting in the exploration program. As I said a moment ago, every country in the world wants to see more exploration. We are no different.

The CHAIRMAN: Thank you, Minister. That concludes the questioning for the Estimates of expenditure for the portfolio of Mines and Energy and Regional Development. I advise and remind the Minister and his departmental officers that answers to

questions taken on notice are required to be returned to the Committee by 9 a.m. on Monday, 14 August. If the department is unable to meet this time frame I would appreciate you advising me and the Deputy Chairman through our research director as soon as possible. I thank the Minister and his departmental officers for their attendance. I also thank members of the Committee, Hansard, research staff, the catering staff and the parliamentary attendants for their contributions to the Estimates process today.

Mr McGRADY: Mr Chairman, before you conclude I express my thanks and appreciation for the way in which you have chaired this session. I understand that you would be fairly tired because you have been here most of the day. To the other members of the panel: likewise I congratulate you on the way in which you have conducted yourselves. To my shadow, whom I once nicknamed the angry apprentice: I formally withdraw that description. I think you have handled yourself with the decorum which is required. I have no doubt at all that in 20 or 25 years you will be sitting in this chair. Mrs Cunningham, I thank you for the way in which you have asked your questions and cooperated with me. To all my staff—my personal staff and the departmental staff—and the officers of the GOCs: thank you for the work you have done in helping us to go through this process tonight.

Mr SEENEY: Just briefly, Mr Chairman, I add my thanks to you for chairing the Committee. I thank the Minister and his departmental staff for the work they have done in preparation for the Estimates committee. I will resist the temptation to return any compliments.

The CHAIRMAN: I declare this public hearing closed.

The Committee adjourned at 6.53 p.m.