

**ESTIMATES COMMITTEE A**

Mr P. D. Purcell (Chair)

Mr M. W. Choi

Mrs E. A. Cunningham

Mr M. J. Horan

Mr V. G. Johnson

Ms M. M. Keech

Mr K. G. Shine

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

Hon. R. K. Hollis, Speaker

Mr R. D. Doyle, The Clerk

Mr N. Laurie, Deputy Clerk and Clerk of Committees

Mr M. Hickey, Director, Finance

Mr J. McDonough, Acting Executive Director, Corporate and Property Services

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The committee commenced at 8.30 a.m.

**The CHAIRMAN:** I declare this hearing of Estimates Committee A now open. The committee will examine proposed expenditure contained in the Appropriation (Parliament) Bill 2001 and the Appropriation Bill 2001 for the areas as set out in the sessional orders dated 30 May 2001. The committee will examine the following organisational units: the Legislative Assembly, the Queensland Audit Office, the Parliamentary Commissioner for Administrative Investigations, the Criminal Justice Commission, the Commissioner for Children and Young People, the Public Service Commissioner, the Department of Premier and Cabinet, the Treasury Department, Sport and Recreation Queensland and the Department of State Development. The committee will suspend proceedings for morning tea from 10.45 a.m. to 11 a.m., lunch from 1 p.m. to 2 p.m. and afternoon tea from 3.45 p.m. to 4 p.m.

In the event that those attending today are not aware, these proceedings are similar to parliament to the extent that the public cannot participate in proceedings. In that regard, I remind members of the public of the standing order dealing with strangers, that is, that the public may be admitted to or excluded from the hearing at the pleasure of the committee. In relation to media coverage of the hearing, the committee has resolved that television coverage be allowed for the chair's opening statements, the opening statements of the Speaker and each minister. I also ask that all mobile phones be switched off and any beepers that are not in silent mode be put in silent mode or dropped in a bucket of water.

The first item for consideration is the estimates of the expenditure for the Legislative Assembly. I welcome the Speaker and his departmental officers here today. I advise that the time limit for questions is one minute and answers are to be no longer than three minutes. A single chime will give you a 15-second warning and a double chime will be given at the end of these time limits. So if you get a double chime you should finish your question or answer. An extension of time may be given with the consent of the questioner. The sessional orders require that at least half of the time available for questions and answers be allotted to non-government members. The committee has also given leave for non-government members to ask

questions. For the benefit of Hansard, I ask departmental officers to identify themselves if the Speaker asks them to answer a question.

I now declare the proposed expenditure of the Legislative Assembly open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Mr Speaker, would you like to make an introductory statement or do you wish to proceed directly to questions?

**Mr SPEAKER:** I will make a statement, Mr Chairman.

**The CHAIRMAN:** If you do wish to make a statement, the committee asks that you keep it to three minutes.

**Mr SPEAKER:** Thank you, Mr Chairman. The 2001-02 budget estimates for the parliament are the fourth for which I am directly responsible, and I am privileged to again appear before this committee. I appear today in my role as the person charged with responsibility for preparing the budget for the parliament and supervising the management of the Parliamentary Service. As committee members would be aware, the Appropriation (Parliament) Bill seeks to provide funding for salaries and allowances to members of the Legislative Assembly and funding for the Parliamentary Service, which provides administrative and support services.

The total appropriation sought for the parliament in 2001-02 is \$50.383 million, an increase of just under one per cent over last year's appropriation. The parliament expects an operating result in 2001-02 in the sum of \$491,000, which will be used principally to help fund capital acquisitions of electorate office computer equipment in future years. When I first appeared before this committee three years ago I indicated that my priorities in my first term as Speaker would be to continue recent improvements to the safety, security and functionality of accommodation within the precinct and electorate offices and to provide members with greater access to emergent information and communication technologies. I believe that during my first term as Speaker I have delivered in both of these areas. The annexe refurbishment is now all but complete. The stonework restoration for the parliament is continuing. Electorate office accommodation and security have been enhanced. Electorate offices and members' offices in the annexe now have access to the Internet, email and other office tools from the parliamentary data network. Members' offices in the annexe also have other benefits associated with the video-on-demand project.

In this first budget of my second term I am looking forward to building on these achievements. I am also happy to introduce an important initiative that will provide each member with additional staffing resources. I am delighted to announce that in this budget members will be provided with additional resources in their electorate offices. I believe this will be a welcome initiative, because in my time as Speaker one of the most common requests I receive from members has been for improvements in electorate officer support and conditions. Each member will be provided with an assistant electorate officer to help with constituent support. This will be good for members because it will provide them with a valuable resource to help them with their constituency responsibilities. I believe it will also be good for constituents, who may now expect even faster response times to their questions or queries.

I am also pleased to report that existing electorate officers and new assistant electorate officers will be provided with more modern office accommodation. For too long many electorate officers have been asked to put up with substandard conditions and work stations in the electorate offices. Finally, I would like to thank

the Premier and Treasurer. Throughout the 2001-02 budget development process, discussions concerning funding for the parliament have been conducted in a positive and cooperative manner with appropriate recognition of the principles underpinning the separate appropriation bill currently before the parliament. Mr Chairman, I wish the committee well in its deliberations and look forward to any constructive comments it may have.

**The CHAIRMAN:** Thank you, Mr Speaker.

**Mr HORAN:** Thank you, Mr Chairman. Good morning, Mr Speaker. On behalf of the opposition and the non-government parties, I would like to sincerely thank all the staff of the parliament in every single section for the work, assistance and support they have provided to us over the past 12 months, as they always do. The increase in the Appropriation (Parliament) Bill is less than one per cent. I take it there is a substantial increase in the cost of electorate officers' wages and salaries. There are some 89 electorate officers to be put in position. I know that there were part-time workers in most of the offices, but it will be a substantial increase. Does this mean that the vast bulk of the increase is going to be taken up by the cost of those extra electorate officers? Does this mean that you have to make cuts in other areas to be able to manage the budget with that low increase?

**Mr SPEAKER:** Not really. If you look at the budget statements, you will find that in the last budget \$2.4 million was allocated to the refurbishment of the Parliamentary Annexe. If you look in the 2001-02 budget, you will find that that money has disappeared. As I said in my opening statement, the refurbishment is all but complete. When you take that \$2.4 million and balance it against the cost of the new initiative of assistant electorate officers—which will be recurring, as you probably realise; it is not just for this year but will be—

**Mr HORAN:** The \$2.4 million was capital.

**Mr SPEAKER:** It will be recurring funding for the electorate officers and will remain in the budget for future years, because we are not going to chop off the assistant electorate officers next year. So we actually do have an increase because we no longer need to spend such an extensive amount on the refurbishment programs. The budget looks very similar because that \$2.4 million is out of it for next year and the new electorate officer initiative is in it.

**Mr HORAN:** But that \$2.4 million was the capital allocation. Is that right?

**Mr SPEAKER:** That was the capital allocation, yes. You were asking me about the difference in the budget, and that is why the difference in the overall budget is not as much as what you would expect because of the—

**Mr HORAN:** Because that money is coming as extra recurrent money.

**Mr SPEAKER:** Exactly, yes.

**Mr HORAN:** I also want to ask you about the outcome of the external review into the operations and resourcing of the Parliamentary Library and Committee Office. In your response to my question on notice you stated that the final report has yet to be received from the reviewer. When do you expect to receive that report? With regard to the library, it provides a very good service that I think all members of parliament are well satisfied with. There is a concern that that service could be put in jeopardy if staffing numbers are not at a sufficient level to meet the demands during busy times, such as parliamentary sitting weeks. Will there be any staff reductions as a result of the review?

**Mr SPEAKER:** With your normally astute manner you have actually recognised what I am doing. In my role as the Speaker and the Clerk's role as the person responsible for the finances, it is our job and duty to see that the Parliamentary Service is run efficiently and effectively. You would realise that we have done other reviews over time, such as education, training and protocol in the early years. We have done a review into security, the attendants and the Table Office. This is a further review to keep the House running as it should be.

I cannot pre-empt what the review will find. None of these reviews are designed to cut staff. They are designed to increase the functionality and efficiency of the library and committee offices. I am quite happy to provide the terms of reference. For instance, one of those terms of reference relates to duplication of services. We need to know that. We need to know where there should be more cooperation between the glass walls, as I call them, of different programs. So that is why we have done it. We have put in an outside reviewer in this case because we thought that was a better way of doing things. Mr Peter Forster of The Consultancy Bureau has extensively consulted with members of parliament and with everybody affected in committees and the library. I do not know the result. I know that he is planning to bring down—hopefully this week some time—the committee side of the report and within a short time after that the library side of it.

I would not deem to interfere with an independent review. I think it would be very wrong of me to even ask that question at this stage. I prefer to let the thing be concluded. When I get the report, then I will certainly consult again before acting on whatever is in that report. It is certainly not anything about reducing staff, reducing services or anything else; it is about the efficiency and functionality of the areas concerned.

**Mrs LIZ CUNNINGHAM:** During the time I have been here, Mr Speaker, there has been a visible reduction in the number of security staff on the perimeter of the parliament. I understand from the budgets and your answers to questions that that has been replaced in many cases by electronic surveillance means. Whilst they are efficient, they do not have as quick a response time to an incident as having a warm and vertical on the spot. What thought has been given to increasing pedestrian traffic, say, at the back entrance when the river walkway is completed? That has the most well-lit access for commuters to come back into George Street and that may have an impact on security.

**Mr SPEAKER:** We will not know about the increased traffic of course until that bridge is completed, but you are right about the fact that there has been a reduction in security. I will deal with that first. If you remember, when I came to office in 1998 there were guards on the two front gates. We thought that that prevented people from accessing the parliament, because people felt as if they were being pushed out and the gates were closed. Part of my policy has been to open up the parliament to the people to try to attract people here so that they can be part of this wonderful building. It belongs to them. It does not belong to me. In effect, those two people inside the building are great ambassadors for this parliament. They sit in the foyer greeting and meeting people, et cetera. So if you looked at that on that basis alone, that is five positions. There has been no reduction in security.

When you talk about the back gate, we have improved all the cameras and the visual warnings. We also have swipe card technology. If there was an incident in this place, the introduction of swipe card technology at the front gate and the second gate down the lane means that security officers can be called straight to those places and there is a body of people to manage what emergency there may be. In

the past without this system security officers had to remain at their post for security and there would not be that extra access. So it is better to have swipe card technology.

Apart from the front gates, there are no other posts that have been reduced. People have left the service. One security officer liked the attendant role so much he switched over to Attendants. There has certainly been no detriment whatsoever to the security of this place. In fact, security over the last three years has been enhanced probably 100 per cent because of the visual aspect, that people can access the parliament and see what is happening.

**Mrs LIZ CUNNINGHAM:** I understand the electronics, the technology and so on, but I would have to say that my perception is that the felt security has decreased. There is nothing like a body in a hole to make you feel secure.

**Mr SPEAKER:** But they are still there.

**Mrs LIZ CUNNINGHAM:** I have a follow-up question. There has been a reduction in the number of security staff. In answer to a question on notice you said that it gave greater flexibility to security supervisors. Are security staff themselves comfortable with the changes? In the event of an incident, is there a protocol in place to ensure that the reduced number of security staff are not responsible for any inability to cover security breaches but that decision makers take that responsibility?

**Mr SPEAKER:** I think I have really just answered that, in fact, by saying that there is enhanced security because people can be removed from these posts and because of the electronic surveillance. So that really answers that. As for whether they are happy, I have been doing a bit of surveying around the place, talking to people on the front desk, and they are telling me that they love being on that front desk, rather than standing out in a cold box or whatever, and that they find it much more enjoyable and enhancing to their work role to be doing something which involves contact with the people who come to the parliament. There have been no complaints to me personally and I believe there have been none to the security supervisor, Ian Thompson, about their jobs. I have heard nothing from the union, either. I assume that they are pretty happy with the way things are going.

**Mr HORAN:** The member for Gladstone commented about felt security. It is quite a strange feeling to walk into the front of Parliament House and see no-one there. It is the sort of place where you often think the very front door—

**Mr SPEAKER:** Are you talking about the old parliament building or the annexe?

**Mr HORAN:** The annexe.

**Mr SPEAKER:** Late at night?

**Mr HORAN:** In the evening. That is right. It is not only late at night. There are often times—I think on weekends and so forth—

**Mr SPEAKER:** Big brother is watching you.

**Mr HORAN:** That is good, but it is strange to come into one of the most important precincts in the state and find no-one there at the front door. That is the point about the felt security in the place.

What outsourcing has there been of catering staff? Is there going to be any further outsourcing of catering staff or services in this financial year, because there has been?

**Mr SPEAKER:** I note that comment in the questions on notice. There is absolutely no reduction in the budget for permanent members of our catering staff.

That is very clear. The only difference in the staffing relates to temporary staffing. Now we have agencies providing staff when our catering staff cannot do the whole job. It is not outsourcing; it is actually bringing people in to do that extra work when we have functions and to provide that service late at nights. Not only is there a cost in providing our people late at night; having them working from 7 or 8 in the morning through to midnight or sometimes 2 o'clock in the morning is injurious to their health. Something I am very conscious of here is workplace health and safety. There is also a problem when those people go home. They may have to drive after some 12 or 14 hours of work. I do not think they should. So we use agencies to provide people on the spot. They guarantee to give us the number of people we need for the services and we use them in that case.

I think if you looked now at the catering staff and the security of their jobs, you would see that they are very happy. They feel a lot more secure than they did a few years ago when there was talk of privatising the catering services. No way in the world would I ever do that, because I think they are such a valuable part of the parliament. They are valuable to our members. At the same time, it is primarily my role to make sure that we keep within the budget, and that is how we are doing it. The use of agencies has been very successful.

**Mr HORAN:** I refer to the refit of electorate offices. When will that be completed? What is the status across the state of the provision of email and Internet facilities to electorate offices? I know that some in the rural areas have had trouble with the time it takes to get email downloaded and so forth.

**Mr SPEAKER:** The roll-out of all of the PCs is a fairly difficult task. I have spoken on a number of occasions about the magnitude of this task. We now have a situation where Public Works and Housing, which is doing a wonderful job, is actually doing the second work stage, some of the minor modifications and, of course, a number of relocations because of the provision of the second electorate officers, which came on top of the changes caused by the redistribution. We have split the project into areas so that each area has an equal opportunity to provide for their second electorate officers.

In most cases you will find that the computers have been delivered to all of the offices. They will be delivered within the next three weeks. In the next two weeks every office will have their second computer. Then it is a matter for Public Works and Housing to put the second workstation in and for that to be linked up. We are trying to do this as quickly as possible. I think you would all be aware that you cannot expect a task of that magnitude to be done in a week. We would anticipate that this roll-out will continue over the month of July and into August, but my mid-August we would hope that everybody will have their second computer set up for their assistant electorate officer.

On the issue of Internet access, there is only one office, to my knowledge, that does not have ISP access. That is the Cloncurry office, the second office, which is in the Mount Isa electorate. They do have a dial-up modem connection to the parliament through which they can access the Internet and Intranet. Every other office will have that facility. That is the only office without an ISP, so it is going very well. Thinking back, it was only the end of 1999 that members of parliament gained access to the Internet. I think we have come a long way in the last few years, and we are going to go even further.

**Mr HORAN:** I think some of the problems may be out of your control. I think in some areas it is quite slow to download. If you get a whole lot of email and so forth, it can take a long period of time.

**Mr SPEAKER:** That is one of those technical problems.

**Mr HORAN:** It is the fault of the bandwidth that comes to the particular electorate office or its location in the state.

**Mr SPEAKER:** If that is a problem, I am sure our IT people would be very happy to look at it and see what they can do to improve it. That is part of the services that we offer members. As I say, I could not be more pleased with what is going on in the IT area, even though I am virtually a computer illiterate. I did a tour of the offices in the annexe during the last parliamentary sitting week, just to talk to people about how they were getting along with the new system, and all I got was praise. They really are very happy with their access to all of the different tools that are now in their parliamentary offices as well. It is one of those things we will keep working on. I think it is very important for a modern parliament to have modern equipment to back it up.

**Mr HORAN:** What is the cost of maintenance on the lifts in the parliament? I just thought I would ask, because it seems that there is always someone fixing them or someone stuck in them.

**Mr SPEAKER:** I have the costs here.

**Mr JOHNSON:** It is no fun to be stuck in one, Mr Speaker.

**Mr SPEAKER:** I know that has happened to you. With the latest improvements to the lifts, all the workings have been improved.

**Mr HORAN:** If it is not the insides it is the outsides.

**The CHAIRMAN:** Cable mechanisms.

**Mr SPEAKER:** Yes. We have two lifts which are recorded as the busiest lifts in the CBD during parliamentary sittings. If you have a really busy lift well, there is more chance of hold-ups. That is just a fact of life. The cost of maintaining the six lifts during 2000-01 was \$67,626. We have single service maintenance costs cover for all of those lifts. On top of that, we had costs associated with repairs not covered by the contract of \$2,955. That was in relation to the burst pipes in the library, which flooded the lift wells.

I think people will be reasonably happy with what has been done with the lifts. I have tried them all out and I think they function very well, but we can never be sure that a lift will not break down, as you could not be sure in any CBD building. That is one of the problems. As I say, it is all about trying to do something to improve the functionality of them. There have been a lot of queries. I have had the question asked of me on previous occasions: why can we not put extra lifts in? The extra lifts would cost, at a very bare minimum, over \$5 million. We have a responsibility to the taxpayer, and I am sure that if we started to look at spending that sort of money on extra lifts we would have an outcry from the taxpayer saying, 'Why aren't the members in parliament instead of having to seek these lifts?' That is the sort of thing we face. It is very expensive to put extra lifts into an existing building. One of the great problems we have is that the building was probably not designed as well as it should have been, because lifts should have gone right up the tower at both ends. It is something we live with, and we will keep trying to improve the functionality and the service of the lifts we have now.

**Mr HORAN:** I refer to the second electorate officer. I think the arrangement now regarding leave is that if one of the electorate officers takes leave then the other one takes their position, so there is no relief. I think we wrote to the Premier asking about electorate officers such as those of my colleague the member for Gregory. He has

one office in Emerald and another in Longreach. Where he has a single officer, they are not able to be replaced. We have approval for him to have relief staff, but do you envisage working towards an arrangement whereby normal holiday arrangements can be put in place for electorate officers? Is that something you are aiming at for each of them, not just for—

**Mr SPEAKER:** As I said in my opening speech, I think it was a very important initiative to get that second person. Naturally, in relation to all of these positions I am bound by the members' handbook. The executive government made the decision about the assistant electorate officer. Part of the conditions attaching to the provision of that person were that, apart from the minor job sharing that is occurring with smaller parties, they would take care of all sick leave, annual leave and so on because of the cost. You yourself raised the issue of cost earlier.

Like all things that are new, I am sure that over the next few months there will be some minor difficulties that will have to be ironed out. You have just pointed out one. I am sure that, with proper consultation over the next few months and proper representation to executive government, if there are changes that are necessary then they will be made. I think we have to get these people on board and get them equipped, doing their job. Then we will see what is happening. One of the major queries we had during the EB negotiation with the union last year was all about the fact that electorate officers were not getting rostered days off. They were being overworked for time, et cetera. This has resolved a lot of those industrial relations matters that were before the union. As I say, it is a matter of seeing where we are going and how things go in the coming few months.

**Mrs LIZ CUNNINGHAM:** We have talked about the flexible use of staff and the reduction in the use of casuals. That is in answers to questions placed on notice. Has sufficient consideration been given to staffing to ensure that RDOs and rec leave can be taken, within reason, by the permanent staff?

**Mr SPEAKER:** For permanent staff in the electorate offices?

**Mrs LIZ CUNNINGHAM:** No, in the parliamentary precinct, sorry—with the decreasing use of casuals.

**Mr SPEAKER:** There has never been any detriment to permanent staff here. They are all entitled to their rostered days off, rec leave and so on. I have never heard of a problem emerging from that. Peter Morris is not here, but I have not heard that staff are not getting correct time off.

**The CHAIRMAN:** The time for non-government members' questions has expired. The member for Capalaba?

**Mr CHOI:** Mr Speaker, I refer to page 10 of your portfolio statement, which mentions the purchase of computer equipment for the new assistant electorate officers. Could you please advise us on the compatibility of this new equipment with the existing electorate office computer equipment?

**Mr SPEAKER:** The new PCs will be compatible with the existing equipment. So they will be able to talk to each other, I am told, in computer language. There will be no disruption in each electorate office. The new PC is made by the same manufacturer, Acer Computers, so it will fit in. It will be set up to share the data that is on the existing computers. It will be set up to use the existing laser printer, the Internet access and all the tape backup facilities with the current Acer PC.

It would have been possible to actually have improved the software that goes into the computers—upgraded software—but it was not done for a number of reasons; different software on both PCs would have caused disruption and



confusion with the electorate officers. I mean, you could not put new software on the new machine and put it in the office because you would have had a difference between the two. So the whole idea was to make them compatible right from the start. There would have been insufficient time to modify the PCs already in the offices. As I said to Mr Horan before, it is a huge job to roll out all these things and try to do it within a space of six to eight weeks. So again, that was one of the reasons why we did not upgrade; we just made sure everything was compatible.

The other thing is that there would have been insufficient time to train both the electorate officer and the assistant electorate officer in the new procedures associated with the new software. So all these things being equal, we have tried to maintain the services that you have now, which are very good services, but to enhance them by having the second computer used by the assistant electorate officer.

There may be new software deployed on the PCs—and the new PCs—when the existing Acers are going to be replaced in about 18 months. You might have heard that we are looking for an operating surplus this year of \$491,000. That will not be enough to provide the replacement of the existing Acer computers, but it will—as we add to next year's budget—add to that. And part of the fact of trying to run a surplus in the parliamentary budget is all about member services. I mean, that is what we are there for. That is what all these gentlemen sitting at this table are all about: how we can provide members with the best services so they can service their electorates in the best manner.

So in answer to your question—yes, they are going to be compatible. We will look at the software upgrade within the next 18 months when we replace the existing Acer. And as I said before, it is our continuing objective to make sure that you have the very, very best tools at your disposal to service your electorates. And that goes for all parliamentarians. It is really important.

**Mr SHINE:** Mr Speaker, I refer you to page 6 of the portfolio statement under the heading Information Technology Enhancements and Initiatives, referring to changes to the parliamentary video network over the last 12 months. Can you tell us something about the status of those developments at the moment?

**Mr SPEAKER:** Sure. I did mention briefly about having a tour of the different floors of the parliament and the offices in the last parliament, just to see how people were coping with the new technology. We have gone from complaints last year. It is a bit like electorate offices. When you have something new, there are always difficulties or hitches associated with it in the early stages. We had that problem, and we had people complaining that they could not see the Internet properly, it did not have enough functionality, and all of those sorts of things, which we took on board. That is the job we should be doing. Now we have the situation where people have on their desks a PC that has Internet, intranet and printing abilities. When you get your new computers in your offices, it will have the ability then to link the offices with email. So everything that you have in your electorate offices you will have on the computers in your offices up here. The only thing you do not have is the disk. You have to use a disk to print within your offices, et cetera. If you want to write something here and convey it to your office, you will have to use a disk. But apart from that, I think it has every single functionality that people want.

Video on demand has been one of the good things that we have done. Now, parliament is sitting during most news programs. I am sure none of us want to miss the Channel 10 news, Channel 9 news, Channel 7 news and the ABC news—I made sure I have the whole four there—and SBS, of course, if they are here, as

well. None of us would like to miss those, but it gives us the opportunity to recall those and keep ourselves aware of what is going on in the community. I think that is really important. That has been an important initiative of awareness for MPs, because I know that a very vital part of an MP's life is to be acquainted with what is going on in society. We have done that, I think, very well. My staff in IT have worked very hard on this, and I think we now have a system that is probably equal to anything in Australia.

**Ms KEECH:** Mr Speaker, in response to a question from Mrs Cunningham you said that one of your major goals as Speaker has been to open up the House to all people. I heartily congratulate you, because I firmly believe this beautiful House belongs to all Queenslanders. I note that page 7 of your MPS refers to the Parliamentary Service continuing to promote public awareness of the role of the parliament. How effective do you believe initiatives such as Sunday tours and the Queensland Day tours have been in promoting the parliament?

**Mr SPEAKER:** I think one of the best things that has happened to this parliament is, firstly, we have opened all the gates and all the doors, making it look as if it is welcome. That is the first important factor. The second factor is that, by doing that, we have actually increased our Sunday tours from an average of 10.6 in 1997 to 22.8 at the moment, and the number of visitors has risen over that period from 531 to 1,095. And with Queensland Day—from when it was the original George Street Festival—in 1994-95 they had 1,400 people through the parliament. Just a few weeks ago we had 3,223 in one day through the parliament.

I think it has been really good—the awareness that people have now. You might notice that, around the parliament, we are doing things like the exhibition foyer, as I call it. The first exhibition was the Centenary of Federation, which is now residing at the Supreme Court building because the Chief Justice saw it and thought it would add to his Lucinda display up there. We now have down there the abolition of the upper house, which we opened a week or so ago with the Theodore relatives here. We had over 100 people here. It is amazing the response we have had since then, with people saying this is wonderful because it is bringing back the history of the parliament.

You will also notice our Premiers gallery, our Speakers gallery and our Clerks gallery—not just the gallery of portraits but information and inscriptions beside them so people know what contribution they made to this place. I am going to continue that sort of thing because I believe that not only is it a place of beauty, it should also be a place of history. One of the failings I think we have in Australia generally is that we do not pay enough recognition to our past. There have been some very famous people pass through this place who have not been recognised before. With E. G. Theodore, I commissioned a portrait of him in January this year so that he could be recognised. He was one of the most famous Premiers this place has ever had, and there was no record of him. So they are the sorts of things I am trying to do. But it is all about awareness.

We are changing the tour area so that people will actually be part of this history, and I think it will be good for the people of Queensland and for the parliament that people will come and see the beautiful building and the history that is here. It helps also with functions. When we get people come here, we encourage them—particularly groups—to use this place for a function. Again, that improves the employment prospects and improves the cash benefits to our catering department. I think it is good for everybody.

**Mr CHOI:** Mr Speaker, my next question is regarding industrial relationships. Could you advise the committee on the current status of the Parliamentary Service EBA?

**Mr SPEAKER:** Right at this stage there is a ballot taking place to approve the EBA. I think it will be approved. Our union people are happy with what we have put forward. It also includes, of course, the assistant electorate officer conditions, which we had to bring into an agreement; we could not just have them sitting out there somewhere. So they are in that EBA. It also realigns the parliamentary rates of pay with those of the core public sector. This has been a problem here for about five or six years now. Our staff were always outside that core agreement because of arrangements made by previous Speakers, and it disadvantaged them to about two per cent in their salaries. We have now corrected that. Their salaries are now aligned with those in the core public sector agreement. Our parliamentary staff will be on the same salary levels as every other public servant in Queensland.

I think the EBA is working very well. At the end of this week the ballot time finishes. I have no doubts it will be accepted. It is good for all our parliamentary staff, whether they are in electorate offices or in this place.

**Ms KEECH:** Mr Speaker, I have a question regarding the parliament's support for the Queensland wine industry. Can you advise the committee of any steps you have taken or propose to take to support the industry in this state?

**Mr SPEAKER:** Sure. On the matter of the wine—it has been mentioned in parliament in recent times, as you are all probably aware. I have always had the view that we should eventually have a Queensland wine as our house wine. But when you do this, you also have to look at the economics of it and the quality, et cetera. So I met with Gerald Keatinge, who is the chairperson of the Queensland Wine and Grape Producers Association, and we had some talks about wineries that maybe could provide to the parliament. But what we decided to do during that consultation—I cannot just go out there and say Bald Mountain wines or Ballandean wines or a winery from the north—from Burnett—should be the supplier. I am not really a wine buff, and I think it is important that we have expert advice.

Gerald has told us that what he is prepared to do is to actually form a committee of independent people who know something about wines, and they will look at all those things—the availability, the quality—and if we do change, that we actually provide a decent wine at a reasonable cost and it will be there for a number of years, as Tyrrells has been. The thing about Tyrrells—the wine we have now with the label on it—I know it is from New South Wales, but it is a very, very good wine. That is the difficulty we have. We have a fledgling industry. You have got to build up that industry.

But I would like to say that with all our functions, 30 per cent of all the wine at our functions is Queensland wine. We have actually increased the amount of Queensland wine that we are using, and we will continue to do that. We are very conscious of the fact that we should be supporting the Queensland wine industry. We will continue to do so. If you look at your wine lists in the dining rooms, you will find that Queensland wines occupy a substantial part of the wine list. As I say, it is one of those things that I am committed to. I am hopeful that, in the future, we will be able to change that label and put a parliamentary label on a Queensland wine.

The other thing is that we are already doing that with our port. We have changed the port over from a New South Wales port to a Queensland port. So we are actually doing that sort of thing now—probably not as publicly as people would

like. I do not know that Channel 10 or Channel 9 or Channel 2 or Channel 7 would think it is a great story that we have changed the label on the port to a Queensland wine. But we will keep on working on that.

**The CHAIRMAN:** We could taste the difference. It was very noticeable. I have a question that a number of members have taken up with me in regard to our new officers and training. Is there anything that has been put in place to assist those new officers who may need bringing up to speed in members' offices when they come on?

**Mr SPEAKER:** The first thing I would like to mention about this is that when members hire a staff member they should really be hiring people with the appropriate qualifications to do the job. That is No. 1. It is not the Parliamentary Service's job to actually train people how to be an electorate officer. It is their job to train them in some of the finer points, but not how to work the computer, et cetera. You would expect that, if you are hiring somebody, they would have the basic computer skills at least, they would have some knowledge of the parliamentary process, and they would know what you require of them. It is a very direct relationship. Even though I am technically the employer, it is really the members who are the employer. That person and their qualities will have to suit the member concerned. So the important thing is to hire somebody who can do the job as you wish.

The fact is you have an existing electorate officer now. That will be in itself a great gain to the new people coming on board. Because when you had a new electorate officer before, they just landed in there and there was nothing. Now they have somebody who is experienced to actually show them the ropes and help them out. But I did say in last year's estimates that I will be providing some electorate officer training in this parliament—which I will—but, firstly, we need to get all the assistant electorate officers on board. It is no good having half the electorate officers—the existing ones—come down here and find you are leaving somebody in the office who does not have the knowledge. All you are doing is compounding the issue.

So what we will be doing as soon as we get all the initial assistant electorate officers on board is that we will then have a look at what we can do as far as training in specific areas. What we also need to know is what they require. It is no good us saying to them, 'Look, you have got to come down here and we are going to do this, this and this to you' if it is of no value to them. What we really need to know from the electorate officers is what they need and we will try to service that need. Again, it is all a part of that improvement of service that you as members give your constituents.

**The CHAIRMAN:** Thank you, Mr Speaker. The time allotted for estimates expenditure for the Legislative Assembly has just about expired. Any time that we have would be for the government. We would not like to keep the Premier waiting. I thank the Speaker and his departmental officers for their attendance. For the information of those attending today, the transcript of the hearing for this portfolio will be available on the parliamentary web site within two hours. I think that is a marvellous service that our Hansard people do for us, and I see the Chief Hansard Reporter over there nodding. So thanks very much for that. The committee will now examine the estimates of the expenditure of the organisational units within the portfolio of the Premier and Minister for Trade. The first session will consider the estimates.

**Mr HORAN:** Can I also thank the Speaker and his staff. Thank you.

**PREMIER AND CABINET, AND AGENCIES****IN ATTENDANCE**

Hon. P. D. Beattie, Premier and Minister for Trade

**Queensland Audit Office**

Mr L. Scanlan, Auditor-General

Mr V. Manera, Deputy Auditor-General

Mr M. Morris, Acting Executive Director Business Services

**Office of the Parliamentary Commissioner for Administrative Investigations**

Mr F. Albietz, Parliamentary Commissioner

Mr P. Leo, Acting Director, Corporate Services

**Criminal Justice Commission**

Mr B. Butler, SC, Chairperson

Mr G. Brighton, Executive Director

**Department of the Premier and Cabinet**

Dr G. Davis, Director-General

Ms S. Webbe, A/Deputy Director-General, Governance Division

Mr N. Elliott, Director, Financial Services, Governance Division

Mr G. Miller, Budget Estimates Coordinator, Governance Division

Ms R. Hunter, Public Service Commissioner

Mr R. Rolfe, Director-General, Department of State Development

Mr B. Grant, Chief Executive Officer, South Bank Corporation

Ms R. Sullivan, Commissioner for Children and Young People

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**The CHAIRMAN:** The first session will consider the estimates of the Audit Office, the Parliamentary Commissioner for Administrative Investigations and the Criminal Justice Commission. I welcome the Premier and his agency representatives.

I advise that the time limit for questions is one minute—and that will be probably my friends on my left first—and the answers are to be no longer than three minutes. A single chime will give you a 15-second warning and a double chime will sound at the end of those time limits. An extension of time will be given only with the consent of the questioner. For the benefit of Hansard, I ask the agency officers to identify themselves if the Premier refers a question to them. I now declare the proposed expenditure for the Queensland Audit Office, the Parliamentary Commissioner for Administrative Investigations and the Criminal Justice Commission be open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Mr Premier, if you would like to make your introductory remarks, you have three minutes.

**Mr BEATTIE:** Thank you very much, and I thank you for this opportunity. The 2000-01 state budget is the fourth budget of my government. It has been designed to do three things: firstly, build on the foundation established during my government's first term in office; secondly, maintain sound fiscal policies and our AAA credit rating; and thirdly, position Queensland for a prosperous and sustainable future as the Smart State.

The budget builds on the successful attraction of major companies such as Virgin Airlines, Australian Metals Corporation and the Aldoga aluminium smelter. Initiatives include a \$10 million aviation centre of excellence, a \$100 million research facility fund and a \$5.115 billion capital program.

Queensland is poised to lead the nation in a new era of the aviation and aerospace industry, where jobs in Queensland have been expanding at an annual average rate of almost 20 per cent. The \$100 million research facility fund will foster the development of the technology required to fuel knowledge-rich industries such as biotechnology, aviation and advanced manufacturing, as well as stimulate innovation in our traditional industries such as food and fibre production, minerals—and, obviously, tourism is important as well. Trade and exports are crucial to Queensland's economic future. Queensland businesses currently export nearly \$25 billion worth of goods and services each year, accounting for a quarter of the state's gross domestic product supporting tens of thousands of jobs.

There are a number of things that I will deal with during the estimates itself, but I want to mention that the Goodwill Games and CHOGM are important for us this year. They will further enhance our image all over the world. In fact, we have estimated that there will be \$340 million worth of investment, if you like, in Queensland as a result of major events this year. That is, all the major events we have will bring \$340 million into our economy.

I am also happy to announce this morning that the Queensland government's official CHOGM web site will now feature a people's forum page. There is a lot of misinformation being spread about CHOGM, and the people's forum will provide answers for people who have misgivings about the aims and ideals of CHOGM and a public platform where protesters can peacefully demonstrate in an informed debate about CHOGM as well.

In some of the areas of my portfolio, I want to mention just quickly that I am delighted to announce today that South Bank Parklands attracted about five million visitors in 2000-01—that is the highest number for four years—and they spent about \$20 million. In addition, about 750,000 people visited the Brisbane Convention and Exhibition Centre in that time for 701 events. I am also pleased to announce today that I have authorised a grant of \$10,200 to enable the Australian Local Government Queensland Division Women's Conference to go ahead in Winton on 12 and 13 July. Why is that important? Because it is a major event for that tiny outback town, which was threatened by the failure of Flight West. The shire council has had to charter a plane costing \$10,200 more than the original flights to ferry 36 delegates to the conference. They sent us an SOS and we delivered.

All questions, obviously, should be directed to me as the accountable minister, which I am happy to respond to. I do have some independent agencies in my portfolio and I will obviously, after an initial response, hand questions to the appropriate person. However, I am the one who is accountable and I am happy to

answer questions on behalf of my department and my government. That is a truncated version of the five minutes.

**The CHAIRMAN:** Very well done. That was excellent. The member for Toowoomba South.

**Mr HORAN:** Good morning, Mr Premier, and I thank you and all the staff that have come along here as well for all of these different sessions. This first question is regarding the Queensland Audit Office. I wanted to ask you about the Auditor-General's examinations of matters associated with bonus payments as part of remuneration packages—as part of their ongoing tasks and their requirement to put relevant reports in to the parliament under the Financial Administration and Audit Act or to report on those matters that are deemed appropriate. Will there be a full report tabled in parliament as a result of this examination of the bonus payments that would show the performance targets and the bonuses—whether the targets have been met or not and whether bonus payments were made or not made in each case?

**Mr BEATTIE:** I should say at the outset that I am disappointed like everyone else that Pat Rafter did not win last night. So we are meeting on a very sombre note today.

**The CHAIRMAN:** He played well, though.

**Mr JOHNSON:** He was magnificent in defeat, though.

**Mr BEATTIE:** I know. He was magnificent. I have sent him a message on behalf of all Queenslanders to wish him well and to show our admiration for his guts and courage. Like every Australian, I am sure, I would have loved him to have won. But he did it with style.

In terms of the question, I would like to make a couple of comments before I hand over to the Auditor-General. The Auditor-General has had a very clear and strong view about bonuses. He has met me on this issue and we have agreed to an increased level of accountability, which will appear in future reports tabled by the various departments. You are testing my memory here, but to the best of my recollection—and the Auditor-General can correct me on this—we have agreed to table the full amount of the bonuses—not the individual amount, but the full amount of the bonuses paid to directors-general—and I think that is fair enough. That has not been done before. The Auditor-General has indicated to me that he believes that the public are entitled to know, and I have accepted that advice. As a result of pressure, if you like, from the Auditor-General I have rolled over and conceded. That in fact will be provided in the next annual reports.

The second thing is that in terms of the details of the assessment I have instructed my department—and all the departments—to provide the Auditor-General with all the material that I have provided to me to make the assessments on the bonuses. The Auditor-General can ensure that the process is followed properly and the appropriate payments are made. There are no secrets between the Auditor-General and me on these matters. I use it as a means to encourage people—to try to encourage performances—but there will be increased accountability. I have agreed to the proposed changes that have been made by the Auditor-General, and to the best of my recollection—and as you would appreciate we have discussed this a number of times—that will appear in the next reports tabled by the departments.

I invite the Auditor-General to add to that, because he has assessed the first payments, he is assessing the current payments that are made and, obviously, he will report in his own good time on that to the parliament.

**Mr SCANLAN:** Yes, I am looking into the issue of bonuses at the present time. I indicated at the last estimates that I would do so in relation to the bonus payments that were made to directors-general. I am presently following up in relation to those payments that were made during the 2000-01 financial year. In addition to the discussions that I have had with the Honourable the Premier and his officers, I am extending the scope of my audit to include the bonus remunerations that have been paid by government owned corporations and statutory bodies with a view to making a report to parliament within the next few months. In that report, I will be making recommendations in relation to procedures and accountability in relation to bonus payments.

**Mr HORAN:** Just to follow up on that question, I think what the parliament and the public would like to see—I note you are saying that the full amount of the bonuses, the totality of the bonuses will be in the annual reports records—

**Mr BEATTIE:** If I recall the conversation that I have had with the Auditor-General—and he could correct me—it will be in the Office of the Public Service report. That will cover all the departments, if I can recall correctly.

**Mr HORAN:** On a CEO by CEO basis, or just the totality?

**Mr BEATTIE:** No, it would be the total amount and not on an individual basis. So the public would then know the total amount of bonuses that the government has paid to its CEOs. That has never been made available before.

**Mr HORAN:** That is fine. I will just keep asking my question. I do not think that is much use at all to the public, because I think what the public and the parliamentarians want to see is how much is each individual CEO receiving as a bonus, what are the performance targets, and are they sensible and practical targets. You do not want them to be too soft or too hard; they have to be achievable targets. I think that people want to know that if a CEO of a department is going to receive a bonus as part of his contract—all the other public servants receive a straight-out pay to do their jobs properly—if there is going to be a bonus system associated with a CEO, we want to know what are the targets and have they achieved those targets. For example, it might be something to do with reorganising the administrative costs; it might be achieving certain policy initiatives—hard data that says that you are to, for example, put in so many seatbelts in school buses or something like that. That is what I think the public wants to see—that there is something solid.

**Mr BEATTIE:** Okay. Let me go through and answer this. The only information that remains confidential relating to CEO remuneration is the amount of individual bonuses and my determination on this matter. The performance of CEOs is not a matter for public debate; it is a matter between myself and the CEO. I approved the revised policy on the management of the performance of chief executives on 14 May 2001 to provide a clear statement of the government's position on this matter and the process to be followed by chief executives. I am committed to making information on CEO remuneration available. To that end, the quantum of bonus payments will be published through the Office of Public Sector Merit and Equity annual report for 2000-01 and following years. Information regarding CEO remuneration will also be published in departmental financial statements with salary bands including a notation that up to a 15 per cent performance bonus may be payable subject to my determination.

In addition to that, any consideration of the suitability of the performance bonus scheme of the chief executives of the independent offices would need to take into



account a range of factors, including the extent to which performance targets are appropriate for their charter, any possible or perceived conflict of interest generated by having a performance bonus available and any possible constraint on the independence of the office from the availability of bonus payments and budgetary considerations. In other words, I am looking at whether the bonus payments should be considered to independent officers.

I make the point: I understand that this is good politics from your point of view, and I say that with respect.

**Mr HORAN:** I think people deserve to know.

**Mr BEATTIE:** I am answering the question. You know as well as I do that this is good politics, but it is not good management. This is about ensuring that we get performance.

If we go back to the Borbidge years, we had Dad's Army running the Public Service, which performed very poorly. There was no impetus on them to get out and perform. Here are people who run billion dollar budgets. We are not talking about Mickey Mouse shows; we are talking about billion dollar budgets. If you do not have some leverage to ensure that they perform, the public is badly served.

As far as I am concerned, I use bonuses as a leverage to get performance out of the directors-general, and that means better use of taxpayers' money. That is a better outcome for the taxpayers and they save billions—in the long term, over the years, they will.

The Auditor-General has, I think quite sensibly, put to me the need for the full amount to be released and I went through the details of what we are going to do. That has never happened before. The Auditor-General has indicated that he believes that the public has a right to know. The public does have a right to know. They will know the full amount. In terms of taxpayers' money and the things that the Leader of the Opposition referred to, they will know that. All they will not know is which individual amount is paid. The reason is that if I was to release each individual person, at the end of the day that would simply become a political football.

I set the targets—each one—of what I expect from each of the DGs. For example, say one year I decide that Mike Horan, Director-General of Health, will only get 75 per cent because he did not reduce waiting lists in the way that I expected. This is what I want him to do next year, and that is what I have done. That then becomes a political football and he has no impetus to perform next year. This is about getting results. It is not about politics. I understand the question, but what we are doing is sound, accountable and the public knows the full amount of money. As a result of what the Auditor-General has put to me and I have accepted, they will know the full amount. That was never the case before. I accept the argument from the Auditor-General.

**Mr HORAN:** Premier, with regards to the statement of cash flows for the Auditor-General's Department, there is an equity return of \$122,000. What is that equity return being paid on, because I do notice that the actual net assets are expected to drop?

**Mr BEATTIE:** Let us go through the budget. I will say a couple of things and I will ask the Auditor-General if he wants to add to it. As I understand the budget of the Auditor-General, there is no disagreement between the government and the Auditor-General on this. I think we are basically happy. We have no issues between

us. I am not aware of any and the Auditor-General is never reluctant to express a view to me, either privately or publicly, as he does. As I understand it—

**Mr HORAN:** What is he paying the equity return on, \$122,000? Normally you are forced to pay that at about 6 per cent on the increase in assets.

**Mr BEATTIE:** We might ask the Auditor-General to answer.

**Mr SCANLAN:** I will ask Mr Michael Morris, my Executive Director of Business Services, to answer that.

**Mr MORRIS:** As far as I am aware, the equity return is based on the change of the assets from the previous year. We have had a few adjustments to our asset policies over the year with the increase in capitalisation. We have had a number of new assets that came on board. That basis is really on the asset valuation. We have had discussions with Treasury on that.

**Mr HORAN:** I make the comment that it does not look right to be paying \$122,000 equity return. If you look at the net assets, they have not changed at all. Basically, they have dropped from the budget to actual for the previous year and they have dropped again in the estimate this year. Normally you pay an equity return of 6 per cent, like an equity tax on the department by the government. You pay that on increased assets, so that if you increase the assets of a department by \$100 million, you would pay \$6 million in equity tax.

**Mr SCANLAN:** If you are happy, I am happy to take that on notice and give a written response to that.

**Mr HORAN:** Thank you.

**Mr BEATTIE:** Obviously I am happy to provide the written response. Can I indicate that this does not in any way disadvantage the Auditor-General's Office. There has been for some time—and you would be aware of this from previous years—an incentive from Treasury to retire lazy assets. That is just a management tool. I do not know that there is anything untoward about all of that. Because I provide you with the answers, the Auditor-General and I are quite happy to give you a detailed response on that. As I understand it, that is the normal incentive that Treasury provides to retire lazy assets. That is a normal management tool that Treasury would use. I am going off the top of my head on that, but that is my understanding of it. I am happy to coordinate a response with the Auditor-General if that is different. That is normally a management tool to ensure that you get your best returns from assets.

**The CHAIRMAN:** I will extend the time by a couple of minutes to allow the member for Gladstone to ask a question. We have a couple of minutes left in this section.

**Mrs LIZ CUNNINGHAM:** Premier, in the report on the Auditor-General's Office it says that reports are prepared by the Auditor-General for presentation to parliament and are directed to ensuring high standards of public accountability and fiscal responsibility.

**Mr BEATTIE:** Sure.

**Mrs LIZ CUNNINGHAM:** The target for reports to parliament last year was six, the actual was three and the forthcoming target for this financial year is four. Given that there are the same number of staff in the Auditor-General's Office and a reduction in the budget, is that the reason for the overall—

**Mr BEATTIE:** Sorry, there is no reduction in the budget. Anyway, go on. I am sorry.

**Mr HORAN:** The actual to budget is down.

**Mrs LIZ CUNNINGHAM:** Yes, there is, from last year to the forthcoming.

**Mr BEATTIE:** I am sorry; please finish.

**Mrs LIZ CUNNINGHAM:** Is the reduction because of the reduction in the reporting? How does the reduction in the reporting to parliament affect this transparency and accountability?

**Mr BEATTIE:** No. I might ask the Auditor-General to respond and then I will add to that.

**Mr SCANLAN:** I acknowledge that there have been fewer reports tabled in parliament over the past 12 months. That is a factor of the emergence and finalisation of audit issues rather than an issue relating to the budget itself.

I should point out that, whilst technically there were three reports tabled, insofar as the current audit program there was in fact a fourth audit report tabled in the earlier part of the year as well. During my time as Auditor-General, in the past three and a half years we have in fact tabled 20 reports in the parliament. I remain committed to reporting on a timely basis in relation to all audit findings. In effect, it is not so much the number of the reports; it is the substance and the comprehensive nature of the reporting that I believe is probably the key yardstick in relation to the accountability.

**Mr BEATTIE:** Can I add that the MPS states that the Audit Office submitted three audit reports to parliament in 2000-01. In fact, a fourth report was submitted to parliament on 29 June 2001, after the MPS had been printed. You have to add an extra report to what the Auditor-General said.

The government contribution to the Audit Office is the same—there is no reduction—but obviously there are receipts that come and go in terms of the Audit Office. There is no reduction in budget. If you look at the actual budget for 2000-01, the total outlay was \$18,380,000. If you go to the 2001-02 budget allocation, it is \$19,571,000. I make the point that we have not reduced the budget to the Auditor-General.

In terms of the reports, can I say that I have enormous regard for the Auditor-General. He is fearless, he is independent, he is a pain, but he does his job very well. I think all Queenslanders can be proud of the fact that he sticks it to the government as he should. There are moments when my bureaucrats hate him. There are moments when they love him. But I have to tell you that he is doing the job as an Auditor-General should do the job. He has a healthy respect from me, as he does from everyone else.

As you can see from what he has achieved in terms of the bonus payments, he has taken us to a position that we were not at a year ago, but he has persuaded me of the need to do it and we have agreed. In terms of what he is looking at with bonus payments in GOCs, frankly, that is long overdue and I applaud his examination of that. The GOCs will not like it either, but I think that that is good.

In terms of government accountability for incentive programs that we put forward, the Auditor-General has put pressure on the government to provide greater accountability. You will notice now that whenever I release details of projects, I also list the number of jobs that are required as a result of the incentives. That is another initiative that was put to us by the Auditor-General. I think everyone on the committee can be satisfied that the Auditor-General is being as painful as an Auditor-General is paid to be.

I hope you do not mind me saying that, Auditor-General. I do not wish to be offensive, but it is true.

**Mr SCANLAN:** Not at all, Premier.

**The CHAIRMAN:** The time for non-government members has expired. I now call on the member for Toowoomba North.

**Mr SHINE:** Premier, perhaps this is relevant to the previous question. At page 10-3 of the portfolio statement, the Auditor-General's own source revenue for 2001 increased from a budgeted \$14.168 million to an actual of \$16.351 million. Would you please explain this increase and its implications for the future budget and activity projections?

**Mr BEATTIE:** The own source revenue does go from \$14.168 million to \$16.351 million. This shows good management of the Audit Office by the Auditor-General. The costs of the audit services provided in relation to financial and compliance audits are recovered through the levying of fees on auditees on a user-pays basis as prescribed. This is what I was referring to in answer to Mrs Cunningham's question. I should go through it in more detail.

This includes those audits performed by the QAO staff and those audits performed by private sector auditing professionals on a contractual basis. Audit fees are based on rates approved by the Honourable the Treasurer. In 2000-1, the Queensland Audit Office is estimated to receive revenue for user charges of \$16.321 million. This is \$2.165 million or 15 per cent higher than budget.

The QAO has advised that the increase in revenue is due to additional work undertaken throughout the year to assist auditees to prepare for the earlier reporting deadline of 30 September. In previous years, the reporting deadline has been 31 October. The Audit Office has estimated an increased expenditure in employee expenses of \$0.221 million or \$221,000, and supplies and services of \$1.8 million in 2000-01. The Queensland Audit Office has advised that the increased expenditure is due to additional work undertaken throughout the year to assist auditees to prepare for the earlier reporting deadline of 30 September.

In 2000-01, there has been an increase in the cost recovery model negotiated with Treasury and the parliamentary Public Accounts Committee. The proportion of operating costs met through own source revenue is as follows: in 1998-99, 72.4 per cent; in 1999-2000, 73.9 per cent; in 2000-01, 79.4 per cent—that is an estimate; in 2001-02, 79.7 per cent. That is the budget. I think that has answered the question. It shows the efficiency of the Audit Office.

**Ms KEECH:** Mr Premier, I note in 10-4 of the MPS that one of the recent achievements is—

The realization of some of the expected efficiency benefits following the introduction of new Audit Methodology Toolset in 1999-2000 to take advantage of current audit technologies including the full automation of audit working papers.

**Mr BEATTIE:** I will ask the Auditor-General to answer, because this was one of his initiatives. He put this to government for funding, which we assisted with, and I think that it has worked very well.

**Ms KEECH:** I will clarify my question. What is going to be the future impact of these efficiency savings on your budget?

**Mr SCANLAN:** Of course, it is difficult to quantify the efficiency gains in terms of whole dollars, but throughout the implementation of the new audit methodology, the team asset automated work papers, we are beginning to realise some of the efficiencies that were expected through the introduction of automated work

processes. The parliament might need to be aware that it was through the external review of the office, with the Public Accounts Committee's support, that we were encouraged to embrace the greater utilisation of information technology in our work processes.

The adoption of the team asset automated work papers has been a considerable step towards achieving greater efficiencies within the office, improving client service, facilitating a more devolved decision-making environment in relation to our work processes and genuine cost savings in the way that we conduct our work. So much so that this particular year our normally very extensive and fairly time-consuming planning processes have been able to be brought forward. That will be of great help in relation to this coming end of financial year reporting period, with the earlier cut-offs back to the end of September. Our methodology has proven its functionality and its acceptance and utilisation by staff. It is working very, very well. All of my staff have access, and we are very, very pleased with its enhancements to the audit process.

**Mr CHOI:** I refer to page 10-4 of the MPS, which states—

Regular updates to clients on accounting and auditing issues through seminars, workshops and technical publications including the production of *Inform*.

Can the Premier provide more information on the QAO's presentation strategies in this regard?

**Mr BEATTIE:** I should say at the beginning that, as you know, in preparing for the estimates we asked the Audit Office to prepare all of the material necessary, including information on entertainment. I think that this Auditor-General would have to be the lousiest entertainer I have ever seen in my life. You would be lucky to get a cup of tea and a dry biscuit out of him.

When it comes to these communications, I assure you that they are done in a very modest way. The Audit Office employs a client communications strategy that can be separated into a formal and informal strategy. The formal part of the QAO's client communications strategy includes: Auditor-General reports to parliament; publications, information sessions and briefings, which are designed to inform, educate and assist audit clients in their approach to emerging public sector financial administration issues; new and revised accounting and auditing pronouncements; and changes to legislation that affect financial management.

As I said, this formal part of the client communications strategy includes: the Auditor-General's report to parliament; a section on current and emerging issues; *Inform*, a publication which is published as required and distributed to all QAO clients; information on regional visits by senior management, client information sessions and an annual presentation by QAO officers offered to Brisbane based clients; and an internal audit managing briefing held annually after the Auditor-General's major report to parliament. QAO officers debrief and discuss matters of significance regarding the results of audits with internal audit managers. In addition, the QAO's auditing manual prescribes the framework and principles of client communication to be followed by all staff. The QAO has also undertaken the opportunity to participate in forums with other entities.

Accordingly, the informal part of the QAO's client communication strategies include: presentations and open discussions with participants at forums such as local government forums—local government is an area of obvious importance to the Audit Office; providing presenters to conferences, for example port authorities, organised by public sector entities; and providing presenters for conferences

organised by professional accounting bodies. Furthermore, when auditing regional clients, the QAO officers take the opportunity to meet with clients to discuss matters of concern and provide the QAO's perspective on these matters. The Auditor-General might wish to add to that, but I think that covers your question.

**Mr SCANLAN:** Whilst we do much to help our clients—the 661 public sector agencies that are subject to our audit—in terms of the advice, guidance and assistance that we provide informally and formally as a regular part of our audit process, we recognise that parliament, of course, is our primary client. But at the end of the day we want all of our clients to be successful, hence the impetus and our efforts to ensure that our clients are aware of the requirements. At the end of the day, we want them all to get over the line. Of course, we hold them accountable to parliament, but by the same token we are also there to help and assist and, hopefully, they will be successful.

**Mr SHINE:** My question relates to the Information Commissioner. I refer to page 9-5 of the MPS and note that the time to close appeals has improved greatly—

**Mr BEATTIE:** The commissioner is here. I will get him to answer that. If you are happy to wait, I will answer that question then.

**The CHAIRMAN:** We will go to him now.

**Mr BEATTIE:** Before the Auditor-General goes, I again genuinely thank the Auditor-General on behalf of everybody. From time to time we see clashes between governments and Auditors-General in the other states. We have avoided that here because the Auditor-General is up our ribs privately, and he does that in his public reports as well. Queenslanders need to be aware that he does an excellent job, even if from time to time we feel the pain of it. I thank him on behalf of everybody. I am sure that the Leader of the Opposition and the opposition would join with me in this.

**The CHAIRMAN:** We thank the Auditor and his staff for appearing before the committee this morning.

**Mr SHINE:** I refer to page 9-5 of the MPS and the time for closure of appeals being reduced from 370 days to 165 days. It is a great improvement—about 55 per cent. How was this improvement achieved?

**Mr BEATTIE:** I shall start off before I hand over to the Information Commissioner. In 2000-01 the office achieved an increase in the total number of cases resolved for the seventh consecutive year. The office should be congratulated on that. The office resolved 396 cases—an increase of 12.5 per cent over the previous period—notwithstanding a decrease of six per cent in equivalent full-time professional staff for the period due to absences on maternity leave and secondment.

The reduction in the number of outstanding appeals at the end of the reporting period to 162 cases represents a decrease of 20 cases, notwithstanding the 15 per cent increase in the number of new applications received during the period. The latter increase is consistent with the recent increase in the use of the FOI Act. There was a reported 33.9 per cent increase in FOI applications to agencies in 1999-2000. Work practices are continually being reviewed to expedite the processing of appeals while still maintaining the goal of an inexpensive and informal appeals process. This is reflected in the following improvement and timely resolution of cases finalised in the period: a halving of the average length of time to close files compared with the previous period, which I think is commendable; and increases in

the proportion of files closed within three, six and nine months of 28 per cent, 20 per cent and 18 per cent respectively. I think that is a good record.

**Mr ALBIETZ:** If one looks back to 1999-2000, it would certainly need to improve drastically on the period of time of 370 days. The difficulty with that period was that there was a greater concentration on completing the more difficult, older cases. So that accounts for that time frame. Despite that, having more experienced staff now being retained and providing additional training has helped. The office has embraced informal resolution techniques and that has helped as well. The combination of all of those factors has produced a very good result.

**Ms KEECH:** My question relates to the Ombudsman's Office. I note that a future development listed by the office on page 9-6 of the MPS is to enhance the office's profile—primarily in regional areas, I am happy to see. How will this be achieved?

**Mr BEATTIE:** The office is very committed to ensuring its services are available to rural and regional Queenslanders. The Ombudsman sees it as very important that he and his staff travel to regional centres to enable people there to be able to discuss their concerns face to face. The government shares that view. Frankly, we have to remember that Queensland is the most decentralised state in Australia. But there are costs involved in all of those things, too, which you have got to bear in mind.

During 2000-01, the office conducted 91 public inquiry sessions in 63 regional centres over a period of 74 working days or 148 officer days. This type of program is the most extensive of any Australian Ombudsman's Office. It is the best in Australia. Some centres have been visited twice because of the demand for services.

The number of working days spent on regional trips is down on estimates. This reflects the greater targeting of the visits; that is, working it out effectively beforehand, and the need to balance staff activity between the trip program and in-office work—the old balance we all have as members, as you know. Notwithstanding that, it is anticipated that persons who wish to approach the Ombudsman or his staff and who live within a reasonable distance of a particular centre visited will continue to do so. The Ombudsman has also changed the focus of the trips to allow more time at centres for on-the-spot resolution of matters, particularly with local governments. That is a very impressive regional approach and I will ask the Ombudsman to add to that.

**Mr ALBIETZ:** Queensland has the best outreach program in the world—not only Australia—in terms of the number of centres that are visited. That forms a large work component of the office. In fact, between 30 per cent and 40 per cent of complaints received come from the regional visitation program. It is very well attended and received. In fact, when I leave here this morning I will be heading for central Queensland where I have to undertake a number of public inquiry sessions—Mackay, Proserpine, Bowen, Ayr and Townsville.

**Mr BEATTIE:** As you would appreciate, Mr Chairman—and I will just direct this to Mr Johnson and perhaps Mrs Cunningham—it is important that people in regions get the same access to the Ombudsman. The people in Mike's always did. I think this is one of the good things the Ombudsman has done. I recall that in years gone by people have always been a bit concerned about that level of access. Now, with the approach being taken by the Ombudsman, that is changing significantly. Everybody should be able to access the service regardless of where they live, and that is the intention. I think the Ombudsman should be applauded for the approach being pursued.

**Mr CHOI:** Is the Ombudsman's Office pursuing early intervention and informal resolution approaches as a means of ensuring that the case load remains reasonable to your office?

**Mr BEATTIE:** This is obviously an area of importance. If there is early intervention and prevention, some of the problems and costs are resolved sooner. The strategic management review recommended greater emphasis on these approaches. The office has been pursuing them, but following the review they have been accentuated and accelerated with the development and application of formal policies and collection of outcome data.

Recording of data commenced on 1 November 2000 following the development, circulation and implementation of formal policies. The early results are encouraging but without prior data are inconclusive. Of the files opened and closed in the six-month period since 1 November 2000, early intervention—that is, intervention within 10 working days of receipt of a complaint—occurred in 71 per cent of cases and 88 per cent of all files opened and closed in that period were resolved informally; that is, without requiring the agency in question to provide formal reports. That is a good way to do it. These results do not apply to cases opened during the period but not yet closed. These would tend to be the longer, harder cases—and we know what we mean by that—in which case the informal resolution rate over time may be in the order of 60 per cent to 70 per cent. Although currently 80 per cent of complaints are resolved within six months, this can only be gauged over a longer period. The management and senior officers of the office are actively and vigorously promoting a culture of early intervention, and informal resolution is a means of ensuring that case loads remain reasonable.

**Mr ALBIETZ:** The approach to informal resolution is to try and get a problem-solving approach. We are really looking at cutting down the paperwork. That is certainly working. The great advantage is talking to people more than we did in the past—talking to agencies at a very early stage, seeing where the points of difference are, and trying to reach some sort of settlement and agreement. It is working well and certainly will continue.

**The CHAIRMAN:** The government's time has expired. I now ask the non-government members to ask some questions.

**Mr HORAN:** There has been a drop of about eight per cent in the staffing level of the Ombudsman's office in the last two years. I think it dropped by four per cent during the previous financial year and it is predicted to drop by another two per cent this financial year. What is the reason for the reduction in staff numbers?

**Mr BEATTIE:** I will give you the current staffing of both the Information Commissioner and the Ombudsman. There is a total of 14. That comes from one SES down to two AO8s, three AO7s, four AO6s, one AO5, one AO4 and two AO2s, which is a total of 14. The establishment of the Office of the Ombudsman by classification is as follows: there is one CEO obviously, two SES positions, six AO8s, five AO7s, 15 AO6s, seven AO5s, four AO4s, three AO3s and 10 AO2s, which is a total of 53. I might ask the Ombudsman if he would like to add to the numbers I have given.

**Mr HORAN:** I would like to know why they actually reduced the numbers.

**Mr ALBIETZ:** I applaud the government for the funding that it has given; they promised an additional \$1.8 million for each of four years, and that has been produced. I do thank the government for that support. The difficulty with that is that I have maximised the staff to try to reduce case backlogs and we had the maximum



staff online and working. The difficulty of putting a substantial number of people on at the one time meant that incremental increases all came at the one time for a very substantial number of staff. In relation to my staff that I had put on—that is with a figure of about \$80,000 a year over about three years—they have incremental increases, and that adds up to something like a couple of hundred thousand. That simply means that I cannot retain the staff I have if I have to pay those incremental increases. That is basically what has happened.

In the past I have been able to achieve substantial carryovers. In more recent years there have been very small carryovers. The combination of those two results has simply meant that I have had to not fill four positions and that for the coming year I will not be able to fill an additional two.

**Mr BEATTIE:** In terms of the case load, which I think is the relevant question—

**Mr HORAN:** I just asked about the reduction.

**Mr BEATTIE:** Hang on, we get to answer the question.

**The CHAIRMAN:** Let the Premier answer the question.

**Mr BEATTIE:** In terms of complaints, 4,741 complaints were received and 4,879 complaints were closed in 2000-01, leaving 1,070 complaints under investigation or consideration at 30 June 2001 and 1,207 complaints open at 30 June 2000. The office had four fewer investigators during the year because of financial reasons, reduced carryover from the previous year and payment of incremental salary increases to the newer investigators. Consequently, officers on maternity leave and secondment were not replaced. In addition, key staff have had to be taken off line to conduct five major investigations in the Division of Workplace Health and Safety and the Office of Electrical Safety in respect of an electrocution death. Another senior officer has had to assume the position of Acting Director of Corporate Services due to the incumbent's long-term sick leave. Of the 30 positions in the office between AO8 and AO5 level, it is estimated that only 25 full-time equivalents were available during the year for investigations. This has had a commensurate impact on the rate of closure. Despite this, the backlog reduced by some 137 complaints. That is the full story.

**Mr HORAN:** We have just heard—if I heard correctly—that the government has provided for a \$1.8 million increase each year. Where is that shown in the financial statements? Where is that increase?

**Mr BEATTIE:** We are happy to go through and highlight it.

**Mr HORAN:** It looks like it is about the same as last year.

**Mr BEATTIE:** Just bear with us. We will go through it all. These things are now built into the budget. So it is not sort of incremental every year; it is built into the budget.

**Mr HORAN:** A \$1.8 million increase is a \$1.8 million increase.

**Mr BEATTIE:** If you have a look at the payment for outputs 2000-01 budget, it is \$5,423,000. That is the actual budget for 2000-01. The 2001-02 estimate is \$5,540,000. Equity adjustments are \$60,000 for the 2000-01 budget. It is the same for 2001-02. So the total forward estimate fiscal limit, if you like, is \$5,363,000 for the 2000-01 budget and for 2001-02 it is \$5,480,000. The Offices of the Ombudsman and Information Commissioner form one output. So the output forward estimate fiscal limit in 2001-02 will be \$5.48 million, as I said, and it includes employee expenses of \$4,420,000, supply and services of \$908,000, depreciation of \$180,000, cash management equity return of \$32,000 and equity adjustment of

\$60,000. The 2001-02 budget represents a slight increase from 2000-01 due to the additional enterprise agreement salary costs included in 2001-02. So that is the full picture. It has gone up.

**Mr HORAN:** But not by \$1.8 million?

**Mr ALBIETZ:** That first \$1.8 million came, I think, in the 1998-99 year. My budget was of the order of about \$3.5 million, and that got increased to about \$5.3 million. In point of fact, it was about a 56 per cent increase, which was very substantial in terms of my office. As a result of that there was a very large recruitment of investigators. It is those investigators who have that incremental increase that has caused the little problem that I have now.

**Mr BEATTIE:** I have gone through the detail and spelt that out.

**Mr HORAN:** It was a one-off increase back then, not year by year?

**Mr BEATTIE:** But it went into the base budget.

**Mr ALBIETZ:** It has been maintained for the last four years.

**Mr BEATTIE:** Let's be really clear about that. The increase has been maintained and it is part of the base budget. This is the important thing about budgets: if you take a base budget, you increase the base budget and you maintain the base budget, which is what we have done, then that additional amount of money continues every year because it is locked into the base budget. There is no point saying to the Ombudsman, 'We will give you this extra amount of money to employ this additional number of people for one year,' only to find the next year that you pull it out, because then he does not have any investigators. We indicated that we would give them the amount of money and we would maintain it in the base budget, which is exactly what the Ombudsman said.

**Mr HORAN:** With regards to the equity injections, there is a withdrawal of \$60,000 budgeted for in 2001-02. What is that for?

**Mr BEATTIE:** As you know, I just went through—

**Mr HORAN:** You should probably go to the equity return—the return of \$32,000—in the statement of cash flows.

**Mr BEATTIE:** I went through before the important issue in terms of maintaining the budget position to allow investigations to be done. I went through the total budget position and I talked about the equity adjustment. I set out exactly where the amounts are. As you can see, there is an increase in the budget. That equity position was in the 2000-01 budget. It is also in the estimate for 2001-02. The total forward estimate fiscal limit has gone, as I said, from \$5,363,000 to \$5,480,000. Therefore, there has been an increase, and the equity position is recorded in both years.

**Mr HORAN:** What is it for?

**Mr BEATTIE:** This is a Treasury equity adjustment that is done in each department.

**Mr HORAN:** It is a tax on the department.

**Mr BEATTIE:** In this case—and I have checked this—it is basically an equity adjustment that is done to cope with depreciation and replacement of assets. It is a tool again used by Treasury to achieve that, and that is what its purpose is here. In all these things you have to ensure—and Treasury does this very well—that there is depreciation, because assets depreciate. You have to ensure that there is an asset replacement program. You have to have that. This is a tool used by Treasury. This

would be used across all governments. It does not matter about the politics. This is about managing assets and managing facilities and about ensuring that we do not end up with a lot of antiquated assets with no provision for replacement. The equity adjustment is a tool used by Treasury. As I said, it was in the 2000-01 budget. In the next estimate it is to ensure that assets are replaced. That is what it is used to do and incentives are provided by Treasury to achieve it.

**Mrs LIZ CUNNINGHAM:** With respect, you said that in 1998-99 there was a \$1.8 million base increase in the budget. I do not believe that translates to an increase this year. It may be a maintenance of that increase, but I believe there is a \$117,000 increase in the budget for this current year. One of the things about which I receive the greatest number of complaints is that the response time from the Ombudsman's office is slower than constituents would like, although I agree that access to the Ombudsman's office in rural and regional Queensland is excellent. Given the expected increase in demand of 13 per cent this year, do you believe that that \$117,000 will adequately cover the increased demand and also maintain that stated improvement in resolution times?

**Mr BEATTIE:** If I could, I will go back to the beginning. As the Ombudsman indicated, the \$1.8 million went into the base budget. There has not been a \$1.8 million beyond that this year; that is true. But the initial \$1.8 million has been maintained. So in 1998-99 we put in an extra \$1.8 million. We have put that extra amount in this year and next year. That extra amount will always be there because it is always in the base budget. But is there another extra \$1.8 million on top of that \$1.8 million? The answer is: no. However, there is an increase and that was the amount I mentioned from \$5,363,000 to \$5,480,000.

I turn now to the issue of response times. When you have an area of complaint, inevitably everyone wants their problem fixed yesterday. We all know that. But you have to have a proper process to do that, and the Ombudsman has set that up. If you look at the Information Commissioner, for example, there has been an increase in the total number of cases resolved for the seventh consecutive year. The office resolved 396 cases. That is an increase of 12.5 per cent over the previous year, notwithstanding a decrease of six per cent in equivalent professional staff for the period. I will not go through the figures again as I did that before.

The increase in the proportion of files closed within three, six and nine months has been 28 per cent, 20 per cent and 18 per cent. In terms of efficiency, the Ombudsman is delivering. If you look at the number of complaints—and I partly referred to this before when I was answering Mike's question—4,741 complaints were received and 4,879 complaints were closed in 2000-01. Bearing in mind the number of complaints and that some take an enormous amount of work, I think that is more than acceptable and is an effective way to deal with issues. That did leave 1,070 complaints under investigation or consideration and open at 30 June. If you go through the list you will see that both the Ombudsman and the Information Commissioner are dealing with the issues.

As well as investigating complaints received, though, the Ombudsman does see it as important to assist agencies to minimise complaints in the first place and to deal effectively and efficiently with those that do arise without the need for recourse to external review. The Ombudsman has pursued this strategy for some years but in recent years, particularly following the recent strategic management review, he has increased the focus on this aspect of operations. In the past the Ombudsman has recruited and trained specialised investigators and developed administrative breach codes, both of which were designed to detect and address systemic

complaints. In addition, he provided major agencies with annual feedback and reports analysing complaints received and making suggestions for improvement. These were seen as back-end measures. To increase focus on the front end, the Ombudsman has taken certain further initiatives. These include the preparation of guidelines for agencies regarding good administrative decision making—and the list goes on. At the end of the day, if I can answer this, I guess the trend in terms of dealing with complaints is to deal with them a lot quicker and more effectively than a few years ago. The trend is heading in the right direction and I think they are dealing with them well.

**Mrs LIZ CUNNINGHAM:** So you are happy that he will be able to meet that.

**Mr BEATTIE:** Yes, I am. Inevitably, you will always find someone who is not happy. There is no such thing as a totally happy complainant, and we all get them in our electorate offices. That does not mean that they are wrong. Rather, it means that sometimes their complaint cannot be furthered beyond what has been done. There will always be that category of people. I think the Ombudsman has demonstrated statistically over the last few years that he is cleaning up as fast as anyone could possibly do it. He does have the extra burden of getting out to the regions and the country, which he does, and so he should. But that obviously takes time as well. I think his clean-up record is more than acceptable. I think it is a good record.

**Mr HORAN:** Like the member for Gladstone, I am concerned that staff numbers dropped by four last year and are dropping by two this year. There has been a good result achieved by the Ombudsman in almost all areas. Like the Premier, I recognise the difficult task he has. In relation to some of the problems we have put before him, you would need the wisdom of—

**Mr BEATTIE:** Solomon, plus two.

**Mr HORAN:** Solomon and Muhammad Ali to help you as well. We greatly appreciate the visits to regional centres. On a budget-to-budget basis, the target for visits to regional centres has been reduced from 184 to 160 days. Is that purely because the staff numbers are coming down? That was the target that has been set. It is the number of working days on a budget-to-budget basis.

**The CHAIRMAN:** Before the Premier answers that, we are now running into government time.

**Mr BEATTIE:** If you are happy, Mr Chairman, I am happy to answer that. Mr Horan has asked a good question.

**The CHAIRMAN:** I want you to answer it, Premier. If opposition members have more questions on the Ombudsman, we will allow them to continue a little longer. When we move to questions by government members, we have one question on the Ombudsman and then we will turn to the CJC.

**Mr BEATTIE:** I am happy to answer Mr Horan's question. We work closely with our independent agencies to ensure that they are properly resourced. The truth is that when we came to office—and I am not trying to be clever about this—the Ombudsman was greatly underfunded. When I sat across these tables when I was in your position as Leader of the Opposition it was clear that it needed more resources, which is why we gave it a \$1.8 million injection and maintained it in the base. Like any new agency or modern agency, it has to move with the times, too, and it is. One of the things that is important is the new management approaches. The strategic management review I have been referring to recommended greater emphasis on these approaches, that is, early intervention and informal resolution approaches. The office has been pursuing them previously and added them

following the review. If you look at the data you can see that there have been significant changes. I went through this before, and I do not intend to go through it again. It is using the latest techniques to deal with complaints.

We keep monitoring these things. If the Ombudsman comes to us as part of the budget process and says, 'Look, we're drifting away,' or 'We need to deal more with the level of complaints,' then we would obviously give that favourable consideration. What we see here though—and I think we should be really clear about this—is a very healthy trend of dealing with more complaints quicker and on a statewide basis. I do not want to lose sight of all that.

My job is to present to you an objective assessment of these independent agencies, and I do that. I think the Ombudsman in the last three years has had an impressive record of dealing with complaints. I think the trend is heading in the right direction significantly. That does not mean that you are going to please everyone. As I said before, of course you cannot. It would be a very strange world if we did. I might ask the Ombudsman if he would like to add to that.

**Mr ALBIETZ:** Certainly, the funding is adequate at the current time. The difference in emphasis on informal resolution and early intervention is certainly assisting. We are managing to reduce the backlog. Two years ago it was 1,962. Last year it was about 1,207. This year we have it down to 1,070. But, again, it has been a monumental effort to get that down to those sorts of levels. That is the healthiest case load that I have had ever since I have been in the job, and that has been 10 to 11 years. The trend is good. With the greater emphasis on early intervention and informal resolution, we are coping. However, I think it needs to be kept under surveillance, because a reduction of six staff is a reduction of six staff. As I say, at the moment we are coping and the Premier acknowledges that we are doing a good job.

**Mr BEATTIE:** We will keep an eye on that. Mr Chairman, there is one other thing I want to say about the Ombudsman if I can.

**The CHAIRMAN:** Why don't we ask you a question, Mr Premier, and then you can probably answer?

**Mr BEATTIE:** We can do that.

**Mr SHINE:** Premier, I refer you to the output performance on page 9-4. I note in the recent achievements of the Ombudsman there is reference to the 97 recommendations from the strategic management review last year. Can you please advise the committee on the process now for monitoring implementation of these recommendations?

**Mr BEATTIE:** During the first term of the government in response to a recommendation by LCARC and a resolution of the parliament, I commissioned a strategic management review of the offices of the Parliamentary Commissioner for Administrative Investigations, also known as the Ombudsman, and the Information Commissioner. I tabled the report of that strategic management review on 21 June 2000. Significantly, the review found that the current level of funding of the Ombudsman and Information Commissioner offices combined was adequate. As I said before, the current level of funding is a result of my government delivering on an election commitment to increase funding to the Ombudsman's office in the 1998-99 state budget, which has been maintained ever since.

In terms of implementing the review's recommendation, I note that LCARC has been developing a closer and more constructive working relationship with the Ombudsman over recent years. This report represents an ideal opportunity for the

parliamentary committee and the Ombudsman to strengthen this relationship by working together to monitor the effectiveness of these recommendations as they are implemented. The Ombudsman has indicated to me that his officers made significant progress in implementing the review's recommendation. I am encouraged by that and I thank him. The newly constituted LCARC has asked the Ombudsman for a written report on the office's progress in implementing the review's recommendations through which LCARC can objectively assess any improvement in the office's efficiency, economy and effectiveness. I look forward to LCARC reporting to parliament on the Ombudsman's progress. My government is available to assist in following up on the review's recommendations wherever it can, mindful of course that the Ombudsman is an officer of the parliament and is independent of the executive government.

What I really wanted to say in addition to the question that was asked is that the term of the incumbent Parliamentary Commissioner for Administrative Investigations was due to expire on 15 May 2001. In 2000 Mr Albietz requested an extension of his term up to and including 13 August to enable him to host the Australasian and Pacific regional meeting of Ombudsmen in early August 2001. I agreed quite willingly to this extension, which was also supported by the Leader of the Opposition and the Legal, Constitutional and Administrative Review Committee. On 10 May 2001 the Governor in Council approved the extension to Mr Albietz's term until 13 August 2001.

That brings me to the fact that this is Mr Albietz's last appearance before this committee. On behalf of the government and all members of the committee and the opposition, I thank Fred for his commitment and his dedication in this role. He is a leader in his field. That has been acknowledged by a number of positions he has held. It would be wrong of us to go through this estimates committee with him present without him being properly thanked on behalf of the people of Queensland. Fred, I want to thank you and wish you well after August as you head off into the sunset to do enjoyable things. Thanks, Fred, on behalf of the people.

**The CHAIRMAN:** We would like to add our committee's thanks to you also, Fred, for the work you have done. You have set the Ombudsman's office up in good stead for the future. Thanks very much. We will now move to the CJC.

**Ms Keech:** At 3-2 of the MPS the Criminal Justice Commission lists as one of its many achievements 'further enhanced service delivery and communication to stakeholders'. Could you please give the committee some examples of this and its impact on the overall performance of the CJC.

**Mr BEATTIE:** I might ask the head of the CJC to respond. There are a number of things that I can say in this area, but I will let the chairman respond first and I might add to what the chairman says.

**Mr BUTLER:** Thanks, Mr Premier. Increasingly, the CJC has realised that it is important to have a service focus in what we do. People very often think of us as an investigatory/prosecution type agency. In fact, we are a major complaints receipt agency. We are receiving an increasing number of complaints each year. It is 10 per cent up on last year. We are increasingly finding that the way to deal with complainants' concerns is to communicate with the government departments, agencies and the Police Service that we are involved with.

In relation to the future, we are looking to develop a Charter of Service for complainants and for subject officers. We are trying to recognise that the CJC must be not only effective in resolving complaints but also perceived to be fair and just in

the way in which it goes about that. For example, we are focused on the impact that our investigations may have on agencies, staff and subject officers. We recently issued a booklet entitled 'Managing an Investigation'. That will assist the departments and managers in reducing the impact of investigations on their agencies.

In terms of the way in which we have communicated what we are doing, we have made a special effort to communicate in the local government area in conjunction with the Local Government Association of Queensland. We have held joint seminars. We have provided information packs to local government councillors throughout the state. We have provided a video and information pack that can go to agencies and another one that can go to education institutions to communicate what we are doing. We have provided an information pack to parliamentarians. I hope that in the near future we might be able to provide some type of seminar information for those who have been recently elected to the House. So all of those things are part of our exercise in delivering service to the public and communicating to the general public that we are there to respond to complaints. Increasing complaints numbers indicate that we have had some success in that.

**The CHAIRMAN:** Mr Premier, do you want to add to that?

**Mr BEATTIE:** Basically, as the chairman indicated, the commission will finalise a Charter of Service earlier in the financial year. The charter will be based on the needs of major client groups and will contain an explanation of the processes typically undertaken by the CJC when investigating complaints and the level of service stakeholders can expect from the CJC.

**Mr CHOI:** I refer to section 3-2 of the MPS relating to the non-departmental output performance of the CJC. Under 'Recent Achievements' it states that a more proactive approach has been adopted to select and investigate work undertaken by the CJC. Could you please outline some of the ways in which this is being done?

**Mr BEATTIE:** Some of the areas that we have been briefed on may be of help to you. The commission has set out some targets for 2001-02. They include drugs—police and corrective services; assault and use of excessive force—police; tendering, purchasing, approvals, licensing, regulatory functions—local government, and the Public Service; and a leadership commitment to integrity in the public sector. Obviously, proactive operations into police and public sector corruption have been conducted by the CJC since shortly after its establishment in 1990. These operations generally commence following long-term analysis of intelligence and other information and usually target ongoing corrupt activity. This year the commission has conducted and is conducting several proactive investigations and integrity tests into police involvement in unlawful drug-related activity. There are a range of other issues that I think I might ask the chairman to go through. The chairman may want to add to that answer.

**Mr BUTLER:** There have been some specific successes during the year in our proactive operations. For example, in February 1999 we received information that members of an outlaw motorcycle gang were obtaining false licences from a corrupt Queensland Transport officer for a fee in the order of \$2,000 for a licence. That was successfully investigated and that officer, who has since resigned, was convicted before the courts on 30 April of this year to three years imprisonment. He received a suspended sentence after serving six months. In fact, briefs have been prepared and are with the Director of Public Prosecutions in relation to 11 other persons arising out of that operation. That involved a lengthy covert operation in order to

gather the information. It has provided very useful information to the police to target members of outlaw motorcycle gangs.

We have had successes in the area of identifying alleged steroid related offences by police officers recently, in conjunction with the Australian Customs Service, and also in identifying alleged drug offences by police officers as a result of a covert operation. Those matters are presently either with the Director of Public Prosecutions or before the courts. Proactive investigation is only one component of what we do, but it is a very important one, both to provide a deterrence to those few individuals who have significant inclination to commit these offences and to provide public confidence.

**Mr SHINE:** In the same chapter, under the heading 'Future Developments' the CJC indicates that it will develop and disseminate a charter of service to all stakeholders to improve client focus. What elements will be included in this charter, and how will you ensure relevant consultation occurs in its development?

**Mr BEATTIE:** I mentioned earlier that the charter of service will be finalised early in the financial year. It will be based on the needs of major client groups and will contain an explanation of the processes typically undertaken by the CJC when investigating a complaint and the level of service stakeholders can expect from the CJC. In a broad sense, obviously an important part of what the CJC does—the chairman has alluded to that already—is continuing to educate the community, to educate those areas about what is acceptable and unacceptable behaviour.

I can remember that years ago when I was chair of the PCJC, the CJC then produced a report in relation to local government which contained a number of case studies—I forget how many—about what was acceptable and what was not. It did not name the people, but the behaviour outlined in the report was quite extraordinary. In many senses, the people involved did not necessarily appreciate what a conflict of interest was. If I remember correctly, one of the examples related to a chairman of a council giving a lawn mowing contract to his family-run company. I am going on memory here, but that is a pretty typical conflict of interest. The report was put out to educate the community that that is not acceptable, and it really did have a dramatic effect. I think the standard of behaviour in the last 10 years has dramatically improved. I will ask the chairman to add to that.

**Mr BUTLER:** I am able to second what the Premier says. The standard of behaviour has improved, particularly in the area of the Police Service. We delivered a report just a couple of months ago which I think without doubt indicates that there has been a significant improvement in integrity standards in the Queensland Police Service in recent years. I think that is very good news for Queensland, and it is very satisfying to the CJC that we have been in partnership with the Police Service in achieving that success.

**The CHAIRMAN:** It is now time for questions by non-government members.

**Mrs LIZ CUNNINGHAM:** I have just a general question, Premier. There has been an increase in this budget, yet the staff allocation remains the same. I recall an estimates committee not many years ago where the budget for the CJC was highly politicised. Do you believe, given the increase in workload, particularly taking on complaints from private prisons, that the budget will be adequate to maintain a response?

**Mr BEATTIE:** I think it would be useful if we answered this in two ways. Obviously I will start the response and then I will ask the chairman to continue. One of the things that I think is effective here for me as the minister responsible for



financing is that the CJC has not asked for an increase in funds. I think that is a sensible approach. They are clearly managing within their means and I think they should be applauded for doing that.

Let us look at the variation between 2000-01 and 2001-02. The difference between the final 2000-01 grant of \$24.956 million and the 2001-02 grant of \$25.618 million as shown in the Ministerial Portfolio Statements is \$662,000. The difference results from the following funding variation. This is specific funding for 2001-02. Enterprise bargaining is \$493,000. They have to pay that; they have no choice about that. No-one can criticise them for that; they have to pay the enterprise bargaining outcome. Non-labour escalation is only \$162,000 and there is a Treasury balancing item of \$7,000. So the difference is \$662,000. From looking at that you would have to conclude that they are running well within their budget.

The original grant for 1999-2000 was \$24.548 million and the current grant for 2001-02 is \$25.618 million. Realistically, they have managed within their means and they have not asked for extra money. The recent move they made from Toowong to the city was done without any budget increase. I have to say: they are running their affairs pretty well. As the responsible minister I am happy. I will ask the chairman if he wants to add to that.

**Mr BUTLER:** It is correct that in this year's budget we sought no additional funding beyond the normal escalations in enterprise bargaining and in the non-labour area. The commission has made a definite policy decision that we should work on our own efficiencies—in other words, that we should deliver our services without constantly going back to government asking for more money in order to do that. We have worked very hard to be more efficient at what we do, although, as I mentioned earlier, there are workload increases—a 10 per cent increase on the number of complaints we received last year. We have been able to, through improved efficiencies, manage that and also manage to do more things on top of our core obligations.

**Mr HORAN:** The CJC has been undertaking a couple of trials with the police in two regions to work out a different disciplinary arrangement whereby the police can take responsibility for the majority of the discipline on an internal basis. I would like to know how that is going. Also, do you contemplate any moves in this financial year regarding the merging of the CJC and the Queensland Crime Commission?

**Mr BEATTIE:** I will start to answer those questions. Most of that is directed to me, but I will give the chairman an opportunity to comment. On 24 December 1999 the chairperson and the Police Commissioner formally adopted the report of the CJC Ethical Standards Command Discipline Working Group and agreed to the ESC and CJC jointly conducting a trial of a new system of resolving complaints against police as specified in the report. That trial is known as Project Resolve.

The project is to promote the use of management-based methods of responding to and resolving less serious complaints as alternatives to the resource-intensive traditional investigative response. Managerial resolution is a flexible process designed to encourage and empower managers and supervisors to effectively respond to complainant concerns and to issues relating to the performance, competence, conduct or integrity of a member of the service through guidance, coaching and/or other improvement strategies, including informal resolution.

The trial commenced in early July 2000 in the southern and south-eastern regions. During the trial complaints about officers in those regions were assessed by a committee consisting of complaints section and ESC representatives. A joint

CJC/ESC evaluation team conducted a mid-trial review and provided a final evaluation and report to the steering committee on 11 April 2001, my wife's birthday. The committee determined to support in principle the implementation of Project Resolve statewide, however the committee also identified a number of issues that need to be addressed before the system is extended to other regions. On 23 May 2001 a report to that effect was submitted to the Commissioner of Police and the chairperson of the CJC by the committee.

I will add a little to what I said before. Yes, we are putting together, through the review I am conducting, the CJC and the Queensland Crime Commission. We are consulting and have consulted for over a year now, perhaps longer, with both bodies. It is a complicated and difficult process. In fact, I spent some time last night considering submissions to me as a result of part of that consideration. We believe it is a better outcome, but we are trying to do this in a consultative way. Inevitably we are not going to please everybody in both organisations, but we are trying to. We are trying to look at the best outcome for both organisations.

Let me be really clear. Everyone knows my position on this. I would have to be the strongest supporter the CJC has ever had. It is not that I have loved everything they have done—I have been through more pain than anyone else in this room as a result—but they have done their job and they have done it properly. That is one of the things I fully support. As we know, they have an ongoing role to keep all the bastards honest, and that includes parliamentarians, public servants, police and everybody else. Their role has to continue and they have my full support to do that.

In terms of the role of discipline for police, I do believe that more can be given to the police in terms of internal discipline, provided that the CJC has an overarching responsibility to supervise, if needed. I believe that there needs to be more in terms of discipline. I am not talking about official misconduct but about disciplinary matters handed back to the police. The review I am currently working on and that I will take to cabinet encompasses that. The extent of it remains to be seen. I need to consult more with the CJC and the police about that. At the appropriate time in the future I will be announcing something.

I want to make it clear that, while I do believe that more discipline needs to go back—police have to assume responsibility for these disciplinary matters themselves; it is about administratively taking charge of their own area—I want to put the very strong caveat on it that the CJC has to have the supervisory role.

**Mr JOHNSON:** Premier, the question I want to ask is really for the chair of the CJC, Mr Butler.

**Mr BEATTIE:** Sure.

**Mr JOHNSON:** Mr Butler, in your opening remarks you made reference to the point that complaints to the CJC are up some 10 per cent this year. There are a lot of petty complaints against our police. This concerns me greatly, because police resources are strained at most times. Their operation is retarded and stifled because of a lot of petty complaints. How is the process working in relation to having these complaints processed through your operation so that police can get on with the business of policing?

**Mr BEATTIE:** I have the brief here, but I am happy for the chairman of the CJC to respond to that. I will add if necessary.

**Mr BUTLER:** I am happy to respond. There are two aspects to that. As I said, the CJC has been working on its own efficiency, particularly in relation to timeliness of dealing with the assessment of matters that come forward as complaints. We

believe that, as a result of working on our own work flow processes, we have cut that time, and the effects of that are starting to show.

In addition to that, I would like to talk about the trial that the Premier has spoken about. That was called Project Resolve. It is between the CJC and the Police Service, working together. I have a real, personal commitment to this trial working. It is now moving from a trial basis, with a recommendation that it roll out across Queensland. What it is designed to do is place upon police supervisors the obligation of managing their own staff. In terms of these lesser complaints, some of which ultimately turn out to be more service matters than offences by police, it is important that there be a quick and proper response. It needs to satisfy complainants; it needs to not impede police in their work.

The Police Service has reached a point where we feel that managers ought to be given that responsibility and that managers ought to manage. There have been challenges for the Police Service there, though. It involves managers taking on that responsibility effectively. So as part of that process the CJC works in conjunction with the Police Service in assessing matters and getting matters back to be investigated internally where that is appropriate. With those more serious matters that are judged to require CJC investigation, then of course we continue to investigate matters of the nature of corruption or real systemic, serious misconduct issues and so on.

What is important in all of this I believe, though, is that, as responsibility devolves to the Police Service to be involved in managing the less serious complaints and dealing with that, it is important that the community can have confidence in that process. So there needs to be a continuing oversight process, and the CJC is able to provide that through a process of monitoring and, where necessary, if a matter develops, taking over that investigation.

**Mr BEATTIE:** I do not say this to be half smart, but I would hope that when these changes come forward—which reflect what I and the chairman have said—we will get bipartisan support for it, because it is time to give some of these disciplinary matters back to the police and for them to do it themselves so that they actually manage, provided there is a CJC role for overarching supervision. We are prepared to go down that road as a government, but we need to make sure that we do not make it a political football, because in management terms it is a better way for the police to go.

**Mr HORAN:** Premier, the Official Misconduct Division and the Proactive Assessment Unit investigate serious corruption in the Queensland Police Service and the public sector by target development and the use of long-term covert investigative strategies. Is there some way you have of monitoring those covert strategies, and do they ever involve entrapment?

**Mr BEATTIE:** I am again happy to hand that to the chairman because we have only a brief time left.

**Mr Butler:** They do not involve entrapment in the legal sense. The strategies are ones that are used commonly now in New South Wales and Victoria and in major police services across the world. Basically, our covert operations are targeted. In other words, they are in response to very significant information, intelligence or complaints that indicate criminality on the part of an officer or a group of officers. We are talking, of course, here about a very small percentage of police officers or other public servants. It is not limited to police officers. The vast majority of public officers, of course, are honest and do a tremendous job, but there are some

individuals—as you would find in any large organisations—who are just going to have criminal tendencies. Now, whether they are in uniform or not, that needs to be investigated. It is investigated fairly with all the powers being exercised fully in compliance with the law.

One of the processes used is what we call integrity testing. Really, that simply is a process of utilising information or intelligence to target allegations of misbehaviour—criminality—and then providing a covert situation where the officer is put in a situation where there is an opportunity for an offence to be committed. It is not entrapment. It falls quite short of even what the police do, for example, in the area where there are allegations of drug offences, where covert operatives seek to buy drugs off people. The testing does not go that far. It simply provides an opportunity which relates to the allegations against a particular officer and which relates to the sort of temptations officers would find in their work. Police are in a situation where very often they are alone in situations where temptations arise. It is important that where there are allegations that people have fallen into those temptations, there be a way of investigating them.

**The CHAIRMAN:** Thank you, Mr Butler, to you and your staff for appearing before the committee today. The time allotted for the consideration of the estimates of expenditure of the Audit Office, the Ombudsman's Office and the CJC has expired. We will now take a short break, then examine the Commissioner for Children and Young People, the Public Service Commissioner and the Premier's Department after 11 o'clock.

Sitting suspended from 10.50 a.m. to 11.04 a.m.

**The CHAIRMAN:** I declare the proposed expenditure of the Commissioner for Children and Young People, the Public Service Commissioner and the Department of the Premier and Cabinet open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

**Mr BEATTIE:** Mr Chairman, while we are waiting for some members to arrive, I might mention that I have a number of officers here, including the Children's Commissioner. I have designated officers in a number of areas in my department, like South Bank, the Events Corporation, the Goodwill Games, and so on. Obviously, I am happy to answer all those questions, but we may need a moment to bring officers to the table. So with your permission, I will advise that at the time because, as you would appreciate, we want to provide complete and full answers.

**The CHAIRMAN:** Premier, we will examine the Children's Commissioner first. The opposition can then ask all their questions, and if there is any time left we will ask ours.

**Mr BEATTIE:** That would help us.

**The CHAIRMAN:** We will then come back to them and even give them some of our allotted time.

**Mr BEATTIE:** It would be great if we could do the Children's Commissioner first.

**Mr HORAN:** On page 2-1 of the MPS under Strategic Issues, it states that—

The Commission's key outcomes support the Government's outcomes of: children protected from harm; and an accessible system of justice and administrative services which protects rights and engenders community confidence in the rule of law.

The recent report from the Department of Families indicated 770 high-priority child abuse cases—priority 1 category—being children considered at high risk of

immediate danger from sexual, physical and/or emotional abuse or neglect and that these were unassessed. The number of cases in the next level of seriousness had risen in total to 2,029, and in priority 3 from 142 to 462. How can the Commissioner for Children and Young People achieve these strategic objectives while children are being neglected by another department, with some cases not being investigated because of staff shortages and workloads in that department?

**Mr BEATTIE:** I am happy to respond to that. As you would appreciate, a large part of that question rests in the portfolio of the minister for that particular area. But as part of the legislative functions, the Commissioner for Children and Young People has the function to receive, to seek to resolve, and to monitor and investigate complaints about services provided to certain children by service providers. Two staff currently provide this service. The Commissioner for Children and Young People has, for the 2000-01 financial year, as of 26 June 2001 received 2,249 telephone calls from throughout the state regarding complaints concerning matters affecting children and young people. As of 26 June 2001, 161 letters had been issued regarding serious matters affecting children and young people. A total of 161 formal written replies from service providers and relevant authorities have been received at the commission, confirming appropriate action is being taken in relation to the concerns for the child and young people. The commission writes to complainants and advises them of action taken in resolving the issues and about the formal written replies received by the commission. The complainant is encouraged to further contact the commission should further concerns arise.

An average of 61.5 per cent of serious complaint matters arose outside the Brisbane metropolitan area this financial year. There has been an average increase of 8.5 per cent above budget estimates of complaints and related matters affecting children and young people up to 26 June 2001. That is clearly too many. There has been an average increase of 19 per cent of complaint files progressed over and above budget estimates up to 26 June 2001, including new and continuing files. Follow-up and assessment occurs in 100 per cent of cases within 28 days. Written confirmation of resolution to the formal written complaints had been received up to 26 June 2001 in 90 per cent of cases. Further written confirmation will also be received regarding complaints outside this period in this financial year.

Let me just say that the Leader of the Opposition's question addresses an area of great need. There is no doubt about that. My government set up the Forde inquiry because we were concerned about the abuse of children in institutions, and we were quite frankly staggered by the outcome. I think this is a bipartisan issue which is above politics. It is ugly, and it affects families. We have increased dramatically the amount of money to the base budget of the family services budget. Even though this is not in my estimates, I want to answer this. We have increased dramatically the amount of money into that department because we have had forever—since Queensland was formed—underfunding in this area. We have increased it in real terms more than ever before in the history of this state. That does not mean that we have resolved the problem. We have not. But we have made a significant start. We have a long way to go; I accept that. We have a long way to go, and we are determined to do that long road.

**Mr HORAN:** What my question was about is that we are looking at the finances and the performance of the Children's Commissioner. I am sure they are appalled about this waiting list. In many ways they are trying to do something very admirable, and we support that in a bipartisan way. On the other hand, we have this appalling waiting list of the most vulnerable young children in this state who cannot be

assessed for care and protection. What can the Children's Commission do about it? Can they step in and say that this is no good; that kids are being denied what they should have because of bad management, lack of funding—whatever it is—or lack of leadership in that particular department? What role does the Children's Commission have to act on behalf of these children?

**Mr BEATTIE:** Mr Chairman, let me respond in this way. As you know, what the Leader of the Opposition is doing, of course, is pulling together two areas of finances. One relates to the Commissioner for Children and Young People. The other relates to the Families Department. I understand that. I am not going to take the fine point -

**Mr HORAN:** But they are being paid to protect children.

**Mr BEATTIE:** Hang on. I am not going to take the fine point and refuse to answer the question on the basis that it is outside my estimates, which it is. But it is a fair question because it is an important question, and I will answer it on that basis.

The commission has received an enhancement to core budget allocations to accommodate increased core function requirements due to the enactment of the Commission for Children and Young People Act 2001. The reason for that is that this is an area of need. You would be aware that the Forde inquiry in fact recommended that this agency be put in my department, which it has been.

Let me go back to what I said before, because the real heart of your question, Mike, is directed to the Department of Families. As I said, we have increased the core funding in that budget. And when the estimates for Judy Spence's department come up, I am sure they will be happy to talk about it. There has been an increase in core funding to that area, and we have done it in an unprecedented way because of the area of need.

There are two services here. The Children's Commission has been set up to provide a particular function. I have given you an idea of how well that is working. There is then the responsibility of the Department of Families. This is an area of enormous need. I accept that. That is why we have increased in real terms the amount of money to that department. Now, you cannot expect the Children's Commission to pick up the work of the Families Department, nor would anyone expect it to. I am certainly not going to see the Children's Commission go outside its role to pick up the area of responsibility for that Families Department. That is the first thing. The second thing is we have increased the funding to that department, and we are going to continue to do that. Is there a need? Yes, there is a need. Are we doing something about it? Yes, we are.

I come back to the commission itself. During 2000-01, the commission has made 52 submissions to government in relation to laws, policies and practices impacting on children and young people, including those for submission to cabinet; developed a new code of conduct and internal commission policies which actively promote work practices, upholding the interests of children and young people, including policies, safeguarding their privacy, best interests, participation in decision making of the commission and the right to be protected from harm; and being represented on 27 key interdepartmental and whole-of-government committees in relation to major policy initiatives and reviews that may impact on the rights, interests and wellbeing of children and young people.

As you know, we have brought in laws which now require criminal record tests or checks to be made to ensure that we keep paedophiles out of our schools and paedophiles out of key areas. There has been some criticism from some elements

for doing that—not you, but I am saying some elements. We have done that because we are determined to do everything we can to protect children. Now, in some areas, yes, the waiting lists are too long. But we are allocating funds to improve it. We are going to continue to monitor that area, and we are going to continue to do what we can to reduce those waiting lists.

**Mrs LIZ CUNNINGHAM:** I wish to follow that up. I am sure you would agree—and from your answers it is clear—that there is an overlap between family services and the children's commission, the common denominator being children. Is there an internal audit mechanism to evaluate what overlap there is because of resourcing with family services. Is there a mechanism to evaluate the number of children who fall through and, therefore, are referred to the children's commission for support? Are there adequate resources recognised in the increase in personnel by approximately seven?

**Mr BEATTIE:** I have clear in my mind the different roles of both the children's commissioner under the act and the department. I know how they are handling it, but rather than repeating some of the things that I have said to Mike, it may be useful if children's commissioner explain her delineation and how she carries out that role?

**Ms SULLIVAN:** I think the simplest way to put it is that we are not a service provider in the sense that the Department of Families is. We monitor the processes and practices of people who deliver services to children. Perhaps the best example I can give you are those cases that the Premier referred to—the 2,000-odd phone calls that we get. Often those phone calls are from people who are not aware of where to go in order to get satisfactory resolution to their problem. To some extent we act as a knowledge broker by saying to people, 'This is really a Family Court issue', 'This is really a Department of Families issue,' and we put them on the right track.

If there are complaints about providers of children's services, we obviously listen to the complaint, and sometimes it is a matter of directing them to the appropriate person within a department to deal internally with that complaint. We come in right at the end if they are still dissatisfied and, if we believe there is an issue there, we will take up the issue for the wellbeing of that child.

I actually do not believe that there is an overlap. We do not provide direct services to children and families in the sense that the Department of Families, the Department of Health and the Department of Education does, but we have that monitoring role and that sharing of information role. I think that it is quite clear where the demarcation lies.

The other intersecting point we have with departments and providers is in developing those policies and practices. I am very keen, as I heard the commissioner for the CJC mention earlier this morning, that we are there at the beginning of the development of policies and practices to ensure that they are, in fact, child friendly. You will hear about the 27 interdepartmental committees that we are on. We sit on those committees not as a line agency but on behalf of the total wellbeing of children.

I hope that has given you examples of where we, in fact, do not overlap but where we value add. At the end of the day, if we were unhappy with the outcomes of those policies and practices, our act enables us to take certain actions.

One of the achievements of the commission in the last 12 months is negotiating with the Department of Families a 28-day turnaround to our inquiries about

complaints. We have a three-day turnover to people who come to us and we have a protocol where within 28 days the Department of Families responds to the concerns we express on behalf of our clients.

**Mr BEATTIE:** The commission, in consultation with the Department of Families, is identifying the core data it requires to implement recommendation 34 of the Forde inquiry, particularly in relation to the child protection regulation. Such data collection will be a key component of database development currently being undertaken by the department. That is one area where they are working together and that may assist in the answering of your question.

**Mr HORAN:** Premier, I just want to continue on this matter with the children's commission. The children's commissioner mentioned the monitoring role and being able to take certain actions. I know this is about the budget, but it is also about how the money is being used. I think one of their tasks should be to monitor the assessment of these vulnerable children in the Department of Families and they should also be looking at the performance contract of the CEO. Surely, that performance contract has something about, 'Are vulnerable children being assessed in a timely fashion?'. That would be one of the most important criteria. I think that, if we are to have a children's commission that is effective and actually achieves something that really matters in the day-to-day care and protection of these children, that monitoring role should be strict, it should be looking at those issues, it should be looking at the performance targets and, as the commissioner said, take the action that is necessary. They really are put there as a front-line defence for young children and that is one area where that defence is needed.

**Mr BEATTIE:** I can answer the question by saying this: there is a requirement in the performance of the director-general—the CEO of that department—to, in fact, perform in this area. That is one of the performance criteria that I set. I am the accountable minister for these things and it is my responsibility to ensure that they are delivered. I wear the political heat of it, as will the relevant minister. In answer to your question, the performance requirement is on the CEO who is accountable to me.

I might just make mention of the Forde inquiry. This inquiry made a number of recommendations and we are going through the process of implementing its recommendations. Later this week—I cannot recall; it may even be tomorrow—we are opening one of the new youth detention centres. I am opening it with Judy Spence. I think that it is tomorrow or Thursday—I do not recall. That came about because of a number of recommendations made out of the Forde inquiry. This new facility is designed to ensure that we treat young people appropriately but we also ensure that they are given an opportunity to get back on the straight and narrow. It is firm but fair. That is what the approach will be. The opening of that facility this week is an outcome and part of our commitment to ensure that we deliver in relation to young people.

In terms of the issues you raised, I think that both Robin and I have delineated where the areas are, but let me talk about some of the performance measures. The proclamation of the Commissioner for Children and Young People Act 2000 has required a review of the commission's performance measures with new measures added relating to new or expanded functions. I should say that when we set up this body, there was some bipartisan support for it. We recommended this in opposition. You did it, I think, in government; we then implemented it from there. I think that is right. In terms of the current functions of the children's commissioner, it was actually



an agreement between both sides of parliament. I am not trying to be half smart about that, but we agreed on its measures.

Let us talk about quality measures that were achieved or exceeded by the children's commissioner in the year 2000-01, except for the community visitor program visits, which did not meet the anticipated level due to the delay in the enactment of the legislation. Telephone inquiries are anticipated to rise with the expanded areas of service of the commission under the new legislation and with expanded community understanding of the role of the commission. Complaints cases to the children's commission are also expected to increase. Employment screening performance will be measured in quantity, quality, timeliness and location to ensure that this new service, important to child protection, provides the appropriate responses to clients. That employment screening is a core part of what the government's approach is—to protect children. Funding for the community visitor sector has been increased by \$600,000 to provide for adequate time for each client visit and the expanded client visit. This is based on 23 casual staff members based in the 17 locations throughout the state where institutions are located and consult with an anticipated 900 clients. That is direct service.

**Mr CHOI:** Mr Premier, I refer to your MPS page 2.3 under the heading of 'Future Developments'. It is stated that the Commissioner for Children and Young People will continue to coordinate and deliver a program of activities and displays for children and young people to accompany the Commonwealth Heads of Government Meeting this year. The commission hopes to facilitate the participation of children and young people in CHOGM events through a range of activities, including the development of a blueprint for a child-friendly Commonwealth. I am most interested in this concept of a child-friendly Commonwealth—I am interested in any child-friendly concepts. Can you please outline what is being proposed for this?

**Mr BEATTIE:** I can. Can I just indicate that one of the things that we are trying to do as a government in a number of areas, whether it is with the CJC, the Auditor-General, the Ombudsman or the children's commission, is to change cultures—to change how people view things. Think back 25 years ago and to how women were treated in our society. They were not treated as equal. They are now and you would be a very brave male if you tried to suggest that it was different—that men were better than women. Well, 25, 30 years ago that was not the case. Take areas like domestic violence: there is still too much of it but we are changing our attitude. It is no longer acceptable. Take smoking in confined places in restaurants: once upon a time everybody took it as a given. Not anymore.

We have to do the same thing with children. We have to do the same thing in a number of areas—change how people think and not be afraid to actually go out and change cultures. That is what this is all about. That is the key role of the children's commissioner. That is what this is all about.

The Commonwealth foundation has incorporated the concept of a child-friendly Commonwealth as a subtheme of the Commonwealth People's Festival. We are using this as part of the education process to change cultures, to change attitudes. As part of the Commonwealth's People's Festival, the Commission for Children and Young People, in conjunction with government and non-government stakeholders, is coordinating a program of children's activities and events to accompany and complement CHOGM 2001.

The Commission for Children and Young People is facilitating the involvement of a number of government organisations that will be contributing to the children and young people's activities area within the Commonwealth People's Centre from

2 to 8 October. These government organisations include many people from the Commission for Children and Young People, the Department of Employment and Training, Education Queensland, the Queensland Parks and Wildlife Service, the Department of Innovation and Information, the Department of Families, Queensland Health, the Queensland Museum—and the list goes on. I will not bore you with the rest of it.

The activities area will be visually appealing and incorporate interactive, informative and entertaining displays. While the activities will cater for children and young people, they will also be of interest to families, visiting dignitaries, and the local, national and international media. The children's workshop will be held on 4 and 5 October 2001. The Commission for Children and Young People, in conjunction with the members of the children's activities organising committee, will host a workshop for children of the Commonwealth to develop a blueprint for a child-friendly Commonwealth. It will have a commitment to things like multicultural tolerance, understanding—all the positive things that we believe in. This objective continues the work of previous CHOGM children's summits and renews the commitment to the rights, interests and wellbeing of children.

Virtual participation in the children's workshop via the Internet will be promoted to encourage input from children and young people throughout Australia and from other Commonwealth countries. Children and young people will be invited to send electronic or hard copies of text messages, postcards, artworks or videos that contribute to the theme of the child-friendly Commonwealth. During the Commonwealth People's Festival from 2 to 8 October 2001, performances, workshops and exhibitions for and by children and young people will be programmed with the activities area in the Commonwealth People's Centre, the Queen Street Mall and other venues with many free activities. The launch of the CHOGM People's Festival was yesterday, which is a promotion to encourage children and young people to participate. We have a mock-up of the billboard floating around here if you want to have a look at it later.

Let me just finish by saying that this is about respecting children, changing cultures and ensuring that people will not abuse a child—it would be the last thing they do. It is the same with domestic violence and all the other things that I talked about before. This is about changing cultures, changing attitudes, and we are all a better society for having done it.

**Mr SHINE:** Mr Premier, in the same chapter but on the previous page under 'Recent Achievements', I note that the commissioner has delivered about 72 keynote speeches and issued 58 press releases, media articles and media interviews—

**Mr BEATTIE:** You did more than I did by the sound of it.

**Mr SHINE:** Not quite.

**Mr BEATTIE:** I think I lost that exchange.

**Mr SHINE:** Do you see this as an important role and, if it is important, why?

**Mr BEATTIE:** Let me add to what I said before, having recovered from that exchange. Again, this is about informing people. This is about changing attitudes. This is about educating people. One of the most important things we do as human beings is to be parents. Changing society has made it difficult for parents. It is really tough to be a parent in this century. What we need to do is to help people by changing attitudes—we need to get the community to understand. That is why the

commissioner being involved in those activities is very important, because prevention is still the best form of cure. That is what we are trying to do.

The Commission for Children and Young People Act 2000 commenced on 2 February 2001 and provided for the re-establishment of the former children's commissioner as the Commissioner for Children and Young People with significantly broadened scope, functions and powers. The significant change in scope will require a concerted communications effort by the commission to ensure that every person who needs to know about these changes does know. This will require the commission to adopt a high public profile. To date, the commission's communications activities have included the things that you talked about, but also there is the coordination of youth consultation and participation mechanisms, the organisation of youth focused activities and forums, the management of media coverage, and the coordination of commission publications and presentations. That attracts people, too, in terms of comment and so on. That is also important.

The commission also liaises and establishes partnerships with government and non-government agencies to collectively promote the rights, interests and wellbeing of children. During 2000-01, the commission produced 55 conference papers for state, national and international forums. It produced 51 publications of official comment, letters to the editor and articles by the commissioner in local, statewide and national newspapers with media coverage as follows: radio, 27 per cent; print, 64 per cent; and television, nine per cent. It launched the new Commission for Children and Young People web site, containing comprehensive information about the new role of the commission under the Commission for Children and Young People Act 2000. It achieved greater than targets indicated in the 2000-01 Ministerial Portfolio Statements in all fields: quality, quantity, timeliness and location. It was successful in implementing stage 1 of the communications strategy, including the Commission for Children and Young People information kit, employment screening of child-related information kit, radio campaigns and newsprint such as the *Sunday Mail*, the web site—it goes on. Clearly, we want to focus on web sites. Young people interact with the Net and we need to make sure that we do that.

The media campaign undertaken by the commissioner includes radio advertisements, billboards, newspaper advertisements, general information kits, employment screening kits—three and a half thousand were sent out. An evaluation of the campaign will be developed with the Premier's Department auditing unit a little later. The list goes on and I could give you more.

However, I stress again that this is all about changing attitudes. This is all about appreciating the importance of young people. It is also about having some sensitivity. I will come back to that.

**Ms KEECH:** Mr Premier, I refer you to the next page, 2-3, regarding the future development of the commission, which is to continue the development of the commission's web site as a tool to enable children and young people to have input into the commission's decision making. I am very happy about that, being a parent of teenagers, like yourself. It will also enable young people to express their views and access information about their own rights and support services that are appropriate to their needs. What has been the response from children to date with respect to this web site?

**Mr BEATTIE:** You are right: there has been a web site established to assist in communicating with stakeholders. As I said before, you have to use the tools that young people communicate with. Old fogies like me are being left behind, and I am

not alone. We have to find the means of talking in young people's languages. We have to use their means of communication.

The web site was tested by young people as it was developed. It incorporates references to help agencies 'send a message' functions and contact information pertaining to community visitors, and complaints and investigations. There is a children and young people's section currently being developed to add to the interactivity of the site. The content of this section will initially be drawn from children and young people's participation in the Thursday Island Croc Festival and Child Protection Week, and will partner the CHOGM web site based on child-friendly communities, which we have already talked about. Further web site developments will include a frequently asked questions section in response to web trends data, user feedback and internal monitoring statistics regarding employment screening.

In the period January 1 to July 1 2001, the web site has recorded 116,058 hits—that is impressive—as derived from web trends reports, and an average of 641 visits per day. The most requested pages, apart from the opening page, have been criminal history checks, about us, papers and publications, and contact us. They are all different parts. Top entry pages include those aforementioned and the children and young people section.

I noticed this morning on *AM* that there was a debate about poverty. The program quoted Tony Abbott, who, on *Four Corners* last night, said—

We can't abolish poverty because poverty, in part, is a function of individual behaviour. We can't stop people drinking. We can't stop people gambling. We can't stop people having substance problems. We can't stop people from making mistakes that cause them to be less well off than they might otherwise be.

Heaven save us if that is the attitude that is governing politics in this nation, because that is the problem. We have to accept that unless we change cultures and help people in those positions, there is no point—like Tony Abbott—dismissing those people and throwing them on the scrap heap. We have to find the means to encourage cultural change to accept people, particularly children, in relationships involving people who are of poor means. We cannot be judgmental about it. That is why I want to come back. I do not want to be a part of the Tony Abbott approach to life. I think that is disgraceful.

We have to stand back and say, 'How do we create an environment where young people are given a chance?' You give them the best educational opportunities. That is what you do. That is what every parent wants. That is what our parents wanted and by and large that helped us. We have to give them opportunities for education. In addition, we have to ensure that they are not in abusive homes and that they have support if they need it. The Children's Commission is so important because it assists in all those complaints. That is why help lines that the government puts money into are so important, so that children can reach out to get assistance. We do not want to have any more of this nonsense from Tony Abbott.

**The CHAIRMAN:** Thank you, Premier. As the government has no more questions on the Children's Commissioner, we may come back to opposition members, who have another question.

**Mr HORAN:** This is a hard question and I give it to you, Premier. I want to finish this issue. We have a budget of about \$4.2 million for the Children's Commissioner. A lot that you have spoken about is very worth while, such as prevention, changing attitudes and so on. I reiterate the point that we have this agency, the commission, to provide a defence and a protection for children. If at one end of the town we have

the commission doing all those worthwhile things and at the other end of the town there are over 2,000 children not assessed, obviously there is a need. Many of the things that the commission is on about are family matters, domestic matters, trying to improve attitudes and so on. If it comes down to a matter of neglect, family neglect or in this case government neglect, the commission should be in a position to do something about it. It is probably one of the fundamental things that it needs to be able to monitor on a month-by-month basis, to see that the most vulnerable children are assessed and that monitoring is provided to the parliament. It is probably the most pressing need in the state today. I think out of this debate today we need to see that the Children's Commission has that role.

**Mr BEATTIE:** I understand the importance of this question. My view is that this is a responsibility for government. It is a matter for the government to allocate those resources. The Children's Commissioner cannot determine where resources go, but government can. We have the responsibility to do that. That means that the buck stops with us. Yes, there has been some criticism about this area. The Children's Commissioner cannot allocate the funds. It is a government responsibility.

There are a number of things that we need to do. Firstly, I stress again that the commission itself has received an enhanced core budget allocation to accommodate increased core functions. That includes community visits, complaints and investigations, employment screening, policy reviews, research and so on. We have increased the budget to the Children's Commission in the same way that we have increased it to the Department of Families.

There was some bipartisan support about how this Children's Commission would be set up. Both sides of politics agreed on the method. The method is now being produced in a piece of legislation and we are getting on with it.

In terms of what is happening in the Department of Families, as I said this is not a matter for this estimates committee, but I have not moved away from answering the question, because I know how important it is. Let us go back to where we were. Queensland has traditionally underfunded a number of key services. Disability services is one and children's services is another. None of us in this room can sit back and say that we have done a brilliant job when it comes to funding these areas. The National Party underfunded it, the Liberal Party underfunded and the Labor Party has underfunded it. That is the truth. We are trying to redress that.

The only way that the issues that you are talking about in terms of waiting lists will be resolved is by my government continuing to increase the base funding for the Families Department. We have done that. We have increased disability funding in real terms more than ever before in the state's history. We have done the same to the base budget of the Families Department as a result of the Forde inquiry. They are facts. For years we were behind the national standard of funding. For years we were not within cooee. Queensland was a national embarrassment. We did not go anywhere near national funding. We have started to address that.

I will not say to you that it is perfect; it is not. I am a parent, as most of you are. I do not want to see children waiting for attention in any sense. I hate every minute of it, and so do you. I know that. We have to make sure that we fund these areas properly, and we are starting to do it. We are getting closer to the national standards, and Judy can tell you the detail of this when she appears before the estimates committee. We are getting closer to the national standards than ever before. I will not sit here and say that we are wonderful and brilliant because we have done what other governments have done. Yes, we have done what other government have done and we have increased funding, but is it enough? We will

see. I am going to keep an eye on it, because this is an area of enormous concern to me as it is to the government. We do not have a perfect situation here. We have a situation where there are areas of great need. We are trying to address it. We may need to do more. If we need to do more, we will.

**The CHAIRMAN:** As there are no further questions, I thank Robin Sullivan and her staff for appearing.

**The CHAIRMAN:** We will start questions with non-government members.

**Mr HORAN:** Premier, with regards to the Integrity Commissioner, it has been advised that only six items have been taken up by the commissioner since he took office. I understand that he deliberates for about three and a half hours per advisory brief. The commissioner is paid for working two days per week, for a total cost of \$51,695. The government has allocated a total budget for this area of \$183,000 for the year 2000-01. I presume that a similar allocation was made for that office in this financial year. How are you going to encourage your colleagues to seek advice from the Integrity Commissioner, so that he performs a task in return for the funds that are available and so that we do not get the sort of conflict that we saw with the recent Lang Park decision? I know that you will say that by law that was the way that it could go, but it was the first time for a government decision on a government project. Probably it needed the consideration of the Integrity Commissioner, bearing in mind the pressures that must have been on your minister regarding cabinet, caucus, Labor Party policy and even holding his job depending on his decision.

**Mr BEATTIE:** Do you want me to deal with Lang Park or the Integrity Commissioner? I am happy to deal with anything.

**Mr HORAN:** The question is about the proper use of the Integrity Commissioner. You can see that, by the look of this, there has been about 24 hours work for six—

**Mr BEATTIE:** I will come back to this as I go through my notes, but I think that there have been seven formal references. The Integrity Commissioner has spoken to dozens and perhaps hundreds of public servants and ministers about their ethical obligations. This morning I have already set out the need for preventive behaviour. You have to look at how this operates.

At the end of the day, you cannot just say that that problem has arisen and therefore we will deal with that problem now. Yes, you do have to do that, but you have to prevent the problem from happening in the first place. We have to change our mind set and start thinking about prevention. We have to think about how we do these things. I think the Integrity Commissioner has been grossly misrepresented on these things, because he has spoken to dozens—perhaps hundreds—of public servants and ministers about their ethical obligations to avoid problems happening in the first place. That is a key point that I want to make.

Alan Demack is a retired judge of the Queensland Supreme Court. He became the first Integrity Commissioner in August last year. His role is to provide advice, advice, advice, advice on ethical issues to myself, ministers, government members of parliament and heads of departments, and raise community awareness of ethical issues. His appointment fulfilled an election commitment that I made. His appointment was effective from 24 August 2000—he has not even been there a year. He is remunerated at 0.4 of a fortnight, or two days per week, at the SES 3.5 equivalent. He has been appointed for a three year term, at two days a week.

Since his appointment, the commissioner has received seven requests by members of cabinet from 25 August to 30 June. The commissioner spent 3.5 hours

dealing with each issue. Under the Public Service Ethics Act 1994 it is an offence to reveal details of requests made to the Integrity Commissioner. The commissioner is required to provide me with an annual report, which will be presented to me this year, and which details issues in general terms without identifying the individuals who have sought this advice. There has been some play made about why we do not disclose it. That is because it is meant to encourage ministers. You ask why we do that. I set high standards for my ministers. I want them to be able to ask the Integrity Commissioner so they can deal with an issue and act properly. You all know that if this became public ministers would be reluctant to go. It would not happen. But if they feel free to get this advice and act accordingly, that means better public administration and better public outcomes. That is the result. We want to avoid conflicts of interests.

The commissioner operates from the Rockhampton office of my department and visits Brisbane monthly. In Brisbane the commissioner stays in accommodation provided at the government standard rate. In accordance with the ethical obligations to be economic and efficient, the commissioner has used the seniors rate to book airfares between Rockhampton and Brisbane at \$277 return, as opposed to \$535 for a 14-day booking and \$740 for a normal fare. He is doing everything to save expenditure. He even used the seniors rate to get here.

**Mr HORAN:** Fantastic.

**Mr BEATTIE:** It is wonderful. He is doing everything he can. I think we get good value.

**Mr QUINN:** I want to take you back to the performance bonuses for CEOs. You said that the government uses these bonuses in order to attract quality people to these positions and to reward them for their performance. To ensure that Queensland gets the best possible people, will the government advertise all future CEO positions as the current contracts expire so that the public can have confidence that future appointments are merit based and not appointed without advertising as some of the current CEOs were?

**Mr BEATTIE:** I have spelt this out on a number of occasions in the parliament in ministerial statements—I have set out in detail the process to be followed. I stand by what I have said in parliament. I do not think there is any point in going through that again. If people are selected on the basis of merit—all of them need to be selected on the basis of merit—they will be appointed. We ended up with a number of DGs who were fired by the Borbidge government when it came into office. Let us just get to the heart of this issue: they were fired, but they had been selected on the basis of merit and I reinstated them. I do not make any apology for that. I think that is fair enough. If they went through a selection process and were selected on the basis of merit and were fired by an incoming government for political reasons but they had passed the merit-based test, as far as I am concerned they were going to be re-employed, and they were. I have said this to the parliament so there is nothing new in this. This has been said in the parliament ad nauseam—twice if I recall correctly. I have said that people have to be merit selected, but if they have been through the process and they have been removed—and I did not quite put it in these words, but this is what it meant—by, say, the Borbidge government for political reasons I have said they would be reappointed. I did that. But they have been through a merit-based selection process.

In terms of the bonus arrangements, I know this is good politics. A lot of these things are. Bob, you lead the Liberal Party. You guys used to be—and I assume still are—interested in good management and in what produces good results for people.

I happen to believe that bonuses are a good way for the chief executive of the government—me—to get results. You have to remember that there are huge departments here. Mike was the Minister for Health for some time. I appointed the DG that he had. I gave him bonuses. Mike paid him bonuses when he was there because that was a contract reached when I was there. Do you know why I did it? It was because we needed to get the best DG in Health. He was picked on merit. He was a non-political person. He was a great DG for Peter Beattie as Minister for Health. He was a great DG for Mike Horan as Minister for Health. In fact, he was too good on occasions, I might say. We wished he was not that good when we were in opposition. You can go and tell him I said that, by the way. That will get him all excited. When we came back to office, we kept him. Why? Why did Mike keep him? Mike is not running a charity. He kept him because he was the best DG in Australia for that job.

One of the problems we have—and we want to face up to this in government; I know this is good politics - is that we pay our public servants less than they are paid in New South Wales, Victoria and the Commonwealth. I might say to you, by the way, that at a Commonwealth level, as I understand the system, the Prime Minister just picks his DG. There is none of this merit selection nonsense. The PM just picks the head of his department. That is what John Howard does. You cannot be critical of us for doing it. Bonuses are the way you get good management. I hope one day when you guys are finished with politics you will come on side with this. You have to get leverage to get the results you want. If they do not perform to the criteria I set every year, they do not get very much, and some of them will not get anything if they do not perform.

**Mr QUINN:** How many full-time equivalents are employed in the public service in Queensland?

**Mr BEATTIE:** We will dig that up for you. I am happy to take that on notice. We will provide you with the figure. These things change on an almost daily basis and I do not want to mislead the committee. I am happy to give you a detailed answer to that. I should say in general that, while we will give you that in writing, we have been very careful to ensure that we maintain an equitable public service. We have not been about increasing the size of the public service. If you broaden it out and include school teachers, nurses and police then, yes, there has been an increase in the public service. But in terms of the core area, in rough terms it is about the same. In a nutshell, what I am saying is that we have increased the number of school teachers, police and I think nurses. All of those service areas have gone up. If you take them out, the Public Service has basically been the same.

The number of SES officers has fallen under my government. I have a deliberate policy of ensuring that we do not end up with too many chiefs and not enough Indians. It is well known in my department that I will not agree—and I have to sign off every executive council minute—to increases in the SES unless there is a sacrifice somewhere else. In other words, if they want to create in a department extra SES people there has to be a reduction of another SES position somewhere within that department, unless there can be a clear demonstration to me that there is an overwhelming benefit. The only time recently that I have increased the SES beyond requiring an abolition was when I approved two in the Department of Housing because of our commitment to public housing and community housing, which is an increasing area for us. I believe that is core business in terms of improving the state.



In terms of the senior executive service profile, the staffing of the senior executive service shows an overall decrease of nine SES officers since 30 June 2000. This decrease is the result of the phasing out of the SES 1 level—10 officers—under section 124 of the Public Service Act 1996 and an increase in the SES 2, SES 3 and SES 4 levels by four officers. The percentage of women in SES officer positions increased to 19 per cent since 30 June 2000, representing an increase of eight officers. We have increased the number of women in my department dramatically. I am determined to ensure that we increase the number of women across the public service and we have set in place mechanisms to achieve that. But in terms of the total question, I will provide that to you on notice.

**The CHAIRMAN:** I think we have examined that area sufficiently. We are now going to go on to cabinet and trade. I thank those officers who have been here to assist us with that part of our examination. We will now come back to questioning from government members.

**Mr SHINE:** My question relates to the South Bank Corporation. I think you may have mentioned something to do with South Bank in your opening remarks.

**Mr BEATTIE:** I did.

**Mr SHINE:** Last year there was questioning on visitor numbers to the South Bank precinct. Would you be able to tell us the visitor numbers for 1999-2000 and how that compares with the immediate past year?

**Mr BEATTIE:** The answer is: you bet. Bill Grant, who is the CEO over there, has joined me. I am pleased to advise that the South Bank Parkland attracted about five million visitors in 2000-01—the highest number in four years—and they spent about \$20 million. I say to all of the tourism operators in Brisbane that that is pretty good value. I say to the bush and the regions that Brisbane should be a magnet; we attract people here and then they go to the Gold Coast, the Sunshine Coast, Toowoomba or the bush. That is the real benefit of using the capital. One of the reasons why we as a government have been encouraging some CBD developments is that Brisbane is not active to the extent that it should be as a magnet for this city.

The Goodwill Games are on this year—the biggest sporting event in the world. We have got CHOGM on. As I said this morning, we have got events this year—if you add tourism—worth \$340 million. The Events Corporation, which is also in my portfolio, does a brilliant job of attracting people. You can no longer just rely on tourism; you have got to have event tourism. That is why the performance of South Bank is so important. In addition to that, 750,000 people visited the Brisbane Convention and Exhibition Centre in that time for 701 events. The exhibition centre is working very well, as will the convention centre on the Gold Coast. If you want to have a look at the breakdown, there is some work being done over there. The master plan works for South Bank are complete. The parklands has operated from 20 June 1992 and saw over six million visitors over certain periods. I will not go through this. To date over 45 million people have visited the parklands. The bottom line is: is it a success? Yes, it is. Is it going to be an even bigger success this year? Yes, it is, because a large part of the Goodwill Games will be over there. That part of Brisbane will be beamed, through the Goodwill Games, to a billion people around the world—450 million homes. Brisbane will be seen by the world in a way that it has never, ever been seen before. I do not think there is an appreciation yet by Queenslanders of what exactly is going to happen this year. As I said, there will be \$340 million in this state this year as a result of these events. You can add together CHOGM, which will see 52 presidents and prime ministers coming here from

around the world. We have never had that exposure before. We have never had 52 presidents and prime ministers here, together with Her Majesty the Queen. It has never happened before. The Goodwill Games—as much as this may offend some—are much bigger than the Commonwealth Games in 1982, love them as we did. We need to make sure that South Bank, the Roma Street Parkland, the inner city precinct, the arts facilities we are developing on the south side and, dare I mention it, that brilliant bridge that one day everyone will look back in awe on and say, 'Isn't it brilliant. It took a bit of time to build but it was worth it when it was finished'—all of those things are going to make this what it is, the most user friendly and most livable city in the world.

**Ms KEECH:** Still staying on South Bank—

**Mr BEATTIE:** There is actually accommodation on sale. You can actually buy and live there now. Is it Devine? Who has got that?

**Mr GRANT:** Mirvac.

**Mr BEATTIE:** 'Devine'—I'll get shot. Mirvac has developments over there. If you can afford a unit—

**Ms KEECH:** I only wish. No, thank you. I am happy to stay in Albert.

**Mr BEATTIE:** Well done.

**The CHAIRMAN:** We are happy to have you in Albert, too.

**Mr BEATTIE:** I am happy with Albert.

**Ms KEECH:** So am I, and the people. With respect to further developments around that site, I refer to a recent call for expressions of interest regarding the site adjacent to the College of Art. What are the plans for this site?

**Mr BEATTIE:** This is site 9G2. The College of Art is very close to opening. That will be an added precinct. When the bridge is finished, if you link that into QUT, this will become one of the most attractive precincts of any city in the world. You can throw in Gona Barracks as well. The whole heart of Brisbane is being rebuilt. We are giving Brisbane a new heart. That is very important. The corporation's vision for the South Bank precinct is that of a distinctive urban leisure area incorporating opportunities for development within a parkland setting. South Bank, as you know, is a key part of the city. The site 9G2 is located in the southern zone of the parklands bordered by Ernest and Grey Streets adjacent to the Griffith University College of Art. Site 9G2 is an important strategic property within the corporation area. The corporation's board is meeting today, 10 July—how did they let you out, Bill?

**Mr GRANT:** It is this afternoon.

**Mr BEATTIE:**—okay—to consider the tenders for the sale by lease of this site, and will consider the nature, use and financial return of the development in the context of the overall master plan redevelopment.

The corporation's vision incorporates attention to maintaining and enhancing the Queensland vernacular in design, use and climatic responses. Consequently, excellence in design and compatibility with the development of sites in the precinct are important criteria. At this point the details relating to the final tender submissions and the future use are confidential, as you would expect, because they have to make their mind up about them.

In the 2000-01 financial year South Bank consolidated its reputation as a design and development leader, winning five major awards. In November 2000 South Bank won the most prestigious urban design award in Australia, the Urban

Design in Australia Award 2000, awarded by the Australian Council of Building Design Professions, adding to a number of industry recognised awards received during the year. The receipt of design and tourism awards helped facilitate strong interest from the property development market in 2000-01, as evidenced by a strong response to the launch of the site 9G2 in May 2001. This was confirmed in June 2001 when the South Bank master plan redevelopment won the overall Premier's award in the urban renewal category of the prestigious Urban Development Institute of Queensland 2001 Awards for Excellence ahead of 77 entries. I should say that I did not determine it; it just happens to have my position attached to it.

I might just say again that I think South Bank has gone through a transformation. There have been some issues along the road involving some of the proprietors there, but, by and large, Bill and the team have worked through that to resolve it. Whenever you have a major redevelopment and you have businesses on site, you will end up with some disruption. That is not easy, and I thank them for their understanding and tolerance. Bill's people have been able to work those issues through. We now have one of the most attractive parts of the city being finalised. I love it over there. There is a real boom going on. If you look at the numbers—five million people—that is a huge crowd.

**Mr CHOI:** I have no questions for the South Bank Corporation, but I have other questions. I notice the Premier's answer to a question on notice from this committee regarding expenditure by your department. As I was not here in the last term—

**Mr BEATTIE:** But you will be here for a few more.

**Mr CHOI:** Thank you. Can you please compare your expenditure in advertising with that of the last coalition government?

**Mr BEATTIE:** I am happy to do that. I was asked a question on notice by the Leader of the Opposition, and I have been happy to detail that response. Indeed, I have endeavoured to facilitate this committee in unprecedented detail the like of which has never been provided before. You will recall that in terms of the cost of legal expenditure, I have actually provided a copy with a blow-by-blow account of individual items. I have provided—and this is the first and only time; there is no precedent in this—a detailed breakdown of all the legal expenses in individual items. There is legal professional privilege involved, which I have waived for this information. It is a once only thing—I am not doing it in any other area of government—just to show you and the public what the expenditure goes on. We have never done that before. You will have that attached to the written areas.

In 2000-01 the Department of the Premier and Cabinet undertook advertising in metropolitan and regional Queensland and nationally. The advertising focused on the following areas: business promotion and attraction; major events, including the opening of the Roma Street Parkland, the Goodwill Games, which of course we are going to promote, and CHOGM, which of course we will take advantage of; government policy and program information; and public information relating to major infrastructure and capital works programs, including the redevelopment of the Royal Brisbane Hospital, the South East Busway and Airtrain. Expenditure on advertising for the full year amounted to \$532,328.51, comprising \$467,152.17 in media costs and \$65,176.34 for production costs. The department is a unit that is responsible for coordinating advertising, publicity and other promotional activity.

In addition, I thought it would be worth while providing the committee with detailed information under the previous government. For the 1996-97 financial year, advertising expenditure for the media costs alone by the department of Premier and

Cabinet amounted to \$967,000. For the 1997-98 financial year this figure increased to an extravagant \$1.78 million. In other words, my government spent \$461,152; the Borbidge government spent \$1.78 million. In my view, what we are doing is sound, reasonable and fair enough.

I cannot be more detailed than that. The world knows what our expenditure is. All that money is well spent in the public interest in the same way that the legal bills I have sent you are all in the public interest. I am happy to answer any questions that any of you may have about any of the detail that I have set out here about our legal bills. I have done that in an unprecedented way—and no Queensland government has ever done that before—because I want people to understand that we spend their money in a very frugal, rational and reasonable way.

**Ms KEECH:** I refer to the fact that the government has been attacked by some for providing financial incentives to companies in exchange for agreements to provide a set number of jobs. Can the Premier give the committee an example of this sort of arrangement?

**Mr BEATTIE:** I can. This is a really ugly and competitive world. Unless we attract jobs, we are going to be left behind. As the leader of the government, my responsibility is not only to turn Queensland into the Smart State but to ensure that we get the jobs we can, and that is what we are doing. I have reached an agreement with the Auditor-General, as I indicated this morning, where we will spell out the number of jobs in return for the incentives. That is in addition to what we used to do, and that is fair enough. I think we have an obligation to set that out. I am happy that we have now gone down that road.

I will give you an example of how this works. The Brisbane-based company EGR is a perfect example of the success that can be achieved by my government working in partnership with the private sector to help create jobs and to stimulate increased exports for Queensland. EGR was conceived by Greg Horwill in 1973 and, together with his brother Rod and father Ted, the company has moved from general purpose, light plastic fabrication-style products into large ranges of automotive accessory products such as body kits, fender flairs, headlight covers, bonnet protectors and those sorts of things. Today EGR is a global organisation with offices and distributors in more than 40 countries around the world, annual sales of \$100 million and a work force of more than 700 people worldwide. EGR operates three key manufacturing divisions located in Brisbane—and I will not go through that. More than 65 per cent of the group's sales are in overseas markets and all of the products sold overseas are manufactured in Brisbane.

From the beginning, EGR's focus has been on developing a global approach to business. In recognition of the company's international success, EGR won the Premier of Queensland's Exporter of the Year Award in 1999. The company also won the award for the large manufacturing category in the same year. In early 2000 my special representative for Queensland, Mike Ahern, introduced EGR to the government regarding their aggressive expansion plans to capture a greater share of the international market. EGR's \$20 million expansion encompasses a range of things of which I will advise the committee.

In October my government signed an agreement to provide financial incentives to help this expansion in return for a guaranteed number of new jobs. At the time the government's support package was signed in October 2000, EGR employed an equivalent of 480 full-time employees. As a result of the expansion plans, EGR agreed to increase job numbers every year until it reached 980 employees by December 2005. That is more than double the October 2000 work force and

equates to salaries and wages paid in Queensland of more than \$50 million a year by 2005.

The company is already well ahead of its target. A Queensland company which promised to deliver 250 new jobs by the end of the 2003 in return for state government help with expansion plans is delivering the extra jobs more than two and a half years early. The group is now recruiting 130 staff, which will result in the total employment of 817 full-time people in the next few weeks. EGR is only 13 positions short of its target of 830 jobs by the end of 2004—three and a half years away. As a result of the expansion, it is projected that EGR will double its annual export sales of \$55 million to \$110 million by the year 2003-04. Is that good investment? Yes, it is.

**The CHAIRMAN:** I would just like to make a comment. It is a fight. I am pleased you got in the ring and you do not have to use the Queensberry rules. Just keep doing what you are doing.

**Mr BEATTIE:** I am not sure what they are.

**Mr SHINE:** You have been on three trade missions so far this year. Could you give some examples of what benefits may have ensued to Queensland companies as a result?

**Mr BEATTIE:** You bet! I just want to say something about trade and jobs. We have to be more export orientated. I talked about changing cultures. One of them is about changing the culture that exists about exports. When I was overseas I noticed that Bob and a couple of others had a bit of a shot at me about the trips. The bottom line is that if we do not go to the world we are going to be left behind. One in five jobs in this state comes from exports—one in four in the regions. If you are not out there actively going for jobs and exports, you will never do it. Quite frankly, I think that the federal leadership of this nation should do more about attracting jobs for not just Queensland but also Australia. They need to do more about doing everything they can to get export opportunities. It is crazy to be left behind. I know there is a bit of good politics in giving a Premier a belt when he goes overseas. Any Premier in Australia and any Prime Minister that does not go overseas to get export opportunities for their state or this nation ought to be fired. That is frankly my view about it. I think it is money well spent.

Let's talk about some of the recent achievements. The last three trade delegations that I have undertaken during the financial year—Singapore, Malaysia and Vietnam; Egypt and Turkey; the US and Mexico—have targeted positioning Queensland in the global knowledge economy and strengthening our position with our long-term trading allies. My visit to South-East Asia was critical to the maintenance and further development of viable trade agreements between Queensland and Asian countries. In Kuala Lumpur I was pleased to be involved in the signing of an agreement between the Brisbane-based technology company Union Switch and Signal for a \$65 million contract to provide safety control systems for a major rail project involving the partner EMRAIL, which is a Malaysian company. That is the first tick.

Queensland expertise in the arts has also been recognised. I was able to announce that Robin James, head of the Queensland Film and Television Commission, has been the only Australian appointed to an international advisory board for the entertainment industry. In Hanoi, I witnessed the signing of a memorandum of understanding between the Queensland University of Technology and the Hanoi School of Public Health to further develop education links. There

were also beef contracts. I announced the signing of a contract for Queensland beef producers to supply the first shipment of live beef to Vietnam as part of a five-year \$75 million agreement. We did the same thing in Egypt.

One of the things about these markets is the presence of foot and mouth disease. Why would we not get into Vietnam with more beef? Why would we not try to reopen the export links of live beef into Mexico which they closed last year? Why would we not try to increase the amount of beef exports to Egypt? We employed Mike Ahern on behalf of the government to go and open some of those doors. We have gone from zero to \$28 million in live beef exports to Egypt in the last two years.

The list goes on. I can bore you with it, but I will not, other than to say that biotechnology was important in San Diego. Beef is important. We are about mineral opportunities in Mexico. We are about biotechnology opportunities in the United States. We will open every door we can to the private sector to generate trade and opportunities. That is our future. We have not done enough in terms of trade and we have to remember our region. This century China is going to be one of the big economic powers in the world. We are in the neighbourhood and we have to use our brains to take advantage of it. I would like to incorporate in *Hansard* the full list of achievements over those three trips because I think that the community has a right to know where their money is being spent.

**The CHAIRMAN:** We will accept that to save the committee time.

**Mr BEATTIE:** I am able to read it if you want, but I thought I would save you time.

TOPIC

PREMIER'S RECENT TRADE MISSIONS

KEY POINTS

The last three trade delegations that I have undertaken during the financial year 2000/2001 (Singapore/Malaysia/Vietnam; Egypt and Turkey; USA and Mexico) have been targeted on positioning Queensland in the global knowledge economy and strengthening our position with our long term trading allies.

My visit to South East Asia was critical to the maintenance and further development of viable trade agreements between Queensland and Asian companies. In Kuala Lumpur I was pleased to be involved in the signing of an agreement between the Brisbane based technology company Union Switch and Signal for a \$65 million contract to provide safety control systems for a major rail project involving a partner EMRAIL, which is a Malaysian company.

Queensland expertise in the Arts has also been recognised as I was able to announce Robin James, head of Queensland Film and Television Commission, as the only Australian appointed to an international advisory board for its entertainment industry.

In Hanoi, I witnessed the signing of a memorandum of understanding between Queensland University of Technology (QUT) and the Hanoi School of Public Health, to further develop education and health links with South-East Asia.

There have been several significant developments in the past few months, which are firstly that a senior management delegation from the Hanoi School (which has been upgraded to formal status as a university) will be here this month to set up a framework for the new curriculum.

Secondly, senior staff from QUT will visit the Hanoi School later this year to continue work on curriculum design and materials, and to help establish new professional frameworks and accreditation for public health workers.

It is envisaged that in the next few years, QUT staff will contribute significantly to education in Vietnam, and there will be training of Vietnamese staff and students in Brisbane, joint research projects and other exchanges.

I also announced the signing of a contract for Queensland beef producers to supply the first shipment of live cattle to Vietnam as part of a five-year \$75 million agreement. The Vietnamese

partners—importer Novico and major beef distributor Vissan—signed a contract with Queensland beef suppliers Queensland Jumbuck Exports.

My trade mission to Egypt and Turkey was a highly successful mission to advise key Egyptian ministers and companies of Queensland's paddock to plate food safety initiatives. The delegation of Queensland representatives of the beef export industry included Agforce, GRM International Pty Ltd, Stanbroke Pastoral Company Pty Ltd, Consolidated Meat Group, and Primac Elders. All of these companies are confident that there are real opportunities for the export of cattle and beef to Egypt and other openings for other exports, including dairy cattle and cattle transporters. At least two of these companies reported increased orders for live cattle as a result of their participation in the mission. One company also reported intense levels of interest in agri-business consulting services.

One great success of the mission was the sale of 14,862 head of Queensland cattle being shipped to Egypt from Townsville in June.

Another great success is MMI supplying a US\$7.6 million Queensland designed, owned and built fast ferry to transport passengers on Lake Nasser, one of Egypt's prime tourist destinations.

In the US my main focus was to raise the profile of Queensland biotechnology companies as part of a long-term strategy to promote Queensland as the smart state. My mission to the USA and Mexico was very important in creating contacts in the venture capital sector.

While in Mexico I launched a Latin American Mine Support Export Development Strategy, committing almost \$630,000 to developing new markets in one of the world's most lucrative mining areas.

More than 70 Queensland companies have the capability to tap into mining projects worth \$US20 billion in Latin America over the next six years. Securing even a fraction of that business will mean a substantial number of new jobs for Queenslanders. This two-and-a-half year strategy had been developed by the Department of State Development and the Australian Industry Group.

More than 50 suitable mining projects for Queensland have been identified in the markets of Mexico, Chile, and Peru, as well as potential opportunities in the markets of Brazil and Argentina.

I also witnessed the signing of a Memorandum of Understanding between Queensland and Mexico's Ministry of Environment and Natural Resources to promote co-operation on the protection and conservation of coastal and reef areas. This agreement with Mexico will offer mutual benefits as we explore a range of management and conservation issues pertaining to reef and coastal regions, marine parks, biodiversity and ecosystems.

**Ms KEECH:** Continuing along the line of developing Queensland's trade development, I have a question with respect to the special representatives for Queensland that are overseas. Could you give the committee some particular examples of the successes of the honourable Mike Ahern, Ms Sallyanne Atkinson AO, and also the commissioner in Los Angeles, the honourable Bob Gibbs.

**Mr BEATTIE:** I am happy to do all of that because we have now had a period of time to examine their successes. The appointment of the three of them—and they all represent different sides of politics—has been about using their political skills to get jobs and investment opportunities. Mike Ahern, a former National Party Premier, has been significant in enhancing our beef exports. I want to publicly put on record today my appreciation of Mike Ahern for what he has done. He has opened the door into Egypt. As I said, we have gone from zero to \$28 million in exports in the last 18 months to two years. That is because of the work done by State Development. I want to give State Development a pat on the back. They do a great job in the trade area. They work very closely with him, and he has delivered that outcome. Tom Burns has a role in terms of China and Vietnam as well. He has been assisting. Vietnam has been a success. There have been exports of pork into Singapore. All of those things have been a success in regards to what Ahern has been doing.

Sallyanne Atkinson has also been a success. She covers Malaysia and Singapore. She has also been successful, and I will come back to that later. Bob Gibbs has been successful in terms of biotech, getting beef into Mexico and coal

opportunities. Bob Gibbs has identified all of those. Mexico is now importing coal for the first time. It used to use fuel as the source of energy for its power stations. It has opened a very significant power station in what is Mexico's California, if you like, that is, that unusual looking strip down the side of Mexico. It has built one power station and taken coal from Australia. The first time the coal came from Newcastle. There will be a second power station, and I am trying to get Queensland coal exported to Mexico. If we can find new markets for coal, we can open up the Surat Basin. If we can find new markets in Mexico and Germany—and there are new opportunities in Germany—then we have a chance.

Let us come to the particular details. Sallyanne Atkinson was appointed in December 1999. Her responsibility is South-East Asia. Mike Ahern was also appointed in December 1999. His responsibility is Africa, the Middle East and India. We recently also appointed Geoffrey Thomas for North America. He has an honorary role. He is assisting. He has very good links with the Republicans. He worked on George Bush's campaign. As far as I am concerned, he also has links with some people seated here. However, he is a good person and very active and I think will produce a good result.

In terms of Mike Ahern, he undertook a major investment mission to the Middle East in September 2000 and trade missions to India, the Middle East and Egypt in March 2000. A contract was signed for a \$5 million sale of fibre optic technology in Dubai and a health care contract of \$5 million for the provision of a private hospital in Abu Dhabi. Live cattle exports to Egypt and Libya are increasing. Sallyanne Atkinson has been integrally involved in a number of trade missions to key markets in South-East Asia, and her success goes on. I have already covered Tom Burns. I could go through it in more detail, but time has probably run out. I think their success speaks for itself. We have to be more aggressive overseas on trade. It is that simple.

**The CHAIRMAN:** It is now time for non-government members to ask questions.

**Mr HORAN:** I want to ask you about the Smart State strategy and your government's jobs strategy. You promised an unemployment rate of five per cent, but it currently sits at nine per cent, the worst in mainland Australia. With regard to the Smart State strategy, what difference do you expect it to make? Have you got any particular targets in terms of how many people will be employed in the Smart State strategy and in what time span? What difference and improvement will it bring to our unemployment level, which is the worst in mainland Australia?

**Mr BEATTIE:** I thank the member for the question. Total employment in Queensland is forecast to grow by two per cent in 2001-02, representing twice the national average of one per cent and an increase of 33,000 jobs for the state. That is the forecast, if you like, on the budget, and they are the ones I will stick to. Queensland will continue to experience a high labour participation rate of 65 per cent and the highest population growth of all states, according to the ABS figures from June 2000, primarily from interstate and overseas migration and natural population growth. With the continuing strong growth in labour supply, Queensland's year average unemployment rate is forecast in the budget to be eight per cent.

Strengthening employment over 2001-02 is forecast to result in an improvement to the state's unemployment rate through the year to the June quarter 2002. As you know, the government has a comprehensive range of policies designed to create jobs and add employment in Queensland. The government will also deliver on an election commitment to increase spending on the Breaking the Unemployment Cycle initiative of \$470 million to help create 56,000 jobs over six years. Four new



programs under this initiative targeting youth and long-term unemployment began on 1 July 2001. As part of the Smart State vision, the government is committed to increasing work force skills and pathways from school to work to meet the needs of industry in the Queensland labour market. Such strategies are vital to increasing competitiveness, investment attraction and job creation.

Let us talk bluntly about where we are. The problem with the Queensland economy is that it is too narrow. We need to broaden it. That is what Smart State is all about. It is about new jobs in IT. It is about new jobs in biotechnology. Ever since we mapped the human genome—I am talking about the human species—there is a whole new area of better jobs for the future. But biotechnology is not biotechnology in isolation. Biotechnology and IT combined can help us do what we currently do better.

Let us take AMC and magnesium. There is a whole light metals industry. Instead of just digging minerals out of the ground, putting them on a ship and sending them overseas, we are going to value add here. Ford has bought 50 per cent of the light metal. AMC will be the biggest magnesium plant in the world and it will be in Queensland—smart jobs for us. That is what it is about. We need to take IT, Smart State strategies and biotechnology and value add. That is what nanotechnology is all about, which we announced in San Diego. It is about enhancing traditional industries like mining. It is also about cleaner air and cleaner water. There are many uses for biotechnology and the smart end of what we are seeking to do.

In terms of where we are and what we announced, we proposed three things in San Diego. Some \$15 million of the recently announced \$100 million Queensland Smart State facilities is going to go to clinically test R&D outcomes in biotech here and patent them here to get the jobs here. There is the Queensland biodiversity fund and nanotechnology. This is about broadening the economy. That is where the jobs will come from. Yes, it will take time, but it is the only future we have.

**Mr HORAN:** Regarding native title, page 1-11 of the MPS relates to the future development of policy advice, coordination and cabinet support and the review of work procedures of government departments on native title land management. You recently called on Queensland miners to get off their backsides and seek business opportunities in Latin America, which resulted in a response from the Queensland Mining Council, the Institute of Mining and Metallurgy and the Mining Industry Action Group. That response identified that the government's failure to grant tenure for exploration was largely to blame for the current depressed state of the Queensland mineral exploration industry. I am advised that there are currently 1,181 exploration and 640 mining applications that have been in backlog since 1996, since the enactment of your native title legislation. Since the enactment of that legislation, only one exploration tenure has successfully gone through the high impact negotiation process.

Out of the budget we are examining today through your department, what can we do about this dreadful situation of all these mining applications that people are seeking that they just simply cannot get? I was in Mareeba recently and met a number of miners. They are getting to the stage where their current leases are about to expire. In order to continue in business or expand, they have to find new leases. The whole thing has just come to a stagnant stop.

**Mr BEATTIE:** I have been the Premier since 1998, not 1996, but that is neither here nor there. Perhaps if I had been Premier since 1996 we might have had a better solution to this problem. I want to talk about where we are on this. We had a

number of High Court decisions. As a result of that, the Howard government brought in native title legislation with the support of the Tasmanian Independent. I have to tell you that that legislation is unworkable in my view. It is very difficult. That is what happens when you end up with a federal government negotiating native title through the minefield of a Senate where you have one Independent with the balance of power. That is what happened. We are the only state that has managed to improve the native title legislation. We did that after a lot of negotiations to make it better.

In my view, there is one way to resolve this minefield, that is to work it out through the systems that we have established. Firstly, there is the mechanism we established through the legislation we put through the Senate in the federal parliament and, secondly, the Native Title Services Unit in my department. Just look at the costs. Look at the legal bills I sent you. Most of these bills I sent you relate to Crown Law advice we have been given to resolve issues. The member for Gregory brought some people to see me about gem mining, and we were able to resolve these things over time. The second component is to actually get people around the table to negotiate. The Hail Creek coalmine has gone ahead because we helped resolve native title access issues involving Hail Creek. A long time ago the operators had gone back and sorted issues through with native title claimants. So 10 out of 10 to the company and 10 out of 10 for what we were able to do to help facilitate it.

That does not mean we do not have delays. Yes, we do. We are currently trying to negotiate a statewide ILUA to resolve those issues. I share the frustration from the Mining Council and others about these delays, but I did not bring down the High Court case. I did not bring in John Howard's stupid piece of legislation. What we have to do is to try to make it work in this state, and we are. It would not make any difference if Mike Horan was Premier or I was Premier: you would not get any changes through the Senate that are any different. In fact, because of our relationship with the Labor Party, we were able to get better changes than you would be able to get. The facts of life are that we are finally and slowly resolving this. We have had more declarations and clearances for native title claims than anywhere else. Look at what we have done with the Wik people in Cape York. Look at the declarations we have negotiated. They are slowly moving the backlog. Yes, I understand people's frustrations, but unfortunately the High Court controls all of us, not just one state at a time.

There are a number of unprocessed applications. The government has agreed to attempt to negotiate a way to process these. Native Title Services is in the final stage of negotiating the terms of an Indigenous Land Use Agreement, or ILUA, with the Queensland Indigenous Working Group. In fact, I had a meeting with my key adviser on that yesterday. I have given certain instructions as to how to try to resolve it. I am not going to give you a date as to when the statewide ILUA will be resolved, because it has taken too long already. But we are closer than we have ever been to resolving that statewide ILUA. The way to do it is to get Native Title Services to negotiate with the claimants to get these things through. We are slowly doing it. It is too slow, but we are finally getting there. All you have to do is look at Hail Creek. Hail Creek was approved in the last few weeks because we have been able to facilitate that. It is the same with a lot of the miners in the member for Gregory's electorate. We have been able to facilitate those things. It does not mean that there are not too many delays, but we are getting there.

**Mrs LIZ CUNNINGHAM:** Page 1-43 of the Ministerial Portfolio Statements indicates that ministerial office expenses will treble, parliamentary secretary office expenses will quadruple, opposition office costs will triple and the cost of former Premiers' entitlements will increase almost ninefold. In what office areas will these significant increases occur?

**Mr BEATTIE:** Did you say former Premiers?

**Mrs LIZ CUNNINGHAM:** Yes, former Premiers' entitlements.

**Mr BEATTIE:** Yes, but that is the period since the election, that is, 18 February to 30 June. That is all that is. In terms of former Premiers, there are only two former Premiers who get any benefits. This is a matter for the discretion of the Premier of the day. Maybe we should gazette this. I do not have a problem with gazetting it, and I have talked to my department about it. There are only two. One is Sir Joh Bjelke-Petersen and the other is Wayne Goss. Wayne Goss hardly uses it. He will get a car for an official occasion but hardly uses it. I think he gets a \$1,000 stamp allowance a year.

I have authorised Sir Joh to be able to have access to a vehicle when he needs it for official things and he gets a small stamp allowance as well. I get criticism from my own party for this, but Sir Joh was Premier for 19 years. My view is that he is 90 years of age. He is entitled to be treated with respect, and that is what he gets. Going from memory, I think \$38,000 was the total bill from last year.

**Mrs LIZ CUNNINGHAM:** No-one is slighting the previous Premier.

**Mr BEATTIE:** No, you did not and I did not say you did. I am just saying what the cost is. Expenditure in 2001-02 consisted of Sir Joh Bjelke-Petersen. Sorry, I was wrong, but his total was \$43,000. That includes \$33,000 for the salary of chauffeurs, \$4,000 for motor vehicle running costs, \$4,000 for travel and costs for official office administration. Sir Joh was \$43,000. I find it a bit ironic that I am in the position of defending this, but as you would appreciate he gets an enormous number of invitations. Wayne Goss's total was \$2,000.

**Mrs LIZ CUNNINGHAM:** Could you address the other elements then relating to ministerial offices and parliamentary secretary offices.

**Mr BEATTIE:** Yes, but, as I said, the top of that relates to office lists from 18 February to 30 June. I am happy to go through those. The expense is for ministerial offices and for opposition and non-government offices providing for staff and administrative costs to run to 18 ministerial offices, four parliamentary secretaries, et cetera. The 2000-01 actual estimate was \$977,000, or three per cent below budget, primarily due to salary savings and lower than expected travel costs. The budget for 2001-02 represents an increase of \$297,000, or less than one per cent from the 2000-01 budget. The increase is in relation to these: enterprise bargaining pay increases, offset by salaries savings by reducing staff numbers; increased user pays rents in utilities; increased telecommunications costs; and minor equipment funding. You cannot do anything about enterprise bargaining. People are entitled to be paid.

**Mrs LIZ CUNNINGHAM:** You are dealing with \$8.5 million to \$25 million.

**Mr BEATTIE:** You actually have to add together 1.42 and 1.43. The office list on the left is to 17 February 2001 and the office list from 18 February to 30 June is on the right. You actually have to add them together. That is how you get the total figure.

**Mrs LIZ CUNNINGHAM:** Thank you.

**Mr BEATTIE:** I come back to the issues here. The budget does represent an increase, but the increase is \$297,000, or less than 1 per cent. The large part of that is enterprise bargaining, and there are increases in things such as telecommunications costs and so on. To be perfectly frank, I think that is reasonable. I do not think it is unreasonable for the government, the opposition or anyone else. I think that is quite frugal, to be honest.

**Mr HORAN:** Premier, you spoke earlier about the north American trade office in Los Angeles. Could you give this committee your view of the performance of the north American trade office over the past financial year against the benchmark performance of Queensland's other overseas offices, specifically on a dollar return basis—actual outcomes versus dollars expended in support of the office?

**Mr BEATTIE:** I think it has performed quite well. Just quickly, to summarise, when we were in San Diego, in my hotel room we met for the first time nine or 10 venture capitalists. We have never been able to get the venture capitalists together before. The big problem with Australia is that there are only 19 million of us—there are 3.5 million in this state—and we lack capital. That is why we need overseas investment. That is why we are trying to partner with these American companies. This was the first time we actually got venture capitalists to really talk to us. We had them in the room. They are interested in investing here. They want to partner with Queensland firms.

Gibbs did that. He went around and talked to them. He set up this biotechnology advisory group of Americans. That, more than anything else, was absolutely essential to the long-term future of biotechnology. He also contributed to our meeting the relevant ministers and regulators in Mexico about opening up the Mexican market to beef imports again. We used to have 25,000 beef into Mexico and they knocked that off. We are trying to reopen the door. We had good meetings. I think that could happen again. It is the same with coal.

Let me quickly go through this results summary. As a result of the Biotechnology Industry Organisation BIO2000 mission—that was obviously organised by Gibbs—16 US companies entered into investment project discussions with the Queensland government. Twenty representatives of Queensland organisations were assisted with BIO2000 activities. The first annual Queensland-New Zealand biotechnology workshop was held with 47 attendees. In relation to IT and venture capital, we established the Advanced Technology Advisory Council, comprised of Queenslanders who have been successful in the US IT industry and service providers. The list goes on. The summary talks about what we are doing in education and mining. There is a list of things in relation to which I think that office has demonstrated its performance. We keep a very careful eye on it.

Frankly, Bob Gibbs has done a good job. The reason he has done a good job is that he has those skills to go in and talk to people. Our presence in San Diego has linked academics and business investors with American academics and business investors. We have paved the long-term future of the biotechnology industry in this state. The other thing Gibbs has done is help in the IT area. A lot of work has been done to attract Red Hat's regional headquarters here. We are building on a relationship with Boeing, Sun Microsystems and Oracle. The list goes on. He has worked very, very hard.

I do not think that just because politicians leave this game they are useless. I think Sallyanne Atkinson, Mike Ahern and Bob Gibbs have all done a good job. One of the things we learn is skills. Every one of you can walk into a room and talk to anybody. Not everybody can do that. Gibbs is able to do it, Ahern is able to do it

and Atkinson is able to do it. They have all served us well. I hope that in 100 years, when things change, you guys might do the same thing—well, maybe three years. I will not get carried away; I will be attacked for being arrogant next. If it happens in three years, I hope you keep them all on.

**Mr QUINN:** One of the recent achievements of the international trade department has been securing major supply contracts in East Timor. How successful was the recent offer by a Queensland consortium which included Energex and Stanwell to build, own, operate and transfer a telecommunications and electricity network in East Timor for 10 years? How much money was spent by these government bodies in pursuing this work?

**Mr BEATTIE:** Let us go through both of these. You know that I visited East Timor last year. One of the reasons I went to East Timor was that our companies in Queensland do not get a fair enough share of the aid dollar. East Timor cannot afford it, although I am delighted to see that Alexander Downer has signed the gas agreement, because Timor Sea gas will help not only Queensland but also Timor and Australia. They do not have the money, but there is a lot of money in aid money and we have been below the national average in attracting it.

Donor nations have pledged something like \$US520 million for the reconstruction of East Timor. My government has agreed on a strategy to assist in the reconstruction of East Timor and to facilitate access to business opportunities, which is what we have been about. As part of that strategy I led a delegation to East Timor last year. Queensland businesses have won projects with a value of \$12 million to date. These include Ausco Building Systems securing a major contract for the construction of Australian Defence Force camps; SE Power winning a contract for the supply of generators and electrical panels; Caloundra Auto supplying a four-wheel drive vehicle for the UN; Energex supplying a one megawatt generator; the Queensland Ambulance Service providing emergency equipment; and the Department of Public Works winning an AusAID tender for school equipment.

Energex has won \$685,000 in business in East Timor. We are not sure about the telecommunications bid. As you would appreciate, that is run by Energex itself and it is probably commercial. If we are able to provide that information to you without it compromising some commercial bid, I am quite happy to do so.

We established someone in the Department of State Development to actually assist us in advising how to access the aid dollar. The amount of aid out of the UN, the World Bank and all of these areas is significant. We are talking about billions of dollars. We are sitting on the doorstep of Asia and we are not taking advantage of it, or we were not. That is one of the reasons we have encouraged these enterprises in there.

We are not running a charity. Obviously we want to get returns. There are some humanitarian aid issues there. I have put a small amount out of my department to assist Nudgee College with two East Timorese to come down for education. We have agreed to do that recently because we think the old Colombo Plan helps develop long-term links. Nudgee College I think spoke to us and we agreed to do it. Sorry, my director-general tells me that Education are funding it, not my department. Actually it is better that Education funds it, but they had some persuasion from me to fund it because we want to ensure that there are those sorts of links.

As I say, assuming there is no commercial sensitivity about it, I am happy to provide that information to the committee. This is about sharing in the aid dollar. I do

not want to seem heartless about this—of course there are humanitarian issues—but there are contracts for Queensland companies.

When I went up there I led a large delegation of Queensland companies. The Industry Group was with us. I cannot remember all the names of the others, but quite a significant group of people came with us. There was John Wedgewood from Energex, Damien Cronin from Phillips Fox, Richard Power from Townsville Enterprises, David Whiting from AIG, Stuart Routledge from GRM, David Burbidge from Stanwell Power and Brisbane City Enterprises. The list goes on. We think there is money in it and we are not doing enough. That is the reason we are there.

**Mr HORAN:** I refer to Cape York Partnerships, found on page 1-20. You would be well aware of the recent media reports about the very unfortunate violent behaviour towards women and children in some of those communities.

**Mr BEATTIE:** Yes.

**Mr HORAN:** My question is similar to one I asked you before, and I am sorry that the Children's Commissioner is not here. What action has your government taken to protect these women and children, particularly through the Children's Commissioner and also through the office for women? I know that the office for women is not within your department, but it is important for you as Premier to give some direction. There are another couple of agencies or commissions that could be involved in trying to ensure that the level of protection is the best possible in the circumstances.

**Mr BEATTIE:** A lot of that does not fall within my area of finances, but obviously it is a government matter and I am not going to take the point. I will answer it. The partnership plan is designed to empower indigenous people. I raise the issue of the amount of violence on indigenous communities, particularly involving women. Recently the *Courier-Mail* ran a heart-wrenching series of photos and an article that went with it. If people were not affected by that, then they are pretty heartless. It was quite a moving article that the *Courier-Mail* wrote. It just shows enormous problems.

We have strategies being pursued by the Liquor Licensing Division, we have a number of extra funds going into domestic violence prevention programs and we have a number of programs involving health and education—all of which are worthy, all of which are important, all of which in their own way will work. In 1998-99, \$4 million over four years was allocated to the office for women to enhance the government's response to domestic violence and encourage domestic violence prevention initiatives.

The truth of the matter is, though, that it does not matter how many fine words we have about this. We have to build self-esteem amongst indigenous people. That is what the partnership plan is all about. It is about actually saying to the indigenous communities, 'Let's work together to get rid of the yoke, if you like, of the welfare mentality that exists and give people self-esteem to do other things.'

I was encouraged by Chris Mitchell, the editor of the *Courier-Mail*, and other businesspeople to hold a business summit in Weipa, which was a success. I credit Noel Pearson and Chris Mitchell for the idea. It was not mine; it was theirs. We took businesspeople from around Australia there. Long-term partnerships have developed between people in Cape York and those indigenous people. Out of that will come things such as the beef industry, aquaculture perhaps and tourism.

We are funding out of my department what I believe is one of the most exciting projects in any part of government to deal with this. It relates to a project that Marion Demozay is running in the Department of Aboriginal Affairs. It is about encouraging

indigenous artists to break out of what has happened over the last 200 years, have their art exhibited and get financial return from it. In Lockhart River and places such as that we have some of the best indigenous artists in the world.

Inevitably this gets blocked up with black politics, like all these things do. We have to get above that, which is what is happening in this area. I am totally committed to this project of giving indigenous artists an opportunity. We are trying to do some of it for CHOGM. Whether we get time remains to be seen, because we are against a deadline.

Let me summarise: the partnership plan is the only way to give indigenous people control over their own lives. You are quite right to raise this. It is a terrible area—I think any decent Australian would be affected by it—and I understand your question. But we cannot address 200 years of neglect in 10 minutes, and we will not. The partnership plan is a long-term strategy about empowering and giving indigenous people another fresh look at life by giving them power to control themselves. See, in their communities they do not even have small businesspeople—barbers, bakers or any of those sorts of things. We have to enhance those.

There are opportunities for jobs for people. We are employing indigenous people on roads. We are employing them now in building their own houses. For all these years we had this stupid idea that we had to build Besser block houses. Like you, I grew up in a Queenslander. You played in the dirt under the house when it got hot. You played marbles and had a wonderful time. We built these Besser brick things that are like ovens. Why would you live in them? It is nuts. We have to try to have a better understanding of housing and education. The partnership plan is the only future. There will be pain, it will be hard and there will be division. Indigenous communities sometimes have more factions than the Liberal Party and the Labor Party combined. It is never easy. The point is you have to work above all that. And that is the only way: empowering people. It was a good question. You were entitled to a decent answer.

**The CHAIRMAN:** That finishes the non-government members' questions.

**Mr CHOI:** I have a question to the Premier. Would you please outline the impact of the current low exchange rate for the Australian dollar on Queensland's export performance—I just checked my pager this morning; it is hovering around US51c—and the measure the government has in place for maximising our opportunities in this regard?

**Mr BEATTIE:** You are absolutely right. One of the things that is happening now, which I know Vaughan Johnson is particularly interested in, is that beef prices are the best they have been for a long time. That is why it is so important for us to take advantage of the dollar. We can get sales that we otherwise could not get. That is why we went to Egypt—to get those sales which we otherwise could not get. That is why we have to attract investment now and lock people into partnerships.

Our strategy is to partner overseas firms with Queensland firms and then partner into Asia, because that is the future; that is where the huge market is going to be—as well as build on the other markets around the world. And if you look at what the Americans are doing in NAFTA, you can understand. They are very clever—100 million Mexicans, 15 to 20 million are very wealthy, about 40 million are middle class and about 40 million are poor. We often think about the 40 million poor, and so we should. But 60 million buying power—that is the size of the German market or the UK market. So the value of the dollar is important. I guess you could

call it a substantial depreciation, in a sense, of the Australian dollar saw growth in goods exports of 27.5 per cent in the 12 months to April 2001 compared with the previous year. The value of goods exported in this period was over \$20 billion. The lower dollar has also boosted services exports, particularly in education. That is another area we intend to do more in. I have not talked about education today. We released a strategy to double our export education. It is worth about \$500 million—education. So we are hoping to double that. We have the teachers, the qualifications, the markets and the universities. We would be mad not to take advantage of it.

Strong growth was recorded in goods exports to markets such as North America, up 42 per cent; Japan, up 23.4 per cent; and Europe, up 16 per cent. In product terms, strongest growth in export values was recorded by metalliferous ores, up 65.5; textile fibres, 33.7; non-ferrous metals, 30.8; coal, 26.8; meat, 26.6. That is not bad—26.6. The low value of the Australian dollar against the US dollar is expected to continue to boost the international competitiveness of Queensland exports, while relatively strong prices for most commodities, including coal and beef, should maintain returns to exporters. So it is a pretty good market.

The impact on education exports has also been positive. Australiawide, the number of students from Malaysia is up 17 per cent; from Hong Kong it is up 11 per cent; and from Singapore, it is up 10 per cent. The Queensland government has promoted low-cost, high-quality Queensland goods and service exports at every opportunity, and I have marketed the benefits of a lower Australian dollar directly to senior private sector and government representatives in markets as diverse as Europe, Japan, Singapore, Malaysia, Vietnam, Egypt, the United States and Mexico. The government has also urged Queensland exporters of both goods and services to turn the current exchange rate advantage into new business. This can be done by using the lower dollar to forge relationships with new customers overseas that will advantage them as preferred suppliers through any future movements in exchange rates. So it is an opportunity. There is always a silver lining, and that is it.

**Mr SHINE:** Premier, you were asked a question in relation to native title claims, and you indicated the progress the state had made. I am just wondering if you could add to that in relation to comparing what we have done here with other states.

**Mr BEATTIE:** I am happy to do that because one, we have saved millions of dollars, and two, we have taken a practical, pragmatic approach to try to resolve it. Native Title Services is the lead agency within the government for dealing with them. That is in my department. This includes handling all native title claims in Queensland and ensuring compliance with the Commonwealth Native Title Act 1993 across government.

In Queensland there are 199 claims seeking the recognition of native title by the Federal Court. This is the highest in Australia, leading Western Australia and the Northern Territory, both with 128 active native title claimants. These figures are provided by the Native Title Tribunal: Queensland, 199; New South Wales, 71; ACT, two; Victoria, 22; Tasmania, one, that is over the whole island—I am only kidding; South Australia, 28; Western Australia, 128; Northern Territory, 128—a total of 579. Queensland has resolved more native title claims than any other state.

There have been 19 native title determinations in Queensland. All but one, the Mabo decision, have been resolved by agreement. Only three other claims in Australia have been resolved by agreement—two in Western Australia and one in New South Wales. These figures are based on determinations made by the Federal Court and are listed under the Native Title Tribunal.



Native title outcomes in Australia: Queensland, 18 by negotiation—so what we are doing is working; it works—one by litigation, 19 resolved in Queensland; Western Australia, two by negotiation, three by litigation—five; New South Wales, one by negotiation, four by litigation, a total of five; none in the Northern Territory resolved by negotiation—hardly a surprise—three by litigation, three altogether; Victoria, none by negotiation, one by litigation—one; a total of 21 by negotiation, 12 by litigation—33. We had 19 of them. So it is working.

The Queensland government, through Native Title Services, actively promotes an environment that fosters and encourages the resolution of native title issues through negotiation, not litigation. And you save millions. The Western Australian government spent about \$6 million on this. We have saved, I think, about \$6 million in Native Title Services—\$3 million a year over two years—\$6 million. I think it is working.

Information supplied by the Native Title Tribunal indicates that Queensland both within and outside the public sector also leads Australia in the negotiation of potential agreements about native title issues, including mining and development projects. This has been demonstrated by the successful agreements. These include large-scale project agreements such as the western cape communities co-existence agreement for Comalco's Weipa operations and the small mining project designed to generate mining development in seven regional areas, which has facilitated over 180 mining grants, which are the ones I referred to before.

**Ms KEECH:** Premier, my question is with respect to the Community Engagement Division of your portfolio. I see that you have regional communities within this portfolio, a key part of which is the organisation of the regional ministerial community forums. The member for Capalaba and myself were very honoured to represent the government at the very first one. Actually, it was the first official duty that we had after 17 February. That was at Coomera and highly successful. I am interested to know—if you would not mind telling the committee—what are your future intentions with respect to these regional ministerial community forums.

**Mr BEATTIE:** This year there are a series of regional community conferences to be held across the state in September. The dates and locations are as follows: far-north Queensland, Cairns, 5 September 2001; north Queensland, Townsville, 4 September; Mackay/Whitsunday, to be held in Mackay, 6 September; central Queensland, to be held in Rockhampton, 7 September; Wide Bay/Hervey Bay, to be held in Hervey Bay, 18 September; SEQ north, Nambour, 19 September; SEQ west, Ipswich, 20 September; and SEQ south, Robina, 21 September. Later in the year the highly successful program of quarterly ministerial regional community forums will recommence.

This is another demonstration of the government's clear commitment to the people of regional Queensland. This is actually about getting out and talking to people, and it is about involving, as you know, the community. I have a community cabinet this weekend—this Sunday—which will be held in north Queensland. The last one, as Kerry and Mike know, was held in Toowoomba. Now we are going to north Queensland. So we have had the Gold Coast, Sunshine Coast, Toowoomba, and now we are going to north Queensland.

These regional community gatherings, which are outside but an adjunct to community cabinets, are a very important way to empower people. And yes, there is a lot of work for ministers. It is tough being a minister in my government. It is not easy. They have to go to community cabinet. They give up time with their families on weekends, and they have to go to these regional consultations as well. But the

people are first and foremost. They are important. And yes, it requires a lot of hard work. But as we all know, ministerial positions are optional; they are not compulsory. No-one has wanted to give up one of the positions yet, I might say, so clearly it cannot be all that bad. But it is important that we do it, and it is important that we remain focused.

One issue helping achieve the regional community program's success is the community response. The community have been very good. Of the 56 ministerial regional community forums held since 1999, ministers have considered 80 proposals of regional significance, all of which have been selected and prioritised by the regional delegates of each region. And they are going to continue. I have a lot more detail here. But this is all about ensuring that people have a say. They pay their taxes, they pay our wages, and they are entitled to be heard. Too often governments have simply said, 'We have to listen to the people.' That means they go out and talk to the people. This is actually about listening and responding. We do not have a magic wand, but we do our best to listen. That is why it is pretty hard, as I said, being a minister in my government. It is hard work.

**Mr CHOI:** Premier, I note with great interest that the Office for Women is within your portfolio. What is the current percentage of women CEOs across the Queensland public sector, and what is the percentage of women in SES positions within your own department? And how does that compare to the previous government?

**Mr BEATTIE:** I am pleased to be able to tell you that currently five of the CEO positions across the Queensland public service are held by women. When we came to office there were none. There are now five, because we actually think women are people, too. We actually think they are very bright and very intelligent and can make a significant contribution. This is in stark contrast to the previous government, which was, as I said before, a bit of a boys own brigade.

The CEOs are Rachel Hunter, who is the Public Service Commissioner; Linda Apelt, who is the Director-General of Housing; Marg O'Donnell, Director-General of Arts Queensland; Helen Ringrose, Acting Director-General, Corrective Services; and Anne Dutney, Acting Director-General, Disability Services. These are all outstanding women and are wonderful role models for other women in the Public Service. They are proof of my commitment to ensure more women take on key roles in the middle and senior levels of the Queensland Public Service. Just over 56 per cent of the Queensland Public Service are female, and they need to see that it is possible to aspire to the top jobs. You cannot have 56 per cent if they do not make it to the top. If they are good enough to do all the other work, they are good enough to head it as well.

In my own Department of the Premier and Cabinet, 10 of the senior executive roles are now held by women. In comparison, the department had four women classified at the SES or contract equivalent level in 1996-97 under the previous government. The department identified in its diversity plan 1999-2002 specific employment targets for women in the Senior Executive Service level roles. The plan specified a target of 25 per cent of women in the senior officer and SES roles by 2000 and 35 per cent by 2005. The department has far exceeded this target. As more women are appointed to SES positions across the Public Service, there will be a greater pool of talented women from which to draw the new generation of Queensland government CEOs.

For the senior officer levels, women representation has increased slightly from 26 per cent at 30 June 2000 to 26.9 per cent at 30 June 2001. Combined, the

proportion of women increased from 21.6 per cent in 2000 in the senior officer and the Senior Executive Service levels of 23.3 per cent at June 2001, which exceeded the 2000 target of 20 per cent for women in management at this level.

The 2005 targets currently are: a minimum of 25 per cent Senior Executive Service positions and senior officer positions to be held by women; a minimum of 35 per cent of middle and upper management positions—those positions paid at administrative officer levels 6 to 8. The list goes on. During 2000-01 the OPSME developed and maintained a range of initiatives to support women.

We have had a dramatic increase in the number of women in this parliament. And as Margaret and Liz know, that has led to a significant improvement in the standard of performance of the parliament, because women do play a very constructive role. We now have more women in this parliament than in any other parliaments, as I understand it, in percentage terms other than Denmark and Sweden, and the same is going to be done in the Public Service. Women are going to be given a fair go.

**Mr JOHNSON:** Are you putting blokes down now?

**Mr BEATTIE:** No. I reckon there are some talented blokes around like you and me, Vaughan, but we have to give the sheilas a go, mate!

**Mr SHINE:** Premier, the Goodwill Games will rely on a high level of volunteers. What level has been achieved to date, and what impact does it have on the budget position?

**Mr BEATTIE:** The Goodwill Games have been very supported from volunteers, and 3,000 volunteers are needed to ensure the success of the 2001 Goodwill Games to be held in Brisbane from 29 August to 9 September. I am pleased to say that we received a tremendous response to our call for volunteers. Campbell Rose is here. If anyone wants to volunteer, you have another chance. Our beautiful sunshine city is going to host the games. Over 1,300 of the world's best athletes will be here. So 3,000 volunteers are needed, and they have done very well in terms of acceptance. They will provide, I think, a very important part of continuing our reputation.

One of the great successes of the Olympics was that, when you went to the Olympics, the people who were there were very friendly. They made you feel welcome. And I have to say they made me feel proud to be an Australian. I know that the Goodwill Games, which Wayne Goss has chaired—and has done a good job—and Campbell Rose, the CEO, and the team of the Goodwill Games have done an excellent job. Those Queensland volunteers will also do us proud. We are on show to the world. I will just say what I said before.

Rarely in the history of this state will any of us ever see a repeat of 2001. None of us have ever lived through the promotion of Queensland we are going to see this year, and we may never do it again. You will never see an event that is actually beamed to 450 million homes. That is because of the CNN, Ted Turner, Time Warner connection. That is a billion people. We want them to come and see the tourism. We are going to make sure that, in that time, there are magazine stories on Queensland.

And now that we are doing the heritage trails out in the bush, we are going to promote this like you would never believe. This is the best opportunity. They say that the lasting legacy is about five years, maybe longer. You keep building on it. You have to remember tourism is our second-biggest industry. And when you look at these heritage trails—we are putting in infrastructure to get people to go out there.

The drive market is important. That means money in the service stations and in the little corner stores. It means people get an opportunity to get a job if the money goes around. There are a lot of people who live in the New Yorks and the Londons and places like that who do want to see the great outback. They have never seen it.

**Mr JOHNSON:** We have got the Year of the Outback in 2002.

**Mr BEATTIE:** That is true. It is a good opportunity. I thank Vaughan for that. 2002 will be the Year of the Outback, and my government is right behind that. It is another opportunity to promote the bush. But this will be unprecedented—the Goodwill Games—and I thank those volunteers who have lined up, because they are going to enjoy it and so are we.

**The CHAIRMAN:** The time allotted for consideration of the estimates of expenditure for the Commissioner for Children and Young People, the Public Service Commissioner and the Department of the Premier and Cabinet has now expired. That concludes the examination of the estimates of expenditure for organisational units within the portfolio of the Premier and Minister for Trade.

I thank the Premier and his agency officers for being here today to assist the committee with the examination of his portfolio. The information that we have gathered today will be on the Internet within two hours—such is the efficiency that we have here with Hansard. We will adjourn now for lunch.

Sitting suspended from 1.02 p.m. to 2.00 p.m.

**TREASURY AND SPORT****IN ATTENDANCE**

Hon. T. M. Mackenroth, Deputy Premier, Treasurer and Minister for Sport

**Treasury**

Mr G. Bradley, Under Treasurer

Mr T. Spencer, Deputy Under Treasurer

Mr T. Bellas, Deputy Under Treasurer

Mr G. Waite, Assistant Under Treasurer

Mr B. Worrall, Chief Financial Officer

**Sport**

Mr K. Yearbury, Director-General

Mr C. Matheson, Director, Executive Services

Mr D. Peddie, Director, Finance

Mr I. Whitehead, A/General Manager, Sport and Recreation Queensland

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**The CHAIRMAN:** Estimates Committee A is now resumed. The committee will now examine the estimates of expenditure of organisational units from the portfolio of the Deputy Premier, Treasurer and Minister for Sport. This session will consider the expenditure estimates of the Treasury Department. I advise that the time limit for questions is one minute and the answers are to be no longer than three minutes. A single chime will give a 15-second warning and a double chime will sound the end of that session. An extension of time may be given with the consent of the questioner.

For the benefit of Hansard, I ask the departmental officers to identify themselves if the Deputy Premier refers any questions to them. I now declare the proposed expenditure of the Treasury Department to be open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Mr Deputy Premier, would you like to make an introductory statement?

**Mr MACKENROTH:** No.

**The CHAIRMAN:** We will go straight into it then. I will ask the non-government members to ask questions for the first 20 minutes.

**Mr HORAN:** Mr Deputy Premier, I thank you and your staff for being here and for the answers that you will give to our questions today. My first question to you is regarding the \$820 million deficit in 2000-01. I refer to this loss in the operating section of the budget—the \$820 million deficit recorded—and to the \$1,062 million net operating profit that was made in 1999-2000. The 2000-01 outcome contrasts with the forecast, which was of a surplus of \$29 million. So there was an \$820 million deficit made when that surplus of \$29 million had been predicted. The negative turnaround to estimated actual basis totals \$1,882 million.

**Mr MACKENROTH:** No, no.

**Mr HORAN:** I am saying the turnaround is from a surplus of over \$1,000 million the year before to a deficit this time. The 2001-02 budget allocates \$230 million consequent on the collapse of HIH, \$100 million for the Townsville-Thuringowa water and indicates that reduced interest rates have also affected the government's income. Given that the overall turnaround has been almost \$2,000 million and the unexpected call on funds from HIH, which has been accrued or brought forward, represents only 28 per cent of the \$820 million, can you describe where the balance of the turnaround and the loss has been?

**Mr MACKENROTH:** I do not think that I could possibly explain it; if I used your mathematics to try to get there, it would be impossible. You need to look at the type of accounting and the way that the things are accounted for to get that. If you look at the previous year, that is the year before last, the actual surplus was as a result of better than anticipated returns on investments. Of course, those returns were then accounted for in this financial year. It is very clearly set out that there were three factors. One was HIH. We have fully accounted for the project losses in HIH over the next 10 years. Having done that, I think that we need to look at the fact that those losses will be actually paid for in terms of the levy that will be collected through the Nominal Defendant—the money that is in the Nominal Defendant fund and also money that will be transferred into there. But we have accounted for that loss in an operating sense in the last financial year.

The second part of that is the transfer of assets to the Townsville-Thuringowa councils. The water assets were on the state's books and we have simply transferred those assets over to the Townsville-Thuringowa councils. They are still operating them. They were operating them before; they are still operating them now. No-one in Townsville would notice any difference, but it appears as an operating loss on our books because of the way, under accrual accounting, that has to be accounted for.

The third factor is the fact that, with the downturn in not only Australia's economy but the world economy last year, we received lower than anticipated returns on our investments, mainly through QIC. Having got to lower than anticipated returns, we have had to show that in the operating balance sheet, because we had budgeted to receive a higher amount. So it is as simple as that. That is where the money comes from. But if you look at the actual worth of the state, you will see that in the last financial year, whilst we have had an \$820 million loss, the state worth has increased because of the fact that some of those assets have been revalued. So the state is at a stronger position than it was at the start of the financial year.

**Mr HORAN:** Regardless, or even taking into account that explanation, in 12 months you have gone from a position of a surplus of \$1,062 million to an operating deficit of \$820 million. It is a negative turnaround of \$1.882 billion, or \$1,882 million. Where is the other \$1,000 million? What has happened to that surplus?

**Mr MACKENROTH:** I have explained to you, I think, fairly fully—

**Mr HORAN:** You have explained basically the \$882 million.

**Mr MACKENROTH:** Yes, I have. The other money, which was an excess in anticipated revenue the previous year—the money is there; the money is in the QIC. Most of that is in the returns for the superannuation funds, which the state does not use. It is there and it is available for superannuation, for benefits that were put aside for workers. The money is still there. It is not something that the state is able to access other than for those benefits. So having received two years ago a better than

anticipated return on those investments, that money simply goes into that account and stays there. The money has not gone anywhere else.

**Mr HORAN:** I turn to the Dalrymple Bay coal terminal lease. Is it correct that the National Australia Bank has tendered too much for that long-term lease and are urgent negotiations under way that could reduce the amount of funds that the government gets by \$100 million or more? Would this mean that you would actually start this budget off with a \$100 million black hole?

**Mr MACKENROTH:** We will not be starting this budget off with a black hole at all. But let me say that the negotiations in relation to the Dalrymple Bay coal terminal are presently under way. They are commercial in confidence at this stage. It would be totally inappropriate for me to disclose any of the details in relation to that until there is a financial closure. Once there is, all of those details will be made public. It would not be prudent of me—or indeed anyone—to discuss the detail of those. But let me say that that will not create for us any black hole.

**Mr HORAN:** So are you saying that you will not get a lesser amount than what has been publicly negotiated?

**Mr MACKENROTH:** I am not prepared to discuss the details of the negotiations which, at the time that the budget was brought down, had started and those negotiations are not complete at this stage.

**Mr HORAN:** Had the government accepted a particular tender from NAB?

**Mr MACKENROTH:** No, but I cannot go into the details because those discussions are commercial in confidence and are ongoing.

**Mr HORAN:** But is it sufficient to say that it is going to be a lesser amount than you anticipate?

**The CHAIRMAN:** I think the Deputy Premier has answered that.

**Mr MACKENROTH:** No, he can keep asking the questions; I will keep giving the answers. I cannot answer it.

**Mr HORAN:** The public trading enterprise net operating balance in 2000-01—the budget papers projection for that period is in table 2.6, budget paper No. 2. The public trading enterprise net operating surplus was given as \$22 million. The 2001-02 budget papers report the estimated actual outcome is a deficit of \$249 million. Can you tell this committee the reason for that very substantial negative turnaround in the order of \$271 million?

**Mr MACKENROTH:** Because the dividends to the state are treated as expenses to the GOCs.

**Mr HORAN:** The dividends to the state?

**Mr MACKENROTH:** Are treated in the accounting measures as an expense.

**Mr HORAN:** So does that mean that you used a different system this time to that used the last time?

**Mr MACKENROTH:** If you go to the same document—page 95—it actually states there that an abnormally large operating deficit arises in 2001-02 reflecting extraordinary dividends payments arising from prior year surpluses, capital restructuring and the sale or lease of some assets, for example, Dalrymple Bay. Under the GFS conventions, proceeds from these sources are not included in revenue, hence the extra payments included in expenses in 2001-02 result in this increased negative operating result.

**Mr HORAN:** I just want to turn now to the unemployment rate of eight per cent which is indicated in the budget papers. As you are aware, the current unemployment rate in Queensland is nine per cent—the worst in mainland Australia. In order to achieve an eight per cent unemployment rate for the year 2001-02, as you predict in the budget papers, you would have to have a rate of at least seven per cent as at 30 June next year to try to get that average of eight per cent. All the indications are that unemployment in Australia may rise, which means that the same would happen in Queensland. How much credibility can we give to this prediction of eight per cent? What are you basing the eight per cent prediction on, which pretty well means that our nine per cent unemployment rate has to come down to about eight per cent by December and then down to seven per cent by June next year in order to get anywhere near an eight per cent prediction?

**Mr MACKENROTH:** The forecast for next year, 2001-02, is for employment growth and Treasury have made these forecasts—and I think that we would all agree that Treasury's forecasts, by and large over many years, have been fairly accurate—that the growth will be two per cent. The employment growth and annual change would be 33,000 jobs. The labour force growth, the annual change, is two per cent. The unemployment rate on the year average is eight per cent on a participation rate of 65 per cent. They are the predictions and the estimate that that has been made on.

**Mr HORAN:** You understand what I am getting at. If you are on nine per cent now—putting it pretty simply—and you are trying to get an eight per cent average for the year, you have got to be on about seven per cent by the end of the next 12 months. You have got to come down by two per cent. Unemployment growth, as you have predicted there, is two per cent. The growth of the labour force market in Queensland is two per cent. So that cancels that out. How accurate can we take this figure then of eight per cent average on the basis that you have the Commonwealth predictions that unemployment will rise—and that naturally affects all states—and unemployment growth is cancelled out by labour force growth?

**Mr MACKENROTH:** The Commonwealth forecast did not forecast us going to a negative growth, so we might not use their forecasts. I think we will use the Queensland forecast. The forecasts that have been made by the Treasury are for an average of eight per cent over the year. We can sit here next year and you can question me as to why they were right or wrong. I believe they will be right.

**Mr HORAN:** The point I was trying to make is how much reliability we can put upon it if you have, as you said, employment growth of two per cent at the same time as there is labour market growth of two per cent. Does that not cancel that out?

**Mr MACKENROTH:** I think that Treasury's forecasts have been fairly accurate in the past and I will continue with them in the future.

**Mr HORAN:** With the capital outlays, the government says its Capital Works Program totalling \$5.115 billion for 2001-02 is a 2.2 per cent increase on estimated actual outlays in 2000-01, but in the 2000-01 budget the government said capital outlays were estimated at \$5.285 billion while the actual spend was \$5.007 billion. In other words, the government is spending \$280 million less this year on capital works than it did last year, which is an underspend of about 5.3 per cent. There appears to be a carryover of \$280 million. Where is that money?

**Mr MACKENROTH:** Where is it?

**Mr HORAN:** Yes.



**Mr MACKENROTH:** Obviously in the bank. The situation is that in capital works there are always carryovers. Indeed, there were in the previous government. The one thing that has happened with our government is that we have been very harsh on departments in terms of ensuring that they do deliver their capital works budgets and the actual carryovers have been brought down in recent years. The carryovers are simply that: they carry over and they go into the ongoing budget of capital works as, indeed, each year you have carryovers that go through in that way. That is the way that the budget system works.

**Mr HORAN:** Your capital works budget this year is less than last year on a budget-to-budget basis. I think the budget papers said it was a record budget, but it is not a record budget. It is less on a budget-to-budget basis. It is a lesser amount than last year. Last year's budget outlays were estimated at 5.285.

**Mr MACKENROTH:** I do not know of anywhere that said it was a record.

**Mr HORAN:** It did.

**Mr MACKENROTH:** I do not think it did. Whereabouts?

**Mr HORAN:** I will dig it up for your.

**Mr MACKENROTH:** You can send it to me.

**Mr HORAN:** I will; I'd love to.

**Mr MACKENROTH:** It did not say it was a record, but in fact one could claim that because if you wanted to use the actual spend for the year rather than the actual amount that was budgeted for—use the amount that was budgeted for this year and compare that to the actual spend—it is a greater amount. I think that it would be very foolish to try to claim it was a record by doing that.

**Mr HORAN:** You might have carryovers again.

**Mr MACKENROTH:** But we did not do that. I would be interested if you would send that to me, if there was a slight mistake, but I am sure there was not.

**Mr HORAN:** I am happy to do that. The capital works on a budget-to-budget basis has been reduced from 5.285 to this year's figure of 5.115. The budget papers show that total spending is going up and capital spending is going down. This really means that you are funding part of your annual recurrent costs by cutting capital works. You have the recurrent budget going up like that, and your capital budget is going down like that, so you are using less of your available money for capital and taking more of it over to recurrent. This is an unsustainable financial practice of increasing recurrent expenditure at the expense of decreased capital works. Ultimately, it means that if you continue on that practice, you have a bigger percentage of the money going into recurrent costs and less into capital, and you are not providing for the necessary capital works. Is this trend going to continue or is it a deliberate trend to reduce capital works?

**Mr MACKENROTH:** You need to look at what money is being spent on in recent budgets in Queensland. As you would be aware, there has been major capital works expenditure through the Department of Main Roads with the Gold Coast motorway. There has been major capital works in terms of the hospital rebuilding program that was initially started by the Goss government and carried on by your government. The Gold Coast highway project has come to an end and the hospital rebuilding program is now coming to a conclusion. There has been a change in the profile of capital works.

However, you have to be responsible about how you put the budget together and ensure that you are fiscally responsible into the future. In putting this budget

together, that is what we have done. That has meant that there is slightly less budgeted capital works in this year than there was last year, but it still provides for \$5.1 billion in capital works and, over the four budgets of the Beattie government, we have allocated some \$20 billion for capital works. That is a great investment in this state. Even at \$5.1 billion, which is a slight reduction on the budget amount last year, with a population of 18.8 per cent, in relative terms we are spending 27 per cent of what is being spent on capital by all the states in Australia. We are way ahead of any of the other states. I think that needs to be looked at.

**Mr HORAN:** The point I was making is that this is a lesser amount budgeted. Is that going to continue? Are you actually saying that it is unsustainable to spend an increased amount on capital works each year on a budget-to-budget basis?

**Mr MACKENROTH:** If we kept the budgets going that you had when you were in government, it would be very unsustainable.

**Mr HORAN:** Are you saying that you are putting money into recurrent moneys rather than putting it into capital works?

**Mr MACKENROTH:** The amount of money that we have put into capital works this year is almost the same as last year. That is good. The fact that we increased recurrent expenditure for families, for disabilities, for health and police—I am proud of that. If you want to criticise that, you can criticise it. I am proud of the fact that we have provided money in those areas to provide services for Queenslanders. That is the sort of thing that, as the Treasurer and as a member of a government that I want to be in, I want to ensure we are doing, that is, providing services for people. That is what we are doing. That is what this budget has done.

**The CHAIRMAN:** Thank you, Deputy Premier. The time for non-government members questions has expired. I ask the member for Albert to take up the government's questions.

**Ms KEECH:** Mr Deputy Premier, my question is with respect to the Treasury Departmental overview. I refer the minister to pages 1-1 and 1-2 of the MPS. What have been the significant ministerial and policy developments in the Treasury portfolio in the last financial year?

**Mr MACKENROTH:** Are you asking about any particular point?

**Ms KEECH:** Just in general, what are the major significant administrative and policy developments? I suppose in particular I was looking at the key priorities.

**Mr MACKENROTH:** We have continued with the Charter of Social and Fiscal Responsibility. In accordance with the principles of sound fiscal management, as I have explained before, in its operating expenditure the government has set aside the \$820 million, particularly with the HIH insurance collapse which will cost the state a considerable amount of money. We believe that we have followed that Charter of Social and Fiscal Responsibility. I think that that is important.

We have addressed the global nature of the gambling industry with the emphasis on the need for national and international cooperation between regulators. We are also working on a policy for responsible gaming. We are working with the club industry and the hotel industry to put in place policies on gambling.

We also work with GOCs to ensure appropriate return to taxpayers and achieve the policy objective of the state's GOCs. The Treasury has an Office of Government Owned Corporations. There are currently 22 Queensland government owned

corporations. Collectively, those GOCs have an asset value of \$22 billion and return around \$500 million to the government in dividends each year.

**Mr CHOI:** Page 1-1 of your MPS makes reference to the state's assets and liabilities as a priority. Under significant areas of focus for Treasury, the third dot point states, 'advancing the performance of the Queensland economy.' We would be interested to know what is the policy framework that the Treasury operates within to try to advance the performance of the Queensland economy?

**Mr MACKENROTH:** Treasury has two main roles. It leads the development of the state's general economic policies and it has specific portfolio responsibilities for fiscal and taxation policy and administration, the government owned corporations, statistical energy and gambling policy and administration. The aim of the state's economic policies is to strengthen Queensland's sustainable level of economic growth and so increase the living standards, employment and economic opportunities of Queenslanders. The policy framework combines economic fundamentals, responsible fiscal policy, a supportive business environment, employment initiatives, a balanced structural adjustment and infrastructure investment with targeted government action in the key areas of education and training, regional growth, industry growth, and innovation and market reform. This approach has been adopted because an analysis of highly successful economies indicated a mix of strong fundamentals and targeted government action in key areas as the most effective way of increasing economic growth.

The Organisation for Economic Cooperation and Development concluded its two-year study of economic growth across developed economies in May 2001. It recommended economic growth strategies involve strong economic and social fundamentals and investment in education and training, innovation, IT and business creation.

Progress with the main elements of the framework includes responsible fiscal policy. The 2001-02 state budget continues the state's responsible fiscal policy with an operating surplus of \$24 million and a cash surplus of \$253 million budgeted for the general government sector in 2001-02.

Infrastructure investment: the state capital program is forecast to be \$5.1 million in 2001-02. In addition, the Queensland government is increasingly involving the private sector in infrastructure provision with significant projects, being \$1.46 billion from private sector power plant developers for new infrastructure at Millmerran, an \$887 million joint venture between the electricity GOC and the private sector, the Brisbane Airport rail link and an expansion of the Dalrymple Bay coal terminal.

As to employment initiatives, the 2001-02 budget provides \$75 million in new funding for the Breaking the Unemployment Cycle program, bringing total funding to \$470 million over six years. New initiatives especially assist younger people. For the Get Set for Work program, \$5 million is provided in 2001-02, and for Youth for the Environment and Local Communities \$10 million is provided in both 2001-02 and 2002-03. For mature workers, under the Experience Pays and Back to Work programs there is \$6.9 million in total over three years.

**Mr SHINE:** I refer you to the section headed 'Fiscal and Economic Policy', in particular on page 1-13, where it is stated that a priority will be to maintain the state's AAA credit rating. Could you tell us what interpretation of the recent budget has been adopted by credit agencies?

**Mr MACKENROTH:** All three credit agencies have reaffirmed the state's AAA credit rating. The state's strong balance sheet built up over many years provides a

substantial buffer against any unforeseen events like those that occurred in 2001-02, the HIH collapse being one of them. There is no threat to Queensland's AAA credit rating.

**Ms KEECH:** On the same page, I refer to future developments with respect to Queensland's competitive taxation regime, and I ask: could the minister please inform the committee of Queensland's current position in the area of state taxes when compared to other states?

**Mr MACKENROTH:** Queensland's per capita taxation in 2001-02 is estimated at \$1,211. This compares to an average of \$1,637 per capita tax burden in other states and territories. State taxes in Queensland are 26 per cent lower than the average in the rest of Australia. It is true that Tasmania's per capita taxation revenue in 2001-02 is estimated at \$1,012, which is lower than Queensland's per capita taxation revenue of \$1,211. The per capita estimate for the Northern Territory of \$1,073 is also lower than Queensland's. However, Tasmania's lower per capita taxation reflects limited revenue raising capacity rather than a policy intention to maintain low rates of taxation. The Commonwealth Grants Commission has assessed Tasmania's revenue raising capacity to be the lowest of all states and territories in each of the five years from 1995-96 to the most recent assessment for 1999-2000. For 1999-2000 Tasmania's revenue raising capacity is assessed at 73.02 per cent compared with 95.17 per cent for Queensland. If you want an objective assessment of how this government's commitment to maintain competitive taxes compares with other states you need to look at the Commonwealth Grants Commission assessment of the revenue raising effort made by states and territories. Queensland's taxation effort ratio of 80.8 per cent compared with 94.7 per cent for Tasmania reflects the Queensland government's intention to maintain the most competitive taxation policies. Moreover, in making the per capita comparison we have not made policy adjustments to allow for the fuel rebate which Queensland alone makes to reduce the impost of taxation on the state's fuel consumers. The fuel subsidy rebate in Queensland is approximately \$450 million, or \$123 per capita. It could reasonably be argued that Queensland's estimated per capita net taxation is in fact \$1,088.

**Mr CHOI:** My question is also from the same page. I think all government members think alike. It is stated that the state's single largest source of revenue comes from the Commonwealth. Could the Treasurer explain how this relationship between Queensland and the Commonwealth is managed?

**Mr MACKENROTH:** Queensland's relationship with the Commonwealth has a number of dimensions. The Commonwealth provides the state with over \$5.5 billion in general revenue assistance, with the state's share determined on the recommendations of the Commonwealth Grants Commission and in the case of national competition payments to the National Competition Council. The Commonwealth also provides Queensland with over \$3.5 billion in specific purpose payments which support the delivery of major services such as health care. The state is now a significant taxpayer to the Commonwealth through GST and fringe benefits tax arrangements. Queensland is also a participant in the national tax equivalents regime in which government owned corporations and other entities are levied tax equivalents through assessments determined by the Australian Taxation Office.

Finally, Queensland participates in a number of ministerial councils and other intergovernmental forums involving the Commonwealth to consider matters of mutual interest. The aim of this participation is to ensure financial assistance to the

state is maximised and the Commonwealth regulatory framework benefits the states to the greatest extent possible. Payments from the Commonwealth total \$9.099 billion and include GST revenue grants, budget balancing assistance, national competition payments and specific purpose payments to and through the state. Of the \$9.099 billion provided, payments include \$5.198 billion in GST revenue; \$213 million in budget balancing assistance; \$134.6 million in national competition payments; \$2.763 billion in specific purpose payments to the state; and \$790.1 million in specific purpose payments through the state.

**Mr SHINE:** One of the key priorities for Treasury, as indicated on page 1-1 of the Ministerial Portfolio Statements, is to work with GOCs to ensure an appropriate return to taxpayers and achievement of policy objectives of the state's GOCs. What measures have been taken to achieve that?

**Mr MACKENROTH:** Treasury works with the GOCs. There are 22 Queensland government owned corporations. These GOCs operate under a corporate governance regime established under the Government Owned Corporations Act 1993. The act provides a framework which allows the GOCs to operate in a commercial environment, whilst at the same time ensuring that the government through shareholding ministers is able to ensure the highest levels of accountability and compliance with broader government policy. All GOC boards agree an annual performance agreement or statement of corporate intent with their shareholding ministers.

This key accountability document outlines the performance expectations for each GOC, both in terms of financial and non-financial performance, as well as establishing compliance with key government policies. It also provides an opportunity for shareholding ministers to provide strategic input to a GOC's corporate direction, and ensure that this direction is consistent with the broader policy interests of government.

GOCs submit quarterly performance reports to shareholding ministers outlining performance against the targets established in the statement of corporate intent. These reports are analysed by shareholding departments and appropriate feedback provided to GOCs. Shareholding ministers approve all major investments by GOCs to ensure that GOC boards have approved these projects on a sound commercial basis and the investments are consistent with the government's risk profile for its GOC assets. Shareholding ministers also ensure that GOCs comply with all relevant government policies through ensuring that these are notified to GOCs under the relevant provisions of the GOC Act or, where appropriate, incorporated in the annual statement of corporate intent.

**Ms KEECH:** Continuing on with the GOCs, I refer you to page 1-18, and I ask: with respect to the GOC Act, what was the reason for the review of the GOC accountability framework and, in particular, as I said, the Government Owned Corporations Act?

**Mr MACKENROTH:** The aim of the Government Owned Corporations Act 1993 was to apply a framework of commercial discipline to government business through a commercial structure similar to private sector entities while allowing the government, as owner, to continue to provide broad direction by setting key financial and non-financial performance targets and community service obligations. It is now around eight years since the GOC Act was passed in 1993. While minor technical amendments were made to the act in 1997, no assessment has been undertaken of the performance of the act as to whether it is achieving its objectives and is still relevant. Now is an appropriate time to review the act's performance and

relevance given several years experience in its operation under a range of circumstances, in light of changes to the markets in which GOCs operate, and as a result of numerous changes to the Corporations Law which directly impact on government GOCs. Without wanting to pre-empt the findings of the review, it is quite possible that the review will lead to amendments to the act. Any amendments will be aimed at strengthening weaknesses in the accountability and corporate governance framework applying to GOCs and ensuring the act is consistent with developments in Corporations Law. All proposed amendments will be considered by cabinet before being introduced for debate in the parliament.

The Office of Government Owned Corporations and the Legal Services Unit within Treasury will undertake the review. It is expected that the review will be completed in early 2001-02. Should amendments be approved to the act, drafting will commence immediately thereafter. Other departments will be consulted about proposed amendments.

**The CHAIRMAN:** The time for questions from government members has expired. We turn to questions from non-government members.

**Dr WATSON:** On the issue of Dalrymple Bay, is the NAB consortium still one of the consortia you are negotiating with or has it pulled out?

**Mr MACKENROTH:** Because of the commercial-in-confidence position in relation to that I am not prepared to—

**Dr WATSON:** Surely you—

**Mr MACKENROTH:** No, I am not prepared to outline the people being spoken to. It would be inappropriate to do that.

**Dr WATSON:** Was one of the reasons the bid price is nothing like the \$600 million mentioned in the newspaper—more like \$320 million in fact—due to the fact that Treasury failed to supply critical information to the consortia until within 24 to 48 hours from the deadline, and that did not include information such as NCP obligations, unresolved native title issues and so on?

**Mr MACKENROTH:** The negotiations are commercial-in-confidence. Don't believe everything you hear. You will be in for a big surprise—a pleasant surprise—if you think what you are saying is right.

**Dr WATSON:** You are confirming that all the information—

**Mr MACKENROTH:** I am not confirming anything.

**Dr WATSON:** This is not commercial-in-confidence. Are you confirming that all of the information that the consortia required to value their bids was delivered to them before the death knell?

**Mr MACKENROTH:** All of the information that was required was provided to people before bids closed.

**Dr WATSON:** In time for them to be able to do a full evaluation of that information and supply a proper bid price?

**Mr MACKENROTH:** A long time before—an appropriate time. When a final decision is made I will announce who the successful bidder is, and you are quite welcome to ask any questions at that time. If necessary, you can ask them in the parliament. The probity auditor will also provide a report on the fact that everything has been done in a proper way. We have a probity auditor in place to ensure that everything is done correctly.

**Mr HORAN:** The budget has been criticised for its lack of vision. I was one of those who did that in the budget debate.

**Mr MACKENROTH:** I do not listen to everything that you say.

**Mr HORAN:** I remembered that you listened very intently to that dissertation. It was the first speech of the day. I want to ask you about the lack of vision in the budget, particularly as it relates to unemployment. Youth unemployment in the state for 15 to 24 year olds ranges from the Brisbane major statistical region at 18.3 per cent; south-east Moreton, 16.2 per cent; north and west Moreton, 25 per cent; Wide Bay and Burnett, 26 per cent; Mackay and Fitzroy, 20 per cent; and parts of the Gold Coast city, 17.3 per cent. Can you tell this committee how this budget addresses in any different way the fundamental unemployment problems that exist in the state? We are the worst in Australia. We are getting further and further below the average unemployment figure in Australia, yet this budget appears to be exactly the same in the way it addresses unemployment as the one before. What is different about this budget? What is its vision? What is its plan to reduce unemployment and to get our unemployment level at least to the Australian average or above?

**Mr MACKENROTH:** I would have to be honest and say that I did hear you say that the budget lacks vision. I guess I will be waiting a long time to hear the opposition say that any budget that I bring down is a good budget. I am sure of that. Let me say that I think that the budget does have vision and does a number of things.

Firstly, it delivers on services to ordinary Queenslanders. The increase in expenditure, which I talked about before, provides for services to ordinary people. If that is lacking vision, I am quite prepared to take that sort of criticism. In relation to looking to the future to provide long-term jobs, the government has set out what we call the Smart State to actually provide for opportunities for investment in Queensland in long-term sustainable jobs, particularly in the IT industry and the biotech industry. We believe that they are areas where into the future there will be long-term sustainable jobs for Queenslanders.

In this budget we have \$100 million in a research and development investment fund, which will provide funds to invest in actually putting in place infrastructure for the future for long-term sustainable jobs. I think that is what we need to do for the long term. In the short term we are aware that there are problems with unemployment, and in this budget we have continued the Breaking the Unemployment Cycle program. We have extended funding of that for another year. We have also put in place a program for Youth for the Environment to provide funds to provide for jobs for young people in working with councils and community groups on the environment and to create training for jobs. So there are job opportunities there which are available through the budget.

I think that the budget is doing two things in relation to unemployment: it is providing job opportunities through the programs that we have in place and is providing vision for the future in terms of ensuring that we are putting in place the fundamentals to provide for a change in the way that people invest in Queensland, which will provide for sustainable jobs in the future.

**Mr HORAN:** With regard to the capital works funding of \$5.115 billion, could you describe to this committee the sources of those funds, where those funds have come from, how much is borrowed funds, how much is surplus funds and so forth? Could you provide the full breakdown?

**Mr MACKENROTH:** Table 6.4 on page 67 of Budget Paper No. 2 sets out the sources of funding for property, plant and equipment and other capital expenditure. The depreciation and amortisation is \$2,659.8 million. Equity injections, borrowings and other sources—and other sources would be from other funding sources, including public trading enterprise own sources, asset sales or operating surpluses—is \$2,021.7 million. The capital contingency reserve is minus \$110 million. The total property, plant and equipment and other capital expenditure is \$4,571.5 million. You need to look at the note in relation to that. It states—

Some Commonwealth funding is provided for capital projects. Under accrual output budgeting, it is no longer separately identified and is included under Equity, Depreciation Funding or Other Funding.

That is the source for that.

**Mr HORAN:** Where is the balance then between the \$4.57 billion and the \$5.1 billion?

**Mr MACKENROTH:** That is capital grants to local authorities.

**Mr HORAN:** In other segments of the budget?

**Mr MACKENROTH:** Yes.

**Mr HORAN:** There is roughly \$600 million of those? Is that correct?

**Mr MACKENROTH:** It would be. From memory, I think there is \$300 million or around \$270 million into local government. Yes, it would be. We can get you a breakdown of that if you like.

**Mr HORAN:** Basically you are saying that of the \$500 million there is this—

**Mr MACKENROTH:**—\$544 million. It is on page 65. The actual amount there is capital grants, \$544 million. Go on.

**Mr HORAN:** What I was actually seeking is that you have the figures there for \$4.5 billion. You say there is about \$0.6 billion—

**Mr MACKENROTH:** \$544 million. It says it two pages before that table.

**Mr HORAN:**—going to local governments—

**Mr MACKENROTH:** It is in grants, but local government is the type of thing that we talk about.

**Mr HORAN:** What I am getting at is of that \$4.5 billion how much is actual surplus funds, how much is borrowed funds and how much is federal government funds? This just says 'depreciation and amortisation' and then it says 'equity injections, borrowings and other sources'. It does not really break it down.

**Mr MACKENROTH:** \$2.6 billion—the first figure is straight from the budget. Some of those funds could come from Commonwealth funds because it goes into our budget and goes out. One of our sources of revenue is the Commonwealth. That amount is there.

**Mr HORAN:** Can I just take it one step at a time? How much of that \$2.6 billion that comes direct out of the budget is from the Commonwealth and how much is from the state?

**Mr MACKENROTH:** That is out of the budget and out of trading enterprises and depreciation. So there are those three areas. So it is not just out of the budget. There are trading enterprises in there as well.

**Mr HORAN:** To deal with this, are you saying \$2.6 billion directly from the budget covering Commonwealth grants?



**Mr MACKENROTH:** \$2.6 billion is depreciation directly from the budget and from trading enterprises—GOCs. So three components make up that \$2.6 billion.

**Mr HORAN:** In relation to the balance of the equity injections, borrowings and other sources, how much is equity injections? By equity injections, do you mean a direct cash injection as compared with—

**Mr MACKENROTH:** We will have to get the detail. If you want to actually ask your question exactly how you want, we will get the details for you on notice if you like, unless you are looking to follow through with something.

**Mr HORAN:** I would be happy if you could do that. What I am trying to get to—

**Mr MACKENROTH:** If you would clearly—not that you are not now—explain the details that you want and put that on notice, I will get the details for you in that form. Later just tell us what it is that you actually want. You need to tell us, otherwise we will not be able to get it for you. You have to put it on notice. They have to write it down.

**Mr HORAN:** With regards to the \$22 million loan for capital works to the police—

**Mr MACKENROTH:** Do you want those details?

**Mr HORAN:** I do. You asked me to write it down. So I will write it down.

**Mr MACKENROTH:** Is that all right?

**The CHAIRMAN:** Write it down and we will get it into *Hansard*.

**Mr HORAN:** With regards to the loan to the police for capital works, why has the police department been singled out to have this sort of financing arrangement for a part of its capital works?

**Mr MACKENROTH:** No, it is not. That is not correct. My understanding was that, when you were in government, Corrective Services used to do that as well. So it is nothing new. It is nothing that was not done then. You might recall that it was only recently that we had a debate about this in the parliament, and we talked about this. Previously, the Treasurer borrowed the money and passed it over to the departments. Now the departments are borrowing it and we are funding them for the repayments. There is nothing untoward in it. The only thing is that we saw in the *Courier-Mail* on Monday the greatest beat-up that I have ever seen, but I guess having been a former Minister for Police, nothing that comes from the Police Union would surprise me—nothing at all. When I read it, having been a former Police Minister, I thought to myself, 'It must be time for the Police Union ballots.' That has to be the greatest beat-up that I have ever seen in the paper. If you elect someone like that who can mix that up, I guess that is what you deserve.

It is not the only agency. In this year's budget Education is \$84.9 million; Corrective Services is \$70.9 million; Transport is \$68.5 million; Arts Queensland is \$27.3 million; Police, as we have said, is \$22.1 million; Public Works is \$14.8 million; and Health is \$11.5 million. They are not the only one. It is wrong to say that they have been singled out in any way. It is simply a way for them to borrow the funds. We are funding the repayments so it is not taking anything out of their recurrent expenditure or away from their budget at all.

**Mr HORAN:** In the case of the \$22 million loan for the police, what is the annual capital and interest repayments they have to make on that loan?

**Mr MACKENROTH:** The Queensland Police Service is no worse off under the arrangements as they have been fully funded for associated debt servicing costs. In

2001-02 this consists of funding for interest payments of \$547,000 and principal redemptions of \$937,000. Full year costs are built into the out year forward estimates. For example, \$1.098 million supplementation is provided in 2002-03 for interest expense and \$1.871 million for principal redemptions. That money has been built into their forward estimates.

**Mr HORAN:** With regards to the HIH rescue funding, I think you said in some remarks earlier that you have brought forward by 10 years the HIH funding, that \$230 million that was part of the operational loss for this last financial year. How many years of anticipated HIH losses does that cover? Why have you brought it all forward into this year? Is that the normal process of accrual accounting, to bring everything forward for the 10 years?

**Mr MACKENROTH:** Yes, it is. We have accounted for the liabilities in an accrual sense all in this year. That is the correct way for that to be accounted for.

**Mr HORAN:** And that is for how many years? Ten years?

**Mr MACKENROTH:** No. That is the estimate. It may take 10 years for all those claims to be settled. We have estimated the total liability to the state, and we have had to estimate that not knowing what the return from the liquidator at this stage is going to be. Those figures will be reassessed once we know the amount of money we are going to get from the receiver. We do not know that yet. We have had to do an estimate based on the best information that is available. I think that we have looked at 35 per cent or 35 cents in the dollar coming from the receiver.

I met with the receiver earlier this year. One of the things that the receiver could not tell us about was the reinsurance that has been taken throughout the world and whether some of that reinsurance would go into the total debt for HIH and FAI, or whether some of it would specifically go to different areas. Until that mix was known, we would not know what the return or the result would be for us. The best thing that could happen is if FAI reinsurance is a totally one-off reinsurance rather than on a total. So, we do not know that yet. As soon as we know it, we will be able to look at what the figures are. We did the best estimate that we could at this stage.

**Mr HORAN:** How much was there in the Nominal Defendant Fund? In relation to the HIH funding that you have accrued and brought forward, is that net of what was in the Nominal Defendant Fund, and is it also net of the anticipated amount you will get by charging the extra \$5 on motorists to bring in more income?

**Mr MACKENROTH:** The Nominal Defendant has some reserves, and we were able to access \$58 million in the Motor Accident Insurance Fund. We will also be using the \$5 per vehicle levy, which will be applied from 1 October 2001. So, we have \$58 million. There are funds in the Nominal Defendant Fund that we are able to call down which are there for liabilities. We are able to use that.

**Mr HORAN:** Is that over and above the \$58 million that has been taken out?

**Mr MACKENROTH:** That is over and above the \$58 million, yes.

**Mr HORAN:** Is the total cost of HIH to Queensland somewhere in the order of the cost of the \$58 million that has come out of the MAIF, the \$230 million that you are accruing and bringing forward again—

**Mr MACKENROTH:** No. The \$230 million is the total liability. The \$58 million will come off that. We are able to access the \$58 million to meet some of that cost. We do not know at this time whether that \$230 million may be less. We will not know that for another month or two.

**Mr HORAN:** What is your estimate at this stage, working on 35 cents in the dollar coming back? In relation to the \$5 per vehicle, how long do you believe that would have to be charged?

**Mr MACKENROTH:** We have not put an estimate on that, and we will not do that until such time as we know what the exact liability figure is.

**Mr HORAN:** What will that bring in per year?

**Mr MACKENROTH:** About \$12 million to \$13 million.

**The CHAIRMAN:** As time for non-government members' questions has expired, it is now time for government members to ask questions of the minister.

**Ms Keech:** My question is with respect to energy. I refer the minister to page 1-23 dealing with 'Future Developments'. One of the key priorities is to implement the Queensland Energy Policy—A Cleaner Energy Strategy. Could the minister inform the committee what activities are planned for this priority in this financial year to progress implementation of this policy?

**Mr MACKENROTH:** The main thrust of activity over the next 12 months will be aimed at three projects associated with the implementation of the energy policy. The first is overseeing the Townsville power station process. Another critical task will be to finalise the implementation model for the new retail licence conditions. That will require electricity retailers to source 13 per cent of their electricity from gas from 1 January 2005. Finally, the Office of Energy will continue to liaise with the gas industry and market participants to identify strategies that can assist in delivering gas to a number of regional areas, including Townsville. This is central to ensuring that we fully capture the investment opportunities available in the resource processing sector and diversify the state's energy mix towards a greater reliance on gas and renewable energy sources.

**Ms Keech:** I have another question with respect to energy. On the same page under 'Future Development' is the development of a whole-of-government greenhouse response strategy. Could the minister please outline to the committee what measures government owned electricity generators are taking to address the greenhouse challenge, with particular reference to the proposal for wind farm projects? They are talking about a wind farm in Albert at Pimpama.

**The CHAIRMAN:** We have a vested interest here, Minister.

**Ms Keech:** Absolutely.

**Mr MACKENROTH:** As long as nobody says there is a lot of hot air down there. The Stanwell Corporation is very involved in green energy. It now has a wind farm operating very successfully in north Queensland outside of Atherton. It is now fully operational and is providing electricity that is going into the grid. I know that it is now identifying other sites where it can put wind farms so that it can generate electricity, because it is a very green source. There is no pollution involved with generation of electricity by wind. Stanwell is also identifying sites not just in Queensland but in other parts in Australia where it is able to establish wind farms and feed electricity into the national grid. It is looking at areas in Victoria and also in New South Wales. I am not aware whether Albert is one of them, but I will find that out and let you know.

**Ms Keech:** Thank you very much.

**Mr SHINE:** Under 'Economic and Statistical Research' at pages 1-28 and 1-29 reference is made to the 2001 census of population and housing. I understand that

this is a Commonwealth initiative of the ABS. What is the significance of this census? Why is it identified in the MPS as a key priority?

**Mr MACKENROTH:** The national census of population and housing will be conducted by the Australian Bureau of Statistics on 7 August 2001. The census plays an important role in many of the planning and policy functions performed by state government agencies, and has a vital role in determining general revenue and other funding arrangements between the federal and state governments. The census is the only practical way to obtain this information as alternative sources are limited, inappropriate or access costs are very high. During 2000-01 payments of some \$4.6 billion have been earmarked for the Queensland government from GST revenue grants based on per capita relativities as determined by the Commonwealth Grants Commission using official population estimates of the states obtained from the ABS.

The census and subsequent population estimates benchmarked to the census thus play a significant role in the calculation of these payments to the states each year. Underestimation of the Queensland population by the ABS has occurred previously, resulting in misallocation of Commonwealth funding away from Queensland to other states. Commonwealth payments to the states are also adjusted to account for a number of factors affecting target populations, including Aboriginal and Torres Strait Islander persons and rural and remote communities. Underestimation of these target groups through the census will result in a direct reduction in Commonwealth payments to Queensland, with consequential adverse effects on state government service delivery to these communities.

The Queensland government has conducted promotional campaigns for the 1986, 1991 and 1996 censuses to supplement the ABS advertising and heighten awareness of the census and its importance to Queensland. These campaigns were considered most effective and contributed to a decrease in the undercount rate for Queensland. The objectives of the 2001 census campaign are to ensure that all Queensland households, including those in rural and remote communities, are aware of the importance to Queensland and to their individual households of participating in the 2001 census; to maximise completion by all Queensland households of their census schedules as accurately as possible; and to target community groups that have historically been undercounted, including Aboriginal and Torres Strait Islander people, those living in remote areas of Queensland, and young people, particularly young males aged between 18 and 24 years.

**Mr CHOI:** My question goes to OESR. Page 1-29 of the MPS under 'Output Performance' states that the output for 2001-02 is to 'expand and enhance information services into all regions and sectors of the state by encouraging the use of effective electronic data and information services'. Could the Treasurer please expand on that statement?

**Mr MACKENROTH:** Based on Treasury's experience to date, the demand for regional statistics and statistical services is continuing to grow. To meet this demand, we will further develop the regional database we offer through the Internet and the Queensland regional statistics information system to include an expanding suite of statistics, and to improve client access by the use of geographic information systems tools. A pilot GIS approach is being planned now with the focus of satisfying an existing specific demand arising from the Mackay region. Additional demands for statistical services from a range of sectors are coming from government priorities, such as reporting on the Charter of Social and Fiscal

Responsibility, recognition of the Australian South Sea Islander population, responsible gambling and the ATSI 10-year partnership and its agreements.

The regional offices in Townsville and Rockhampton will continue to develop in response to regional demands for statistics. They will progressively undertake more consulting and analyse projects as the availability of regional data increases. The office's series of regional profiles will expand in scope and a series of regular information briefs is proposed to ensure key regional statistics are available as soon as possible. Regional government services and regional development organisations are making substantial demands for this data and are investing substantial resources into trying to find good quality data for planning and policy. Technology systems will need to be enhanced.

A pilot system is being developed to test the feasibility of using geographic information systems technology via the Internet. Staff will be reallocated internally to meet the inevitable increasing demands for value-added, high-quality information services.

**Ms KEECH:** I refer to the taxation output on page 1-34. The first dot point under 'Recent achievements' notes the achievement of the Office of State Revenue in its management of the implementation of the fuel subsidy scheme. Could you outline how decisions of the Commonwealth government concerning off-road diesel fuel have affected the operation of the scheme?

**Mr MACKENROTH:** From 1 July 2000 the Commonwealth assumed responsibility for assisting off-road diesel consumers. As a result, the Commonwealth reduced funding to Queensland by \$175 million and the Queensland off-road diesel scheme ceased. The Office of State Revenue has received a considerable number of representations from fuel consumers and certain industry groups who no longer receive the Queensland off-road subsidy and do not qualify for the Commonwealth off-road scheme. The industries affected include earth moving and civil construction.

The affected off-road diesel consumers often blame the state for ceasing their off-road diesel subsidy, irrespective of the fact that the Commonwealth assumed responsibility in this area. Complainants have been advised of the Commonwealth's responsibilities and of representations by the state to the Commonwealth Treasurer for a change to the Commonwealth position. Those affected by the shortcoming of the Commonwealth's arrangement are encouraged to lobby their industry associations to raise the issue directly with the Commonwealth, urging them to reform their off-road diesel fuel scheme.

**Mr CHOI:** I refer to the taxation output discussed on page 1-34 of the MPS and the operation of the fuel subsidy scheme. Could you please outline for the committee what modifications are proposed or have been made to assist rural users who access this scheme?

**Mr MACKENROTH:** Recent improvements which I have announced will reduce compliance costs for most smaller bulk end users such as primary producers, who comprise the majority of licensed bulk end users claiming a subsidy. These include up-front annual subsidy payments of up to \$500 for a financial year; the reduction of paperwork to one annual return to reconcile actions with estimated fuel use where the bulk end user was licensed and has established a claims pattern for the previous financial year for claims up to that amount; and simplified record keeping requirements for bulk end users who use less than 25,000 litres in subsidised fuel per year. For other bulk end users there has been some relaxation in the rules for

varying the three-monthly claim period to a shorter period. Also, local councils may now claim monthly rather than quarterly in arrears, regardless of the amount of bulk end user fuel used.

Further relaxations at this early stage of the new scheme risk undermining the gains made through the changes last year which prevent abuse of the scheme. However, the complete new scheme has been under way for just on six months, and further improvements could be considered in future when detailed claims and audit information is available.

A comprehensive compliance program is now under way to detect scheme abuse and ensure maximum compliance, however audit is preceded by client information activities. The Office of State Revenue will shortly commence consultation with retailer associations and undertake an education and advertising campaign directed to off-road diesel consumers as part of its strategy to ensure compliance in relation to the sale of subsidised off-road diesel. Concerns may be expressed by retailers, bulk end users or distributors as to the costs involved and the time taken in complying with audit requests. Audit is essential to ensure compliance, detect abuse and obtain intelligence on fuel industry practice. Also, some of the programs are pilots that will enable the Office of State Revenue to better target future audits, including requirements for claims.

**Mr SHINE:** I refer you to page 1-35 of the MPS. There is reference to the Office of State Revenue focusing on key priorities. Under the heading 'Revenue Policy Advice' the MPS states—

... finalise public consultation and facilitate the introduction of the Duties Bill 2001 and Taxation Administration Bill 2001.

My question relates to the Taxation Administration Bill 2001. Could you please outline for the committee the intent of the proposed legislative change and what benefits the government expects from this legislative review?

**Mr MACKENROTH:** The Taxation Administration Bill is anticipated to be introduced to parliament this year. This legislation will modernise and simplify the existing stamp duty legislation and the administrative provisions which support it, significantly improving current arrangements. Regulations under this new legislation will also be required. Feedback from practitioners and the experience of other jurisdictions that have introduced similar legislation is that a sufficient implementation period is required after introduction and before the legislation commences. In addition to this, issues with the other legislation administered by the Office of State Revenue may be raised, including judicial decisions.

**Ms KEECH:** I refer you to the gambling output, on page 1-41. Under 'Future Developments' one of the key priorities is the addressing of the global nature of the gambling industry, with a particular emphasis on the need for national and international cooperation between regulators. Could you provide some comments on the Interactive Gambling Bill, recently introduced by the Howard government?

**Mr MACKENROTH:** The one thing I could tell you is that it is not going to work. It is amazing that Australia thinks it can regulate something that is happening internationally. It seems to me to be a ridiculous situation that we have legislated to make it illegal for Australian companies to run Internet gambling and to have Australian people gambling with them. So what we can have is Australian companies running gambling on the Internet and taking bets from people who do not live in Australia—that is what the law allows to happen—and we can have companies that are not established in Australia taking bets from people who live in

Australia. The Commonwealth government has ensured that Australians can gamble with people overseas who are not regulated by Australian governments, no taxes will be paid to the Australian government and there will be no guarantee that people will ever get paid. So I do not know that it is a very smart piece of legislation, but I am sure that the federal government feels comfortable in the fact that it can say that it has done something.

**The CHAIRMAN:** The time for government members' questions has expired. The member for Gladstone?

**Mrs LIZ CUNNINGHAM:** Treasurer, in answer to questions on notice you gave an indication of the equity return payments to consolidated revenue of just over \$2 billion. In the hearing this morning the Premier indicated that that equity return was used by Treasury to ensure that antiquated assets are replaced. Has Treasury set aside, in a separate fund per department, the equity payments, or at least the equity payments over and above the initial injection, to ensure that each department replaces antiquated assets as per the Premier's statement?

**Mr MACKENROTH:** I will get the Under Treasurer to answer.

**Mr BRADLEY:** The replacement of assets by departments is funded significantly through the depreciation provisions, which are made available within their budgets and available as a funding source for ongoing replacement of assets. Departments are provided with funding in their output funding to meet the cost of the equity return, which is then returned to Treasury and is a funding source then for the overall budget. It is then available for whatever purposes the government considers appropriate, including additional funding to agencies for capital or for other purposes.

**Mrs LIZ CUNNINGHAM:** Because some departments are asset rich, such as Main Roads, Education and Police, they are significantly disadvantaged by that. Where do you see the equity come in across the departmental portfolios?

**Mr BRADLEY:** I think the equity return arrangements are still going through a transitional period. In fact, in the case of both Education and Main Roads, which, as you say, are large asset holders, the amount they are paying in equity return is actually matched by the funding provided by Treasury, so there is no net disadvantage to them from the arrangements as they presently apply. Over time there is an opportunity for them to realise savings from the equity return which they generate by making more efficient use of their assets, and those funds would then be available to departments such as Education and Main Roads for them to spend on appropriate priorities within their portfolios.

**Mr HORAN:** What is the point of the equity return if you are matching the equity that they pay out? You are giving them that injection. As I understand it, the equity return is based on the increase in asset value. So if the assets of a department increase by \$100 million, at 6 per cent they have to pay \$6 million in equity return.

**Mr BRADLEY:** The equity return is meant to try and show the cost of capital invested in agencies, so the equity return is payable on the full value of their asset holdings. We have funded them for that initially, and over time agencies will be able to obtain savings from that if they make more efficient use of their assets, reduce their level of asset holdings and so on. If the government approved additional capital investment in an agency—in your example, \$100 million—we would usually provide them with the \$6 million equity return component so that we reflect in the cost of their outputs, in their operating statement, the actual capital they are consuming in delivering government services. In terms of the approach adopted by

other states as well as Queensland, that allows us to benchmark our services and show the full costs of the services we are providing, including the cost of capital utilised in providing those services.

**Mr HORAN:** What is the incentive? Take the example of a department increasing its assets by \$100 million. Say the police build \$100 million worth of new police stations and sell off \$50 million of police land. Do they still get the full equity return or is it adjusted?

**Mr BRADLEY:** We would typically give them the funding for the new capital investment. If they are able to reduce their asset holdings elsewhere, and they are allowed under our arrangements to retain those proceeds, we would not withdraw from them the equity return related to those assets that they are disposing. So in that example, if they disposed of assets worth \$50 million, they would realise a savings on equity return of around \$3 million and be able to use that \$3 million for other police services. They have actually had an incentive there to try to more efficiently use their assets if those assets were genuinely surplus. But there are requirements within government to ensure that assets are only disposed of when they are genuinely surplus to requirements.

**Mr HORAN:** The saved equity return they get, does that have to be used on capital only?

**Mr BRADLEY:** No, it is available as operating output revenue. They can use that saving to improve services generally.

**Mr HORAN:** But that would only be for one year, because it is only one-off money.

**Mr BRADLEY:** No. It is provided each and every year in their output funding. It would be an ongoing saving to the agency available for future services.

**Mr HORAN:** Are you saying in that example that if they build \$100 million of new assets and they get \$6 million in their funding to cover the increased equity return they have to pay back to the government, and they sold off \$50 million of assets in the same financial year, then that would make the net equity return they had to pay to you reduce to \$3 million; that is about \$3 million in their operating budget to spend as they wish, and that would continue from year to year to year?

**Mr BRADLEY:** Given the sums are that large, it may be that in negotiating the \$100 million equity investment we might seek for them to make a contribution to that. It might net off and we might discuss that. But as a general rule, where they are reducing their assets for usually more modest amounts of money, there is an element where they would actually have an incentive to realise the equity return savings and to use those for improving services for the future. It is an incentive to actually make efficient use of their capital.

**Dr WATSON:** I am intrigued by something I read in the *Adelaide Advertiser*. It concerns the issue of GOC performance, and particularly the part at 1-17 where you talked about the significant achievements recently with respect to Tarong Energy Corporation. I am intrigued by a statement about the purchase by Tarong Energy of Terra Gas Trader; namely, that the purchase price includes \$450,000 in unfunded superannuation liabilities. Was that an explicit component of the price that was paid? How does this gel with Queensland taxpayers who already fully fund superannuation liabilities here? Are they are also picking up the superannuation liabilities that have been left unfunded by the South Australian government?

**Mr MACKENROTH:** I do not have that detail here. Being fairly busy, I do not regularly read the *Adelaide Advertiser*, so I was not on top of that.



**Dr WATSON:** Given that Treasury would have actually been part of these negotiations and approved it, I would have thought Treasury would have been on top of it.

**Mr MACKENROTH:** Mr Bradley can make a comment on that. I might also point out that it is not part of the budget, either.

**Dr WATSON:** It is actually included in the portfolio statement. I thought it was part of the budget.

**Mr BRADLEY:** In the assets sale process in South Australia, buyers of the assets were required to take on liabilities in the case of unfunded superannuation requirements. But that was netted off the asset value that they paid, so it was taken into account in the consideration they paid for those assets. So they have allowed for, in the dollars that they have paid, the fact that they will have to fund it in the future as and when it falls due.

**Dr WATSON:** So the value of the assets—the discounted cash flow for the assets—was greater than the purchase price?

**Mr BRADLEY:** No, the purchase price would in fact have taken account of that future liability.

**Dr WATSON:** The expected discounted cash flow is greater than the purchase price?

**Mr BRADLEY:** Yes.

**Dr WATSON:** That is what I said the first time. Secondly, along the same lines, I notice that Powerlink has acquired, together with ABB and Macquarie Bank, ElectraNet for \$938 million, including a commitment for \$200 million in upgrading the South Australian transmission lines. Given your comments earlier about the importance of services to Queensland taxpayers, why is it important that Queensland taxpayers are funding improvements in South Australia's network when many Queenslanders are still without mains power?

**Mr MACKENROTH:** The ElectraNet SA project offers significant benefits to Powerlink and its shareholder, which is the Queensland government. It provides Powerlink with the opportunity to expand its business, achieve economies of scale and become an emerging national energy company. It will also enable Powerlink to leverage its intellectual property, its expertise in operating and managing high-value transmission lines, creating high-skill high-wage jobs.

The proposed revenue flows to Powerlink from the structure will be via O&M consulting services. There will be advantages to Powerlink's Queensland operations from scale efficiencies, equity returns, and returns from the transmission assets management services company. It is estimated that Powerlink's investment will return 15.5 per cent per year. So we are looking at getting a return on the money that is invested, which will come to the taxpayers of Queensland.

**Dr WATSON:** You are prepared to see Queensland taxpayers' funds improving South Australia's network rather than Queensland's network in the hope that the return in South Australia may be greater than the return in Queensland?

**Mr MACKENROTH:** The investment, when we are moving to a national electricity market, is a prudent investment for Queensland taxpayers. Queensland taxpayers will get the benefit. It was a Liberal government in South Australia that, after all, decided to sell off the assets of South Australian electricity, and that is pretty well the only state in Australia at present that cannot guarantee supplies.

**Dr WATSON:** But it is a Labor government in Queensland that has decided to invest their taxpayers' money in another state.

**The CHAIRMAN:** We will now move to the government's questions and come back to you after the break. The government questions will take us up to the break.

**Mr CHOI:** I have a question to the Treasurer regarding the Queensland Office of Gaming Regulation. In particular, I refer to page 1-40 regarding the Gambling Community Benefit Fund, which indicates that it has distributed over two dozen grants totalling \$28.5 million to community-based organisations in the last year. Could the Treasurer please provide information to the committee on how this funding has contributed to Queensland communities, particularly in the regions?

**Mr MACKENROTH:** As the basis for making allocations of money from the fund, a notional allocation of available funds is made to ensure an equitable geographic distribution of funds throughout Queensland. The notional allocation formula is based on the population of 45 geographic regions. These allocations are used as a guide and adjusted to provide weighting to rural and remote communities, high growth communities, organisations which provide a statewide service, and regions which contain a large number of communities.

Funding has been provided for a wide range of projects in the 2000-01 financial year. For example, the Moranbah Beautification Group received \$6,000 in September 2000 to construct a walkway over a creek bed. This walkway links two previous beautification projects, allowing the people of Moranbah to have a safe pedestrian walkway to access the other side of the town. The project has encouraged community spirit in Moranbah, with many people volunteering for tree planting or concrete pouring working bees.

Conservation Volunteers Australia was successful in receiving a grant of \$8,508 to complete the erection of a safety enclosure in an attempt to save the bilby. Badjigal (Turtle Dreaming) Aboriginal and Torres Strait Islander Youth Services received a grant of \$9,990 for costs towards equipment that will be used to provide skills and innovative strategies to assist at-risk indigenous young people.

**The CHAIRMAN:** Before I go on to the next question, Minister, I have been asked by the *Courier-Mail* if they can get a still photograph of you. Knowing that they probably have some awful photos in their archives, they may want to get a good photo. I will let you make the decision as to whether you want to let them take that shot or not.

**Mr MACKENROTH:** You can tell the *Courier-Mail* that it will waste their time, because if they took a good one they would never use it. But they are quite welcome to have a go. They took 100 on budget day and used the worst one they could find, and I have no doubt they will do the same tomorrow. The situation is they already have enough bad ones of me, so it does not really matter. But go for it.

**The CHAIRMAN:** They will take their opportunity when they can.

**Mr MACKENROTH:** I just do not intend posing for any more and wasting my time.

**Mr SHINE:** Under the heading of gambling, I refer you to page 1-40 under recent achievements and, in fact, significant achievements, one of which was the completion of the implementation of the gaming machine white paper, which I think resulted in the Gaming Machine Amendment Bill of 2000. Could you please provide some comments on the success of these changes and other action taken by you to address community concern about the prevalence of gaming machines in the community?

**Mr MACKENROTH:** The final round of gaming machine white paper changes commenced on 1 July 2000. The major changes affecting the industry from 1 July 2000 were the extension of licences from two years to five years and the replacement of machine manager licences with gaming nominee and gaming employee licences. In addition, the changes provided for the licensing of gaming machine manufacturers. At the end of June 2000, there were approximately 15,200 machine manager licences costing a total of \$100 for a two-year licence.

The major change that has been made since the white paper was implemented is the cap which has been placed on hotel gaming machines. The only new gaming machines that will be allocated to hotels are the ones which had applications in at the date the cap was announced. They will be assessed over the coming year as their assessment is done, and any that are granted will be able to be put in place. The cap has been announced, and the final numbers will be decided once it is known how many of those people who have applications are successful. We will work with the hotel industry. We have told the industry this and announced it publicly. We will work with them on putting in place a system whereby there will be a transfer of machines between hotel sites.

**Ms KEECH:** My question continues with gaming output. I refer you to page 1-42, which relates to future developments in the area. I am particularly happy as a parent and as an educator to see the government's intention to develop a responsible gambling curriculum for Queensland schools. Could the Treasurer please outline some comments with respect to this government initiative?

**Mr MACKENROTH:** The policy direction for gambling in Queensland, which was endorsed by cabinet in April 2000, states that the Responsible Gambling Advisory Committee, in conjunction with the Queensland Schools Curriculum Council and the Board of Senior Secondary School Studies, will continue to develop a responsible gambling curriculum for schools and will also consider the need for developing tertiary level curriculum for responsible gambling. Such an action plan will strategically align development of responsible gambling curriculum with new curriculum development time lines of the two education statutory authorities. School communities benefit from such a strategic alignment.

The funds to support the development of a responsible gambling curriculum come directly from the Community Investment Fund. The gambling policy directorate, which provides secretarial support to the Responsible Gambling Advisory Committee, is able to access advice directly from community and industry members on the advisory committee. Education authorities, parents groups and teachers unions provide important input as part of the consultation process. The responsible gambling curriculum modules provide critical learning activities for students to develop the knowledge, skills and attitudes to support informed decision making about responsible gambling now and in the future. Relevant studies, particularly in North America, indicate that people as young as 11 years old are presenting with gambling-related problems.

**The CHAIRMAN:** Thank you. We will take a 15-minute break if we could and then we will return to examine the Treasury portfolio and commence the Sport portfolio after 4 o'clock.

Sitting suspended from 3.45 p.m. to 4.00 p.m.

**The CHAIRMAN:** This hearing is now resumed. This session of the estimates committee will continue its examination of the estimates of Treasury and will

commence its examination of the estimates of expenditure for Sport and Recreation. The non-government members have the first go at asking questions.

**Mr HORAN:** Treasurer, I wanted to ask you about the blow-out in the Brisbane River pedestrian bridge and where this money is going to come from. It has been estimated that it was going to cost about \$12.5 million and then it was projected at \$23 million, \$24 million. People are now talking about \$30 million.

**Mr MACKENROTH:** Only the opposition.

**Mr HORAN:** It is anticipated that there may be some substantial legal costs on top of that. Where will you be drawing those additional moneys from to pay that department, which will require that extra money?

**Mr MACKENROTH:** We will fund the department. The actual questions in relation to the bridge should go to the Minister for State Development, who I understand will be here this afternoon. The funds—

**Mr HORAN:** But in a project like that, are you called upon to provide that extra money to them?

**Mr MACKENROTH:** Treasury provides all funds to the departments.

**Mr HORAN:** Where would you get that extra money from?

**Mr MACKENROTH:** From taxes—where all our money comes from.

**Mr HORAN:** For the budget 2001-02, the community service obligation subsidy paid to Queensland Rail and the electricity supply industry is budgeted at 4.2 per cent of total general government revenue, or \$809 million. In 2000-01, the CSO subsidy was 5.1 per cent of total general government revenue, totalling \$931 million. Why are you reducing the CSO subsidy by \$122 million?

**Mr MACKENROTH:** The reason for that is the electricity prices, or the purchase price of electricity. In the previous financial year, there was a large amount that had to be paid in CSOs for electricity to ensure that we had our uniform tariffs paid for throughout the state. Some of the bulk prices paid for electricity during that time were greater than had been expected because of the way that electricity selling works today. We expect to get better prices this year, which results in lower CSO payments for electricity.

**Mr HORAN:** So are you saying that you need a lesser amount of money? Will you still be able to maintain the equality of tariffs?

**Mr MACKENROTH:** Yes, the uniform tariffs do not change; it is just that we do not expect to have to pay some of the high spot prices that we had to pay last year for electricity.

**Mr HORAN:** Regarding the national competition policy payments, in answer to a question on notice in May this year you said any payments that may have been made by way of adjustment and restructuring assistance to industry under the national competition policy would be made from the expenditure side of the budget. The total amount received by Queensland since NCP payments commenced in 1997-98, was estimated at \$247.7 million, all of which has been credited to consolidated revenue. How much of this total was directly because of the deregulation by your government of the Queensland dairy industry? How much of the 2000-01 payment of \$86.4 million went to industries affected by NCP? How much of the 2001-02 payment of \$134 million is budgeted to go to industries affected by NCP?

**Mr MACKENROTH:** In relation to the dairy industry deregulation, there was no money credited to us as a result of the deregulation of the dairy industry. In fact, we were threatened that we would have money taken off us because of our failure to do what the National Competition Council wanted.

**Mr HORAN:** So what was the \$86.4 million that you received in 2000-01? Could you give us a breakdown of what those national competition payments were for? What were they the result of?

**Mr MACKENROTH:** It is a block payment which is not attributed to any specifics. What happens, in fact, is that if you do not achieve things, they will take money off you.

**Mr HORAN:** It is a block payment?

**Mr MACKENROTH:** Yes.

**Mr HORAN:** And you cannot—

**Mr MACKENROTH:** That is our agreed payment from the Commonwealth for national competition.

**Mr HORAN:** So it is a different amount each year? So it is obviously covering certain milestones that you have achieved. They would pay it on the basis that you did certain things.

**Mr MACKENROTH:** That would be correct, yes. The different tranches that have been agreed to in the agreement—

**Mr HORAN:** One of those things would be the dairy deregulation.

**Mr MACKENROTH:** It is a range of things which are right across-the-board and the National Competition Council then assesses whether they believe that you have met the criteria that it has set down and whether to make those payments or not.

**Mr HORAN:** So that if you had not deregulated the dairy industry you would have a lesser amount?

**Mr MACKENROTH:** No, the Commonwealth deregulated the dairy industry.

**Mr HORAN:** But you—

**Mr MACKENROTH:** No, the Commonwealth did.

**Mr HORAN:** You received these payments on the basis of the deregulation schedule that you have undertaken.

**Mr MACKENROTH:** Yes. Go and talk to John Anderson if you want to talk about deregulation of the dairy industry.

**Mr HORAN:** But I am asking you.

**Mr MACKENROTH:** I know you are.

**Mr HORAN:** I am asking you about the \$86 million that you got this year and you said that there was no money given for deregulation of the dairy industry.

**Mr MACKENROTH:** Specifically given.

**Mr HORAN:** And then you said that the \$86 million covers a range of issues.

**Mr MACKENROTH:** Yes.

**Mr HORAN:** That you have to be assessed for what you have done under deregulation before you will actually receive this payment. So what were you assessed for?

**Mr MACKENROTH:** There is no specific payment given for a specific thing that is done. There is no \$6 million for the deregulation of the dairy industry or \$5 million

for something else. The agreed national competition payment is \$86 million for that year. The National Competition Council then have a look at what has occurred in your state and then decide whether, in fact, they believe that you should get all of that payment. They will send to you a report, which you are able to comment on, before they make their decision.

**Mr HORAN:** So they were happy to the extent of \$86.4 million that you had achieved certain milestones in the deregulation process?

**Mr MACKENROTH:** We received \$86.4 and withheld \$12.9 million, which was suspended from that as a result of an adverse assessment of water reform and the community service obligation framework for public transport.

**Mr HORAN:** So you got a tick for what you did with dairy, you got a cross for water reform. You have indicated that there are some things here that you did not achieve those benchmarks for. So you did not get the money. There are obviously others that you have achieved certain benchmarks for and have received the money.

**Mr MACKENROTH:** You can put it in those terms if you like. Go for it.

**Mr HORAN:** I just—

**Mr MACKENROTH:** But remember dairy deregulation was driven by your government federally. Just remember that.

**Mr HORAN:** The increasing cash surplus in the out years in the budget documents, there is a projection that the cash surplus will increase in the out years covered by this budget. Based on strong revenue growth and the fact that the capital program is moving into a more long-term sustainable level, in view of the reduction in capital works that we have seen budget to budget, can you tell this committee what your assessment is of what would constitute a more long-term, sustainable level of capital works? Is it going to decline any further or is that the limit of the reduction?

**Mr MACKENROTH:** No, I see the program that we have put in place now as being long term and sustainable and it is there in the budget. It can be seen for what it is.

**Mr HORAN:** So you think that it is going—

**Mr MACKENROTH:** I think one of the things that you need to look at in terms of the capital works program that we have and as we go into the future—the Millmerran power station is one thing which does not appear on our books, but it is an infrastructure project which in the past would have been on the state government's books. There are a number of projects which will be built by private enterprise in conjunction with the state for which the private investment part will not be part of the infrastructure, but which is part of infrastructure which is going to the state.

**Mr HORAN:** It never has been.

**Mr MACKENROTH:** No, but we never had private power stations before Millmerran. We never had them on the books. We have them now.

**Mr HORAN:** But whatever you are putting into the public partnership—

**Mr MACKENROTH:** No, we had never had them before. The Dalrymple Bay coal terminal, the extensions there will appear as private investment, not a state investment. These are things that need to be looked at when you are looking at the total picture for capital infrastructure investment in Queensland.

**Mr HORAN:** Private investment has always been private investment. We are here debating the public investment that the government—

**Mr MACKENROTH:** I am talking about private investment in infrastructure which in the past would have been public infrastructure.

**Mr HORAN:** But it is still a matter of how much is this government spending on capital works that are necessary.

**Mr MACKENROTH:** Whatever is necessary.

**Mr HORAN:** Further on from that, with this reduction in capital outlays, you are proposing to create 46,000 full-time jobs from the 2001-02 capital outlays. In the 2000-01 budget the government proposed to create 61,000 full-time jobs from this source. It gets back to what I was saying in earlier questioning about the reduction in spending in capital works and the lack of vision in the budget about unemployment and jobs for people and the creation of not only jobs in the scope of that project but following on from that project. So why would you continue on down this path of reducing the capital works, reducing the full-time jobs that are coming from our capital works and even the jobs that flow on from the completed works?

**Mr MACKENROTH:** The reduction in the employment generation in the figures that you have quoted is a change in the multiplier and the compositional changes that come about as a result of different capital works. To do different jobs requires different numbers of people. If you are building a road and spending so many dollars on building a road as compared to building a building, you are going to get different multipliers in terms of the numbers of jobs that are created. When you put together the capital works budget and look at estimating the number of jobs that are going to be created, you actually have to have a look at what the jobs are to come up with the estimated number of jobs that are created.

I would dispute your interpretation that there has been a massive cut in capital works. The capital works budget for this year is \$5.1 billion, which is only slightly less than what was budgeted for last year but it is more than what was actually spent. What we have not seen is an increase in the amount budgeted. It does not show a large turn away from allocation for capital expenditure. As we move into the future, we will see similar amounts allocated for capital works in Queensland.

**Mr HORAN:** Minister, I want to ask you a question about the funding that is provided to line agencies. If you wish you may put it on notice, as it is fairly detailed. What is the rural fire service budget in total for recurrent and capital equipment for this year? This is the part that you may not have, and I apologise for that and put it on notice: what was the position for each of the three previous years? How does it compare with New South Wales and Victoria? I am happy to put that on notice, because it is detailed.

**Mr MACKENROTH:** I am happy to take it on notice. I will actually have a look at the question and decide whether it is more appropriately directed to the Minister for Emergency Services, which I believe it is. I will have a look at it. I think that we are getting into the details of another minister's portfolio. It probably would be more appropriately dealt with there. I will have a look at the precedent for those sorts of questions. My initial reaction is that that is a question that should be directed to him. As it is only day one of the estimates, you will have the opportunity to put that on notice to him or ask him that question.

**Mr HORAN:** We are going to gas retail contestability. I note that no state expects to have gas market operating arrangements in place before 2002, despite having pursued this objective for two or more years. I note the continuing delay in

Queensland's own arrangements to obtain gas in quantities sufficient to fuel industrial expansion in the north. I note the high delivery price of gas relative to coal is bound to add substantially to the cost of generating electricity and that, as yet, there is no delivery system for either PNG or Timor Sea gas. Has the Office of Energy within your department made any recommendations to you about lowering the real price of gas as an alternative to Queensland's cheap and clean coal as a furnace fuel?

**Mr MACKENROTH:** The new petroleum gas act that is necessary for the operation of a fully contestable gas market may not be in place until early 2002. This legislation introduces the concept of a retail authority that will impose certain conditions on retailers in servicing consumers in the competitive gas market. The retail authority provides consumer protection for small consumers such as households. The MOA required to support full retail contestability are much more complex than those required for tranche 1. To save time and cost, it was intended that Queensland would try to adapt the MOA established in other jurisdictions. We are working through that. You would be aware that there is a bill before the parliament now in relation to that.

**Dr WATSON:** Deputy Premier, I notice the government's emphasis on biotechnology, particularly the Premier's statement in March that biotechnology research was expected to provide prospective returns on investments, sustainable economic development and job creation in the state. I also refer to a question on notice that I asked in May and that you answered in June with reference to the government's emphasis on biotechnology. You indicated that there is no generally agreed definition of biotechnology for the purposes of state and national data collection. You indicated that there is no estimate of the contribution of biotechnology to the GSP and you indicated that there is no estimate of the employment effects. In a budgetary framework that concentrates on outputs and outcomes, how do you judge the success or otherwise of biotechnology initiatives when there is no economic development data and no job creation data?

**Mr MACKENROTH:** I will ask Gerard Bradley to answer that.

**Mr BRADLEY:** I think the question on notice that you refer to mentioned the fact that the ABS does not provide particular data in the areas that you had requested at a national level.

**Dr WATSON:** I said: what is Treasury's estimate of the percentage contribution of biotechnology to Queensland's gross state product and what does Treasury expect this contribution to be? How many Queenslanders are directly employed? Your answer was that there is currently no generally agreed definition of biotechnology for the purposes of state and national data collection. The question then asked explicitly about the state. My question is: given that you do not collect the data, that there is no agreed definition and there is no data collected on employment, how can you judge the effectiveness of biotechnology investments?

**Mr BRADLEY:** The success or otherwise of biotechnology investments can be judged on the investments that are made and the actual results that they achieve specifically, rather than by macro indicators of overall employment. In other words, they are more broad-brush estimates of the impact on the broader economy. The actual returns from investments in particular equipment or particular strategies can be measured in terms of the actual jobs that those projects generate and by the actual returns that those project generate, in particular through the relevant investment criteria that are applied rather than some very broad measure in terms of the actual growth of the industry within that one sector of the economy.



**Dr WATSON:** But it says that there is no generally agreed definition of biotechnology. Therefore, how do you collect it, if you have not got an agreed definition to begin with?

**Mr BRADLEY:** My point is that you can assess the actual investments that are made and funded by the government. You can actually look at the returns that are achieved from those—

**Dr WATSON:** But they are investments concerned with biotechnology.

**Mr BRADLEY:** And they are investments in particular projects and particular initiatives that can be assessed in terms of their impact on employment and in the actual achievement of results and returns generated by those particular projects.

**Dr WATSON:** Do you collect data on every individual project, whether they are successful or unsuccessful, whether it leads to additional or a net increase or decrease in employment?

**Mr BRADLEY:** Treasury does not administer those programs. That would be a matter for the relevant department in terms of the programs and priorities that it is involved in investing in.

**Dr WATSON:** Does anyone in the government do it? Treasury has a whole group on economic and financial performance, and whole-of-Government approaches.

**Mr MACKENROTH:** The departments that are investing in relevant areas would monitor where their investments are or, if it is through State Development, they want to know what happens with the programs that they are involved in.

**Dr WATSON:** Is there consistency between the departments, given that individuals are doing it and there is no definition?

**Mr BRADLEY:** I think they are more interested in the actual particular projects they are investing in rather than broad macro measures of employment in a particular sector of the economy.

**Dr WATSON:** So you are sure that on this output and outcome oriented budgeting process—that is what you promulgate in Treasury—the investments that the departments are making in their alleged areas of biotechnology are actually—

**Mr MACKENROTH:** Do you really think that if we create a job for someone they care less where a statistician places it?

**Dr WATSON:** I want to know whether—

**Mr MACKENROTH:** If they have a job, they are pretty happy.

**Dr WATSON:** We are interested in knowing whether or not the government's preferred outcome of increases in biotechnology and industry are, in fact, occurring and of the investment of taxpayers' money in that area.

**Mr MACKENROTH:** It is a very young industry which is developing. Obviously, the sorts of indicators that you are asking about will be developed as time goes on. Should one not do something about investing in the biotechnology area because the ABS has not got a series to measure the investment? I think that would be crazy.

**Dr WATSON:** With all due respect, they are your government's assertions. What I am asking is whether or not you can back up the assertions and, from what you have told me, you cannot.

**Mr MACKENROTH:** Just trust us.

**The CHAIRMAN:** The longer you go on, Dr Watson, the more you will eat into the time for the Sport and Recreation portfolio. Have you finished?

**Dr WATSON:** Thank you very much, Mr Chairman. I appreciate your indulgence.

**The CHAIRMAN:** I have been tolerant for five minutes. Treasurer, we have one question left for Treasury, and then we will go to Sport and Recreation.

**Mr CHOI:** Treasurer, my question is in regard to the Government Superannuation Office, which administers the State Public Sector Superannuation Fund. I draw your attention to page 1-45 of the MPS. Under the heading 'Recent Achievements', the first dot point states that the GSO has implemented new superannuation arrangements providing all Queensland state public sector employees with the ability to choose the superannuation option that suits their needs. Can the Treasurer please expand on that arrangement?

**Mr MACKENROTH:** The new superannuation arrangements commenced on 1 May and 1 July 2000, and offer all permanent Queensland state public sector employees a choice between a defined benefit account and a contributory accumulation account. In addition, the new arrangements provided, for the first time, casual employees with the ability to contribute to superannuation and have access to a level of employer support in excess of the minimum superannuation guaranteed requirements.

The new arrangements also provided members with increased flexibility in investment and insurance choices. These were implemented to provide greater equity, greater flexibility, choice, and to address concerns of the Queensland government and the unions regarding the adequacy of superannuation coverage for Queensland state public sector employees. The new arrangements also demonstrated an ongoing commitment by the Queensland government to ensure the continued availability of a defined benefit option for all Queensland state public sector employees.

Market research has been conducted in this area. An external market research firm interviewed QSuper members in focus groups. Their findings indicated that, overall, members' reactions were generally positive to the changes, particularly amongst members of the defined benefit category. In depth external market research of QSuper members' perceptions of products and service is conducted biannually and is scheduled to be conducted later this year. It will contain more detailed information on members' perceptions and reactions to the changes.

The new superannuation arrangements were approved on the basis that they would be cost neutral to the Queensland government as the employer. The QSuper board of trustees took the opportunity to also upgrade members' options in areas such as insurance and investment. The new arrangements were introduced in accordance with an approved plan that focused on members' communications, employer communication and training, staff training, systems upgrades and legislative amendments. The costs of running QSuper are met out of the superannuation funds.

**The CHAIRMAN:** Thank you, Deputy Premier. We thank the Treasury officials and staff who have assisted the committee with the examination of the Treasury part of your portfolio. We will now examine the Sport and Recreation portfolio. The member for Toowoomba North will kick off for this side.

**Mr SHINE:** I refer you to page 2-4, 'Future Developments', one of which is to expand the Thanks Coach, Thanks Ref program to recognise the achievement of

officials within the sport and recreation industry, and I ask: could you provide a statement on this program and its success to date?

**Mr MACKENROTH:** The Thanks Coach, Thanks Ref campaign aims to recognise the efforts of volunteers by recognising coaches and officials at all levels of sport, particularly at grassroots level, increasing the awareness and profile of coaches and officials and encouraging coaches and officials to attain a higher level of accreditation. The Thanks Coach, Thanks Ref campaign has drawn a positive response from all sectors of the Queensland sporting community. As at 13 June 2001, 4,167 nominations for certificates of recognition had been received for coaches and officials from 928 organisations covering 83 different sports. The coaches locker room workshops aimed at coach/official development have been successful; they are held in conjunction with the Thanks Coach, Thanks Ref campaign. I encourage all members of parliament to get organisations in their electorate to nominate coaches and umpires or referees for a certificate under the Thanks Coach, Thanks Ref campaign. You can do that through the department. The certificates will be available for members themselves to present. They are a recognition certificate so the only thing you need to do to earn them is to be somebody who is coaching or officiating at games. It has been a very successful program, one that is valued by the sporting community.

**Ms KEECH:** I refer the Deputy Premier to page 2-10 of the MPS, which lists sport and recreation capital works, and in particular I ask: could the minister please comment on the Tallebudgera redevelopment?

**Mr MACKENROTH:** The redevelopment of the Tallebudgera outdoor recreation centre will ensure that Queensland's largest and most popular group camping facility meets contemporary group accommodation standards. It caters for demands from local, regional and statewide clients and takes advantage of its unique aquatic environment. A key feature of our recent election policy was a commitment to undertake an \$18 million upgrade of the Tallebudgera outdoor recreation centre over three years. In this budget, 2001-02, we have allocated \$5 million to fund the first stage of the \$18 million redevelopment. Stages 2 and 3 of the redevelopment will be completed over the 2002-03 and 2003-04 financial years. Tallebudgera, while catering for a broad range of outdoor recreation activities, will have a focus on increasing participation in aquatic activities through the provision of skill development, education, leadership and participation programs. New initiatives in marketing and the introduction of contemporary venue management practice will accompany the redevelopment.

By June 2002, stage 1 will deliver, firstly, the project's preliminary consultation and design; secondly, a new multi-purpose indoor facility; thirdly, sports administration and centre management accommodation; and, fourthly, a centre kiosk and beach cafe to also serve the public accessing Tallebudgera Creek. The government is committed to funding the complete redevelopment of Tallebudgera. The Tallebudgera outdoor recreation centre has high market exposure with camping groups throughout Queensland. The centre is the most utilised group camping facility in the state, experiencing in excess of 80,000 bed nights per annum, and has a predicted turnover in 2000-01 of \$616,000.

The Tallebudgera outdoor recreation centre is in close proximity to the beach and bushland. This provides for a unique experience in both natural and built environments. Several key state and national sporting organisations have expressed a strong desire to relocate and base their respective operations from the Tallebudgera site on a commercial basis.

**Mr CHOI:** Page 2-3 of the MPS refers to the government's Drugs in Sport policy. Can the minister advise the committee of the government's objectives in relation to this policy?

**Mr MACKENROTH:** The Queensland government's Drugs in Sport strategy aims to educate athletes about the risks of using performance enhancing drugs and to deter state-level athletes from participating in doping practices. The Australian Sports Drug Agency has provided \$310,000 for the initiative over three years to 2002-03. This government has contributed \$46,344 to subsidise the first two rounds of the drug testing program. One-hundred and fifty-six event and out of competition tests have been conducted on 129 state-level athletes from the Queensland Academy of Sport and 13 state sporting organisations. There have been no positive results from the tests. Sports wishing to undertake testing are required to pay for both out of competition and event drug testing. The cost per test is \$520 for events and \$422.75 for out of competition. My department has provided \$46,344 to subsidise the first two rounds. The department is considering an extension of the incentive funding to encourage sports to purchase more tests. We are the only state or territory in Australia to be undertaking broad banned drug testing on state-level athletes outside of the academies of sport. Drug testing is used as a deterrent. There have been no positive results from these tests.

**Mr SHINE:** Could you advise what the government is doing to increase sport and recreation opportunities in regional Queensland?

**Mr MACKENROTH:** The programs that we have in place now provide for sporting grants to be made for capital programs both in major facilities, national standards facilities, and in minor facilities programs. Those programs provide for grants of up to \$50,000 under the minor facilities program, and up to half a million dollars in the major facilities programs. The national standard facilities are judged on their merits. In Toowoomba under that program we are presently putting money, I think, into the football ground. There is money going into equestrian facilities in the Toowoomba area. By providing facilities it is able then to provide areas for people to participate. In this year's budget we have allocated funds to start a major program on participation which will run right throughout the state and encourage more youngsters particularly, but people right across-the-board, to participate in not only sport but also recreational pursuits. The more people involved I think the better it is for our community both in terms of juvenile delinquency and also, in the end, our health bill. A participation program will be operating that will target all areas, including regions. Those funds are available there.

**Ms KEECH:** Page 2-5 of the MPS deals with the Queensland Academy of Sport. Could you please provide some information on the benefits of the QAS to the community?

**Mr MACKENROTH:** You can see the number of athletes that we have in the academy this year. In 2000-01 it is 535, and we are looking at getting 643. One of the benefits of the Queensland Academy of Sport is that we won the State of Origin this year. The academy was extended to include Rugby Union—it had been a program included previously and it came back in—and Rugby League for the first time and also golf for the first time. That program provided the opportunity to have an emerging State of Origin side. Six of those young players made it into the State of Origin side which won the series.

**The CHAIRMAN:** Well worth the money.

**Mr MACKENROTH:** Yes, it is well worth the money. If we look at the Sydney Olympics, we see that 37 athletes from Queensland Academy of Sport programs won medals at the Sydney Olympics. The total was 19 medals, because some were in team sports. Six gold, eight silver and five bronze medals were won. The advantage of the Academy of Sport is that we are able to target programs to elite sportspeople and ensure that there are programs available for those elite sports stars to better enhance their capabilities to compete on the national and also international levels. By doing that and having elite sports people what we do is encourage more young people to be involved in sport. If you have got elite sports people competing and acting as role models—our Academy of Sport athletes do that; they become involved in community activities and encourage our young people to be involved—that is a good investment and it is also helping to ensure that those young athletes get the best training available to them.

**The CHAIRMAN:** It is a pity we could not recycle Alfie and make his legs a bit younger.

**Mr MACKENROTH:** The Queensland Academy will not take the credit for Alfie. I could not do that. I would not call him an emerging State of Origin player.

**The CHAIRMAN:** The time for questions from government members has expired. We turn to questions from non-government members.

**Mr HORAN:** I have some questions on behalf of the shadow Minister for Sport, the member for Beaudesert, who is present in the chamber. I note at page 1-41 of the Ministerial Portfolio Statements of the Deputy Premier, Treasurer and Minister for Sport a reference to the Major Facilities Fund for the Suncorp Metway Stadium redevelopment, and in note 6 on page 2-7 a reference to increased grants and subsidies to the Lang Park Trust, and I ask: what is the total expenditure of your department for the Suncorp Metway Stadium redevelopment and how much of this is covered by the Major Facilities Fund?

**Mr MACKENROTH:** All of the expenditure on Suncorp Metway Stadium will be met by the Lang Park Trust. The Lang Park Trust will basically end up with two loans. Those loans will encompass a loan that will be funded from the operations of the stadium itself so that the money that is made through the operations will fund the loan. It will also have to fund the ongoing depreciation and operations of the stadium. The money that comes from actual operations will do that.

**Mr HORAN:** One of those loans is going to be funded by the day-to-day operations?

**Mr MACKENROTH:** Yes. There will then be a second loan, which will be funded by the Major Facilities Fund. Any expenditure which is incurred on the redevelopment of Suncorp Metway Stadium will come from either of those two areas. At this stage there are some funds which have been expended by my department and there have also been some funds expended by the Department of State Development on acquisitions of properties, which will be paid back from either of those two loans once they are established. There have already been some outgoing costs before these funds have been established, but they will be refunded back.

**Mr HORAN:** You were not able to say the total amount of expenditure. Those two loans cover the total expenditure of the project?

**Mr MACKENROTH:** The total expenditure is \$279.7 million. It is anticipated that there will be a loan of \$45 million, which will be serviced from the projected revenue from events. That will pay for the costs of running the stadium as well as servicing

that loan. There will also be a loan for the balance, which is almost \$235 million, which will be repaid by funds coming from the Major Facilities Fund. Those funds will be collected by Treasury through the Office of Gaming Regulation and will be paid to the Department of Sport and Recreation, which will then pay them to the Lang Park Trust to repay the debt that they will borrow.

**Mr HORAN:** Further to the previous question, which other departments have contributed or are anticipated to contribute to the Suncorp Metway Stadium redevelopment in any way, including but not limited to land resumptions, capital works or any incidental works, purchases or advice benefiting the redevelopment? Could you specify the extent of expected commitment of each other departmental body?

**Mr MACKENROTH:** The only other department which is incurring costs is the Department of State Development, which received funds from Treasury to fund the acquisitions, because the acquisitions of properties were actually done by the Department of State Development. They have been allocated up to \$25 million, which is a part of that \$279 million for the acquisitions. That \$25 million will be repaid from the loans that the Lang Park Trust will draw down. They are the only other department other than Sport and Recreation which is expending money. The Department of Public Works' Project Services has been contracted and is being paid as part of the contract to oversee the development. It is the project director that has been engaged to project direct the development. But that is a contract in a commercial sense. It will obviously expend money, but it will get paid for that.

**Mr HORAN:** In other words, of the \$280 million, \$235 million is really being funded by the Major Facilities Fund through the loan?

**Mr MACKENROTH:** That is correct.

**Mr HORAN:** And the \$45 million is what the trust will have to repay from projects there?

**Mr MACKENROTH:** Technically, the trust has to repay it all, because the trust will borrow all of the money. They will have two loans. They will have a loan of \$45 million, which will be serviced by the operations, and they will have a loan of \$235 million, which will be serviced by the Major Facilities Fund, as I said, which will be a payment made from the Department of Sport and Recreation to the Lang Park Trust. So that will be a grant that will be given once a year to enable them to meet the loan repayments and the interest on that loan.

**Mr HORAN:** What was the amount of money that the Major Facilities Fund had last year and what is it anticipated it will have to have each year in order to do the normal things that it has done plus the added responsibility of paying off that \$235 million loan—the capital and interest of that loan?

**Mr MACKENROTH:** The Major Facilities Fund had nothing last year because it has not been established. We actually have a bill before the parliament which will establish the fund. It is a new fund which is being established and being funded through a levy on the poker machines—on the 20 per cent of hotels which have a bet/win larger than \$100,000 a month. In the first year the levy is projected to receive \$6.3 million, increasing to \$15.1 million in the second year because at this stage a lot of machines are not switched on in hotels. When they are switched on, that will put them into the higher category.

In 2002-03 it is estimated to be \$15.1 million. In 2005-06 that amount will increase up to \$24.2 million. That is the projected revenue that we see coming into

the Major Facilities Fund. When you asked about the fund prior to this year, you were referring to the Major Facilities Fund, weren't you?

**Mr HORAN:** Yes, I was. I was thinking of some of those other funds that are there for facilities. You are making this an altogether new fund?

**Mr MACKENROTH:** It is an altogether new fund, a totally new fund, yes.

**Mr HORAN:** I make the comment that you and the Premier have said it will not cost the public any money, but obviously it is going to cost some publicans—and we have to consider them Queenslanders—some money. Obviously they are patrons in whatever way they have to rearrange their—

**Mr MACKENROTH:** I renegotiated the deal with them and they thanked me.

**Mr HORAN:** I am sure they did! You would be the first person to be thanked for taking money out of people's pockets.

**Mr MACKENROTH:** They were very happy with the deal that we did in the end.

**Mr HORAN:** I want to ask you another question now about the Queensland Academy of Sport with regards to regional Queensland. Do you have any plans to extend the Academy of Sport to areas of regional Queensland? Is that part of this budget?

**Mr MACKENROTH:** The academy runs a trial program in Townsville. So there has been a program operating in Townsville, which has been a trial program for three years. In my view it has been successful there. The academy board itself is doing a review of the program and as yet has not made any recommendations to me.

I know at times there are calls for us to establish branches of the academy in a whole series of regional centres, but the academy by its very nature is for the very elite. That is why you have it. If you do not have a large enough group of athletes to draw from, you are not going to get an elite program. What you end up getting is an elite program for that particular sport in that town, which is not what the academy is actually focused on and attempting to do. Quite regularly I get letters from different centres in Queensland which have proposals to set up branches of the Queensland Academy of Sport in different regional towns. Unless you have a large enough base, you really cannot get it. However, that is being looked at by the board. I think their discussions are actually happening right now, but they have not made a report to me yet.

**Mr QUINN:** Can I go back to the loans advanced to the Lang Park Trust for this redevelopment of Suncorp Metway Stadium. Over what period is this money being advanced and at what interest rate?

**Mr MACKENROTH:** They have not been advanced at all yet.

**Mr QUINN:** They will be.

**Mr MACKENROTH:** They will be 20 year loans at the going interest rate through QTC. Both loans will be for 20 years and they will be commercial loans through QTC, the Queensland Treasury Corporation, at the same rate that departments and local government borrow. It will be at the going rate at the time that the loan is negotiated. They will be commercial.

**Mrs LIZ CUNNINGHAM:** Given that many of the regional and rural centres in Queensland are striving to attract national competitions to their areas—national finals, et cetera—what percentage of the National Standard Sports Facilities Program would go to rural or regional centres?

**Mr MACKENROTH:** I do not know that we have those figures here. I can get that percentage for you. Let me say that across the facilities programs, the vast majority goes outside of the south-east corner of the state. I attribute that mainly to the fact that local councils are probably more active in applying for funds than councils down here. There are a couple in the south-east of the state that do apply. A lot of the councils outside of the south-east corner apply. I know when the recommendations come to me under the National Standard Sports Facilities Program for 2000-02, \$15.7 million was allocated to 13 major projects, eight of which are outside of Brisbane. So it was eight out of the 13. That is a fair proportion. I know in the minor facilities and major facilities program it is probably even higher. Youth centres in towns like Gladstone get a lot of money.

**Mr HORAN:** Do you have any separate allocation within this particular budget for the Police Citizens Youth Club or are they just part of the normal application process under the various programs?

**Mr MACKENROTH:** They are a part of the normal programs with everybody else, yes.

**Mr HORAN:** You know I have an interest in Toowoomba. They have been applying for a while. I suppose I might as well drop in an ad for them. They are a very good club with nearly 3,000 members.

**Mr MACKENROTH:** Thanks for that. You know as well as I do that it would be improper for me to interfere and allocate money to you just to get you off my back or something like that. You also know that, since I have been the minister, Toowoomba has got a lot of money from all of our programs.

**Mr HORAN:** I just want to make the point that the PCYC across the state do a very good job. I know that in lots of parts of the state they are looking for extensions and so on.

**Mr MACKENROTH:** I opened a new one at Zillmere last Saturday. The government allocated \$1.1 million, which was the total cost of that. In the past six months there have been extensions, refurbishment or new ones opened in three other centres in the state. There is funding in this year's budget for a new one or extensions costing about \$2 million, I think, in Gladstone. There is a lot of money going to PCYCs through this program.

**Mr HORAN:** I happen to think they are one of the better ways of looking after young children and giving them a chance.

**The CHAIRMAN:** The time for non-government members' questions has expired. It is now time for government members to ask questions.

**Mr SHINE:** On page 2-4 of the portfolio statement there is a reference to the finalisation and implementation of the Queensland physical activity strategy. Could you explain how this policy will help to increase participation in sport and recreation activities?

**Mr MACKENROTH:** The Queensland Physical Activity Task Force, which includes representation from the relevant government agencies, local government, the tertiary sector and the sport and recreation industry, has developed an integrated strategy to increase the physical activity levels of Queenslanders by five per cent over the next five years. Data collected in 1997 and 1999 indicates that levels of physical activity in Australia are falling and levels of obesity are increasing. This is of particular concern given that studies have shown that regular and moderate intensity physical activity result in a range of physical health and social benefits, such as reduced risk of cardiovascular disease and stroke, prevention and



treatment of non-insulin dependent diabetes, a stronger social fabric through community involvement and increased personal confidence and self-awareness for individuals. Participation levels in Queensland are among the lowest in Australia, with only 47 per cent of Queenslanders, both adult and youth, sufficiently active to achieve health benefits.

The development of the physical activity strategy provides the opportunity for government, non-government organisations and communities to develop an integrated approach to increasing physical activity to set the long-term framework for Queensland communities and to derive health and social benefits from sport and recreation. To increase participation, the physical activity strategy identifies the barriers to participation such as lack of time, access, motivation and knowledge of the physical activity options available. It also outlines an integrated approach to providing opportunities for the public to participate in physical activities. The framework focuses on encouraging people to be physically active, assisting organisations to deliver better physical activity opportunities and creating safe, accessible, sustainable and well-managed recreation areas built in natural environments that support participation in regular physical activity, and recommends a public awareness and promotion campaign to increase awareness of the benefits of physical activity.

**Mr CHOI:** My question to the minister relates to the participation and involvement in sports and recreation activities of indigenous communities. What is the government's strategy and program in this regard?

**Mr MACKENROTH:** The indigenous sport and recreation strategy provides a coordinated approach to the planning, development and delivery of sport and recreation programs and services for indigenous Queenslanders. It provides a framework of key priorities fundamental to addressing the physical activity needs of the Aboriginal and Torres Strait Islander communities. The indigenous sport and recreation strategy will provide funding for innovative projects that support and promote regular physical activity within indigenous communities. Aboriginal and Torres Strait Islander people continue to suffer low levels of health, education and employment and continue to be overrepresented in the justice system and the abuse of drugs and alcohol. Indigenous people living in remote areas also generally have poor access to sport and recreation opportunities.

Increasing sport and recreation opportunities can provide a vehicle for better health, employment, community development and cultural affirmation and can be a positive alternative to anti-social behaviour. To promote regular physical activity, there are opportunities for indigenous communities to apply for assistance to support the employment of sport and recreation officers to deliver physical activity participation programs and develop the skills of players, volunteers and officials under the indigenous community assistance package and the local government assistance package. This assistance is expected to be available from January 2002.

**Ms KEECH:** Page 2-8 of the MPS refers to the government's \$10.9 million contribution towards the staging of a very popular event on the Gold Coast, that is, IndyCar. Could you comment on what benefits the IndyCar brings to Queenslanders?

**Mr MACKENROTH:** The Honda Indy.

**Ms KEECH:** Yes.

**Mr MACKENROTH:** We have to keep mentioning our sponsors. The economic benefit for the 2000 event was estimated at between \$45 million to \$46 million. The

2000 event attracted a record total crowd of 269,890 people over the four-day event and generated \$4.4 million in ticket sales. The event now has some 200 corporate sponsors who last year purchased hospitality packages worth nearly \$8 million and brought an estimated 8,000 guests with them to the Gold Coast's regions. Tickets have recently gone on sale for this year's event, which will be held from 25 to 28 October, with ticket sales going very strong. Corporate sales are also exceeding expectations, with current sales and pending contracts well above targets.

**Ms KEECH:** This goes back to a question regarding the Queensland Academy of Sport. I was very happy to hear that three new sports have been added to the elite program, that is Rugby Union, Rugby League and golf. How many sports does that elite program now cover? I hope judo is one of those, because I was a state judo champion in the 1970s. How are decisions made as to what new sports to incorporate into the program?

**Mr MACKENROTH:** The board makes the decision, other than the Rugby League one, which was made by the minister for rugby league. I did a deal with Wayne Bennett that he would coach the State of Origin if I put Rugby League in the academy. It was as simple as that. I thought it was a good deal. The board makes the decision. I made a recommendation to the board that it consider that. It makes the decision as to which sports are admitted. If any sport wanted to be considered for admission, it would have to make an application and be considered.

At the present time, there are 23 programs in 18 sports. I do not think that judo is a member of the academy. I would have to say that that is mainly because there are some problems with the administration of judo. As the member for Gladstone would know, because part of it is in her electorate and some of the best judo competitors are from her area, the Sport Department has tried to help them resolve their differences, but at this stage that has not happened. It would need to do that before it could even put forward a case. Judo is a sport that at present we do not fund because it cannot get its act together in terms of having one recognised state body. That needs to happen before it can be considered for state programs. Perhaps if you are a former judo participant you could get in there and give them a few chops or whatever you need to do in judo. That is karate, isn't it?

**The CHAIRMAN:** We do not want to get on the wrong side of them.

**Mr SHINE:** In answer to an earlier question as to what the government was doing for sport and recreation opportunities in regional Queensland, I think you indicated that there were three different categories of grants.

**Mr MACKENROTH:** That is for facilities, yes.

**Mr SHINE:** One was up to \$50,000, one was up to \$500,000 and there was a national standards type grant. I do not expect you to know this, but on notice would you be able to find out the number of applications and their status—that is, successful, unsuccessful and pending—in the Toowoomba area in the last, say, two years? Is that a possibility?

**Mr MACKENROTH:** Anything is possible. We can do that for you. There are no applications pending as at this morning. I approved the minor facilities program, which came to me this morning. In the next week sporting groups throughout the state will be advised of the successful applicants in that. One problem is that we always get an excess of applications in relation to the amount of money that we have available. In relation to Toowoomba, we can provide that information to you and you will see how well I have looked after Toowoomba.

**Mr CHOI:** I refer to the recent confirmation of the Brisbane Strikers being 'allowed' back into the national competition. Commonsense finally prevailed. Could the minister advise the committee what assistance the state government has rendered in this regard?

**Mr MACKENROTH:** In relation to them being readmitted, both the Premier and I wrote to the National Soccer Federation advising it of our concerns with Queensland not having a team in a national competition. I am pleased that it has revisited the issue and made the decision to readmit the Brisbane Strikers. Both the Premier and I wrote to it and voiced our concerns at the Strikers being taken out of the national competition.

**The CHAIRMAN:** I have a question, Minister. We would not like you to leave without using all of your time.

**Mr MACKENROTH:** It would not worry me, Patrick.

**The CHAIRMAN:** What benefits will flow to Queensland when Lang Park is finished with the type of crowds and capacities that that stadium will be able to attract? Have any figures been done on what economic benefits would flow to Queensland because of that stadium?

**Mr MACKENROTH:** Suncorp Metway Stadium.

**The CHAIRMAN:** I stand corrected.

**Mr MACKENROTH:** They pay us to say that. The development of Suncorp Metway Stadium will attract major international events and will contribute significantly to the local economy. For example, the 2000 Olympic football tournament generated over \$50 million and the 2000 Indy generated \$45 million and generated an economic benefit to the state; and those results were felt as far away as Cairns. The British Lions tour is also estimated to result in significant direct and indirect net economic benefits to the state. I went to the Lions match at the Gabba and saw the number of overseas visitors here supporting that team. I understand something like 3,000 of those tourists went to Cairns for a week after that one football game and then went down to Melbourne to see their team lose, I am pleased to say.

There are great benefits in having a major stadium. One of the problems that we have in Queensland is that we do not have a major rectangular stadium where we can play Rugby League and Rugby Union games. Whilst people can agree or disagree about the site, I think everybody agrees that we do need a major stadium and that it will attract major games. The stadium is due to be completed by May 2003. We have two State of Origin games that year. Even without Alfie, I think we will be able to fill the stadium. We then have the Rugby Union World Cup and are presently negotiating what games will be played here in Brisbane. The Australian Rugby Union have given us a letter committing their future test matches to that stadium, so the Rugby World Cup will also be played there.

**The CHAIRMAN:** I thank the Deputy Premier and the officers in his portfolio for their attendance. As the time allotted for the examination of his department has expired, we will now go on to examine the estimates of the Department of State Development. I thank the Deputy Premier and his staff for their help with the committee here today.

**STATE DEVELOPMENT****IN ATTENDANCE**

Hon. T. A. Barton, Minister for State Development  
Mr R. Rolfe, Director-General  
Mr D. Mansfield, Cabinet, Legislation and Liaison Officer  
Mr S. Booker, Deputy Director-General, Development and Infrastructure  
Mr B. McCarthy, Deputy Director-General, Business and Trade  
Mr S. Ryan, Director, Finance

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**The CHAIRMAN:** The last item for consideration is the estimates of the expenditure of the Department of State Development. I welcome the Minister for State Development. I advise 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 the expiration of the time allowed. An extension of time to answer a question may be given with the consent of the questioner. For the benefit of Hansard, I ask departmental officers to identify themselves if the minister refers a question to them.

I now declare the proposed expenditure of the Department of State Development open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, would you like to make an introductory statement in relation to your portfolio? If so, you have three minutes.

**Mr BARTON:** Thank you, Mr Chairman. I would. The Department of State Development had another successful year as it continued to build on and attract new business to Queensland. The department remains the engine room for the Beattie government. The department's investment attraction performance continues to grow in industry sectors such as aviation, light metals and mineral processing, and it continues to develop Queensland's reputation as a centre for regional services and back office operations.

The last financial year has been particularly rewarding, with some 28 companies attracted in the aviation, business and financial services and light metals industries, as well as in the biotechnology and food processing sectors. This has generated some 4,937 jobs and resulted in a combined investment of \$356 million. In aviation, the attraction of the Qantas Boeing 767 maintenance facility and the establishment of the Australian headquarters of Virgin Airlines adds to Queensland's expanding reputation as an Asia-Pacific aviation hub.

Significant investments in the light metals industry, such as the proposed \$3 billion aluminium smelter at Aldoga, the development of Australian Magnesium Corporation's \$1.3 billion magnesium smelter near Rockhampton and other metal alloy projects will transform central Queensland into an international centre for light metals.

In fact, our efforts in Queensland regions are paying handsome returns. Pacific Coal recently announced that it will proceed with the \$425 million Hail Creek coalmine, which will provide a boost to Mackay and the surrounding regions. It will create 400 jobs in construction, 200 jobs when operational in mid-2003, and generate in current terms an extra \$400 million in export earnings. The government,

through my Department of State Development, had a role with Pacific Coal in working through land issues and native title.

Suncorp-Metway's decision to establish a call centre in Toowoomba will lead to some 250 jobs for this region, a point not lost on Toowoomba North parliamentary colleague Kerry Shine or, I am sure, Opposition Leader Mike Horan.

In years to come the AMC announcement will be seen as changing the economic fabric of the state. It will spawn a cluster of new industries and job creation. A study has estimated that the plant will generate capital investment of \$4.5 billion during the next 15 years, with flow-on effects of some 2,000 permanent jobs in central Queensland and a further 5,000 jobs in supporting industries. The project itself will generate up to 1,350 construction jobs.

**The CHAIRMAN:** Thank you, Minister. I call the member for Gregory.

**Mr JOHNSON:** I refer to the minister's response to my third question on notice in relation to the South Bank pedestrian bridge. In a ministerial statement to parliament on 29 May this year the minister estimated that the total cost of the overall project relating to the South Bank pedestrian bridge, including works at QUT and works associated with the Maritime Museum, would amount to between \$22 million and \$23 million. Notwithstanding the fact that the minister and the government cannot come clean about this bridge and have blocked FOI applications made by the opposition and the *Courier-Mail*, on the basis of the figures provided by the minister in response to my question on notice will he confirm that the total cost of the overall project will be \$22.59 million? I also ask the minister to confirm that the total additional costs for completion of the overall project will be \$1.82 million.

**Mr BARTON:** I am not sure what you mean by that question, I am sorry.

**Mr JOHNSON:** I referred you to my third question on notice and your response to the second part, which asked how much additional funding beyond that presently allocated would be required to complete the overall project.

**Mr BARTON:** I am with you now. I had gone to my detailed brief on the bridge. I must say that I am not hiding or running for cover. I am happy to sit here all evening if necessary and answer any questions you have about this bridge, which we consider to be a major project for this city—one that the city will applaud and the public will love once it is finally completed.

You have been provided with an answer to a question on notice. Certainly we do anticipate that, over and above what had already been budgeted, the additional funding, apart from what is presently allocated, would be in the order of \$1.82 million. I have to say to you that, as you know from your time as the Minister for Transport in this state, on many occasions contracts are let and the detail of the contract does allow for there to be consideration of changes. The way things are progressing at this point in time, our figure is approximately \$1.82 million. That bridge is still under construction at this point.

I will give you a complete, detailed breakdown of how we see the costs at this point in time. Of course, as I detailed in answer to the question on notice, if in fact we do go beyond what we anticipate the costs will be then we will be making requests to the consolidated fund by a submission to the Cabinet Budget Review Committee, which is a process I am sure you are familiar with from your time as a minister.

I will give you the most recent estimate of the total cost of the project from the brief that has been provided to me today. This indicates that the cost provided by the

project quantity surveyor on 18 June was \$21.612 million, comprised as follows: the bridge itself, \$15.457 million; the Maritime Museum, \$1.55 million; QUT landscaping, \$1.34 million; and design consultancy and statutory supervision fees, \$3.265 million; less the Maritime Museum refurbishment, which is \$1.398 million. That is funded separately and means that the total cost to government is expected to be \$20.214 million. That figure does include a provisional amount of \$650,000 for settlement of John Holland's claims and \$500,000 for DMR supervision fees. If you would like to ask me more questions, I have as much detail as I am sure you need to make you fully aware.

**Mr JOHNSON:** Thank you for that, Minister. You have made it fairly clear that the cost now is going to be \$21.612 million. Is that right?

**Mr BARTON:** I have said to you: that is the latest information of our projections in terms of the total project cost. I think we have to be very clear: the total project cost does include landscaping work that is occurring at the QUT end—there is quite a significant project there—and a significant amount of work, over \$1.5 million worth of work, at the Maritime Museum. You need to take that into account. I keep hearing all of these outrageous figures being attributed to you as the person saying that this is the cost—

**Mr JOHNSON:** Why did you not answer the FOI requests? I have asked for information under FOI and the *Courier-Mail* has asked for information under FOI.

**Mr BARTON:** As you well know, Mr Johnson, you turned this into a furore—

**Mr JOHNSON:** You would not answer the truth.

**The CHAIRMAN:** Order! This is not a debate.

**Mr JOHNSON:** I want the answer, Mr Chairman.

**The CHAIRMAN:** You asked the question and the minister will answer the question. It is not a debate.

**Mr BARTON:** If you have a specific question, Mr Johnson, I am only too happy to answer it for you.

**Mr JOHNSON:** We did seek information through the FOI process and that request was denied. I understand that the *Courier-Mail* also sought the same information and they were denied. It is public money that is going into this project and the subject has been bandied about through many media outlets in this state, of which you are well aware. I believe that I as the opposition spokesman am entitled to ask you the question. I believe that the people of this state are entitled to the answer. That is exactly and precisely why I asked the question.

**Mr BARTON:** Mr Chairman, I would like him to ask me a question. I have a lot of information here on the bridge and I am only too happy to advise the committee. I am not hiding. Anything you want to know about the bridge, Mr Johnson, I am happy to answer.

**Mr JOHNSON:** I refer to the engineering and design phase. Were applications called for in the first instance? Was a proper tender process applied for this project? How was that carried out? I believe that the public of Queensland want answers to all these types of questions.

**Mr BARTON:** Let me make some comments about that, if that is framed as a question—and I take it that it is. We all know that the concept for this bridge was first raised by the Brisbane City Council during their city centre planning strategy in 1995. It next came about while you were a minister in the Borbidge government. It was proposed again in 1997 by the South Bank Corporation in its master plan for

the redevelopment of the South Bank Parklands. The bridge was then the subject of a design competition that was conducted by the South Bank Corporation, and subsequent to that there certainly were proper tender processes called before the bridge itself was put to tender and a successful tenderer gained the contract. As we all know, John Holland Constructions was the successful tenderer out of a normal process. The designer was Ove Arup and Co. I forget their exact name. I can check that. But Ove Arup was the designer of the bridge. Subsequently, that tender was then accepted through a competitive process—a normal competitive process. It is a fairly standard contract similar to many that you would have signed off on as the Minister for Transport—the same process that goes with all major government projects, whichever department. And it was designed in accordance with the Australian standard design code requirements for access gradients for disabled people. It was actually designed to meet the Australian standard.

**Mr JOHNSON:** It was not in the initial design, though, was it?

**Mr BARTON:** It was. Let me be clear. I do not intend to be badgered, Mr Chairman, but can I have an extension of time to complete the answer to that question? Because no-one is going to accuse me of running away from this, I can assure you.

It was, in fact, in the original design. The original design—and I repeat it—included access gradients at or better than Australian standard design code requirements. Now, subsequent to that, disabled groups made approaches to the government and said that despite the fact that it met the Australian standards, it was still, in their view, not adequate for the needs of the people that they represented and asked the government to change it. Now, as a result of that, the changes were made, and the changes produced a maximum grade of one in 20 for the QUT approach slope, and that did result in significant construction delays and additional costs due to the redesign.

The construction contractor subsequently has had some difficulties of their own. There have also been significant delays in construction as a result of design modifications to facilitate construction erection procedures. They are the ones that I have also told the parliament about in response to questions by yourself about the need for a redesign and about how the major span, which will be floated down the river in early August, meets the pavilion. This is an extremely innovative design. This is a world first. In fact, one end of the span is effectively hung from the pavilion—the pavilion that is going together out there in the middle of the river right now. The successful contractor had some difficulties with the process of how to put that major span in place. It is not so much would it be right after it is all got together, but difficulties about the process of how to get it together that necessitated some design changes again. And for safety purposes, particularly for the construction team that are out there, we did agree to some changes after consultation with Ove Arup and the building constructor, the John Holland group.

**Mr JOHNSON:** Minister, will you provide an assurance that there will be no further requests from the Consolidated Fund for additional money to cover cost blow-outs associated with this project?

**Mr BARTON:** Again, I tried to answer that in response to the first question. I am being very open about this. At any given stage the bridge cost is what was contracted, but any of those contracts also provide for rise and fall depending on the circumstances. There have already been changes through two rounds of design changes. And if, in fact, there needs to be anything further that is unforeseen at this point in time, then there could be additional costs that we do not know about right

now. We do have claims from the contractor for additional costs already. I have indicated that we have a \$650,000 amount allocated which we have taken into account in that total figure that I have given you. But if, in fact, as a result of those claims from the contractor that amount were to ultimately end up being more than \$650,000, then we may have to find some additional funds. But that should not be taken that we expect it to blow out. We fully expect it to be completed within that amount that I have provided to you as a total amount about two questions back.

**Mr JOHNSON:** You made mention of the Maritime Museum—some \$1.55 million. Is it not true that the additional provision had to be provided for disabled access, which undermined the Maritime Museum at the time, and that is when I think you called in Mr Galton to take over the project. And if you had had Mr Galton there in the first place, we might not have had half the problems we have now.

**Mr BARTON:** Again, I just want to refute that. There have been far too many stories and allegations about this bridge. I have told the parliament this, but I will repeat it. There has never been a problem about foundations at the Maritime Museum site—not ever. In fact, the gradient issue was at the QUT end, where we had to change the gradient to be one in 20 or better.

I do not know who starts these rumours. The most recent one said that the foundations under the pavilion were falling away and we were going to have to pull down the whole pavilion and its foundations and start again. But that has not been an issue. Foundations at the Maritime Museum side have not been an issue, and that was not where the redesign change was made to accommodate the need to make the gradients better for the disabled access. That was at the other end—the QUT end. That all occurred late last year and early this year before the project actually started in terms of its major construction.

**Mr JOHNSON:** It is all very interesting, Minister, but the Treasurer was here before you this afternoon. He said in his detailed answers in response to some of the costings on that bridge that the funding would be provided through taxes. So perhaps you should discuss that with him.

**Mr BARTON:** I am aware of what the Treasurer has said. The reality is—as you full well know—governments can only spend money that they gain from the public out of taxes. The Treasurer quite rightly referred you to me as the minister responsible for the bridge. Now, the Treasurer provides funding to every minister for their portfolios, for them to exercise that funding responsibly in the interests of the public. Just because the Treasurer provides the funding, that does not make him responsible for absolutely everything that 19 ministers do. And if you have more questions, I am happy to try to answer them.

**Mr JOHNSON:** I have one final question on the issue of the FOI. You have refused the opposition information through FOI, and you refused the *Courier-Mail* information through FOI. Will you now table those responses?

**Mr BARTON:** No, I will not. I think you know the system as well as I do.

**Mr JOHNSON:** We are talking about open and accountable government.

**Mr BARTON:** I will not be badgered here. This is open and accountable government. This is the budget estimates. I have a lot more information on the bridge, if you want to keep asking me questions about it.

**Mr JOHNSON:** Well, tell us. You are not telling us too much.



**Mr BARTON:** In terms of the FOI, you know that the bridge became a controversial issue. It became absolutely necessary for me to brief cabinet in full detail about every aspect of the bridge. And those documents, as a result of my needing to brief cabinet in complete detail, are now free from FOI. But there is no cover-up here. If you want to keep asking me questions about detail—everything that you can think of—I will sit here for as long as it takes and answer them for you. I have nothing to hide on this bridge.

**Mr JOHNSON:** Other than excelling in presiding over the iconic capital infrastructure disaster, an issue I want to address with you here this afternoon relates to one of the questions that I asked on notice. For the minister's benefit, my second question on notice stated that, in regard to all consultancies and other outsourced advice, including but not limited to legal services to your department, could you please specify the identity of these services? I then listed other matters as well. But it is the answer provided by you, Minister, regarding the identity of the services that demonstrates your continued unwillingness and, indeed, this government's continued unwillingness to be accountable to the people of Queensland for how it spends their money. In an attempt to be just a little bit too cute, you have given me the identity of the service provider, not the actual service provided, which I asked for. I ask that you provide this information as requested.

**Mr BARTON:** You have asked for the identity of the service providers. We have provided that. You have asked for the cost of the services. We have provided that. You have asked for the date the services were contracted, and you asked for the time period through which these services were or are expected to be required. With due respect, I get a little sick of being accused of covering up, Mr Chairman.

**Mr JOHNSON:** I did not accuse you of covering up.

**Mr BARTON:** The implication is that I have been too cute and not answered the question. I have answered the question in very specific terms, exactly as the question was asked and with the complete range of details. It is a very detailed answer. There are four pages of who every consultant is, the periods that they have been working through and what the costs were. Now, if you wanted to know exact details of what every one of those was working on, then you should have asked that question, but you did not. Now, with due respect, that also would have meant a very onerous task on my department to provide that level of detail. It was already a very onerous task on my department to provide the level of detail that we have already provided you. And with due respect, in my view, we have in very specific terms answered every point that you asked.

**Mr JOHNSON:** In reality, Minister, there is a whole host of people here who have provided services. You have here that one of those providers is Norsearch Limited. What was the service they provided? For \$13,487, what was the service provided?

**Mr BARTON:** I will ask my director-general if we have any information and if he can cast light on that. Norsearch? How far down the list is that?

**Mr JOHNSON:** There is a whole host of them there.

**Mr BARTON:** I appreciate that there is. This is a very detailed question. It is not the sort of thing you carry around in your head.

**Mr JOHNSON:** I know you do not carry it around in your head, but we asked that question.

**Mr BARTON:** They were the independent monitor for the Port Hinchinbrook project—and Professor Peter Saenger.

**Mr JOHNSON:** Thank you. Following on from this consultancy twostep, I refer to your response to the government's second question on notice in which you highlight among the projects that have been funded under the regional business development schemes to create and retain jobs and I quote—

Assessments of the key elements necessary for Queensland shipbuilders to be competitive in tendering for Royal Australian Navy patrol boat replacement contracts.

I note that KPMG have provided four consultancy services to the Department of State Development as detailed in your response to my second question on notice. In total, those consultancies add up to \$97,192.26. Does the assessment process referred to by you in your response relate to a KPMG consultant's report on the Royal Australian Navy patrol boat replacement project?

**Mr BARTON:** Which question is it?

**Mr JOHNSON:** Number two.

**The CHAIRMAN:** Are you sure that it is two, or is it one?

**Mr BARTON:** Because consultancies is your question two.

**Mr JOHNSON:** It is the government's second question on notice.

**Mr BARTON:** Number two on my list, as it came over from the committee, is the consultancies question that I have just been answering. I am not covering up. Quite frankly, I just do not know which question you are referring to.

**The CHAIRMAN:** It is the government's question that he is referring to, not his own. He is referring to one of ours.

**Mr BARTON:** One of ours. Okay.

**Mr JOHNSON:** The government's second question on notice.

**Mr BARTON:** Just bear with us—

Assessment of key elements necessary for Queensland shipbuilders to be competitive in tendering for Royal Australian Navy patrol boat replacement contracts.

Can I just talk about that briefly? As you are aware, NQEA is probably the largest engineering facility in north Queensland, and NQEA are a firm that I have had a long association with that goes back to the early 1970s when its founder was still running it, the current chairman of the company's father, old Dick Fry—a famous old guy who built a major engineering facility almost with his bare hands. Don Fry, the current chairman—I have known him for that entire period of time. In fact, Don met with me very briefly the day after the budget was put in the parliament. He rang my personal secretary and said, 'I am going to the government's breakfast because I want to talk to Tom about support.' He then did approach me at the breakfast. He was catching a plane to London at lunchtime that day. He had a discussion with my senior policy adviser mid-morning—as you would recall the parliament was sitting. My understanding is that NQEA have been advised via their chairman that he should put specific proposals to us.

I do not have the exact details of what we have already done in terms of that assessment other than my State Development Centre in Cairns is very keen, as they always are, to draw the maximum amount of work into NQEA, because NQEA were involved in building the current class of Fremantle class patrol boats. I understand that they were certainly involved in a lot of maintenance on the previous class, the Attack class. NQEA have, I think, just completed several survey and oceanographic ships for the Royal Australian Navy. They are very big in terms of ferries. They are really competing with the West Australians and the Tasmanians. We are very keen

to maintain what is our only major shipbuilding facility left—and it is a major engineering facility as well as having its shipbuilding capacity.

In addition to that, NQEA also have a slipway that we have done a lot of work with the super-yacht cluster. So again, Mr Johnson, I do not have the specific details of exactly which consultancy that was, although it is also other supply chain providers—I should clarify that—not just NQEA, because we want to make sure, if possible, that that work is completed in Queensland, that it does not go to Western Australia or to the Tasmanians.

**The CHAIRMAN:** Hear, hear!

**Mr BARTON:** But NQEA are not the only ones that have the possibility of doing it, although they are the major ones. We have done a lot of work with NQEA.

**The CHAIRMAN:** The 20 minutes allotted to the non-government side is well past. We now have the government to ask questions of this minister. The member for Albert.

**Ms Keech:** Minister, I know that not only as Minister for State Development but also as the member for Waterford that you are fully aware that employment creation in regional areas—regions like Albert—is critical to the long-term economic growth of Queensland. My question is: how has your department contributed to the attraction of investment and the creation of new jobs in regional Queensland?

**Mr BARTON:** Thanks very much for that question, because certainly the investment division of my department works very closely with the State Development Centres and local councils in this state in attracting new investment to regional councils. I think that it is just over your boundary, the member for Albert, but certainly the marine precinct at Coomera is one example of where the council have worked very closely with us. Similarly, we are working very closely with the Gold Coast City Council on the Yatala industrial land, which is absolutely crucial that we get up. That is a key part.

The task can be difficult, but due to the government's commitment to employment creation in regional areas, we have been successful in creating over 1,000 new jobs in Queensland's regions. I will give you some examples: the Suncorp-Metway call centre in Toowoomba, creating 250 jobs; the Ergon Energy call centre in Rockhampton, creating 230 jobs; the Adacel software development training centre in Mackay, creating 220 jobs; the Budget Direct Financial Services centre on the Sunshine Coast, creating 160 jobs; the Universal Communications Group in Cairns creating 100 jobs; the Bendigo Bank Queensland headquarters and mortgage processing centre in Ipswich, creating 80 jobs; the go-ahead for the Hail Creek coalmine outside Mackay, creating 400 jobs in construction and 200 in operation; the Australian Magnesium Corporation—which again I have mentioned—in the final throes of raising \$680 million via a public share offer after securing its debt funding that we as the department played a major role in putting together. That project will generate up to 1,350 construction jobs and 350 operational jobs. When the plant is fully commissioned at Stanwell outside of Rockhampton, the production of metal is expected in 2004. Another one that I had the pleasure of announcing last week with the Deputy Prime Minister is that Belgian-based Orafti have confirmed that it will establish a 250 million chicory inulin manufacturing plant at Childers, which will have benefits for both jobs and provide farmers with the chance to diversify their income sources. There will be at least 200 jobs directly in the plant, with 300 to 600 jobs indirectly. It will involve some 300 to

500 farmers who will be involved in supplying the crop in rotation in the main, we think, with their sugar crops.

But a very pleasing aspect of this, if you look at the detail that I have just provided, is that we are right across all of regional Queensland. In recent times we have put projects together right from one end of Queensland to the other. We have put a huge effort into my investment division working with the 18 State Development Centres around the state and with people like the local authorities to make sure that we get that investment up in regional Queensland, because that is what Queensland is all about as the most decentralised state.

**Mr CHOI:** In your opening statement you mentioned that the aviation industry has contributed significantly to the economy of the state. Clearly, the government has a strategy to position Queensland as a hub for aviation-related business in the Asia-Pacific region. What has your department done in the last year to make this a reality?

**Mr BARTON:** I thank the member for the question, because we have worked very hard in the past year—and my predecessors Jim Elder and Terry Mackenroth have been very successful in attracting a whole host of companies—and we are continuing with that work. We have attracted already the Qantas 767 maintenance project, which will create 680 jobs at Brisbane Airport; we have put into place the Qantas snap fresh food catering project out at Crestmead, creating 230 jobs; the Smiths Industries aerospace Asia-Pacific headquarters, which has brought 60 jobs; and the PacRim avionics headquarters, creating 50 jobs. My department is continuing to work with Virgin Blue, which now employs 560 people in Queensland and are way ahead of their target in creating those additional jobs. We have also worked with Jet Care to encourage the expansion of its maintenance operations at Brisbane Airport. We are working with Tourism Queensland to encourage both international and domestic airlines to increase flights into and out of Queensland ports.

To ensure the sustainability of these companies and other aviation operations in Queensland, my department has also led the establishment of the Australian Aviation Centre of Excellence. This centre will provide training courses for a range of aviation-related positions. In line with the government's aviation strategy, I recently travelled to the United States and was able to meet with Boeing executives and inspect their facilities. I also met with the chief executive of Boeing, Phil Condit. That has been key to ongoing work that we are doing with Boeing for the Aviation Centre of Excellence and making sure that we get more work from Boeing into Queensland. That meeting in the states is helping to facilitate that.

My department is also working very closely with the Australia TradeCoast in demonstrating our goal, in conjunction with Australia TradeCoast, of positioning Brisbane Airport and the port precinct into a major logistics hub for the Asia-Pacific region. So it is a key part of our whole aviation cluster, predominantly working around civilian aircraft maintenance and also training that will occur at Brisbane Airport and a lot of military work that we are doing through another program at Amberley. I do not think that you have seen anything yet in terms of what the opportunities are that are starting to emerge, because we are being considered not just by the Boeings of this world, which has its national headquarters here, but other major companies, because they know we are serious about getting aviation jobs and training up into this state.

**Mr SHINE:** Minister, the investment division within your department had a job creation target, I am informed, of 2,766 for the year 2000-01. Has this target been

achieved? What were some of the major job creation projects attracted to Queensland?

**Mr BARTON:** If I could talk about that—and, again, one of them, of course, the member is well aware of, which I have mentioned twice already, is the Toowoomba—

**Mr SHINE:** It is a good story.

**Mr BARTON:** It is a great story for Toowoomba. In fact, I think we did the arrangement based on 250 jobs and we are very confident that it is going to be at least 300 and more than that. That is the experience. The division had a target in the past financial year of 2,176 jobs. We have well exceeded that. A total of 5,018 jobs have been committed as part of the outcome of the work of the investment division of the Department of State Development in the past year. Some of those include Toowoomba, the Hutchison Telecommunications call centre, creating 824 jobs; the Qantas 767 maintenance facility, which is 608 jobs; the Cellnet regional distribution centre, creating 284 jobs; and the Macquarie Bank national investment centre, creating 190 jobs.

But I should say that there are numerous others created in the following target sectors: regional service centres, biotechnology, aviation, information communication and telecommunications and food processing. I have mentioned Orafti, and I have mentioned some of the others. But I should stress that, apart from the big ones that we all hear about on an almost daily basis on which I am signing off as the result of work completed by my department, there are also agreements with large numbers of small companies and medium-sized companies spread right across this state. They are predominantly with small and medium-sized enterprises, because we are not just looking for the big ones; we are out there working hard with small business and medium-sized businesses as well. But the crucial thing is that we better than doubled our targets in terms of the numbers of jobs that have been created for the investment dollars that the state has applied through my investment division in my department. We are very proud of them.

**The CHAIRMAN:** Thank you, Minister. I call the member for Albert.

**Ms KEECH:** My question relates to job skills that Queensland companies need to be competitive globally. I note that there has been much talk lately that one of Queensland's key advantages is the multilingual skills of its work force. What work has been done by your department to attract companies to utilise these unique skills?

**Mr BARTON:** I know that the member has a real and keen interest in the education field from her previous background before we were able to convince her to come in here and give the Beattie government a hand. The whole process of Languages Other Than English, which was fairly controversial when it was put in place by the previous Labor government, has really paid off now because we have people out there with university standard educations in financing, medicine and a whole range of high-level jobs who also have language skills.

Those language skills, particularly Asian language skills, have positioned us very well for the whole Asia-Pacific region. We are in the same time zone as Hong Kong, Singapore, China, Korea, Japan and India. We can have people operating in, for example, call centres in this state across that time zone. We are very attractive to major multinational United States and European companies that wish to base operations in Brisbane for the Asia-Pacific region because of those language skills.

We have people with not only French and German, the traditional languages, but also Italian, Japanese, Mandarin, Cantonese, Indonesian.

We have companies like GE Medical (Remote Diagnostic Unit) servicing medical equipment throughout the Asia-Pacific region, creating 70 jobs, not just because of its diagnostics skills but also because its people have language skills. Salomon Smith Barney established its Asia-Pacific stock options support group, employing Japanese, Cantonese and Mandarin speakers. That will create 80 new jobs. That was one of the projects that I helped to put the final seal on when I was in New York some weeks ago.

Qualifyer customer care centres, which is majority owned by Swissair, has created 140 jobs in Brisbane. It supports 22 countries from its Brisbane base and utilises people with language skills in French, German, Italian, Japanese, Mandarin and Cantonese. We are continuing to work with IBM to expand its existing Asia-Pacific help care centre, which now employs over 240 people in Brisbane, 180 of whom are Japanese speakers.

I know that we have talked before about call centres and we have been very successful in attracting call centres. However, I want to say that the call centres that we are attracting are not just the ones that help you through your insurance claims or other things that we take for granted with call centres. The call centres that we are now attracting into Queensland, on the back of very good educational qualifications, particularly language qualifications, are at a higher level again. These are very skilled people who are providing advice over the phones.

**Mr CHOI:** Minister, this morning the Premier briefly mentioned the difficulties involved for Queensland entrepreneurs to get venture capital, as it is a very small state with less than four million people and as the combined population of the country is less than 20 million, which is still less than the greater Shanghai area. Obviously, there are a lot of problems facing Queensland entrepreneurs in this regard. What has the government done to assist entrepreneurs to raise capital and develop their ideas into marketable products?

**Mr BARTON:** That is one of the long-term issues that we faced in this state for a very long period. I can remember during the first term of the Goss government, before I came into the parliament, I was on the Premier's Council for the Economic Development of Queensland. I chaired the subcommittee of that council, which looked at ways of providing funding sources to business in Queensland. It has not got any easier, but this is what we are doing to address that problem.

We have established the Venture Capital Unit to provide a single point of contact within government for venture capital issues. The unit offers advice, education services and an integrated program to assist entrepreneurs to raise private capital. During the last financial year, 2000-01, 543 companies, 61 investors and 20 State Development officers attended 30 capital raising workshops across the state. A sum of \$10 million in investment in early stage, high growth companies was secured by the Venture Capital Unit. Those are the sorts of people whom the banks feel sensitive about touching, but the people with the brilliant ideas and the need to commercialise them.

The Australian Venture Capital Association Limited—AVCAL—2000 venture capital conference was held at the Hyatt Coolum. The conference had a record attendance of 500 investors and raised \$3.1 million for Queensland start-up companies.

We have also worked with a group that facilitated a business group known as Enterprise Angels.com, which was set up around the state in Brisbane, Cairns, Mackay, Wide Bay, South Burnett, Toowoomba and the Gold Coast, where it is known as the Gold Coast Founders Forum. Those groups consist of local wealthy individuals interested in investing singly or in a consortium in high growth investments. The Enterprise Angels groups is working out very well for people who have brilliant ideas and need to commercialise them. As you can see, we have facilitated those groups right across regional Queensland. It is working very well to date.

**Mr SHINE:** Minister, management skills are critical for business growth and survival. What action has your department taken to develop the capabilities of business in this area?

**Mr BARTON:** The member for Toowoomba North is dead right: getting business management skills up is really crucial. It is just as important as making sure that they are financed appropriately. The Office of Small Business within my department has finalised a suite of management skills workshops that were delivered to small business last financial year. The department now has the most comprehensive range of workshops in Australia, with a total of 17 programs covering marketing, finance, planning and general business operations.

I need to stress that the workshops are not training programs. They are delivered in areas where private sector provision and accredited training is lacking. They assist small firms to understand what they do not know with the intent of encouraging them to seek assistance from other providers. It is really helping to identify the skills base that they need to expand into.

The \$250,000 provided to the service delivery division allowed more than 700 workshops and seminars to be delivered, predominantly using the Office of Small Business materials. I stress that 700 workshops and seminars is a very major education and assistance component for small business right across the state.

Products finalised last financial year included Planning for Success and Networking for Results. They are three-hour workshop programs targeted at existing business operators to assist them with their standards. All 37 existing facts sheets were redeveloped to include updated information on the new tax system. Boy, hasn't that been popular! Giving information has been popular, although the tax system has been incredibly unpopular, which is why they are hungry for the information. There are fact sheets on changed regulations, new business codes of practice and the like. A specific series for home-based business operators is also being developed as part of that.

More than 17,000 people participated in the department's seminar and workshop offerings. Those are huge numbers. They did fall from a record high of 33,000 to 17,000 last financial year as a result of a number of changes where small business has been under pressure, but these deliveries were funded by a significant injection of additional funds in the 1999-2000 financial year. I do have a complete list here of departmental skills and development programs. I might start to read it, but I will probably run out of time.

**The CHAIRMAN:** You can table that list.

**Mr BARTON:** I will do that now, because that is a lot easier than me giving it to you. Is that satisfactory?

**The CHAIRMAN:** Thank you, Minister. As the government's allotted time has expired, we now go to the non-government members. I call the member for Gladstone.

**Mrs LIZ CUNNINGHAM:** In questions on notice you gave an indication of the State Development's involvement with SPP/CPM. I wondered whether you know of any impediments to the process that has been commenced by government, that is, with the facilitator, et cetera, in light of the fact that John Elliott has, in a separate action, taken the company on legally for compensation? Can that facilitation program, et cetera, continue and will the government's funding remain for that?

**Mr BARTON:** We do have some more information, but I will start by saying that, as I understand it, the gentleman you are referring to is one of the Targinnie residents—

**Mrs LIZ CUNNINGHAM:** Yes.

**Mr BARTON:** His perception is that he has health problems and problems with his property values as a result of the operations of Stuart Shale Oil. I will talk about it in these terms: we are aware of the concerns that have been raised by a number of your constituents in that Yarwun and Targinnie area about what they see as bad odours and smoke and gas effects from Stuart Shale Oil.

I have a view about Stuart Shale Oil. If it can be made to work and the problems can be overcome, it is certainly a major project for Gladstone. It is a major import earner for this country and it needs to be given every opportunity to commission that trial plant. When we are talking about a \$300 million trial plant, we are talking about a major project in itself for stage 1 of a trial plant.

We have done everything we can and are continuing to do everything we can to work with the residents of Yarwun and Targinnie and the Shale Oil proponents. We have put in the order of \$200,000 into this budget. That was an election commitment. We have put it into the budget this year to have an independent technical review to assess the project's impact on the community.

We have put in place an independent facilitator, Mr Michael Williams, who is working with the company and the community. I stress that he was appointed to be independent and not to take sides in this matter. He is to genuinely have a good look at the disadvantages. That is still our commitment. I have to say that we have that commitment and we will follow through with that commitment.

We have given other support to that project as it has proceeded. I do not know what the final outcome will be. Probably for the first time, the plant has had a significant period where it could actually run at something like full capacity to see what its output is. That recent testing has shown improved production and the resolution of some of the significant technical problems. During this period, a significant number of complaints were received and they have been looked at. The initial indications are that they are a bad annoyance, but they are not necessarily bad long-term health problems. That is why we funded this technical study and we are committed to it.

**Mrs LIZ CUNNINGHAM:** In the budget process, it is clear in your documents that the growth management study received \$550,000. The scientific audit that you were talking about received \$200,000 and the multipurpose centre in Gladstone received \$1.2 million. What is unclear or what I have missed in the budget documents is the State Development Department's contribution to the Gladstone Port access road, as distinct from the Transport Department's and the GPA's contributions. Could you clarify that, please?



**Mr BARTON:** My people will get you the exact amount. The port access road is a matter that your local council has been working with us very closely on. It is proposing the construction of a new access road to service the port. The estimated cost is in the order of \$15 million. The Department of State Development has committed \$1.5 million towards the cost of that new access road. That is my department's commitment.

The Gladstone City Council has secured a commitment of \$7.5 million, or 50 per cent of the cost of the project, from the Commonwealth through the Roads of National Importance program, and a commitment of \$4.5 million from the Gladstone Port Authority. The Gladstone City Council will seek to secure the balance of funds, which is \$1.5 million, required for the project to proceed. Once this funding is secured, the council will move to final design and construction. The actual amount that my department has committed towards that cost is \$1.5 million.

**Mrs LIZ CUNNINGHAM:** In answering questions on notice you responded to the member for Gregory with a list of estimated actual targets for proposed projects. Whilst I am very clear on Aldoga, Astral, Stuart oil shale and Tata, could you clarify this financial year's commitment to Monto Minerals, given its importance not directly to my electorate but to my adjoining electorate where it has an impact on infrastructure?

**Mr BARTON:** I do not know whether we have a brief on Monto Minerals that can give me the specific detail that you are seeking. Monto Minerals has certainly been to see me in recent weeks. Monto Minerals is a project that we have been assisting for a period. The scale, as I said in answer to one of Mr Johnson's questions, indicates that there will be some 70 jobs if it gets operational. There will be about 80 jobs in construction and it will be about a \$30 million project. That project has been having some difficulties in working itself through. My recollection is that they are talking to Queensland Rail about how they might get some trial shipments. We have been working through EIS issues with them. We are providing facilitation services. I think that is the best way for me to put it. It is certainly the safest way for me to put it. It is early days yet. One of the core functions of the Department of State Development is to work with proponents of projects, help them to identify where they can get their support from, put them in touch with the relevant people, assist them with their negotiations with people like Queensland Rail and others, and help them with their EIS studies. We are playing a facilitative role. Certainly, when I had the chairman and one of the other directors of Monto Minerals in my office in recent weeks they were expressing a lot of happy feelings towards DSD, for want of a better term. They are happy with the support that we have given them to date. I can assure you that we are keen to get that project up and running. But it is early days.

**Mr QUINN:** Given that it is almost three years since the government announced that it would fund the Gold Coast Convention and Exhibition Centre, when will the application by the proponent be ready to be submitted to the Gold Coast City Council for development approval, and will the government be providing any additional funds in order to resolve some of the outstanding issues?

**Mr BARTON:** The government has committed to date \$100 million for the development of and \$2 million to assist with the preopening expenses associated with the Gold Coast Convention and Exhibition Centre. The development and management agreements were executed in December last year between Jupiters and the state—something with which, as one of the members in the area, you are no doubt familiar. In accordance with the development agreement, Jupiters is required

to carry out an environmental impact study, obtain all approvals and resolve native title issues. Jupiters has completed its EIS report. We anticipate that the Coordinator-General will sign off the EIS process this month—July. That is the current expectation that we have. It is on track to do that. If that can be achieved, this month Jupiters is expected to lodge its development application with council. Our expectation is that all approvals should be finalised by late 2001, and construction is expected to commence in early 2002 with the original site formation works. We expect that there will be in the order of \$30 million expended this financial year, in 2001-02. I have provided you with the information as I understand it.

There have been some difficulties in working through those native title issues. I understand they have been resolved, or all but been resolved. There have been difficulties working through some car parking issues. It would be fair to say that the council has had an internal problem with those. There have been some issues again related to parklands that needed to be used for the development, such as how they will be replaced with alternative parkland. That, as I understand it, has all but been resolved. We expect the Coordinator-General to be able to sign off the EIS, hopefully, by the end of this month. I am told by Mr Rolfe that it will be within the next few days. I hope his confidence is carried through. Like you, I have experienced an element of frustration. I have been in this job for only four or five months now. This has been a frustrating project because things that should have been straightforward seem to be taking forever. Every time I see him, Gary Baildon says to me, 'Look, Tom, just fast-track this. Just get on with it.' If you think it should be fast-tracked, you might suggest to the mayor that he get his council to take an appropriate decision to ask me to fast-track it, not just tell me in the newspaper that I should fast-track it. We do not think that will be necessary. If the Coordinator-General is in a position to sign off in the next few days, it will all happen without the need for my direct intervention.

**Mr QUINN:** With reference to the waste water pipeline proposed between here and Toowoomba through the Lockyer Valley, are there any native title issues that might need resolving should that project go ahead?

**Mr BARTON:** There could be. But let us have a look at where we are with this whole waste water issue. I think you have had an interest in it, because you have been busily 'FOling' me and wasting the time of my staff while we respond, despite the fact that we have been indicating to everybody who will listen our support in principle for this project. We have met with the people from City to Soil and Darling Downs Vision 2000. We are very keen to see that occur. I have released the executive summary of the study that my department had Brown & Root perform. We have in our hands also the study that was completed by the Brisbane River Management Group with regard to the environment impacts and potential benefits that come out of preventing all of that material from going into the river or into Moreton Bay. I have to sound a bit of a warning, though, and it is the same warning that I have passed on to others. Let us not make this controversial. I can recall some consultation phases where people insisted on having all of the information out in the public domain early. In this case, you run the risk of having a whole lot of people saying, 'I don't want a pipe full of that stuff running past my house, over my property or down past my kids' school.'

We are all on exactly the same tram. We believe they are visionary projects. They solve some of the environment problems for the river and the bay. They should be capable of providing a water supply to the Lockyer Valley that will enhance the agricultural production of the Lockyer. Also, if we can get over the very difficult issue

of the costs of getting it over the Toowoomba Range, it will enhance the agricultural production of the Darling Downs as well. We are working through this as rapidly as we can. It is still fairly early days. Whether there are native title issues or not really will depend on the route that we take. We have not got that far yet. It may be over land where native title has already been in existence, if we come back to native title. Could I suggest to you—before I get belled again—that this is one area where we should all be working together. The Liberal Party has an interest. It has a federal member there. The National Party has an interest. I know there are some Independents on the Darling Downs or a One Nation person in the Lockyer. As a government, we see big potential benefits from this project. It is going to be very costly, but we would like to say, 'Let's not play political games with this one. Let's all try to work together to make it happen.'

**Mr QUINN:** My final question concerns the redevelopment of Lang Park. I think the government distributed some 4,000 letters to residents out that way asking for input into the redevelopment. What are the results of that survey? Do you have them? If you have them, are you willing to release the results?

**Mr BARTON:** As you know, I have had a fairly well publicised involvement in Lang Park over the past four weeks. In relation to the whole Lang Park issue, the lead agency is the Department of Innovation and Information Economy, Sport and Recreation Queensland, answering to the Deputy Premier and Minister for Sport. We have a direct involvement as a department in terms of acquiring 41 properties or businesses that are adjacent to the stadium. We have already acquired 16 of those, at a cost of \$12.04 million. I cannot say to you that we are not involved in Lang Park. Of course, we are involved in Lang Park in terms of my much publicised need to call in the project and make a decision on that, which I will be reporting to the parliament in detail on when it sits. But in terms of the budget estimates, I am happy to provide the detail that we have already expended in the order of \$12.04 million to purchase 16 privately owned properties for the community facilities that are part of the project. We intend to acquire 41 properties. We have an approved budget figure of some \$25 million. But when it comes to the survey, that was conducted by the lead agency reporting to the Minister for Sport. I do not have those surveys, and nor would you expect me to have them. The role that I played in the call-in process related to very specific and narrow terms concerning the Brisbane City Council decision on the use of the stadium itself, not even the community facilities that are adjacent to it. I did not need to see those. It would have been much better to pursue that with the Deputy Premier and Minister for Sport.

**Mr JOHNSON:** I note from page 1 of Budget Paper No. 1 that the government has stated that its Capital Works Program totalling \$5.115 billion for 2001-02 is a 2.2 per cent increase on estimated actual outlays in 2000-01. But in the 2000-01 budget the government said that capital outlays were estimated at \$5.285 billion while the actual spend was \$5.007 billion. In other words, the government is spending \$280 million less this year on capital works than it did last year so there is a carryover of \$280 million. This seems coincidental when it comes to Lang Park.

I turn to the costs of resumption of land required for Lang Park and other costs associated with the redevelopment of the stadium—environmental issues and interfacing transport infrastructure costs. I know you are working with other agencies such as local government, the Brisbane City Council, and Queensland Transport. Can you give us any idea of what those other associated costs may be at this stage, for example, in relation to interfacing infrastructure?

**Mr BARTON:** I have to say I am not in a position to answer that because I am not the responsible minister. I am responsible in terms of the \$25 million that we have in the budget to purchase the remainder of those 41 properties that we want to acquire. We have that role as the Department of State Development in relation to Lang Park to provide the land for those public facilities to be put into place. There is a large amount of public facilities to be put in place around the actual box of the stadium itself to support that and to make it work. But no, again, I am not aware of those exact costs or how they are broken up because it is not my area of responsibility.

**Mr JOHNSON:** I refer you to regional development and your claims that State Development is completely across regional development. I refer to the 41 per cent reduction in the estimated capital investment and reinvestment created from regional development activities for 2001-02. I asked you as part of my question on notice what initiatives your department has considered or recommended to stimulate greater activity within the Queensland economy to address the slow uptake of the regional business development strategy. You replied that the government would provide a more targeted approach to the delivery of the RBDS in 2001-02. I am sure this answer from you provides much comfort to industries in regional Queensland, which this government has ignored. The 41 per cent is a massive reduction. Why has something not been done about this before? If something has been done, can you tell the committee exactly and precisely where these developments will take place and in what regions?

**Mr BARTON:** I have had a look at my answer to your question on notice in which I have said what, in effect, we will be attempting to do. We noted that much of the problem that has been caused out there has been caused by a lack of confidence in the business community as a result of the GST. That has made it very difficult for us to get some of those programs up. We certainly will have a more targeted performance. The RBDS provides assistance to eligible businesses and organisations to identify and develop regional business opportunities and to promote growth and diversification of industry and employment.

Under the current guidelines there are three categories available for RBDS projects. Category 1 is business development, feasibility studies and marketing plans. Category 2 is regional business advisers—employment of an officer in approved rural and remote locations. We have quite a lot of those. Where they do not have direct access to a State Development centre we have, in fact, funded people. I know somewhere I have the detail of the number. I think it is 15 regional business advisers out there, and we expend in the order of \$900,000 to support them. We also support business events through sponsorships, promotion and assistance.

Last year we committed \$0.8 million for 53 applications seeking funding through RBDS. These committed funds will assist in creating and retaining approximately 1,100 jobs and generating \$155 million of capital expenditure. We have had capital raising for the establishment of the Cairns International University. We have had the pre-feasibility study for the Sunshine Coast high tech film industry. We have the city centre revitalisation in Bundaberg. We have had the Bowen economic development strategy. We have a project officer. We have provided a feasibility report for the potential to sustain hot dry rocks energy project in Rockhampton. In Maryborough we have provided issues for the development of an inland Burnett region and in Toowoomba for the flax industry on the Darling Downs.

They are just a few examples of many. We have people right across regional Queensland coming to us. When there has been a bit of a downturn, sometimes it is hard for those people to get the funding that they need to progress further, and that is why there had been a slowdown. It was largely due to the lack of business confidence due to the GST, despite what Mr Ian Macfarlane said in the newspapers in the southern press this morning.

**Mr JOHNSON:** Very quickly, in relation to the Chevron gas pipeline—and I know there has been a lot of heartache for you over recent times, too—can you just tell the committee at what stage that project is at and how it is progressing? No doubt there is a lot of industry hanging off that and they want to see a positive outcome.

**Mr BARTON:** I certainly can advise you that there has been the whole issue of Chevron projects to PNG. We are dead keen as a government to have gas on gas competition taking place in this state. It is very important that we do that. DSD's role is certainly in liaison and facilitation with producers, customers, the PNG government and the Commonwealth government. We have been working through with the proponents. Chevron, in fact, have taken a little more of a back seat than they were before. Exxon is the biggest partner in the project after the amalgamation of the projects at the PNG end. They met with the Deputy Premier and me some months ago to indicate to us that they would be going out and doing a lot more marketing to try to determine exactly what the market would be. They would then come back and have to make a decision on whether they were prepared to take the commercial risk to get the project up and running.

Of course, in the meantime the PNG government has been to the Commonwealth government looking for concessional finance. The Commonwealth government hunted them; they were not interested in assisting our neighbour PNG. The PNG government has been back to see the Deputy Premier, who is also the Treasurer and has responsibility for energy, only a matter of weeks ago. The PNG government is getting very nervous, particularly after, as we have seen, agreements were signed in recent days on the royalties fix for Timor Sea gas. Timor Sea gas had already snuck under the necks of the PNG project.

**Mr JOHNSON:** How is that going to affect a lot of our people down the coast such as in Gladstone, for example, who are hoping for that to become a reality?

**Mr BARTON:** I think this is one of those areas in which as a department we are facilitating in every way we can. As a government we changed our energy policy in May last year to say that 15 per cent of energy generated would be derived from an alternative to coal and that no more coal fired stations other than those already committed would be built unless there were some special circumstances. Thirteen per cent of that 15 per cent was to be natural gas and two per cent would be others such as wind power. We have put the policy mix in place to allow gas to occur. We have said to the proponents, 'Get on with it.' I think it has been as frank as that, 'Look, we want you to get on with it.' However, they have to make a commercial decision on whether they are going to proceed.

I would suggest that they have been given a little bit of a hurry up by Timor Sea gas and the fact that Timor Sea gas will be coming ashore at Darwin. A pipeline that we are also involved with goes through western Queensland, past Mount Isa and down to the Cooper Basin. There is the potential for a pipeline to be brought across to Townsville from Mount Isa, from that pipeline which will be further inland again from Mount Isa. If that occurs, there is also then the potential for gas pipelines to link Townsville and Gladstone to Timor Sea gas. That is all speculative. We have set the

policy parameters for energy in this state and we have given our full support by facilitating markets, by reaching agreements with people who are keen to expand such as Queensland Nickel, Korea Zinc, Sun Metal at Townsville and the Comalco alumina plant at Gladstone. There is a big market out there for gas. We are saying to these proponents, 'Somebody, do it.'

We think that the PNG pipeline would be the best one for Queensland because it would go straight down the coast and would therefore pick up those markets in Townsville, where we are committed to a gas fired power station. It would open up the whole coast of Queensland north of Gladstone to gas as well as giving Gladstone more surety of gas supplies and provide gas on gas competition. If the Timor Sea proponents manage to get there first, then they get there first and we will work with whomever—

**Mr JOHNSON:** You will support that to fast-track it?

**Mr BARTON:**—can get to the barrier first because we are very strongly committed to getting gas on gas competition and additional gas supplies through coastal Queensland, and inland Queensland for that matter, where those opportunities exist.

**The CHAIRMAN:** Non-government members' time has expired. It is now time for the government members to examine this budget.

**Ms KEECH:** Today this committee has heard from both the Premier and the Deputy Premier regarding the important role that IT technology plays in communicating with the community. I ask: what action is your department taking to embrace online technology to deliver the services?

**Mr BARTON:** Thanks for the question. We are all aware of the revolution that is taking place in information technology. We believe that it is crucial that not just big business but also small business take advantage of the technology that is available. My department has commissioned market research into the online information and transactional needs of small business. The final report identified that business want interactive, practical online tools to facilitate compliance with a simple, easy-to-use, single-entry point. Business believes that government should lead and facilitate e-commerce solutions for business. They have identified that there is a strong and growing demand from small business wanting to use the Internet in a more flexible way of dealing and transacting with government.

We are currently putting SmartLicence online using current and emerging technologies to provide a fully interactive web site allowing clients to apply, renew and pay online for key government business licences, and it is working. Instead of going through that multiplicity of applications and approaching different departments, they will be able to do it as a one-stop shop but online. Of course, to do that they have to have that access to the Internet themselves. Clients will benefit by conducting their business with various government agencies in a seamless manner, reducing their costs of compliance and providing a service seven days a week, 24 hours a day. Through a sophisticated questioning process, business will be able to diagnose their state, Commonwealth and local licence requirements. The department will provide an option for clients to undertake training and obtain information online via a virtual campus arrangement.

I think the member for Toowoomba North is aware that I had a look at the virtual campus facilities at the campus in Toowoomba when I was up there some weeks ago. It is not just a play thing; it is actually out there now. I have to say I was not only

impressed but gobsmacked by how good it was. I had heard about it but had to see it for myself before I could really believe that it had that capacity.

Three products have been developed to trial stage and all departmental fact sheets have been reformatted for online use. Four business management products will be developed online for clients this financial year. That is part of our program for this year. The department will make a wide range of support materials, such as 60 fact sheets and case studies, available online.

Queensland's manufacturers and exporters will be placed on the Internet to facilitate networking between those people, because that is a key part of how we get local content and how we get the State Purchasing Policy and other programs such as A Fair Go for Queensland to work more effectively so that businesses work with each other more effectively as well.

**Mr CHOI:** As a nation, we have a culture that we love sports and we worship sports stars. I think a lot of us probably stayed up last night to watch the tennis. I would like to put on the record that even though Pat Rafter lost the game he was indeed a winner for the way he played the game and represented his country. On the one hand we worship sport, while on the other hand we have a culture of having a lukewarm attitude to entrepreneurs and in fact sometimes cut down achievers in business as tall poppies. If we want to embrace a knowledge nation notion and Smart State strategies, I think we need a cultural shift. As the old saying goes, it is very hard to teach an old dog new tricks. I think we need to start that at schools or even at universities. Minister, if you agree with that sentiment, what action would you take to achieve that?

**Mr BARTON:** Let me say very strongly that I agree with the sentiment. The Queensland government is highly committed to enhancing the enterprising culture in Queensland through working with young people while they are at school and in our tertiary institutions. My thoughts of business when I was in high school were that business was the shop across the road from the high school that overcharged me for pies. We did not get any of that training in entrepreneurial skills. To this end, because we do strongly agree with the sentiments that you have raised, \$870,000 has been provided over the three-year period from 1999 to 2000 to develop a Youth Enterprise Program as part of our Innovation Strategy. The enthusiasm of students and many teachers for these exciting programs is certainly there. They strongly support the enterprising future of this state.

YEP aims to promote teaching and learning methods that will encourage enterprise thinking and applications. The program fulfils four key criteria of the education component of the Queensland government's Innovation Strategy. The four criteria are—and if I get time I will come back to give some detailed information on them—to provide seed funding for innovative education activities or projects or model projects, to provide additional funding for current enterprise education programs, to establish an awards program for educational institutions whose students achieve outstanding results in innovation and enterprise activities, and to fund the delivery of professional development for educators through workshops, seminars and short courses in relevant disciplines within all education sectors.

We are pretty serious about this. Let us take the first one as an example. The model projects program has assisted educational institutions with funding to develop and implement enterprise education programs. The successful model projects will be used as case studies for future implementation into a broader range of educational institutions statewide and also to format some resource materials for

others. So we have some good examples up already. They are going to be the models for others which will follow.

In terms of providing funding for programs, there is Queensland Australian Business Week. This is a week long, live-in, simulated business exercise competition held in January each year attended by 60 year 12 students from all over Queensland. We also have Young Achievement Australia, a 26-week program where senior students form a company to develop, market and sell their own products with a view to a return on investor shareholdings. There are more examples. I have run out of time, but we are genuinely committed to getting entrepreneurialism and business management taught at our schools and giving young people actual examples of how to do it so they do not have to find out like you and I after we leave school.

**Mr SHINE:** Minister, you have made some positive remarks in relation to Toowoomba tonight in relation to Suncorp Metway, USQ, wastewater and so on. In that vein, with reference to the development of the proposed Charlton/Wellcamp industrial area in the Jondaryan shire west of Toowoomba, is the government planning to build a new industrial estate at Toowoomba?

**Mr BARTON:** Yes, we certainly are. I will be back there again fairly soon for the awards night for the south-east trade strategy. We have been working with EDROC, the Eastern Downs Regional Organisation of Councils, which includes Toowoomba city. It identified that there was a serious shortfall in the supply of industrial land for larger scale and difficult to locate industries. I think it is fair to say that Toowoomba, like a number of our other major provincial cities, has outgrown the industrial land that is within the boundaries. We do have to look outside the boundaries. That is why the work that the Toowoomba City Council and its current mayor, Di Thorley, are doing with EDROC with those smaller councils in the region is crucial to making sure that we get facilities that not only enhance Toowoomba but also enhance those smaller shires.

We are working with those member councils to plan an industrial area and to examine whether or not the government should develop an industrial estate to meet that need. An area of 1,600 hectares at Charlton, just west of Toowoomba, has been planned as a major industrial area. It is on the Warrego Highway and the proposed realignment of the Gore Highway resulting from the possible construction of the second range crossing and is also on the proposed high-speed standard gauge inland railway corridor, should that be successful in going ahead. We certainly hope that it does so that we can have trans-shipment facilities between the highway and the fast inland rail route. The site is strategically located with direct access to the National Highway from Brisbane to Melbourne and Brisbane to Darwin within interconnecting access to the National Highway to Sydney through Warwick. It is destined to become a site of national significance for manufacturing and distribution of a vast range of products.

Jondaryan Shire Council, with assistance from my department, has prepared a local area plan for the area. That is presently on public display. It will set the broad land use development and operating standards for the industrial area. My department has identified a need for government to purchase land within the area to facilitate industrial development, particularly to provide for transport and related industries. I understand there is also some private sector land in the Wellcamp area that can also dovetail with what we believe is a necessity for that area. Toowoomba City Council, and I must thank it, has offered to assist in this development by providing sewerage and water infrastructure so that the land can be decided and



industries built as soon as possible. It is a genuine commitment between this government and those local councils, particularly Toowoomba.

**Mrs KEECH:** Minister, in your opening statement you mentioned the success of the government in attracting aviation industries to Queensland. Is the government planning to re-enter the aviation training area? What is the strategy behind that? Why is this important to Queensland, to Queensland industries and our employment prospects?

**Mr BARTON:** I thank the member for the question. We have a commitment to provide up to \$10 million out of this budget for the establishment of an Australian aviation centre of excellence, or AACE. This initiative is currently being implemented as a joint project of the departments of State Development and Employment and Training. The AACE will be a world-class organisation that will provide a complete range of training and education to support the aviation industry. Some of this training will be provided directly by AACE as a registered training organisation. The early emphasis will be on training for aviation maintenance engineers, a skill category currently experiencing a serious national and international shortfall. Of course, we have been attracting major aviation maintenance facilities to Queensland. We really need to address that skills base.

Boeing, the biggest proponent of aviation maintenance in this state and the biggie in world terms, has been stressing this fact to me, particularly Dave Gray, its national manager operating out of Brisbane. It was also why I just met with Phil Condit, the CEO of Boeing in Seattle recently, but spent a morning at Boeing's flight safety centre where it does its training. That centre has everything from about 15 aircraft simulators right through to maintenance and flight crew training.

We know that if we are to continue to be successful in attracting companies to do aircraft maintenance here in Brisbane—we have been very good at it—we need to provide the capacity for training. It is planned that other training and education will later be offered by tertiary institution private providers under the auspices of AACE. This will involve universities, TAFEs and other training organisations. AACE will play a coordinating role to ensure that the state's growing aviation sector has the right skills available as they need to come on line.

AACE will be a private company. It will be initially established and owned by the government. It is planned that private enterprise will take a significant stake in the company after the first few years. We expect that it will ultimately be completely industry owned, with a strong focus on fostering growth and innovation in the Queensland aviation and aerospace sector.

The state government has undertaken to develop Queensland as a major aviation hub of the Asia-Pacific region. This will build on the increasing level of aviation industry activity now developing in Queensland, highlighted by initially the relocation of Boeing to Brisbane in 1998 and a decision to base Virgin Blue here. We could go on. We have everything from maintenance of F111s at Amberley through to the 767s of Qantas coming to Brisbane. It is a key component of how we develop that aviation sector.

**Ms KEECH:** What will be the location of the AACE?

**Mr BARTON:** The AACE is anticipated to be at Brisbane Airport. That has not been totally finalised yet, but it has been stressed to us that they really need to smell the kerosene and hear the big jet engines roar if they are going to be really committed as part of that training project.

**Mr CHOI:** I have a question regarding the Australian Magnesium Corporation. I would firstly like to record my congratulations to the minister, his department and his senior staff, some of whom I know, for bringing this major project to Queensland. Given that the Australian Magnesium Corporation is intending to construct a major plant adjacent to the Stanwell Power Station, what steps is the government taking to ensure that there is adequate industrial land available to accommodate new industry that will no doubt be generated in association with this development?

**Mr BARTON:** We are very proud of what is happening with the Australian Magnesium Corporation. I am sure that, apart from yourselves, the member for Gladstone will be equally appreciative, even though it is not happening in her electorate. This is one of the few biggies in terms of light metals that is not. AMC have had their trial plant in Gladstone for some years now. We as a department undertook studies in 1997 in conjunction with Fitzroy shire and we identified the Stanwell-Gracemere corridor as an opportunity to create a major industrial area in central Queensland, and the area was designated for industrial development in Fitzroy shire's strategic plan in 1998.

It is adjacent to the Stanwell Power Station. It is a major industrial site that AMC will be going into. Of course, the magnesium plant will be a major user of electricity. As well as that, we are already dealing with several companies who want to be on that Stanwell site because they are companies that would be providers of product that AMC needs to use. It is confidential who they are at this point, but it is already happening. The very fact that AMC has committed is having that flow-on effect of attracting other companies to come in. Where Gladstone is important is that it will be part of that triangle of Stanwell at Rockhampton, Gladstone and then inland to Biloela and also Banana shire, particularly if that rail project goes ahead.

**Mr JOHNSON:** Don't forget the Gregory electorate.

**Mr BARTON:** I shall not forget the Gregory electorate because it provides a lot of those raw materials that are absolutely crucial. I know that Mr Johnson and I share the vision about developing this state. I will not tell them where we discussed it, but I know that we share the vision.

The Stanwell site was part of proactive work started in 1997. It has continued through to now. We are very proud of the work that has been done by my department's officers with AMC. We are very proud of the fact that AMC has made that commitment. We assisted it greatly in securing its capital finance and we are very confident that its share raising issue is going to be very successful and that we will be turning soil up there in November of this year.

**The CHAIRMAN:** Thank you, Minister. The time allotted for the consideration of the estimates of the expenditure of the Department of State Development has expired. I thank the minister and his officers for their attendance and assisting the committee here today. I also thank the Hansard staff who worked on the estimates here today: Doug Rohl, Jason Bradley, Jim Hinds, Lesley Lindsay, Jeanette Lippiatt, Jennifer Martin, Annette Mead, Melissa Oldfield, Lucinda Osmond, Giacinta Pollicina, Lillian Smith and Annie Taguada; and our time recorders, Carolyn Heffernan, Tania Jackman and Tim Moroney. Also, we have had our attendants here today. I can see Ron Sharples, who looks after Dorothy for me normally; and Pat Kane, who gets me anything I need in a hurry when I am in the House. I know that Max Buchanan was here today, as were Dennis Charters, Margaret Haling and Rona Lynch. I thank all those people who assisted us here today. I also thank the committee, who I think have behaved themselves very well today. It has been a long

day—it has been a nine-hour day—and I think they have acquitted themselves very well. Thank you all.

**Mr BARTON:** Just before you close, Mr Chairman, I also thank you and your committee. I always enjoy the budget estimates process. I think as you are aware I used to chair Estimates Committee A. I enjoyed coming back to A; I have been away from it for a lot of years. I thank you, the government members and the non-government members. I appreciate the fact that estimates gives us the chance for frank and open exchanges about major issues.

While I am thanking people, I certainly want to thank not just my personal staff but also all of my departmental staff. They worked long and hard to make sure that I have been well briefed—you have seen the amount of material in front of me—because we want to make sure that we can answer every question that is put up. That has taken a huge effort from my departmental officers and I thank them very sincerely, as well as everybody who has supported this process this afternoon while I have been here. It has been a pleasure.

The committee adjourned at 7.02 p.m.