

ESTIMATES COMMITTEE A

Ms M. M Keech (Chair)

Mr M. W. Choi

Mrs E. A. Cunningham

Mr M. J. Horan

Mr V. G Johnson

Mr R. O. Lee

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 R. Fick, Executive Director, Corporate and Property Services

Mr M. Hickey, Director of Finance

The committee commenced at 8.31 a.m.

The CHAIR: I declare this hearing of Estimates Committee A now open. On behalf of the committee, I welcome you all to this public hearing. I would like to introduce the members of the committee. I am Margaret Keech, the member for Albert and chair of the committee. My fellow committee members are Mike Horan, the member for Toowoomba South and deputy chair; Vaughan Johnson, the member for Gregory, who will be joining us soon; and Liz Cunningham, the member for Gladstone. The government members are Kerry Shine, the member for Toowoomba North; Michael Choi, the member for Capalaba; and Ronan Lee, the member for Indooroopilly.

The committee will examine the proposed expenditure contained in the Appropriation (Parliament) Bill 2002 and Appropriation Bill 2002 for the areas as set out in the sessional orders dated 18 April 2002. The hearing will proceed in the following order: Legislative Assembly, Queensland Audit Office, Ombudsman, Crime and Misconduct Commission, Commissioner for Children and Young People, Public Service Commissioner and units and portfolios of the Premier and Minister for Trade, the Deputy Premier, Treasurer and Minister for Sport and the Minister for State Development. The committee will suspend proceedings for the following breaks: 10.45 till 11 for morning tea, 1 till 2 p.m. for lunch, and 4.30 till 4.45 p.m. for afternoon tea.

I remind all those participating in today's public hearing that these proceedings are similar to parliament in that the public cannot participate in the proceedings. In that regard, I remind members of the public that, in accordance with standing order 195, strangers—that is, the public—may be admitted to or excluded from the hearing at the pleasure of the committee. In relation to media coverage of the hearing, the committee has resolved that television film coverage and sound broadcasts be allowed for the chair's opening statements and the opening statements of the Speaker and each minister. I ask also that all mobile phones be switched off and pagers be in silent mode.

The first item for consideration is the estimates of expenditure for the Legislative Assembly. I welcome the Speaker and his departmental officers. 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 be given at the end of each of these time limits. An extension of time may be given with the consent of the questioner. The sessional orders require that at least half the time available for questions and answers be allocated to non-government members. The committee has also given leave for non-committee members to ask questions. For the benefit of Hansard, I ask departmental officers to identify themselves if the Speaker refers them a question to answer.

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

That the proposed expenditure be agreed to.

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

Mr SPEAKER: I would like to make a statement.

The CHAIR: That being the case, the committee asks kindly that it be limited to three minutes.

Mr SPEAKER: The 2002-03 budget estimates for the parliament are the fifth for which I have been directly responsible, and I feel privileged again to appear before this committee. I appear today in my role as the person charged with the responsibility for preparing the budget for parliament and supervising the management of the Parliamentary Service. As committee members would be aware, the Appropriation (Parliament) Bill seeks to provide funding for salaries and allowances for members of the Legislative Assembly and funding for the Parliamentary Service, which provides administrative and support services to the Legislative Assembly.

The total appropriation sought for the budget in the year 2002-03 is \$54.673 million, an increase of just over 8.5 per cent over last year's appropriation. This increase represents additional funding required to meet the cost of new photocopiers for electorate offices, the full-year impact of the assistant electorate officer initiative, and staff salary increases under the enterprise bargaining agreement.

Since becoming Speaker, I have tried to deliver improvements in five key areas: firstly, the parliamentary buildings; secondly, members' access to information technology; thirdly, the quality of electorate office support; fourthly, the promotion of community awareness of the parliament; and, fifthly, the performance of the Parliamentary Service. I believe that over the past four years real improvements have been delivered in all of these areas.

Parliamentary buildings have been improved through programs such as the Annexe refurbishment and Parliament House stonework program and other minor works such as security enhancements. Members' access to information technology has been dramatically improved, with the Internet, email and other office tools from the parliamentary data network now available in electorate offices and members' offices in the Annexe. Electorate office support has been significantly enhanced following the introduction of an assistant electorate officer initiative. The provision of an additional staff member and network computing in each office has been well received by members and, I expect, by constituents. Community awareness of the parliament has been raised through a number of initiatives, including the introduction of Sunday and now Saturday tours, the holding of a number of special exhibitions and the relocation of portraits. Finally, there have been a number of reforms to the Parliamentary Service, with improved performance in the areas of Education and Protocol, Security, Attendants, Parliamentary Library and the Committee Office. In the second budget of my term I am looking forward to building on the achievements in each of these areas.

Parliamentary buildings will continue to be improved this year. The Parliament House stonework program will continue and modifications will be made to the front entrance of parliament to provide equitable access for all visitors. Members' access to information technology will be enhanced through the provision of upgraded computer hardware. Electorate office support will be boosted through the provision of new photocopiers, and community awareness of the parliament will be raised to new levels following the regional sitting of parliament in north Queensland in September. Also, we will be introducing a number of new management groups. I thank everybody involved in the budget process.

The CHAIR: The first period of questions is allocated to non-government members. I call the member for Toowoomba South.

Mr HORAN: Thank you, Mr Speaker, for your opening remarks and for the quality of the replies that we got to our questions on notice. I want to ask you about the sitting of parliament in Townsville. Could you give us the details of the total cost, how much of that cost is to be borne from your budget and whether there is any special allocation from the Premier's Department to cover that cost?

Mr SPEAKER: Unfortunately, I cannot give you any information regarding the budget for the parliament; that is held by Premier and Cabinet. In my role, I am making sure that every expenditure that we have from parliament is as efficient as it can be. The Premier has made it very clear that we must try to keep costs down for the sitting in September, and we are doing that through a number of initiatives in the parliament whereby we are doing hands-on work without engaging outside labour. For example, an exhibition to be staged at the parliament in north

Queensland highlights all of the north Queensland parliamentarians since 1860. We are producing that in-house through our Library. There are huge cost savings by doing that.

Mr HORAN: Within the same question, there is no allocation to you? It is all being paid for by the Premier's Department?

Mr SPEAKER: Not one cent. We bill Premier and Cabinet if we need money for any particular project.

Mr HORAN: If you bill them, you must know?

Mr SPEAKER: We do not, because we have not billed them for anything yet.

Mr HORAN: Are you saying that the cost of it will be billed to you and you then bill the Premier's Department?

Mr SPEAKER: If there is a cost. When you do work in kind—

Mr HORAN: There will be a cost?

Mr SPEAKER: There will be costs. Costs will certainly be involved. I will continue speaking about the construction of the set, as you might call it, for the parliament in north Queensland. There will be costs associated with that, which are being worked out. But again, a lot of the design and other work is being done in-house. Work in kind is something that we should be doing as members of the Parliamentary Service.

Mr HORAN: There is a budget for it, is there not?

Mr SPEAKER: A budget for?

Mr HORAN: For the parliament in Townsville?

Mr SPEAKER: In the Premier's Department there is a budget, which I do not have. I do the work down here which is necessary for the parliamentary sitting in September in north Queensland. I am sure that what we are doing down here will be cost effective. I can assure you that I have been following the Premier's guidelines about making sure that the costs of the parliament are kept to the bare minimum, and I will continue to do so.

Mr HORAN: This is a little unclear from the answer that you have given. Within the budget that you have here, which we are examining today, is there no allocation for Townsville other than what you can squeeze out of it, using your day-to-day staff to do the normal things?

Mr SPEAKER: Yes, that is right.

Mr HORAN: What you are telling us is that the entire budget for the cost of going to Townsville, including that for any staff—Hansard, security and so on—is all being paid for out of the Premier's Department?

Mr SPEAKER: Yes, by Premier and Cabinet.

Mr HORAN: The total—

Mr SPEAKER: Yes, the total bill.

Mr HORAN: So the Premier should be able to give us the budget for what has been allocated for Townsville?

Mr SPEAKER: I think he should.

Mr HORAN: Did you help to prepare that budget?

Mr SPEAKER: No.

Mr HORAN: You did not? You are normally responsible for running parliament and all of its services?

Mr SPEAKER: This is a very different aspect.

Mr HORAN: It is still parliament, is it not, with *Hansard* and everything else?

Mr SPEAKER: Yes, but it is a very different aspect. It is an election promise which the Premier has made and funded through Premier and Cabinet. I am quite happy that he is doing that.

Mr HORAN: Have you almost lost control over how parliament runs and all of the rest of it?

Mr SPEAKER: Absolutely not.

Mr HORAN: You are not involved in the budgeting process?

Mr SPEAKER: I have a very hands-on—

Mr HORAN: Is it still a straightforward parliament?

Mr SPEAKER: It is straightforward—over three days. You will have the best parliament that north Queensland has ever seen; it is the first one, of course.

Mr HORAN: In my question on notice No. 5 in relation to electorate security it was noted that where a specific threat has been made towards a member or their staff or a high-security incident has occurred at an electorate office, arrangements are made through the Queensland Police Service's Special Intelligence Branch to undertake a special security audit of the electorate office premises. In view of the incident that occurred at the Redcliffe electorate office in April this year, necessitating your chauffeur to speedily whisk away two alleged criminals who at the time were under surveillance by the New South Wales police, has the Special Intelligence Branch undertaken a special security audit of your electorate office?

Mr SPEAKER: Firstly, that incident was not this year, it was some 18 months ago. Secondly, it was not an incident that threatened my staff in that respect. I have had another incident in my electorate office for which I had an audit done afterwards. A gentleman leapt over the counter and threw the computer keyboard and fax machine on the floor. An audit was conducted and we had security further upgraded, which we would do for any office. We have to respect the wishes of the staff and members. Some members do not want security to the extent that people feel they are being barred from coming into the office. Some members like to have a completely casual atmosphere and feel quite secure. It is up to the members and their staff. But I can assure you—

Mr HORAN: Are you saying that was not a threatening incident?

Mr SPEAKER: It was not a threat to my staff, no.

Mr HORAN: So why did they have to take them away to the airport?

Mr SPEAKER: They were agitated, to my knowledge. I was not there, as you know. I think you know the story. They were agitated and it was thought better that they did not remain in that situation. They were not threatening staff in any way, but it was advisable, according to the people concerned, that they were removed from the office. I do not think that was a bad idea. I mean, if there is one electorate officer—which we had at that time—that person should not be left on their own with two people who are agitated. I think that is commonsense.

Mr HORAN: Wouldn't that matter be something that the Special Intelligence Branch should investigate?

Mr SPEAKER: You do not have the Special Intelligence Branch there when these things happen. I think you would be aware of what happens in electorate offices. Things happen spontaneously, just as the man who jumped through—

Mr HORAN: No, the branch should have been contacted to investigate the matter because it was serious enough to get the chauffeur to drive them away to the airport. You say it wasn't a threatening incident but he still had to drive them away to the airport, which is quite unusual.

Mr SPEAKER: Nobody instructed the chauffeur to do that. The chauffeur acted on his initiative with a view to looking after the safety of the electorate officer who was in the office. There has been no suggestion that he acted improperly. The police were rung to tell them where those people were dropped off. The CJC, according to my information, was also warned.

Mr HORAN: You rang the police to tell them where you had dropped them off?

Mr SPEAKER: I did not ring them. I am saying that the police were rung and that the CJC was also informed of the circumstances.

Mr HORAN: If you rang the police, did they know the police were chasing them or had them under surveillance? Was that the reason you rang the police?

Mr SPEAKER: It was because they had been to the police station. If you recall the events of the day—and I can only recall them from what I read and what I was told afterwards in reports—the situation was that they had been to the police station and had claimed they were being harassed by police. So, yes, the police were aware of the situation the whole time and they were rung. I do not think anybody would deny that a single electorate officer on her own should be protected. I think that is a valid reason to do what the chauffeur did.

Mr HORAN: Further to my question on notice No. 8 in relation to consultancy services and, in particular, to outsourced legal services, it is noted that Crown Law advice was sought for two items. The first is related to Parliamentary Service privacy and other standards and amounted to \$5,592 and the second relates to the use of parliamentary facilities and amounts to \$2,728. What

incident or incidents necessitated the need for Crown Law advice in these two matters and would you table that advice so it can be scrutinised by the committee and the parliament?

Mr SPEAKER: The use of parliamentary facilities?

Mr HORAN: Yes. The Crown Law advice was sought for two items: Parliamentary Service privacy and other standards at a cost of \$5,592 and use of parliamentary facilities at a cost of the \$2,728. What was the incident or incidents that necessitated the need for that Crown Law advice?

Mr SPEAKER: The Crown Law advice was against the old problem we have now, the problem that has emerged, which is public liability. We had to have some advice on that issue.

Mr HORAN: Public liability regarding the use of parliamentary facilities?

Mr SPEAKER: Yes, the use of parliamentary facilities.

Mr HORAN: What about the privacy and other standards?

Mr SPEAKER: This is the other issue. It was through the committee office and the Deputy Clerk. It was about privacy problems within the parliament and legislation and making sure that was correct.

Mr HORAN: It was to do with legislation?

Mr SPEAKER: Yes.

Mr HORAN: Which legislation?

Mr LAURIE: It was in relation to the privacy and information standards that have been approved by cabinet. Advice was sought as to whether or not those standards actually applied to the Parliamentary Service and, indeed, whether they applied to the committees of the parliament, the parliament itself and even members' electorate offices and what actions the Parliamentary Service should take in relation to those standards. We have received that advice and are considering that advice at the moment.

Mr SPEAKER: I am quite happy to table both of those advices if you wish them.

Mr HORAN: Yes, and also the advice on the use of parliamentary facilities.

Mr SPEAKER: Yes, I am very happy to provide that.

The CHAIR: You are tabling that, Mr Speaker?

Mr SPEAKER: Yes, I will table those.

Mrs LIZ CUNNINGHAM: In answering question No. 4 from a government member, you refer to the vacancy of the Parliamentary Librarian's position. We had a very long history of a very capable librarian there. That vacancy occurred on 15 November. Why is it taking so long to fill that position? Was the calling of the position done externally or internally? Was it a consultancy to fill the position? Was the interview panel external or internal?

Mr SPEAKER: I can answer that firstly by telling you that yesterday the new librarian was selected. I believe that the report will be coming to me with a recommendation within 48 hours. I will probably be accepting the advice given to me by the selection panel. Why did it take so long? It was because after a person has been in a position for a long, long time and leaves the service, there is, naturally, quite an amount of upheaval. As you probably know, we changed some of the structure in the library so that the librarian now reports through the Deputy Clerk, and that is another reason. We have made sure that the library has settled down. We have made sure that there has been no lack of services to any member. I can tell you that in that period we have not had one person come to us and say that the service has deteriorated. In fact, the approval rate for the parliamentary library in the last survey actually went up. We are very content that what we have done in that area has been beneficial to the parliament and also beneficial to the library.

You might notice also, if you follow on from the question, that there was a lot of concern last year and the year before and the year before about library resources being reduced and the number of staff being reduced. You might note there is an increase of two FTEs in the library. I have said repeatedly in the four times that I have been in front of the committee that we will always value the resources available to members. The focus of my speakership has been to make sure that those services are not only as they were five years ago but are improved and this is part of that whole improvement focus.

Mrs LIZ CUNNINGHAM: I would agree that the library services are excellent and the staff is excellent. Were interviews done internally or externally?

Mr SPEAKER: The interviews were carried out by the librarian from the New Zealand parliament, by the librarian from the State Library and by the Deputy Clerk.

Mr HORAN: There are a couple of questions that concern me and in this last question you might be able to tidy them up. One is that you and the Parliamentary Service do not seem to be involved at all in the budgeting for Townsville and you have no idea of the cost of the Townsville sitting. That is being done through another department and you are not involved and you are not able to give an answer of what the whole process is costing. The other thing that does really concern me is that there have been two serious threatening breaches at your electorate office, one that you reported to the Special Intelligence Branch and one you did not. It would seem to me that it would be very straightforward and normal to get them to look at that particular threatening incident and to do a report on what happened. It is really an opportunity for you to be able to provide—

Mr SPEAKER: Could I just say that even though I am the Speaker here, in my electorate office I am the member for Redcliffe and the Parliamentary Service staff were informed of both incidents. How they take action, of course, is sometimes up to them. I know I guide that area in here as well. However, when you say it was a threatening incident, I do not think it was a threatening incident as far as being a personal problem to my staff. They were not threatening my staff.

Mr HORAN: That is what I cannot understand. It was not threatening and yet they were driven out to the airport. You would tell them to go away if it was not threatening.

Mr SPEAKER: No, I have told you several times now that they were seen to be agitated. They were complaining about police harassment and my chauffeur thought with the best of intentions that he should make sure that they were not remaining in that area when he left. I think that action is a credit to him rather than any other way.

The CHAIR: The time allocated for questions for non-government members has expired. I have the first question for the Speaker. At last year's estimates I remember asking you a question about the use of Queensland wines within the parliament. Can you advise the committee of any developments in this area?

Mr SPEAKER: I can, actually. I am very pleased to report here today on the wine issue because it has been raised in parliament, as members probably realise as well, and I would like to tell the committee about some of the things that have happened particularly in the last two years. Two years ago the use of Queensland wines at functions was running at about 29 per cent of all wines sold. I am very pleased to report that this year it has gone up to 64 per cent. In fact, I was informed yesterday by my catering manager that if you took an analysis just of the last two months it is closer to 100 per cent. Of course, one of the complaints was about the label on the wine signifying it was parliament house wine and yet it came from New South Wales. So, I have great pleasure in producing today—which I am not going to table because I do not want the committee to think I am bribing them or anything—the new look wine which will be sold at functions and in the bottle shop. Every bottle of wine will now have a 'Parliament House Queensland Wine Selection' label above the label on the wine. This will mean that it will not confuse what the winery's label is about because it is up to Queensland wineries to market their product. We will do what we can in the Queensland parliament to push their product because it is a concerted effort on our part and on behalf of the Premier to do this, but it is up to them now to say, 'Well, here we have got a label that says it is a parliament selected wine.' We will market it, whether they give us specials or with brochures or whatever. I think that what we will see now is that most of the wineries will be very happy with this way of labelling. I think that all of those members representing wine growing areas will be pleased that they can actually take their wine back to their constituency with the label 'Parliament Selected Wine'. I am very happy about what we are doing. It is something that I have been concerned about for some time. I think it is a great step forward for the wine industry and I am sure that when other people see this, the wineries will be very, very happy and I am sure that all members will be happy about the wine process.

Mr LEE: I note that in answer to a question on notice regarding the roll-out of the photocopiers you have indicated that members are being provided with choices in terms of the standard copier and also the provision of a duplicator. Could you please advise the committee of why a decision was made to provide a choice in lieu of a standard suite of copiers?

Mr SPEAKER: Another initiative that I have brought in over the years has been to seek members' views on what they require in their offices rather than having officers of the parliament say that this is what they are going to get. Members before your time here, Mr Lee, would

remember that I introduced STAG—the Speakers Technology Advisory Group—when we were talking about what we needed in electorate offices. Following that, and prior to the introduction of the latest copying equipment, we formed a loose knit committee of members from rural and urban areas to discuss what they thought would be the best usage of printing and copying type machinery in their offices. They came up with the suggestion that all offices are different and we should be able to offer a new beaut copier that can do everything for a member who is looking for class work and for those members who like to put out a lot of material to inform their constituents, which is what members are all about, they would be able to have Risograph. So, members are now able to choose from a suite of equipment. I think it has been a great success because at the end of the day it is the members' usage of this equipment that is important and how they use it that is important. It is silly saying to a member who has big runs of material and who keeps in very close contact with the electorate that they have to have the slow photocopier when we can provide equipment that is suitable to their needs.

I am really pleased that this initiative took hold, but I am also really pleased that it was the members who decided what they wanted to the extent that, at the end of the day, they were able to ask for the different equipment that they required. I hope this is a forerunner for the future and I hope we will keep on doing more of this so that members can always have an input into what is provided to them, because I have always said in this job that the only people who really know what is needed in electorate offices and electorates are the members. That is why we are trying to do this the whole time to make sure that the equipment and the services that we provide here are the services that members need.

We have actually just formed in the parliament an Electorate Services Management Group. This is part of our new corporate look as far as making sure that we have the appropriate areas responding to members' needs. The Electorate Services Management Group will start to forge further contacts with all the electorate offices to ensure that members of our staff who are outside of the parliament—which is nearly equal to those who work here—are well looked after and well communicated with about what is happening in the parliament and what we are going to provide to them in their offices. I think it has been a great step forward that we now have this situation where members are consulted at every turn of the dice.

Mr SHINE: Mr Speaker, you made some reference in your opening remarks to the problem of equitable access to the House. What action has been taken to improve that, particularly as it relates to the main entrance of Parliament House?

Mr SPEAKER: This has been an issue that has been around for a few years now. Equitable access of course is something that we should all be very concerned about. As members of parliament we go out there promoting equitable access. The fact is that from time immemorial there has not been equitable access to the parliament. An absolutely illegal mobile ramp was being used when I became Speaker, and it is now not used because of the dangers associated with it. People in wheelchairs have to come in through the annexe and go through a series of lifts and corridors and everything else and be accompanied. It is very embarrassing for people to be in that position. We have been working and planning for some time now on how we were going to do this. What we are doing is putting a ramp at the public entrance to the House which members of the public will use. The public ramp will come into that second lobby, which used to be used for public access. It will return to that. There will be a new security baggage check-in there and people will be able to access the parliament in their wheelchairs without being pushed along by an attendant.

That is one of the things. While we are doing that, both areas will have glass entry doors. This will prevent us from airconditioning the Botanic Gardens, which is a very expensive exercise. It will also give members access to the front entrance and people with official passes so that they do not have to go through the public entrance. In the near future—I believe by October—we should have both of these entrances in order and working. By that time members will be accessing the main doors through the glass doors and the public will enter the public entry area through the ramp and the glass doors. This will also—and I think you all know how proud I am of this parliament and how I want it to look good—make that entry area of the parliament clear of desks, security scanners and that sort of thing. It will actually highlight the beautiful entrance that this parliament has. I am really pleased with the work that is going to go on there. I think all members will be pleased about the equitable access, because we should all be concerned about that and because it will enhance the look of this parliament.

Mr CHOI: Mr Speaker, I note that in answer to a question on notice you advised that new software will be installed on electorate office computers in 2002-03. Could you advise the committee what training will be provided with this new software?

Mr SPEAKER: I will be seeking members' approval of this, but, as you know, we are replacing old electorate office computers and putting new ones in and placing XP software on it. We are going to ask members whether they would consider closing for one day to allow training of their staff on the new XP system. We think that way people will be well aware of the changes. The changes are not that great that people will need to do a five-week course or anything like that, but they still need an explanation of how this is different to the system they have now.

I am not very technology minded, but the other thing is that IT has developed CDs with voice-overs, which is a very simple way of training. Electorate officers will have the day's training when IT people will go there. It is there for both electorate officers and the member should the member wish to find out about XP. There will be a whole day to ask questions and work out with the IT person how it will work but then there is also the backup, which is really important. If you have a problem you will be able to play this CD, which was produced in-house, which in commonsense terms explains how you will be able to pick up those problems.

Of course, electorate officers should not forget that in IT we also have our customer service desk. It is quite remarkable that during the four years I have been the Speaker in the first year we used to get complaints from members about the help desk, as it was called then, but in the last 18 months or two years I do not think I have had one complaint from a member about accessing the customer service desk and about the service they are given from IT. We have gone ahead in leaps and bounds not only in providing members with good IT services in both the annexe and their offices but also in providing the advice that is needed to be able to operate that information technology equipment properly. That is how progress should be. It should be two ways. We cannot just dump material on electorate officers, and I just spoke to you before about consultation. It should not just be about dumping a product on you but about how we are going to make sure that you can work with that equipment and also what sort of backup we give you. I can assure you that I am very confident that in this next year the backup service you will have with your new XP programs will be first-class and I am sure that all of you will be happy with what we are going to provide.

The CHAIR: The time allocated for the consideration of the estimates of expenditure for the Legislative Assembly has now expired. I thank the Speaker and his departmental officers for their attendance this morning and assistance with the estimates hearing. For the information of those attending today, the transcript of the hearing of this portfolio will be available on the parliament web site within approximately two hours. Thank you, Mr Speaker.

Mr SPEAKER: Thank you, Madam Chairman.

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, Executive Director, Business Services

Ombudsman

Mr D. Bevan, Ombudsman and Information Commissioner

Crime and Misconduct Commission

Mr B. Butler, SC, Chairperson

Commissioner for Children and Young People

Mr B. Salmon, Executive Director

Public Service Commissioner

Ms R. Hunter, Public Service Commissioner

Department of the Premier and Cabinet

Mr L. Keliher, Director-General
Ms S. Webbe, Deputy Director-General, Governance Division
Mr N. Elliott, Director, Financial Services
Mr G. Miller, Estimates Coordinator

Office of Queensland Parliamentary Counsel

Mr P. Drew, Parliamentary Counsel

Department of State Development International Trade

Mr P. Fennelly, Director-General

The CHAIR: The committee will now examine expenditure for the portfolio of the Premier and Minister for Trade. The first session will consider the estimates of the Queensland Audit Office, Ombudsman and the Crime and Misconduct Commission. I welcome the Premier and his agency representatives. 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 at the end of these time limits. An extension of time for an answer may be given with the consent of the questioner. For the benefit of Hansard, I ask agency officers to identify themselves if the Premier refers a question to them.

I now declare the proposed expenditure for the portfolio of the Premier and Minister for Trade open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Premier, you may choose to now make an introductory statement in relation to your portfolio or you may proceed directly to questioning. If you do wish to make a statement, the committee asks that you kindly limit it to three minutes.

Mr BEATTIE: Madam Chair, I will do that. I would like to make my introductory remarks now across my whole area of responsibility because I think that will assist in the committee's deliberations. This is the fifth budget of my government and it is about growing Queensland as the Smart State and at the same time ensuring a better quality of life for all Queenslanders. It

focuses on new investment in the vital areas of Families, Education and Training, Health and Housing to provide opportunities for all Queenslanders. I am particularly proud of our plan to massively increase our care for children through Queensland Families: Future Directions, a \$188 million four-year plan to deliver tangible improvements to child protection and family support in Queensland. The key future direction is prevention. Prevention is smart and is crucial to the future of the Smart State.

We lead Australia in job creation and aim to create 43,000 new jobs in this financial year, leading to an unemployment rate of 7.5 per cent—the lowest in more than a decade. On a per capita basis, our capital works spending of \$4.387 billion exceeds the national average and forecast business investment is expected to reach an historic peak of almost \$13 billion in real terms supported by my government's facilitation of major projects such as Comalco and AMC. There are further major initiatives to drive Queensland forward as the Smart State with the aim of creating long-term, new-age jobs for Queenslanders. There are many more positive outcomes from the budget, but under the current system of enterprise bargaining the government is facing wage claims totalling \$2.8 billion for seven groups of employees. Members of the public are inconvenienced by the industrial action that goes with these claims, and we must find a better system.

I am pleased to inform the committee and announce today that Bob Hawke has accepted an invitation from the Queensland government to review the system of enterprise bargaining in the public sector. Mr Hawke will examine three potential models during his review, and I am grateful to Mr Hawke for taking on this task with his experience as a former Prime Minister and former president of the ACTU. I think that that skill and that experience will be invaluable to finding a better way. His enormous experience in industrial relations and his knowledge of what is involved in keeping the machinery of government running smoothly makes him the ideal person for the job. He is due to complete his report in September.

I was asked about the number of public servants in last year's estimates process and I can announce now that the number of teachers, health workers and police in Queensland rose dramatically in the five years between 1996 and December last year. The number of full-time jobs in education rose by 9,634, health by 3,640 and police by 2,285. While jobs in these key service delivery areas rose by 15,559 to deal with Queensland's rapidly growing population, the rest of the Public Service only grew by 3,869. Today all questions should be addressed to me as the accountable minister and I will be pleased to respond.

The CHAIR: Thank you, Premier. The first period of questions is allocated to non-government members. I call the member for Toowoomba South.

Mr HORAN: Thank you, Madam Chair. Good morning, Premier. Just prior to asking my first question, I note your comment about Bob Hawke. Everything seems to be failing at the moment. You have to import someone to try to fix up the negotiation system that has failed you, and you have actually failed the system with the nurses crisis at the moment. I think it is an indication that you are not able to cope with the existing system.

Mr BEATTIE: Is that the first question?

Mr HORAN: It is the first question. I am just replying to your statement. I think it is quite clear that you are unable to cope. You have made a mess of this, particularly the EB negotiations with the nurses. Now it is almost a stunt to bring in Bob Hawke to try to cover up the real failings that are actually occurring.

The CHAIR: I remind the honourable member that it is important to ask questions rather than make statements.

Mr HORAN: Is it an admission of failure?

Mr BEATTIE: I am happy to answer the question. I am happy to give the answer. Thank you for that gentle full toss to start with. Let us deal with it like it should be dealt with. We are trying to resolve this issue. Enterprise bargaining, in my view, has lived its life. Its time is over. We have got to find a better system. Enterprise bargaining produces confrontation between government and its employees. It would not matter whether Mike Horan was Premier or Peter Beattie was Premier; this problem would exist. So gratuitous criticism, in my view, is just that—gratuitous.

The reality is that the system—which has been around now for about a decade—needs to be improved. Bob Hawke is ideal. He is a former Prime Minister. He has run government and he understands the need to deal with public sector employees with courtesy and respect but to deal with them in such a way that they get a fair go. So that experience in government is invaluable. But he also has the unique experience of being president of the ACTU. I think it is unfair on

Mike's part to try to denigrate a former Prime Minister by way of saying that he is some blow-in. I mean, he happens to have been the Prime Minister of this nation, and I believe that he brings experience and credibility to a review.

We want a better system. We are not trying to cover up the fact that there are flaws. Yes, there are problems in this system. We want to fix it. We want to get it right. I have been saying for some time—in fact, I was on record as Opposition Leader as saying this—that the enterprise bargaining system needed to be improved, and that is exactly what we seek to do. So I am delighted Bob has accepted our invitation. I am not interested in silly political games. I want solutions for Queensland. I want solutions for our work force. We have one of the best public sectors in the world. I am very proud of them. I think it is undignified for nurses or doctors to have to engage in public campaigns or the government having to respond, but that is the nature of enterprise bargaining. It has to be portrayed as some form of crisis from the unions' point of view as part of their public campaign to pressure the government, regardless of which government is in office. So we need a better way.

In terms of the nurses dispute, obviously we are disappointed that it has not been resolved prior to today. The matter now goes to the independent arbiter, that is, the federal commissioner. That is taking place right now. The government agreed to go notwithstanding the fact that the union had not pulled off its industrial action and the bans remain. But we will go there with a spirit of goodwill. We have put up an offer over three years which is in excess of \$250 million. If it had been accepted it would have made our nurses the best paid in Australia. That has never happened under conservative governments. It did not happen when Mike was the Health Minister, but it is happening under my government because we value nurses and we will continue to support them. I am hoping today's discussions will be positive and constructive and will bring about a solution. But whatever happens today I know one thing: we need a better system and we are going to get one, because this archaic one is on the way out and Bob Hawke's review will assist in that.

Mr HORAN: Regarding the Auditor-General, page 10-4 of the Ministerial Portfolio Statements in relation to future developments talks about the ongoing focus on reporting. It basically talks about ongoing focus and reporting on sector wide audit reviews and emerging issues with sector wide implications due to a lack of accountability on the part of the government in which serious concerns pertaining to probity and propriety have been raised. A large number of matters have been referred to the Queensland Audit Office by the opposition, that is, the grant to Berri under the Queensland Investment Incentive Scheme—QIIS—without due regard to the detrimental effects on existing Queensland businesses; the grant to Warner Roadshow and the revolving film fund, and the \$2 million provided there in addition to the \$6 million free of repayments; and the apparent lack of due diligence in compliance with QIIS guidelines in the provision of the grant to Cutting Edge Post Pty Ltd. We now find that there have been some eight grants. Do you believe then, with this budget that has been provided to the Queensland Audit Office and the increasing number of referrals that are coming on top of their normal standard work that they have to undertake, that they have in this budget the staff and the resources to be able to undertake these quite complex investigations?

Mr BEATTIE: Let me deal with that. The opposition has referred on a number of occasions matters to the Auditor-General and, as a result, obviously increased his workload. But I have no problem with that. I have made it clear from the beginning—and I have said this on a number of occasions—I have enormous faith in the integrity of the Auditor-General and his staff. I think he does an excellent job. He is firm but he is fair. I have no problem with the Auditor-General examining any issue. You may recall, in relation to the Berri matter—if I recall correctly—the Minister for State Development and I referred certain matters to the CMC. And if I recall correctly, we also referred matters to the Auditor-General.

Mr HORAN: With due respect, you sent some newspaper cuttings.

Mr BEATTIE: Mike, are we going to have an estimates here or a petty little exchange about nothing?

Mr HORAN: I am just having a friendly joist with you a la the full toss.

Mr BEATTIE: Are we going to have friendly petty exchanges? We can have both. I am easy. The reality is that when the government of the day refers a matter to the Auditor-General or the CMC, it is a clear indication to the Auditor-General that we take the matter seriously. It does not matter whether we send it down on toilet paper or we send down the *Courier-Mail*. I know the *Courier-Mail* is your major reference point and your major researcher. So from that point of view we were happy to take it seriously as your source of information.

But let me come back to the point. We have enormous respect for the Auditor-General. We have the highest possible standards. I have no difficulty in the CMC or the Auditor-General examining any matters relating to Cutting Edge or Berri. Indeed, you mentioned a number of these grants that went to Cutting Edge—amounts like \$10,000, \$20,000, \$5,000, \$29,500, \$25,000, \$15,000. They are the amounts we are talking about. We are not talking about sending the bank broke. But the reality is that there is an accountability required, and I expect that.

I also wrote to the federal body—the Australian securities commission I think it is—and it indicated to me that it would not be pursuing the matter in relation to Cutting Edge. It has written to me indicating that. I think that it is appropriate for me to advise the committee that it has written back to me thanking me for bringing it to its attention, but it does not intend to pursue it. However, I do believe that it is appropriate that these matters be fully examined. I believe in honesty and integrity. If anybody—whether they are a minister or a public servant—does not live up to my high expectations and it is found by the Auditor-General or the CMC that they are not living up to those standards, they will be disciplined and dealt with and, if necessary, sacked and removed. I do not compromise in these things. That is why I have faith in the integrity of the Auditor-General. I have faith in his ability to examine systems, and if things need to be improved they will be.

Mr HORAN: Looking at the budget for the Crime and Misconduct Commission—

Mr BEATTIE: Which page is that on? Which line item?

Mr HORAN: I am just referring generally to the funds provided to the CMC and your comment about the referral of these matters being taken seriously. It is important that everything is complied with when it comes to the CMC. I refer to the MPS, sections 3-1, 3-2 and 3-3.

Mr BEATTIE: What was the question?

Mr HORAN: You have said that you take these things seriously. I quote from a letter that you sent to the CMC with regard to Cutting Edge in which you used the term 'spurious' twice and did everything possible to stop them doing the investigation. You said you—

... would be grateful if, in the public interest, you would consider the spurious opposition claims so we can ensure public confidence in state government job creation schemes.

Then you say—

We consider that these politically motivated attacks will discourage job creation in Queensland and destroy jobs leading to an increase in unemployment.

And in the first paragraph again you said 'spurious'. I would have thought that if you were serious about referring it, you would have referred it in a formal way without making comment about whether you think they are spurious or whether you think they are politically motivated. This is for the CMC to make its decision without any attempt to block that investigation or any attempt to bully them into deciding that they would not go ahead with the investigation in the public interest. Because that is what this budget is about; that is what this money is for—to see that these are done properly and they independently make their own decision.

Mr BEATTIE: I should just point out that the question does not refer to any line item. But notwithstanding that, I am happy to respond to this one matter in a general sense. The Leader of the Opposition is quite right; I did write in those terms, and I make no apology for that. What we have seen from the opposition on a number of occasions is the raising of very spurious matters. We saw it with Berri, where there was a tactical untruth which was basically ticked off and raised in the parliament in relation to my brother which turned out to be totally untrue. I find those things quite offensive. My brother is not a political person. He has never been a member of a political party. I just think that is an unacceptable way for Australian politics to be played. So of course with that background it is appropriate for me to make reference to the opposition's claims in this matter as being spurious.

Notwithstanding that, all of us sitting around this table know that the CMC is an independent body. Any reference by the Premier of the day of a particular matter will be treated accordingly by the CMC. It is like the Auditor-General. They have inherent independence and a role under statute which guarantees them independence. The Auditor-General is accountable to parliament and so is the CMC, for which I am the minister. Technically the Auditor-General is within my portfolio, as is the CMC, but subject to the independence guaranteed them by statute of this parliament. With the CMC, there were certain changes in their legislation about the timing of complaints which does give me discretion. It gives me some power that did not exist before, but that does not interfere with their independence. Therefore, any matter referred to the CMC is examined by the CMC in an independent way. I have signalled that we will fully cooperate with any investigation in relation to Cutting Edge or Berri, but my concern about this is broader.

Having played this very openly and honestly, we said, 'Let the CMC and the Auditor-General look at it and if there are things that need to be improved we will.' I do have a concern that every time we attract some level of investment here there is criticism of it. We have had criticism from various quarters of our attracting Virgin Blue here, which was the smartest thing we ever did. We had criticism about AMC, which meant bringing light metals here—a whole new industry and jobs. We did the same in relation to Comalco. Because of this criticism I do get a bit weary every time we attract significant investment here. Virgin Blue could have gone to Melbourne. Comalco could have gone to Malaysia. If we had not supported AMC the technology would have ended up in North America and not here at all. It is Australian technology. Of course I get tetchy. We are about developing a Smart State. We are about innovation. I would think that sometimes we could actually get a positive, constructive attitude from the opposition when we are doing things in the national interest, in Queensland's interests and in the interests of jobs. We have referred it there. We will act on the recommendations and do what has to be done.

Mr HORAN: I just make the comment that 'spurious' generally means untrue. You are the boss of the CMC, so to speak; it is under your department. To send a referral saying that it is untrue is, I believe, going outside the bounds of your responsibility of being truly independent.

Mr BEATTIE: Is that another question?

Mr HORAN: No, it is a comment.

Mr BEATTIE: How do I get to respond to comments?

Mr HORAN: I am happy for you to comment on that in answer to my next question, which relates again to the Audit Office. It is about MPS 10-10, the statement of financial position, current assets and cash. In the budget the current assets cash budget position for 2001-02 of \$646,000 was recorded and the estimated actual was \$181,000. It then goes on to say in note 4—

Mr BEATTIE: This is cash you are talking about?

Mr HORAN: Yes, current assets.

Mr BEATTIE: Or cash under current assets, yes.

Mr HORAN: There is a budgeted figure of \$646,000 and an estimated actual of \$181,000. Note 4 outlines improved debt collections expected to improve the future cash balance. Could we have an explanation please for the huge variance there? What does this improved debt collection mean? What is the scheme? Who is not paying? Who has not paid this large amount of cash? What is the problem?

Mr BEATTIE: Let me respond and then I will share this with the Auditor-General. Under the act we have amalgamated the CMC and the Crime Commission, as you know. We put them together because we felt that was in the interests of getting a better outcome for taxpayers, because the budget is in the \$30 million range; I do not have it in front of me, but it is in the papers. We thought that was an appropriate way to go.

Mr HORAN: That is the Auditor-General.

Mr BEATTIE: You made a point about the CMC at the beginning and I am responding to that. The important thing to point out there is that under the act their independence is guaranteed. They are accountable to me in terms of budgetary matters and in timing of complaints. That is it. How they investigate complaints is a matter for them. I do not interfere in that. That is an operational matter for the CMC. It is not fair, true or accurate to say that because I am the boss of the CMC they have to do what I want. I am not the boss of the CMC. There have been previous Premiers, including the one you served under, who would have liked to have been in that position but were not. In fact, I remember an unholy brawl that took place at this committee between Rob and the then head of the CJC. He would have loved to have been the boss of the CMC or CJC but was not, and I am no more a boss of the CMC than he was. I will ask the Auditor-General to respond in detail to your line item.

Mr SCANLAN: I think the answer really lies in looking at the cash and the receivable items together as a composite factor. There has been improved collection in terms of outstanding audit fees. That has been our experience. The numbers that are reflected here in the statement of financial position are as at a particular point in time. I acknowledge that we have had some difficulty with recoveries of outstanding accounts with some of our audit clients. That is principally due, as I understand it, to their capacity to pay the audit fees. As you are aware, we are obliged to pursue cost recovery in terms of the raising of audit fees for the services we perform. Those

clients principally relate, as a general statement, to Aboriginal and Islander councils and the Island Industries Board.

Mrs LIZ CUNNINGHAM: The Crime and Misconduct Commission has had quite an evolution, from the CJC and the Crime Commission. Page 3-4 shows that tactical operations undertaken were estimated or targeted to be 50, that the actual for 2001-02 was 45 and that the target for 2002-03 is 15. If you add together that 15 and the 15 from the new measure you get a target of 30. So there will be a significant drop in tactical operations, research, prevention and intelligence projects undertaken in this financial year. With the demonstrated lack of activity and the fact that things such as paedophilia have gone back to the CMC, can you see a reduction in the effectiveness of that organisation?

Mr BEATTIE: I will say one thing—and I say this to help the member for Gladstone, not in any way to be difficult. The Auditor-General is here. The head of the CMC is here. I am obviously happy to give a general response, but because, as I have just highlighted to the Leader of the Opposition, operational matters are entirely a matter for him—I do not control them, nor should I—it may be appropriate to bring him forward. I have here the answer to this question. If the member is happy for me to give it then I am happy to do so, but I want to be complete about this because I understand that she has a particular and genuine interest in the issue of paedophilia and I do not want to give her half an answer.

I understand that it is owing to a different method of counting. The target quantity in the Ministerial Portfolio Statement has gone down. From 2002-03, only those operations commenced in the financial year will be counted in that year. It is simply, as I am briefed, a different method of counting. That is why it is different. It does not show a drop in the number of operations. That is what I am briefed and that would be directly from the CMC itself. When Brendan Butler comes here, perhaps we could ask him to follow up on that. I am happy to facilitate that question when Brendan comes to the table.

When we put both organisations together we were determined to ensure that the new organisation enhanced its role and that there was no detriment. The issue of paedophilia was a matter of importance not just to the organisations but also to the government as a whole. I should say that the former head of the Crime Commission supported the amalgamation and the structure, as did the then head of the CJC. One of the reasons this took so long was that we spent a long time ensuring that both organisations signed off in a sense of agreeing to the structure. The former head of the Crime Commission, Tim Carmody, initially had some concerns with the model we put forward. As a result of those concerns we adjusted the model. To the best of my recollection he was supportive, as was the CJC, of the new model. Tim is someone who is well known for pursuing the issue of paedophilia, and he would not have agreed to an organisational structure which did not in a clear way deal with it.

One of the core functions of the CMC is to help police fight paedophilia. It does this through strategic intelligence, assessments of the nature and extent of networked, organised child sex offending in Queensland and through research. Through its Internet based investigations the commission has identified several suspected child sex offenders who use the Internet to meet and groom children for the purpose of causing them harm. These suspected offenders have been referred to the Queensland Police Service or police services in other states for investigation.

In addition to that work it does on its own initiative, the CMC in 2001-02 formed part of a joint CMC-Police task force established to investigate targeted individuals with identified paedophilia networks. Already charges have been laid in relation to several offences, including indecent treatment of children under 16 and unlawful stalking. As well, four suspected criminal paedophile networks have been examined. Investigations into the first suspected network resulted in a person being arrested and charged with 19 counts of sexual assault, and four counts of stalking and breach of bail.

The commission has a number of current and proposed research projects in paedophilia related issues. These include research into the extent to which emerging Internet technologies are implicated in the distribution of child pornography and paedophilia, examination of sentencing trends over time, a major survey of offenders and examination of the facts underpinning the high level of child abuse. I assure the member that we share her concern about this. As I said at the beginning, I know that she is genuine about this issue of paedophilia. So are we and so is the CMC. Nobody, no matter how high or low, should be exempt from prosecution for paedophilia.

The CHAIR: The time for questions from non-government members has now expired. It is now time for government members to ask questions. Premier, given the time constraint the committee had resolved that during this session, up to the morning tea break, as well as the Audit

Office, the Ombudsman and the CMC would be examined. Perhaps the Ombudsman and the CMC Commissioner could come to the table in case there are additional questions during this session, particularly from non-government members. Government members will now ask questions about the Audit Office.

Mr CHOI: I welcome the Auditor-General, the Ombudsman and the CMC Commissioner. Premier, I note on page 10-3 of the MPS that a recent achievement of the output this year was the tabling of audit reports to parliament. Can you provide an overview of the reports tabled last year and what steps you have taken to address emerging issues?

Mr BEATTIE: During the year the Auditor-General has tabled four reports in the Legislative Assembly relating to the results of audits for the 2000-01 financial year. These audit reports are available on the Queensland Audit Office's web site. I will let the Auditor-General go through the detail. I believe these reports have considerably enhanced public administration in this state. There have been criticisms of key areas over time. The government takes them seriously and responds to them. I expect my ministers and departments to respond accordingly.

Mr SCANLAN: There were four reports tabled in the Legislative Assembly last year. We anticipate that we will table up to six reports in the forthcoming financial year. Essentially, those reports cover a wide range of issues from the last 12 months. I will touch on some of the more prominent issues we have covered in terms of our reports to parliament.

Corporate governance is an important area for my office in terms of establishing good foundations and fostering better public sector accountability on a sectorwide basis. We have not only commented on the results of financial and compliance audits; we have also endeavoured to comment on current and emerging issues within the public sector for the information of parliament.

In addition to the audits of the agencies themselves we have conducted a number of sectorwide audits, notably reviews of performance bonuses. We reported on that to parliament and made a number of recommendations. In addition, we have covered the full sector reports in terms of the audits. All audits are required by legislation to be audited every year.

In the past year we have also taken the step of bringing our audit program forward, to such an extent that we were able to comment on the interim audit report findings of our fourth report to parliament, which was tabled on only 28 June. That is a very significant step—to close off as at the end of April on our interim audit findings for the current financial year, to bring our work forward and to give parliament a global view of the trends and major issues arising from audits for the current financial year, in addition to finalising the work not only for the state sector but also for local government and being able to report on the consolidated whole-of-government financial statements.

Mr BEATTIE: What the Auditor-General has done in relation to effective risk management, particularly in the area of corporate governance, is of significant assistance to government. We will work very closely with him to enhance future directions.

The CHAIR: I note from page 10-3 of the MPS that the Audit Office refers to expected efficiencies following the introduction of a new auditing methodology tool set in 1999-2000. I understand that this is a computer based system. Could you provide an overview of this and provide some examples of the efficiencies that have been realised to date?

Mr BEATTIE: The Auditor-General talked us into ensuring we funded this. I have to say that he was absolutely right in doing so. In June 1999 the Audit Office purchased new audit software called Team Asset from the international accounting firm PricewaterhouseCoopers. It is a PC based system that guides and assists auditors through each stage of the audit and provides the facility to record electronic audit work papers. It is absolutely essential that the Auditor-General have the tools to do the job that he and his office do, which is of a very high standard. I think this has been one of the achievements of the office. I put on record my appreciation of the fact that the Auditor-General has had the vision to give the Audit Office the direction it needs in areas such as this.

Mr SCANLAN: It is fair to say that the new audit methodology—it is not so new any more; it has now been in place for more than two years—has had the effect overall of expediting our audit process. Whilst it is difficult to quantify the efficiency gains that have flowed from the introduction of the methodology, certainly the application of electronic work papers—to be able to record all of our work processes, our audit planning, our audit findings, our audit judgments—has streamlined our audit processes throughout the office.

That has manifested itself in a number of ways that I might be able to comment on in a qualitative sense. First is the earlier completion of our audit work, notably our capacity to bring forward our audit program. For instance, we have now commenced the audits of universities for the 2002 year, which is an academic calendar year. We have actually been able to start those audits. The very fact that we were able to complete the interim audits for the major state government entities by the end of April this year was a direct outcome of our capacity to actually apply the Team Asset methodology.

In addition, I should point out that our capacity as an office to meet the new deadlines proscribed for the finalisation of financial reporting—they were brought forward from four months to three months and this was the first financial year in which those requirements applied—was aided in a very large measure by the introduction of Team Asset. Further, it has made for ease of communication and information flow within my office and the ability to progressively review audit work. They are the main benefits.

Mr BEATTIE: In a nutshell, it is a darned good system.

Mr LEE: Page 10-1 of the MPS shows that the Auditor-General has statutory responsibility under the Financial Administration and Audit Act 1977. The independence of the Queensland Audit Office is particularly important to ensure that the office can discharge its responsibility effectively. I believe it is important. Premier, could you please outline for the committee the provisions that have been made to ensure the independence of the Auditor-General and of the Queensland Audit Office? Could you confirm the extent of work that the office undertakes?

Mr BEATTIE: Let me make a few introductory remarks and then I will hand to the Auditor-General. This is a very important point to make. The Auditor-General is charged, as you quite correctly point out, under the Financial Administration and Audit Act, which is a 1977 piece of legislation, to audit the public accounts and accounts of all public sector entities and to report significant findings to the parliament, which the Auditor-General does, which we respond to and act on. We are not afraid of criticism. One of the strengths of the current Auditor-General—and I am not seeking to embarrass him—is that he has been about getting new systems in place to improve the way government performs. That is a vision that I share. We are not afraid of the Auditor-General saying to us, 'This system needs to be improved.' We then respond to what he has got to say. I hope in the political process we would have the maturity to accept that that is the way that things should be done. We do not score points as a result of it, but rather acknowledge that things can be improved.

The independence of the Auditor-General is safeguarded by relevant provisions of the Financial Administration and Audit Act 1977. The Queensland Audit Office is an independent statutory office established under section 47 of the Financial Administration and Audit Act 1977. Section 48 provides that the Auditor-General is to control the office. Under the provisions of section 50 of the act, the Auditor-General is appointed by the Governor in Council and the Public Accounts Committee is consulted during the selection and appointment process.

With respect to the conduct of audits, the act legislates that the Auditor-General is free from direction by any person as to the way in which the powers in relation to the audit are to be exercised or the priority given to the audit matters. That is section 49 of the act. In terms of the extent of work undertaken by the Queensland Audit Office, the Auditor-General is responsible for the external audit of all public sector entities, including departments, statutory bodies, local governments, Aboriginal councils, Islander councils and controlled entities of such bodies.

Currently, the Auditor-General's mandate comprises in the vicinity of 712 entities. The responsibilities of the Auditor-General are discharged through the performance of the financial and compliance audits. Time is running out, so I might just ask the Auditor-General if he wanted to add to what I have said.

Mr SCANLAN: As parliament's auditor, I see my job is to tell it like it is, if I could use that phrase, in reporting to parliament on the executive government's financial stewardship. I exercise my discretion, which is provided for in the legislation in terms of the audit priorities, and it is up to me—and it is only me—who determines what those audit priorities are.

In carrying out my responsibilities, I provide briefings to the Public Accounts Committee. I not only highlight the shortcomings in my reports to parliament; I also like to point the way ahead towards making improvements in public administration as well.

Mr SHINE: On page 10-3 of the MPS, the Queensland Audit Office states that one of its recent achievements is the significant audit effort undertaken to meet earlier deadlines of the completion of financial statements. I presume that this is in relation to the recent revision of the

Financial Administration Act. Could the Premier please advise the committee of the new requirements for the tabling of reports and what impact that has made on the audit office?

Mr BEATTIE: Can I say at the beginning that my government has done—what we would regard, at least—a sound job in ensuring that Queensland operates under good governance principles. Good governance, as you would be aware from my attitude—which I am totally committed to—is fundamental to accountable and transparent government. The Auditor-General and his team play an extremely important role in this by ensuring that Queensland operates under sound governance principles and practices. There have been some recent initiatives in ensuring the good governance of Queensland. There has been a number of amendments made to the Financial Administration and Audit Act, including a reduction in the legislative time frame for the completion of financial statements from four months to three months from the end of the respective financial year. This means that departments and agencies must have their financial statements lodged by the end of September rather than the end of October.

These amendments to the act also remove an entity's ability to seek an extension of time from the responsible minister for the finalisation of their financial statements. These amendments apply to financial periods ending after 7 June 2001. The tightening of the time frames makes for tighter government and I am happy to report that the majority of government departments met this new deadline for the 2000-01 financial year. This required a significant audit effort by the Queensland Audit Office. The Auditor-General, obviously, may want to add to this, but I want to thank him again for his assistance.

Mr SCANLAN: If I could just add that the change in the revision of the legislative time frame was a very significant change for the Queensland public sector. One month may not seem a long time, but bringing forward that timetable one month necessitated a big effort from the sector as a whole. I would have to say that across-the-board I think that the agencies effected performed remarkably well in their capacity to meet the new deadlines. In fact, 28 out of the 30 government departments met the new time frames. I would like just to acknowledge what the Premier said and to reiterate the efforts of my own officers in ensuring that that process was completed on time.

Mr BEATTIE: Just while we are talking, I mentioned before in relation to a question from the Leader of the Opposition a letter that I had received from ASIC. I wonder if I could actually just table that for the information of the committee. It would be unfair of me to make a reference to material that I did not table. So if I can get a copy, I would like to table that for the information of the committee.

Mr HORAN: I might like to table also the letter that the Premier sent to the CMC.

Mr BEATTIE: That is the one that I have released publicly? I am sure that it is.

Mr HORAN: I thought that you would have, because you said that it was politically motivated in the letter. So I am sure that you would have released it publicly.

Mr BEATTIE: I did. I wanted to make sure that everyone had my view. I am happy for it to be tabled again. I have no objection to that, because I think that everyone should read it.

The CHAIR: That will be tabled. The last question from government members regarding the Audit Office is from the member for Capalaba.

Mr CHOI: I note on page 10-3 of the MPS that one of the special sector wide audit reviews undertaken by the Queensland Audit Office in 2001-02 was a review of performance bonuses. I have a very topical question for you.

Mr BEATTIE: Yes.

Mr CHOI: I am sure that Mr Franklin down the back would be most interested in your answer. Could you please advise the committee of the findings of this review and what changes have been instigated in regard to CEO performance bonuses?

Mr BEATTIE: As you are all aware, on Sunday, 7 July 2002—last Sunday—I announced the end of the bonus system for state government department CEOs. However, I would like to acknowledge the findings published by the Auditor-General following a review of the system associated with the payment of performance bonuses.

So in answer to your question, yes, the Auditor-General's report No. 2 was tabled on 5 December and included a review of the system and practices associated with the payment of performance bonuses to chief executives of government departments as well as non-departmental entities. The Deputy Premier and Treasurer is currently reviewing the government policy regarding remuneration for chief and senior executives of government owned corporations.

Disclosure requirements for boards and chief and senior executives in government owned corporations will take into account changes in company legislation, relevant accounting standards and issues highlighted by the Auditor-General relating to the disclosure of bonuses.

The Auditor-General's principal interest relating to the review of bonuses paid to chief executives was at the level of disclosure of bonuses paid. His audit of systems and practice by which performance payments were made for 1999-2000 ensures the effectiveness and probity of the policy statement on CEO performance management. His report to parliament found that performance bonuses were determined in accordance with the guidelines, the amounts of the bonuses were correctly calculated and properly approved and there was an improved level of disclosure in 2000-01 over the previous financial period—I might say at the suggestion, obviously, of the Auditor-General.

The Auditor-General also indicated satisfaction with the reporting of the aggregate of bonuses paid to the department CEOs in the annual report of the Public Service Commissioner. Further, he noted my direct involvement in the appraisal process as appropriate given that a stated objective of the appraisal and bonus arrangements is to improve employee performance. The Auditor-General has also rightly noted in his report that performance bonuses are not paid to certain statutory office holders, namely the Police Commissioner, the Clerk of the Parliament, the Ombudsman and, of course, himself. These officers had never been eligible due to the particular nature of their roles and the need to ensure their independence. This is a matter to which I am giving some consideration.

As you know, as a result of the Auditor-General's recommendations, I have committed to making the quantum of annual bonus payments available and have kept this commitment. For the first time the Public Service Commissioner published the total amount paid to CEOs for the 1999-2000 period in the 2000-01 annual report. As I indicated on Sunday, we are going to abolish the bonus system. I indicated yesterday publicly that that would apply for the renewal of new contracts, although I would have discussion with directors-general about existing contracts. I have also indicated previously that the first batch of contracts were for five years; the new batch for three years, with an option for two. So with three-year contracts a lot of them will come up a lot sooner.

The CHAIR: My next question is regarding the Ombudsman's office. I note on page 8-4 of your MPS that the office has listed as a recent achievement the commencement of a project to procure a database to replace the existing complaints management system and that this should be operational in the next coming year. Could you elaborate on this project and outline how it will improve the management of issues handled by the offices of Ombudsman and the Integrity Commissioner?

Mr BEATTIE: I say at the beginning before I ask the Ombudsman to add that this has been an issue of obvious importance to estimates committees. As I said, this is the fifth budget my government has brought down and the funding of the Ombudsman and internal systems have been an issue. We have a new Ombudsman and on behalf of the committee I want to congratulate him on his appointment and wish him well.

The core business system for the office, the Ombudsman's support system, was developed in 1993-94 as a file management system for tracking and reporting on investigations. The program is based on outdated software and is no longer supported by the original developer. The strategic management review in June 2000 recommended that the system be replaced by a new case and records management system. Following a submission by the previous Ombudsman, CBRC allocated \$300,000 to the project in 2000-01. The new system is also to be deployed in the office of the Information Commissioner. An evaluation of systems options in response to a closed tender progressed during June and contract arrangements for the supply and implementation of the system are currently being finalised.

The new system, to be known as Catalyst, is scheduled for implementation in September 2002 and will include the following: enhanced capabilities compared with the old OSS system; the recording of the stages in complaint processing and investigation from receipt to finalisation; on demand monitoring of cases in progress; the preparation of reports suitable for planning, workload assessment, benchmarking and performance management; a research capability allowing trend analysis of complaints about any agency; and electronic records storage and management.

Expenditure during 2001-02 was limited to salaries for project staff. That was \$50,000. Of the balance of the project funding, \$250,000 will be spent in 2002-03. In accordance with the CBRC decision, all ongoing costs—approximately \$120,000 per annum, including \$60,000 for

depreciation, \$50,000 for a systems administrator and a \$10,000 annual licence cost are to be met by the offices. They need the new system. So with those few words, I will ask the Ombudsman if he wants to add anything.

Mr BEVAN: The project is moving ahead. It is on schedule. We are at the stage where in the very near future we will be making a selection of the successful tenderer. As the Premier said, when the system is introduced later on in the year, we expect to be able to provide such benefits as trend analysis. The Premier mentioned the term 'demand management' which was a term used in the strategic management review of the office whereby we identify the areas where complaints are arising and then come up with strategies to assist the agency to limit those types of complaints in the future.

The CHAIR: Thank you. I also welcome Mr Bevan as the new Ombudsman.

Mr BEVAN: Thank you very much.

The CHAIR: The time for questions from the government members has now expired. It is now the turn of the non-government members.

Mr HORAN: Thank you. Premier, getting on to the budget—referring to the CMC, page 3-5—the reducing misconduct and improving public sector integrity output talks about the devolution of responsibility to deal with misconduct to units of public administration. Nevertheless, under the Crime and Misconduct Act, if a public official suspects a complaint or information or matter involves or may involve official misconduct, the public official must notify the CMC.

Mr BEATTIE: Sure.

Mr HORAN: In April, after initial denials from the Attorney-General and the Racing Minister, the opposition extracted an admission from the Attorney-General that files relating to the Queensland Thoroughbred Racing Board were tampered with or stolen and that an internal investigation was launched by his director-general on 28 March. My question to you is why the CMC or the minister were not notified at the time. Has this devolution of responsibility for misconduct to UPAs been a failed experiment? You talk about good governance, but how can we have any confidence that misconduct is being reported if we have a very obvious and serious event here that was not reported under this devolution system?

Mr BEATTIE: As I understand it, going on memory—and maybe in a minute I will ask Mr Butler, who may be able to assist me—if I recall correctly, it dealt with a relationship between solicitor and client. As I understand it—and I want to stress that I am going on memory—there had been certain legal advice sought by Merri Rose's department, and Crown Law had provided that advice. There is an allegation or a suggestion—and I need to be cautious because, as I understand it, these matters are still being looked at—that that advice was provided or leaked to someone else. Clearly, the major relationship there deals with the solicitor and client relationship or the advice being given by Crown Law.

Anyway, let me go back to the point. In 2001 the government undertook a review of the governance structure of the thoroughbred racing code. The recommendation of this review was that the existing system was not performing in the best commercial interests of the industry and that a new structure, based on company lines, should be introduced in a two-stage approach. The first stage saw the establishment in April 2002 of a five-person independent Queensland Thoroughbred Board, based on the recommendations of a selection panel comprised of industry and government representatives. All candidates were subject to strict probity and criminal history checks prior to any further consideration for appointment. The selection process was open and impartial and designed to avoid any perception of conflict of interest of the kind that may have characterised this industry in the past.

The Australian Racing Board has recognised the selection of this new board and I am confident that the members will carry out their duties in the best interests of the industry. In fact, I had a reception here for the racing industry in recent times and—

Mr HORAN: The question is not about that; it is about the reporting of misconduct.

Mr BEATTIE: Please, I am entitled to answer it.

Mr HORAN: I want the question answered.

Mr BEATTIE: Please, Michael, don't be rude.

Mr HORAN: I want my question answered.

Mr BEATTIE: I am entitled to answer it. This is not question time, Michael. The committee process says that you get to ask a question and I get to answer it.

The CHAIR: The Premier is able to answer the question in any way he sees fit.

Mr HORAN: Any way he likes?

Mr BEATTIE: Now, let us talk about this. The head of the department has an obligation to report matters. The CMC has inherent jurisdiction to investigate whatever they like. I cannot recall, but I think this may have been referred to the CMC, and the CMC may well be examining it. I do not recall the detail. However, let me make it clear: I do not have any problem with the CMC examining it; nor do I have any problem with the CMC examining anything else. It would be too bad for me if I did because they are independent. I do not know whether Mr Butler wants to add to that.

Mr BUTLER: What I can add in relation to the Queensland thoroughbred racing industry matter is this: there are three complaints.

Mr BEATTIE: Can I seek an extension, please, for Mr Butler to answer this?

The CHAIR: The member for Toowoomba South, will you give an extension?

Mr HORAN: Yes. My question was about the reporting system.

Mr BEATTIE: I think Mr Butler can answer it.

Mr HORAN: It failed in this circumstance and I am trying to find out why and whether it is a failed experiment. Please proceed.

The CHAIR: Mr Butler.

Mr BUTLER: I will be very brief. There are three matters. One is a leak of information from the Crown Solicitor's office of some advice involving a conflict of interest. As I recall it—and I am just going on my own memory here—that was referred from a unit of government. The second aspect is the process by which members of the board were selected and particularly where there had been ministerial interference in the selection process; and, thirdly, the possible official misconduct by two members of the board selection panel in respect of an aspect of the matter. That matter is still under investigation. A large number of interviews and other inquiries have been undertaken in respect of those three aspects, and the commission's inquiries are well advanced.

Mr BEATTIE: Can I just add in relation to that—going on memory—I thought the matter had been referred to the CMC, the first matter about the leak, and I think Mr Butler has indicated that that it is being examined. However, if it is a case of whether or not it has been referred, I am happy to refer it now because as far as I am concerned—

Mr HORAN: No, the opposition referred the matter.

Mr BEATTIE: Well, why did you not say that? The issue about this is that the leak related to a matter involving the advice given by the Crown Solicitor to the client; that is, out of one of our departments. In those circumstances, the aggrieved party is the government because the material is leaked. The CMC is looking at this whole issue and I am quite satisfied with that.

I say this to the Leader of the Opposition: if there is any matter that has not been appropriately referred to the CMC—and I will examine that subsequent to this hearing—I will make sure that I personally refer it there. My understanding is that everything that should have been referred has been referred.

Mr HORAN: I will make a comment on that because the Premier has had the time to make a comment. This question was about the fact that this serious event of the removal or theft of files occurred under this devolution system which is supposed to be—

Mr BEATTIE: You do not have any proof of that; you just have an allegation of that.

Mr HORAN: Yes, it is an allegation. First of all, that matter was denied by the Attorney-General and the Minister for Racing and then, following questioning in another day in parliament, the Attorney-General eventually admitted it. The opposition referred the matter to the CMC and I think the government may have belatedly referred it as a result of question time.

The question I was asking was about the failure of the Unit of Public Administration under the devolution system and our lack of confidence in good governance.

Mr BEATTIE: Well, that is—

Mr HORAN: The Premier had his statement, and I have had mine.

Mr BEATTIE: All right.

Mr HORAN: I will move on. That is a fair balance.

Mr BEATTIE: That is fair enough.

Mr HORAN: My next question, Premier, is regarding the bringing together of the Queensland Crime Commission and the CJC into the one unit of the CMC. One of the key things they set out to do under their budget and which they have an output statement on is the confiscation of assets.

Mr BEATTIE: What page are you referring to?

Mr HORAN: Page 3-3, criminal assets to the value of \$750,000.

Mr BEATTIE: At the top, yes—restrained criminal assets.

Mr HORAN: In 2001-02, criminal assets to the value of \$750,000 were obtained.

Mr BEATTIE: Sure.

Mr HORAN: As I remember it, in the year before—and Mr Butler may be able to confirm this—it was approximately \$1 million worth of assets.

Mr BEATTIE: Do you have that figure with you?

Mr HORAN: No, I do not have the figure but, as I remember it, it was \$1 million. Their estimates for this forthcoming year are again \$1 million worth of assets to be seized. If you look at the value, for example, of the drug trade and how much of that relates to major crime and organised crime, the amphetamines trade is probably worth in the order of \$400 million and heroin is probably a similar amount. It seems to be an exceptionally small amount of money that is being obtained from these criminal assets.

Mr BEATTIE: Time's up.

Mr HORAN: And it is probably not a great deterrent. Is the problem an operational matter or is it a legislative matter as to why the asset retrieval is so small as compared to the overall drug trade?

Mr BEATTIE: Let me answer the question. Just in relation to the initial point made by the Leader of the Opposition in relation to the racing matter about the allegedly leaked legal advice, I advise the committee that the CMC—as does the Auditor-General and any other independent body—if they believe that matters should have been referred there or that the system needs to be improved, can report to parliament on that. If out of this inquiry the CMC believes that there should have been a reference to the CMC earlier by any person, then they will report on that.

I give this clear indication to the committee that if that is found by the CMC, I will take the appropriate action because I expect the spirit of that legislation to be enforced. It is about requiring heads of departments to inform the CMC of matters so that they can be properly investigated so that we do maintain the highest possible standards. Let me assure the committee—and I am a bit hazy on the details now—that if the CMC finds that, I will take the appropriate action.

In terms of the amount of money here, in 2001-02, commission investigations resulted in the restraint by the commission of assets to the value of \$897,000. Dwellings, land, cash and motor vehicles were restrained under the Crimes (Confiscation) Act 1989. Further assets to the value of \$2.2 million have been retained by other agencies in relation to investigations involving the commission. Property valued at approximately \$1.2 million, comprising real estate and motor vehicles, has been restrained as well.

I might just make the point that the government has announced its intention to introduce legislation for the civil confiscation of the proceeds of crime. I understand that the opposition is supportive. If they are not, then they certainly should be. To ensure the CMC will be in a position to make a positive contribution to the scheme, it is expected that nine permanent crime positions will need to be created. These new positions will be funded from savings achieved following the merger.

As the Leader of the Opposition knows, there has been significant debate here about civil confiscation. We have now agreed to implement civil confiscation. That will obviously enhance the CMC's role and that of the DPP and various other organisations, so I think at the end of it we will have a better outcome. Perhaps I should give the head of the CMC an opportunity to add to that, if he wishes?

Mr BUTLER: The Premier has given the various amounts which have been recovered. Amounts recovered under the present conviction-based scheme do vary from year to year in relation to confiscation. The CJC, the Crime Commission and the Police Service are very supportive of civil confiscation legislation. I am very pleased to note that both the government and the opposition have now indicated support for legislation in one form or another to give effect to civil confiscation. We are gearing ourselves up to be able to implement that, should the

parliament pass the legislation this year. As the Premier said, there will be a significant commitment which will be met within the CMC's budget to ensure that we utilise that legislation to get at criminal assets.

Mr BEATTIE: Mike, I should say to you that we cannot guarantee what sort of criminal activity there is out there to get the returns you may want. If we could, perhaps that would be one way we could get more money into the coffers but, as you know, criminal activity will go up and down depending upon the years, and I imagine this figure will go up and down. I mean, who knows how many sleaze bags are out there involved in drug deals from year to year. I think you should accept that this figure will go up and down like the old proverbial blue fly.

Mr HORAN: Yes, but I think that is—

Mr BEATTIE: Unless you and I get to control crime—and we could both be in jail if we do that.

Mr HORAN: The point I am trying to make is that when you look at the totality of the drug trade and how much of it comes from organised crime—

Mr BEATTIE: You are going to see a big injection out of civil confiscation.

Mr HORAN: One of the things we have been promoting is this civil confiscation.

Mr BEATTIE: Well, we have indicated that we are going to do it.

Mr HORAN: We have to have something that acts as a deterrent, so it is not just being caught.

Mr BEATTIE: We will act on it; you support it and it will be law.

Mr HORAN: The number of cars or houses and all sorts of things that they may have as a direct result of that activity.

The CHAIR: Before the next question, I remind all members of the committee that under sessional order 25, questions should be no longer than one minute.

Mr HORAN: Yes. Well, we have been having a little bit of informal discussion as well. Thank you, Madam Chair, for pulling us back into line. My next question is about combating major crime, including organised crime and paedophilia, and this really follows on from the question asked by the member for Gladstone.

Mr BEATTIE: This is 3-3, is it?

Mr HORAN: Yes, 3-2 and 3-3 in the MPS, combating major crime including organised crime and paedophilia. For those two categories, how many complaints were investigated and how many arrests and prosecutions were made in each of those categories?

Mr BEATTIE: I dealt with some of this before in answering the question from the member for Gladstone. You will recall I went through some of that. Let us talk about some of these things. The CMC's role is to fight major crime, including organised crime and criminal paedophilia, by conducting specialist proactive investigative projects and other law enforcement tasks. Looking at the 2001-02 performance, a total of 69 days of investigative hearings were conducted by the Commission in 2001-02, with 92 witnesses being called to give evidence. You understand how these work? That is one of the ways of pursuing it. These hearings related to 15 individual operations and were conducted in Brisbane, Cairns, Gympie, Toowoomba and Rockhampton. They included cases involving paedophilia, suspected money laundering, a \$6 million arson, three murders, a suspected murder, an attempted murder, the shooting of a police officer during a bank robbery, the production of illicit drugs and the abduction and rape of a child.

Several joint investigative operations were conducted during 2001-02 by police and the commission, resulting in 55 people being charged with offences such as arson, attempted murder, sodomy, indecent dealing with children and the production, supply and trafficking of a dangerous drug. Two large-scale amphetamine production and distribution networks were dismantled. The commission conducts strategic overviews and assessments of organised crime in Queensland, ranking significant illegal industries, markets and commodities according to risk. Twenty-one investigations by the commission during 2001-02 were finalised as at mid-June 2002. These comprised four criminal paedophilia cases, nine organised crime cases and eight serious crime investigations. Strategic intelligence assessments of the nature and extent of network organised child sex offending in Queensland were completed by the commission. As a result, a joint commission-police task force was formed to investigate people identified within the alleged networks. Three people were arrested and charged with various child sex offences. In 2001-02 commission investigations resulted—and I mentioned these before—in the restraint of assets to

the value of \$897,000. I will not repeat those. As we can see, the commission has been effective and busy, as we would expect it to be.

Mr BUTLER: More specifically, 42 such operations were undertaken in the course of the year. That should be contrasted with that target of 15 mentioned by Mrs Cunningham earlier. The Premier's response on that was correct. We changed the way in which we are counting it. We are counting operations commenced within the year, whereas in the past all operations that were engaged during the year, including ones commenced prior to the beginning of the year, were counted. We have now commenced in excess of 20 operations since the beginning of the financial year. We are looking at a similar level of activity this year. Out of that activity, 53 offenders were charged and 5,773 charges were laid in relation both to major crime and criminal paedophilia. That seems a large number, but it was blown out by the fact that one offender was charged with 4,300 charges arising out of child sexual pornography. Each image was a separate charge.

Mr HORAN: Premier, I want to pursue this issue just a little more, because we are inquiring into the budget, the amount of work and what is happening out there. I am not sure whether the figures are there, but I would like to know how many complaints were made and how many complaints were acted upon. I know that not all complaints are deemed perhaps to be a genuine complaint, but we need to know how many complaints have been made to the CMC, how many of those were deemed to be necessary for investigation and how many arrests and prosecutions were made. We have that figure of 53—and I know that some of these come over from year to year—but what are the numbers in terms of complaints and investigations?

Mr BEATTIE: Let us talk about this. One requirement that the initial act provided for—and I recall this from when I was chair of the PCJC—was that every matter that came to the commission had to be investigated. That was pretty crazy because, frankly, complaints need to be assessed. As the member knows, not every person who makes a complaint is fair dinkum. Not every complaint is ridgy-didge. For example, we know that, when elections are called, particularly in local government, there has been a tendency by some to use the CMC as a scapegoat. Therefore, the act has been changed. The new act requires the commission to assess expeditiously each complaint about misconduct made by the commission. In 2001-02 the CMC assessed 2,383 matters to May 2002, of which 71 per cent were assessed within one week and 87 per cent in under one month. The assessments conducted since January 2002 were undertaken in accordance with the new processes developed to reflect the cooperation, devolution, public interest and capacity building principles contained in the act. This acknowledges that a significant focus of the CMC is to build capacity in public sector agencies to prevent and deal with misconduct and that, where possible, investigation of misconduct should occur within the agency.

With the introduction of the new assessment processes, the assessment time has improved from 35 per cent assessed within one week for 2000-01 to 71 per cent for the 2001-02 year to May 2002. As the member knows, unfortunately from time to time there are politically motivated complaints as well. This is an area where the opposition can lift its game and stop sending so much nonsense to the commission. The commission and QPS have introduced a joint assessment process for the handling of complaints against police officers. Consultation now occurs with liaison officers of relevant agencies before and after assessment decisions regarding appropriate ways to deal with a complaint, including the agency's capacity to deal with a particular matter and consideration of the application of the public interest principle. There are a number of other issues here, but perhaps I should ask whether Mr Butler wants to add some comments to any of those statistics.

Mr BUTLER: The Premier has just been speaking about complaints in the misconduct jurisdiction. Of course, there are two separate jurisdictions: one is misconduct and one is crime. I thought your original question, Mr Horan, related to organised crime and paedophilia. In that area—and I gave the numbers just a little earlier—it is not a complaints-driven area. We proactively seek out organised crime and paedophilia. So the concept of complaints really is not relevant there. We have our intelligence teams that work up matters for investigation and the investigative teams that develop and, in conjunction with police task forces, target it. When the merger occurred on 1 January the commission had the advantage of receiving with it the very able and skilled staff of the Crime Commission. I believe that the Crime Commission did a good job in relation to organised crime and paedophilia. I am determined that the CMC will not drop the ball in either of those areas.

We are set three key focus areas for our organisation for this financial year. One is organised crime, one is paedophilia and one is capacity building in the misconduct area. Our focus will be to

ensure that we have an effective response for Queensland in relation to organised and serious crime, particularly for paedophilia. We can do that by bringing to bear the combined resources of the organisation to assist the crime function. We have already done that with a significant shift in resources to enhance the crime function.

Mr BEATTIE: Are we clear, Mr Horan, about where we are on this, because this is an important issue that we are concerned about? As Mr Butler pointed out, I gave the figures about normal complaints. The area of crime and paedophilia is an area which the commission targets, and it is the only way we can do that. If people are operating in paedophilia on the net, we will not get people able to complain about it. All we get is the victim. The commission is trying to be proactive. In a non-political way, I believe that what the CMC is doing here is a very effective way to deal with it. We cannot just look at it in terms of complaint numbers. The only complaint numbers are the ones that I provided, and they deal with official misconduct. If we add what I and Mr Butler have said, we get the complete answer. This is an issue where the member and I are of one mind, and I want the member to be assured that everything is being done here to pursue both organised crime and paedophilia.

Mrs LIZ CUNNINGHAM: My question regards the Ombudsman. Recently, he released a detailed and, in places, critical report in relation to activities in the Department of Families. I know that in part Family Services has responded to that report. Does the Ombudsman's office intend to monitor the response to that report and the implementation of those responses? Does the Ombudsman have the resources for ongoing monitoring of that area, given the level of concern raised in his report?

Mr BEATTIE: Was this the issue in relation to Brooke Brennan?

Mrs LIZ CUNNINGHAM: Yes.

Mr BEATTIE: Let me say a couple of things before I hand over to the Ombudsman. In May this year the Ombudsman tabled in parliament a public report titled 'An Investigation into the Adequacy of the Actions of Certain Government Agencies in Relation to the Safety of the Late Brooke Brennan Aged Three'. The agencies involved were the Department of Families, the Department of Health and the Queensland Police Service, all of which have child protection responsibilities. As we all know, Brooke was tragically murdered on the Gold Coast in July 1999 by Troy Self, her mother's then partner, who was subsequently sentenced to life imprisonment. While the criminal aspects of the case have been appropriately dealt with, there was significant public interest in the tragedy being properly investigated at all levels, as noted by the complainants who brought the matter to the Ombudsman's office. The investigation examined the appropriateness of the actions taken and the decisions made by the three agencies in their dealing with Brooke and her mother some days before Brooke's murder, looking particularly at their responses to issues relating to her safety. The investigation found that communication and coordination problems among the three agencies contributed to the ineffectual response to issues about Brooke's ongoing safety.

The Ombudsman made a number of recommendations for improving administrative practices in all three agencies—and in the suspected child abuse and neglected teen system—to reduce the chance of a similar tragedy occurring. The Ombudsman also recommended that the Department of Families engage an independent expert to review resource levels of its Gold Coast office. I want to add two points before I ask the Ombudsman to comment. First, the member for Gladstone would be aware that in the budget we are discussing we have allocated a record amount of money for this area of Families, \$188 million over four years, which is the most significant improvement ever in that department. That means new staffing in key areas, namely, there will be more than 90 additional departmental staff employed in 2002-03, and that includes the 46 additional service delivery staff promised in the Forde inquiry. We believe the Ombudsman's report has given a clear wake-up call to these departments. We will be acting on what the Ombudsman has said. We believe it is not good enough, and there will be improvements.

Mr BEVAN: As far as monitoring the response of the agencies, the answer to that is 'Yes', and we do that in respect of all recommendations we make to agencies. I am pleased to be able to report to the committee that in the overwhelming number of cases—in fact something like 99 per cent of cases—the agencies do implement our recommendations. Secondly, in relation to resources, as the member would be aware from her work on the parliamentary committee to which I report, we have restructured the office. As a result of that, we have centralised the intake function. We have also streamlined our business processes. In that way I believe we will have the resources to be able to monitor on an ongoing basis implementation of our recommendations.

Mr BEATTIE: I might just add that in addition to the Ombudsman's interest in this I will be taking an interest as well and so will the minister. We want to do everything we can to avoid a tragedy like this ever happening again. We do not live in a perfect world, but I understand the circumstances of this as does the member, and we must do everything we can to ensure it does not happen again.

Mrs LIZ CUNNINGHAM: In relation to the Audit Office, the tertiary institution audits highlighted some significant problems at CQU in recording accurately payments received against the appropriate account. In light of the investigation and the audit, does the Premier believe that this can be rectified? In one article that I read it appears that a significant amount of money has been recorded against a black hole. Secondly, does the Premier believe that sufficient work has been done by CQU to ensure that this does not recur?

Mr BEATTIE: I am aware of the Auditor's report in relation to these matters, but since it deals with a particular institution I might ask the Auditor-General to respond.

Mr SCANLAN: To which report to parliament was the member referring?

Mrs LIZ CUNNINGHAM: It would have been the most recent report on the Central Queensland University.

Mr SCANLAN: That particular report refers also to problems encountered with the university in the past three years. It is of concern to me that the university, notwithstanding the assurances that have been given to me previously, unfortunately was still not able to reconcile its accounts as at the last financial year as at the end of December last year. I can indicate that I have had a number of discussions with the chancellor and new vice-chancellor. I have received assurances from them in terms of remedial action that is contemplated. I am greatly encouraged by the assurances that they have given me more recently. Nonetheless, I would have to say that it is still a case that the proof of the pudding is going to be in the eating. Many of the difficulties with the university centre on computerised accounting systems and also other administrative systems. My officers have been providing a great deal of additional advice, guidance and assistance to university staff with a view to being able to resolve this issue in the future. In fact, my officers are on site at the university this month.

One of the benefits that I mentioned earlier in relation to the new methodology—the electronic work papers—is the capacity to bring forward our program, which I have been pursuing, hopefully to identify problems earlier to give agencies a greater opportunity to remedy shortcomings such as those evident with the university. There is still about five months to go for the purposes of the current year's financial reporting. My officers will be back at the university in October-November, when we intend to issue an interim report. Then it is a matter for the responsibility and accountability of the university itself to essentially make the necessary remedial improvements.

Mr BEATTIE: All of us will be taking a keen interest in the Auditor-General's process and we support him in that. I wish to acknowledge that the University of Central Queensland is doing some fantastic work with external students around the world. There is a problem here, and it is the Auditor-General's responsibility to sort it out. We support him in that. We should also, in a broad sense, acknowledge that this university is doing some great work. I opened its new campus in Sydney recently. I know the member for Gladstone would support my saying that this is a university that, outside of these issues which need to be resolved, is doing a great job.

The CHAIR: The time for questions from non-government members has now expired. I call the member for Indooroopilly, who will be asking a question regarding the Ombudsman.

Mr LEE: Mr Premier, I draw your attention to page 8-7 in the MPS. The output statement shows that the number of working days devoted to regional centres and correctional centres was 125, which was less than the target for 2001-02. The note in the table refers to a trial that was undertaken. Can you provide an assurance that the service provided by the Ombudsman to regional areas has not reduced?

Mr BEATTIE: At previous meetings of this committee this has been a matter of some importance. The previous Ombudsman has reported on this. I know this is of interest to the current Ombudsman. I think the answer is, yes, the MPS states that the Ombudsman spent 125 working days devoted to public inquiry and interview sessions in regional centres and correctional centres in 2001-02. Yes, the target was 160. These figures reflect the new approach being adopted by the Ombudsman, and I want to highlight this. Effectively servicing regional areas is very much on the Ombudsman's agenda. This current measure does not give an effective indication of the work undertaken in regional areas. This measure will be replaced from 2002-03

onwards by a measure of the number of regional centres visited each year. This is an issue not just for the Ombudsman. There is pressure on the Auditor-General, the CMC and on the government as a whole, because Queensland is a big state.

The reduction in the number of days spent in regional centres and correctional centres reflects a trial of new arrangements and low complaint numbers in certain districts. The focus of visits to regional centres and correctional centres was changed from complaint intake and assessment to complaint resolution, that is, investigators will complete the examination of existing matters, interview officers of the agency or obtain further details from the complainant and, if necessary, undertake file or on-site inspections. Visits to regional centres are now advertised earlier than previously and a toll free contact number is provided. That obviously assists in access. Wherever possible, a complaint is resolved or an investigation commenced when the contact is received. This has ensured a more timely service to complainants. The office will continue to provide twice yearly visits to correctional centres and to most regional areas. There will be some reductions in total numbers of office days spent on these visits in view of the change of emphasis from complaint intake to complaint resolution.

I stress again that this is an area of enormous pressure for all agencies. When we consider the amount of work required and the pressure on them, I think all three agencies represented at the front table do an excellent job in looking after regional Queensland. This is a priority for the government. It is a matter that funding needs to reflect.

Mr BEVAN: As the Premier indicated, we have changed the system. Whereas previously we would advertise that we were going to a country area, people would make appointments for interviews, officers from the Ombudsman's office would then travel to those areas and spend a couple of days, in many cases, just interviewing people and assessing complaints, we now advertise about five weeks in advance of going on the trip, people contact us on the toll free number, and our intake and assessment unit assesses the matters as they come through. Often we can resolve those matters immediately. Where we do travel to a region, we do so for the purpose of conducting follow-up interviews and resolving complaints.

The CHAIR: Can I say as a regional member that this has been greatly appreciated by members of the public, who now have access to your office.

Mr BEATTIE: I think it is a better system.

The CHAIR: It certainly is. I have a question with respect to the CMC. I note that one of the CMC's performance measurements for the misconduct output relates to timeliness in regards to the assessment of matters. One of the outputs listed regarding recent achievements on page 3-6 of the MPS was establishing a project team to finalise older matters. Could the Premier inform the committee what the result of this strategy has been?

Mr BEATTIE: I am happy to do that, but before I do so can I put on the public record my appreciation for the work done by Mr Butler and his team with the amalgamation of both the Crime Commission and the CJC. I hope members appreciate that that was a difficult time for both bodies. I noted Mr Butler's earlier comments about the professionalism of the Crime Commission, which I echo here. It took a significant commitment by the head of the old CJC to turn both bodies into the CMC. I want it on the public record that his dedication and commitment is appreciated by government and should be appreciated by all sides of politics. He has a non-political role and he performs it very well.

However, the former CJC did get some criticism for being too slow in handling complaints. The Crime and Misconduct Act recognises that timeliness is one of the performance measures by which the CMC will be judged. In July 2001 a project team was established to finalise some of the older matters, resulting in a 42 per cent decrease in the number of outstanding investigations more than 12 months old; 104 investigations in December 2000 was reduced to 60 in December 2001. Further vigilance and focus have reduced this figure to 22 at the end of May 2002. The backlog reduction project also focused on reducing the number of matters where agencies were acting for the commission to review misconduct investigations conducted by the relevant agencies. The number of such reviews outstanding was 253 in June 2001 and only 43 in May 2002. There has been an overall decrease in the number of investigations on hand from 159 in June 2001 to 78 currently outstanding.

When the backlog reduction project was completed in April 2002, an investigation planning strategy was activated. This strategy will concentrate on progressively reducing duration times for investigations in the period to 30 June 2003, resulting thereafter in the commission achieving greater reductions in the time it takes to deal with a matter. In 2002-03 it is estimated that 55 per

cent of investigations will be finalised within six months, compared with 50 per cent within six months achieved for 2001-02. This slight increase in performance reflects the continuing impact of the backlog strategy for giving priority to the older matters. The figure also recognises that with the introduction of the new legislation and the application of the devolution principle the proportion of the commission investigations which are more complex will be considerably higher. I think the CMC has done well and I want to congratulate it on that.

Mr BUTLER: We recognise that the issue of timeliness was something we had to attend to. It impacts on complainants and subject officers. We are focused on the backlog. We have made a significant impact on that. We know that is not the end of it. We have to continue to work on an ongoing basis to get that balance right so that time lines do not push out. Some investigations take a long time because they must. We will continue to investigate things until we get an appropriate outcome. I believe what we have achieved indicates a commitment to a timely result.

The CHAIR: I call the member for Toowoomba North.

Mr SHINE: I note on page 3-2 of the MPS that one of the CMC's recent achievements was working with the police to form a joint task force to address organised child sex offending in Queensland. Can you please inform the committee what progress has been made in that area?

Mr BEATTIE: I might say before I do so that the relationship between the police and the CMC is a very important one. I think if Tony Fitzgerald were in a position to comment on these matters, which he does not, we would be well satisfied with the role the CMC is playing and what influence it has had on improving policing. I think we have one of the best police services in the world now. People in the community know that there is always a fail-safe system in place, and that is the CMC.

One of the core functions of the CMC is to help the police fight paedophilia. It does this through strategic intelligence assessments of the nature and extent of networked organised child sex offending in Queensland and through research. Through its Internet based investigations, the commission has identified several suspected child sex offenders who use the Internet to meet and groom children for the purpose of causing them harm. These suspected offenders have been referred to the QPS or police services in other states for investigation, as I said earlier.

If you examined this material, you would see that the partnership between the CMC and the police is working well. You see it in terms of the professionalism and in fighting paedophilia, which I referred to. You may also be aware that in our changes to the legislation we did refer certain police disciplinary matters back to the police with the overriding supervision of the CMC. That was something that Tony Fitzgerald in essence anticipated. It was about changing the culture. It was about improving the culture. It was about producing a result which I think Queenslanders can be very pleased with. In relation to the basic thrust the member for Toowoomba North is pursuing about this relationship between the CMC and the police, I think it is working effectively.

Mr BUTLER: In the crime jurisdiction I see the role of the CMC as value adding on what can be achieved by the Police Service and doing so in partnership with the Police Service. It is not for us to be in competition with the Police Service but to add to its effective response. We have a focused multidisciplinary talented team of people and we are able to bring that to bear on particular problems. In the area of paedophilia, what we are trying to do is build on the very important work that the Crime Commission did. We do that through investigations, firstly, through our Internet investigations, which is groundbreaking work. Secondly, we do this by targeting serial, or multiple, paedophile offenders. We have done that through intelligence assessments that identify potential offenders. We are working through those assessments. We have a new Strategic Intelligence Unit that is continuing to identify areas to be investigated, and then police task forces are set up jointly with the commission to work on that. In addition to all of that, we have significant new research projects in the area of paedophilia, bringing to bear the research capability of the commission, which came over from the CJC, and we are trying to bring a multidisciplinary approach to dealing with this important issue for the safety of our children.

The CHAIR: The time allocated for the consideration of the estimates of expenditure of the Queensland Audit Office, the Ombudsman and the Crime and Misconduct Commission has now expired.

Mr BEATTIE: Madam Chair, could I just do one thing, if you would not mind? I would hope all members of the committee would support me on this. I thank the Auditor-General for his dedication and commitment. I thank also Brendan Butler for his role in bringing both of those organisations together. I welcome the new Ombudsman to his task and wish him well. As I said, I do not want to embarrass these officers, but I think they are first class. They perform their

independent roles with integrity and I think Queenslanders should be well satisfied with the job they are doing. I thank them on the public record.

The CHAIR: I am sure the committee joins with you in thanking them.

Mr HORAN: On behalf of the Opposition, I would also like to thank the Auditor-General, the Ombudsman and the Chairman of the CMC. We found their integrity and quality to be outstanding.

The CHAIR: I thank officers from the Department of Premier and Cabinet. The committee will now adjourn for a short break and the hearing will resume at 11 a.m. to continue the examination of the portfolio of the Premier and Minister for Trade.

Sitting suspended from 10.45 a.m. to 11.01 p.m.

The CHAIR: The Estimates Committee A hearing will now resume. This session will include the expenditure estimates for the Commissioner for Children and Young People, the Public Service Commissioner and the Department of the Premier and Cabinet. The question before the committee is that the proposed expenditure for the portfolio of the Premier and Minister for Trade be agreed to. For the benefit of Hansard, I ask agency officers to identify themselves if the Premier refers to them to answer a question. In addition, I ask people who may have a mobile phone to please turn it off and to ensure that your pagers are in silent mode. The first period of questions is allocated to non-government members. I call the member for Toowoomba South.

Mr HORAN: Thank you, Madam Chair. Premier, I wanted to ask my first question to you about the staffing within the Public Service and the building up of the Public Service during your term. There has been a recent announcement to cut the numbers by 1,000. I understand that in cutting the numbers by 1,000 each department will be rewarded by half the cost of that saving. Can you tell this estimates committee what sort of plan are you working to? After building up the numbers and now decreasing them by 1,000, what plan are you working to? What will be the effect upon service delivery? What will be the effect upon regional areas by this cut that is going to take place?

Mr BEATTIE: There will be no effect on service delivery and no effect on the regions in terms of service delivery, so let me say that up front. We are offering people a voluntary option if they want. No-one is being forced to do anything, but there is a voluntary option if they want it. Let us deal with the numbers. As at 31 December 2001 the total number of people employed in the Public Service was 179,648. That was the reported figure. When adjusted for part-time and casual staff, it was the equivalent of 152,206 full-time employees. These figures relate to employees of ministerial departments funded primarily through the budget and includes police, fire and ambulance officers, teachers, nurses and other health professionals. The figure is nothing like the 224,000 recently quoted in the media, by the way. So we are talking about people who are involved in service delivery. Within the total of 152,206 FTEs, 75 per cent are located in the key service delivery agencies of Education, TAFE, Health, Police and Emergency Services.

Over the five years from 1996 to 2001 growth in Public Service employment has amounted to 14.9 per cent, or the equivalent of 19,428 full-time staff. So with an opportunity for 1,000 people to partake in a voluntary scheme, it will not make any impact on service delivery. Some 80 per cent of that increase, by the way, that I talked about—that is, 15,559 FTEs—has occurred in the key delivery areas of Education with 9,634 FTEs, Health with 3,640 FTEs and Police with 2,285 FTEs. So you are seeing the increase in service delivery areas: Education, and that means teachers; Health, and that means nurses; and others such as Police, and that means more police officers on the beat. I promised that we would increase the number of service delivery people, and that is exactly what we have done.

Recent publicity has focused on claims that the budget would include a plan to sack 1,000 public servants. There is no truth in those claims whatsoever. My government is committed to the maintenance of a strong professional Public Service. It is central to our vision of Queensland as the Smart State. We remain committed to our policy of employment security. What we are simply doing is offering people an opportunity to take a VER if they want to. As you know, we made an offer in relation to teachers. We had a number of interests in the public sector, and that is what we are doing here. From our point of view, it is simply good management. It will mean an opportunity for younger people to come in. This is part of revitalisation. I think any organisation, whether it is public or private, needs revitalisation from time to time. This will enable us to do that. It is too early in the process to confirm either the numbers of public servants who will express an interest or those who will be offered voluntary early retirements. That will be a decision for individual departments and, as I said, it will not impact on service delivery.

Mr HORAN: Can I just follow up on that. Outside of doctors, nurses, teachers and police—

Mr BEATTIE: Outside the key areas, yes.

Mr HORAN: We know they are service delivery, but in every other department you have people who do service delivery. You only have to look at the Department of Transport and the people who do the customer service over the counters and those sorts of things. If these 1,000 people go, are you basically saying that they are all performing tasks that are not required at the moment?

Mr BEATTIE: What I am saying is that this will be managed in a way where it will not impact on service delivery. As you can see from the figures I have quoted, there has been an increase in the public sector in Queensland in recent times. If you look back over the past 10 years, which covers a period when you were in government, you will notice that the Queensland public sector and the Northern Territory's are the only two that have increased in size and in other states they have been reduced. It is not a problem here. We are being very sensible about this.

Through the policy, my government is committed to the fact that permanent Public Service employees will not be forced into unemployment as a result of organisational change or changes in departmental priorities other than in exceptional circumstances. We have also declared that we will actively pursue retraining and development opportunities for any staff affected by changed employment arrangements. However, the government is aware that there is a degree of interest being expressed by some public servants about voluntary early retirement, known as VERs. In keeping with our broad work force management strategy to reinvigorate the Public Service, we have agreed to consider such requests.

There are a couple of important points that I want to make about this. First, there is no set quota and no-one will be forced to give up their job. The 'V' in VER stands for voluntary. Departments are currently seeking expressions of interest from those employees who would like to volunteer for early retirement. The decision at this point in the process is entirely one for individual employees. It is too early in the process to confirm either the numbers of public servants who will express interest or those who will be offered voluntary early retirements. That will be a decision for individual departments. There will be no impact on services to the people of Queensland. When considering expressions of interest received from employees, departments will have regard first and foremost to the need for services to be maintained. Early retirement will not be approved in situations where services would be negatively impacted. I want to stress that, and I will repeat it: early retirement will not be approved in situations where services would be negatively impacted.

While my government has a commitment to youth employment, this is not an exercise in separating older public servants whose corporate experience and intellectual capital is vital to agency performance. The process will be managed consistently across departments in accordance with the provisions of directive 27/99 on voluntary early retirement. The process will also observe agreed principles which emphasise that the realignment of employment levels and skills of employees should be consistent with existing work force planning activities and should be offered to achieve optimum work force profiles in agency operational units. Processes should ensure that service delivery is not adversely affected, particularly in regional areas, or where shared service delivery occurs. There is the critical need to retain intellectual property in the Public Service and the engagement of contractors to replace former employees is to be avoided. So we have thought it through. It works, and we are happy to keep you informed.

Mr HORAN: I refer to page 9-3, dot points 7 and 10 and page 9-6, dot points 1 and 12. These points refer to the officers' requirements to review and manage public sector units and employees.

Mr BEATTIE: That deals with continuing to review and develop whole-of-government policies, yes.

Mr HORAN: These points refer to the officers' requirements to review and manage public sector units and employees.

Mr BEATTIE: Contribute to development strategies, yes.

Mr HORAN: You would be familiar with the review of corporate service provision conducted by PriceWaterhouseCoopers for the Queensland government. Page 23 of that refers to 15,800 full-time equivalent government employees involved in corporate services. How many of these 16,000-odd public sector workers are being considered for the sack?

Mr BEATTIE: I am happy to take this question in terms of the line item. The corporate services review was one of a number of projects identified under the Aligning Services and

Priorities initiative. The object of this review is to improve the cost effectiveness of corporate service delivery and to maximise the government service delivery capacity while ensuring that the corporate services delivered reflect agency business needs. One of the greatest benefits from this project could be consolidating areas of corporate service expertise, resulting in improved service delivery and efficiency and increased staff opportunities for professional development. We will be consulting extensively in this project. I recognise the significant experience and expertise of public servants in corporate service delivery as well as the need to fully involve unions in the process. That is why we have started monthly meetings with the QPSU on the project.

The corporate services review ASAP team has been established by Queensland Treasury and under this individual project teams are considering a number of corporate service areas. Questions relating to the ASAP corporate service review, as you would probably appreciate, should be addressed to the Treasurer, but existing service-wide initiatives such as the ASAP corporate service review and Access Queensland roll-out are to proceed in accordance with existing processes and time frames. My government through its employment security policy has made a commitment to Queensland public sector employees that they will not be forced into unemployment as a result of organisational change or changes in departmental priorities other than in exceptional circumstances. So no-one is losing their job. My government's policy on the contracting out of government services confirms my commitment to maintaining public sector employment. This policy provides for contracting out only in limited circumstances and requires cabinet to approve all contracting out proposals that will have a significant impact on the public sector work force in terms of job losses.

In August 2001 I directed the Office of Public Service Merit and Equity to examine proposals by departments for organisational restructuring in consultation with DIR and to provide me with a brief. I will not go through any more of those other than to say that job security is guaranteed. This is simply about getting better government services. It is about using our brains to get better outcomes. I just say this to the Leader of the Opposition: you cannot stand still. This is a very ugly and competitive world. Whether you are dealing with the private sector or the public sector, you have got to expect outcomes and you have got to look at opportunities to improve how we provide corporate services, otherwise if we did not do that we would still all be sitting around with slates. We would not have computers; we would have it all on cards. This is about taking the public sector into the 21st century and keeping it there. As the Premier I am determined to have the best public sector. I think we have the best public sector, but I am determined to keep it that way. You cannot put your head in the sand. Reorganising corporate services to get a better outcome for government and the taxpayer is smart thinking.

Mr HORAN: On the first question that I asked you about the 1,000 positions to go, there does not seem to be any assessment of whether you had too many or not. There does not seem to be any plan relating to it. It all seems to flow on from the panic coming from a budget with continuing operating deficits. But this review of corporate service provision not only identifies 15,800 corporate service employees; it also says that savings of 20 per cent to 40 per cent could be made and that would obviously mean the bulk of that would be—

Mr BEATTIE: Where does it say that?

Mr HORAN: It says that in the document. I table the document.

Mr BEATTIE: What is the document?

Mr HORAN: The review of corporate service provision that was conducted for the department.

Mr BEATTIE: Can I see the page to which you are referring so I can respond appropriately to the question?

Mr HORAN: It is page 31 of that document. Does that then mean that you would be considering some 20 per cent to 40 per cent of staff cuts again on top of the 1,000 whom you have already indicated you will be cutting?

The CHAIR: Table the document and then show the Premier the page to which the member is referring.

Mr BEATTIE: We did this in a very open process. We consulted with the state public service union, and we did this in such a way because we wanted to involve them in the process. As a result of that consultation and openness obviously the matter became part of the public debate. I do not have a particular problem with that. I have already spelt out the approach on this. It is pretty simple. We are basically seeking expressions of interest. Each department will manage it. We will ensure that it does not affect service delivery and that we do not lose the knowledge or

intellectual capital of each department. We are talking about a thousand people, possibly. No number has been finally set. It depends on how many people come forward. It depends on what impact it has. As I have indicated, generally the numbers in the Public Service have gone up. Outside the Northern Territory, we are the only state—the Northern Territory is a territory, of course—we are the only state in Australia where numbers in the public sector have gone up. We have a capacity to do this. It is sensible. It is good management. It gives an opportunity for younger people to come in. It is part of the reinvigoration of the public sector. Corporate services is just about getting a better outcome.

In terms of the review of corporate service provision, the review documents were given to me. We get recommendations from people. We will have a look at each one. At the end of the day the government will make decisions on it. It talks in here about taking a strategic approach. That is exactly what we are doing. As the document says, if you have a piecemeal approach it results in suboptimal outcomes, and that is what we are avoiding here. Corporate service transformations typically release cost-benefits. We will just see what comes out of that. We have given a commitment to maintain that people will not be losing their jobs. What this basically means—what has been referred to me here—is that the benefits outweigh costs by 20 per cent to 40 per cent, not 20 per cent to 40 per cent job losses. That means a benefit to the taxpayer. I would have thought that the Leader of the Opposition and everyone else would be excited about a better outcome and to get a better outcome, particularly in relation to the benefits.

I ask the Leader of the Opposition to reflect on this for a minute. If we are going to get better outcomes, isn't that a good thing? If we are going to have more effective corporate services, isn't that a good thing? Who says that the current structure of corporate services in these departments is the font of all wisdom and that we should set it in cement and never change it for the next three centuries? That is pretty silly. You have to continue to ensure that we get the best outcome. Stage 2 of the corporate services review is currently under way, led by Treasury. They are going to report to CBRC in October on any opportunities on the outcomes. We will do all that. But we have given a guarantee that people will not lose their jobs. I am determined that this is going to be a government that keeps in touch with the 21st century and keeps moving forward. It is about innovation, innovation, innovation, innovation and innovation.

The CHAIR: A Smart State.

Mr BEATTIE: Absolutely—Smart State, absolutely.

Mr HORAN: It seems to me that, on an ad hoc basis, you have panicked because of the budget deficit and put out an instruction to all departments to make a contribution to getting rid of 1,000 employees. Each department was asked how many can they deliver up and they were offered the reward of half of the savings as an addition to their budget in the following financial year. On top of that there is the review of corporate service provision that is being conducted on behalf of the Queensland government and that has identified the number of employees in corporate services and says that savings of 20 per cent to 40 per cent could be made. But importantly, on page 15 it shows a corporate services transformation that moves towards increasing the amount of—

Mr BEATTIE: Page 15 of what?

Mr HORAN: Page 15 of that review that I tabled. It shows a big increase in decision support or executive function as against the transaction processing or operation—in other words, more chiefs and fewer indians. That must be of concern when we examine this budget. But in doing that, if you are looking at a plan to reduce the number of operational people or the transactional processing of operational people—the front-line function—does that mean that you are then going to privatise out that service delivery or operational processing of that part of the Public Service?

Mr BEATTIE: Let us start at the beginning here. It is a consultants' report; it is not a government document. My government makes the decision. We can take advice from wherever we like. We make the decision. I will seek advice from consultants. I will even take yours from time to time but, at the end of the day, we make the decision. That is the first thing.

The second thing is there is nothing ad hoc about this. This is a process where we actually say to each department, 'If you have people who want to go out on a voluntary'—and I underline the word 'voluntary'—'early retirement then you can put up a proposal and we will have a look at service delivery.' If it affects service delivery the answer is no. If it affects the knowledge of the department, which could affect its performance, the answer is no. But if there is an opportunity for valued people to take a voluntary early retirement then we will consider it. It is not unreasonable.

Think about this. We have had an increase in the Public Service. We are the only state in Australia in 10 years that has lifted the numbers. Other states have dropped them. We have lifted them. We are saying that across a Public Service of 150,000 plus we are offering 1,000 VERs provided they meet criteria and do not affect service delivery or government performance. You have to say to yourself: what is wrong with that? There is nothing wrong with that. That is sensible, good management. It is about reinvigoration and performance. It is about a better outcome from the public sector.

I make the point again that I want a government that is vibrant, I want a government that is active, and I want a government that is delivering. I will not accept any standards less than that. That is what governments should do. I am not here on holiday to cruise around in limousines. We are here to actually deliver for the people. I will deliver the best cost-effective, tax-effective—in terms of what taxpayers have to pay—service delivery machine that we can deliver. I make no excuse for that. I expect the best.

I just want to make the point that stage 2 of the corporate services review is currently being undertaken, led by Treasury. It will report in October. The project team in Treasury is guided by the heads of corporate services across all departments, seeking opportunities to do things smarter and in a more collaborative way. We are prepared to accept, Mike, that government can do things better. Since when was the government the font of all wisdom? It is not. Just because it has been done this way since Adam and Eve does not mean it is right. We are going to do it within the constraints that we have put forward, guaranteeing people job security. We are guaranteeing a better outcome for taxpayers. I make no apology for doing that.

What you said that page 15 reflects, it does not. This is a model which does not say what you said, nor does it say anything about private sector outsourcing. I have already indicated in an earlier answer what our position in relation to that is.

The review of corporate services has been and will continue to be undertaken in accordance with a number of principles, and I will share them with you: working in partnership with agencies to identify and thoroughly evaluate the opportunities, benefits and risks/costs of changing the way corporate services are delivered to ensure that the approach recommended to CBRC is robust; developing an understanding of the business operations of different agencies to ensure that the uniqueness of their operations is identified and understood; maximising opportunities to engage, inform and listen to stakeholders, in particular the heads of corporate services and the corporate services managers; building relationships with all stakeholders, in particular the heads of corporate services in agencies; building on trust and openness in the motives and possibilities arising out of the review; being a catalyst for change by providing agencies with options and the tools to help them realise cost-effective gains and, accordingly, to enable the government to benefit as a whole; maximising opportunities for win-wins for different stakeholders; and identifying the expectations of the outcomes from the review for all stakeholders by providing clear and timely information on the progress of this review. This is about better government performance. I expect that any government worth its salt would have the guts to do what we are doing. The alternative is to do nothing, which costs taxpayers money. That is not an option.

The CHAIR: The time for questions from non-government members has now expired. I call the member for Toowoomba North.

Mr SHINE: With respect to the Commission for Children and Young People, on page 2-2 of the MPS reference is made to the new Commission for Children and Young People Act 2000. It says that it provides added capability for the Commission for Children and Young People. Can you outline the sorts of initiatives that have been put in place in Queensland in this regard?

Mr BEATTIE: The answer to that is you bet. I know you share my concern about protecting children. This government in many senses is leading Australia in this area, and so we should. Queensland continues to lead the way in child protection reforms for children. In August 2000 the Commission for Children and Young People was transferred to my portfolio because I believe children deserve support at the top level of government. In February 2001 the new Commission for Children and Young People Act 2000 commenced, which provided for the establishment of the most empowered children's rights body in Australia—the most empowered in Australia. The new act empowers the commissioner to play a significant role in protecting children in Queensland. In particular, the commission has new employment screening, advocacy, advisory committee and community education functions, an expanded community visitor complaint handling policy and research functions.

The working with children check was extended to volunteers in child related employment in May this year. Queensland is the first Australian state to screen volunteers in child related

employment. Since the commencement of the criminal history checks of people seeking to work with children, the commission has issued 19,547 suitability cards. Criminal history checks are an important mechanism to ensure a person's suitability to work with children. However, there are a range of other mechanisms that should be adopted in child related employment to ensure that children are protected from harm. That is why the commission is also developing a Working with Children Kit for non-government agencies that will provide advice about best practice policies and procedures to ensure the suitability of people working with children. The kit will provide advice about appropriate ways to deal with allegations of child abuse and other inappropriate conduct towards children. In February this year the commissioner also wrote to the heads of the major religious institutions in this state offering to assist them in the development of their child protection policies. The commission's 23 community visitors across the state provide advocacy and support to children and in out-of-home and respite care facilities.

I should advise the committee of this—and I will provide a copy if I can find it—but, interestingly, a number of people were withdrawing applications knowing that this new check system was in place. That is very, very important. More than 100 people who applied for suitability cards to work with children withdrew from the process in the past 14 months, I am happy to advise the committee. Of 117 people who withdrew their applications, 41 decided not to proceed with further information about their criminal histories when it was sought by the Children's Commission. None of those 117 people can work with children in Queensland. Seven applicants have been prohibited from working in child related jobs. Our checks on adults who want to work with children started on 1 May last year for new, paid employees; from 1 February this year for self-employed people; and from 1 May this year for volunteers. Up to 30 June this year, 11,290 cards were issued to employees, 5,646 were issued to self-employed people, and 2,611 have been issued to volunteers. So what is happening is that people who know they have a problem are withdrawing; they are not applying any more. So we are getting rid of people who are a danger to children. The system is working. Those figures that I provide to the committee of those 117 people are clear evidence that we are now protecting children in a way that they have never, ever been protected in the history of this state before.

The CHAIR: Would you like to table that document?

Mr BEATTIE: Could I table that document for the information of the committee? I think that is very important.

The CHAIR: I call the member for Indooroopilly.

Mr LEE: My question relates to the working with children checks being undertaken by the Commission for Children and Young People. Page 2-3 of the MPS states that the commission has developed a Working with Children Kit for non-government organisations to provide information for agencies working with children about model policies and practices to ensure the suitability of people working with children and to otherwise create child friendly work environments. Why has this kit been developed, and what type of organisations would be most likely to use the kit?

Mr BEATTIE: I thank the member for his question. The Commission for Children and Young People is developing a Working with Children Kit for non-government organisations. I made some reference to this before but I will give more detail, because this is important. It will complement the commission's function of conducting criminal history checks for child related employment. The commission recognises that, while criminal history checks are important in determining a person's suitability to work with children, they are only one component of an effective strategy to promote work practices to protect children.

The Working with Children Kit responds to the need of organisations working with children. Over recent years the commission has been contacted by an increasing number of organisations actively seeking guidance on what they should do when faced with allegations of abuse or other inappropriate conduct towards children. The kit is also being developed in response to recommendation 14 of the Project Axis report, which states that the commission be given responsibility to develop and provide education and training for community groups and organisations involved in child related employment, as well as an ongoing advisory service in relation to all aspects of effective employment screening, complaints handling and child protection issues more generally.

The Working with Children Kit will include model policies and procedures to assist organisations respond to allegations of inappropriate conduct towards children in a way that protects the rights, interests and wellbeing of children. The kit will also promote work practices that protect children from harm and will include specific advice on creating a child-friendly work

environment; what constitutes child abuse and other inappropriate conduct; selection processes for choosing suitable people to work with children; pre-employment checks, including criminal history and other background checks; training, supervision and management of staff, including volunteers; and an appropriate way to respond to and the establishment of systems to deal with allegations of abuse or other inappropriate conduct. The kit may also be used by any organisation working with children, including schools; sporting and recreation groups; commercial enterprises and businesses, including the child minding, entertainment and modelling industries; charity organisations; local government; and community groups.

An advisory committee with representatives from government, the child protection sector and peak community organisations that work with children has been established to provide advice to the Commissioner for Children and Young People on generic issues about child protection and child related employment which should be covered in the kit, common scenarios community groups and organisations working with children may have to deal with, and the suggested style and format of the kit and associated training. It is anticipated that the input of the advisory committee will result in the development of a comprehensive and highly practical Working with Children Kit that can be utilised by a diverse range of organisations. The kit will be completed in August 2002 and training on the kit is planned for October and November 2002. What that detail says is that we are out there educating the community and taking the community with us. There is nothing more important than our children. I think Robin Sullivan is doing an excellent job.

Mr SHINE: Page 9-6 of the MPS states that one of the future developments of the Office of Public Service Merit and Equity is to review and develop whole-of-government policies and programs in relation to work force capability building. With the increased capability of technology, could you please indicate if any work is being undertaken to develop IT based learning programs for members of the Public Service?

Mr BEATTIE: I thank the member for Toowoomba North for the question. During the past financial year the government spent \$450,000 on the development of the Government Online Learning Delivery portal—money well spent. This gives effect to an election commitment I made to support the Smart State vision by renewing the Public Service through the implementation of an online college. This exciting development offers flexible online learning for public servants all over Queensland. We have to take our people with us—give them the skills and the opportunities to ensure that they are part of a culture of innovation within the public sector. That is what we are delivering here. That is the point of all the changes we have been talking about. All of the questions from the Leader of the Opposition relate to a new spirit of innovation. We have a great Public Service. We are making it greater.

As I said, this exciting development offers flexible, online learning for public servants all over Queensland. The GOLD portal provides an entry point on the World Wide Web for public servants to access a growing range of learning modules provided through TAFE Queensland Online. Public servants can access GOLD regardless of location 24 hours a day—learning at their leisure.

GOLD contributes to the Smart State by making better use of available technology to increase the availability of learning. It also provides an opportunity to further develop work being done by TAFE Queensland Online, which will have wider application. The project provides significant whole-of-government benefits and the opportunity over time to make considerable savings in the development of learning materials. It is also entirely consistent with my government's approach to integrated service delivery. TAFE Queensland is playing a key role in developing the technical infrastructure for the project in line with the three-year plan. Year 1 of the plan is complete. I expect to formally launch the GOLD portal in the very near future.

Significant work has also been undertaken to develop online learning materials for use in the new environment. Initially this is being done to support the training opportunities contained in departments' certified agreements. Of particular note at this stage is that the financial management stream from the Diploma of Government is being delivered through the GOLD portal in conjunction with Queensland Treasury and the Southbank Institute of TAFE. Over the next two years of the life of the project further infrastructure development will occur, together with significant work to develop training projects which will be available through GOLD. \$300,000 is allocated in 2002-03 and 2003-04.

You can see that we are going places. In fact, tonight I am attending a function here to present the yearly Premier's Departmental Achievement Awards to the public sector. They are designed to encourage excellence in performance. As I said before, we have a good Public Service. What we are about is improving its opportunities to learn and skill. We are looking at areas that need improvement, such as the delivery of corporate services, but doing it in a way

such that people's jobs are guaranteed. This is a better outcome for Queenslanders. This is a smart approach for the Smart State.

Mr CHOI: Equal employment opportunity is an issue on which the public sector must demonstrate leadership. I am sure you share my view on this issue. On page 9-4 of the MPS the Office of Public Service Merit and Equity mentions that it has progressed the development of an EEO best practice strategy and a strategic diversity framework for the Queensland public sector. Could you please elaborate on this strategy and outline when this strategy is expected to be released.

Mr BEATTIE: I thank the member for the question. *Diversity at work: an employment framework for people of diverse backgrounds in the Queensland Public Service* was endorsed by cabinet in July 2001. The framework focuses on employment issues for people of diverse language and cultural backgrounds. Similar frameworks were planned for women, Aboriginal and Torres Strait Islander people and people with a disability. However, as the strategic intent, the background principles and the introduction of information for each of the frameworks are identical. The four frameworks have been incorporated into one strategic EEO best practice strategic framework. This new document is titled *Employment equity best practice strategy* and it includes a strategic EEO framework which links employment equity with the achievement of my government's key priorities of valuing the environment, more jobs for Queenslanders, safe and more supportive communities, community engagement and building Queensland's regions.

Two key components of the framework include best practice strategies which agencies can utilise to assist them to meet employment targets and the showcasing of positive practice EEO initiatives across the sector. Best practice EEO strategies showcased in the framework include cultural awareness training, targeted recruitment strategies, targeted career development strategies, incorporation of EEO performance indicators and senior management performance agreements, clear reporting guidelines within agencies and targeted development opportunities. The EEO best practice framework will be released to agencies on 30 July 2002. A broader diversity framework is currently being developed by the Office of Public Service Merit and Equity. This new diversity framework goes beyond employment equity target groups and addresses differences more broadly.

Realistically, this is about fairness, equity, equal opportunity, multiculturalism, a diverse society and recognising that in the public sector. This is about taking the make-up of Queensland and reflecting that in the public sector. That is what is so important. The Equal Opportunity in Public Employment Act 1992 requires all agencies to develop and implement equal employment opportunity management plans. Agency plans must enable target group members to compete for recruitment, selection, promotion and transfer and pursue careers in the agency and other agencies as effectively as non-target group members. That is what it is all about. I think it is sensible.

As I said before, I think we have a great Public Service. In fact from time to time, if you look at the history of this state, you have to say thank heavens for the Public Service because some of the governments were not up to it. Thank God the Public Service was. What we are trying to do these days is ensure that government as well as the public sector are up to it. To give the public sector the skills you have to make changes. You have to give them opportunity. You have to make sure that the public sector is representative. You put that energy into the public sector. That is part of what this is designed to do and will do.

The CHAIR: As a mother of three children I am very aware that an increasingly emergent issue in all spheres of work, including our own as elected representatives, is to manage a balance between our work and family responsibilities.

Mr BEATTIE: If only you and I could get that right.

The CHAIR: I only wish. I note with interest that on page 9-4 of the MPS the Office of Public Service Merit and Equity contributed to the ministerial task force into work and family issues. Could you please provide to the committee some more details regarding this task force and the Office of Public Service Merit and Equity's role in this task force.

Mr BEATTIE: I thank the chair for the question. My comment was a bit light-hearted, but we all know from personal experience that trying to balance work and home is very, very difficult. The most reliable vote Mike Horan has in the next election is probably that of my wife, who would actually like to see a lot more of me. So would my kids. We all know what a challenge it is at our level, and that applies across the work force.

Cabinet established a ministerial task force on work and family in November 2001, fulfilling an election commitment I gave to progress work and family issues under the Putting Families First policy document. The task force is expected to report to the Industrial Relations Minister by the end of 2002. The role of the task force is to examine current legislation on work and family matters, to consider reports, submissions and surveys on work and family both from within Australia and from overseas, and to develop a family friendly action plan for Queensland.

The terms of reference of the task force are: to review Queensland and Australian legislation, such as the industrial relations and anti-discrimination acts; to identify impediments to progressing work and family matters and issues that may require legislative amendment; to examine the contents and recommendations of relevant reports, submissions and surveys; and to develop a family friendly action plan. The task force consists of representatives from unions, employer organisations, community groups, independent experts and government.

The task force will engage in a public consultation process in July and August 2002, which will include the publication of an issues paper inviting written submissions from interested persons and organisations, stakeholder consultation forums and an Internet response facility. Members of the task force are wide, including Peter Henneken, DG from DIR; Rachel Hunter, Public Service Commissioner; and so on. There are representatives from Commerce Queensland, Australian Industry Group, retailers, AWU, Nurses Union and Queensland Council of Unions. At the end of all of that we are hopeful of getting a better approach.

One of the things I think we have to be very mindful of is women in the work force. There is currently a public debate about maternity leave. Over 50 per cent of the population are women. It would be ridiculous for any society to waste the brains of a significant percentage of the work force—that is, women—by not diversifying work practices. It needs to be done sensibly but in a way such that when women are going through maternity leave they have an opportunity to be productive in the work environment if they want. That is a challenge for everybody. It is a challenge for the private sector and a challenge for government. It seems to me that just because a woman leaves the work force for a period of time to have a baby it does not mean she should be isolated from the work force or denied opportunities. We cannot deny our brains and, as I said, 50 per cent or over of our work force are women. We need to ensure that we utilise and give those women opportunities, if they wish to be in productive employment.

Mr LEE: Page 9-5 of MPS states that the Office of the Public Service Commissioner commenced a cross-agency mobility program for senior executives and for managers. What is the purpose of the program and how far across the public sector does this program extend?

Mr BEATTIE: I should say at the outset that I am impressed with the work being done by Rachel Hunter, the Public Service Commissioner. I think that she is doing an excellent job. But let me deal particularly with this question. The senior executive and senior officer pilot mobility program arises from a recommendation from the Office of Public Service Merit and Equity leadership program evaluation report in 2000 that the chief executive, supported by the Office of Public Service Merit and Equity, sponsor an interchange program to support mobility for SES and senior officers. This is not a program that is going to be welcomed with warmth in every area of the public sector. But this is about developing skills, developing in leadership within the public sector—a versatility in employment opportunity where people can be employed across government. That is important for developing the innovative culture, the Smart State culture, that we are seeking to do within government.

Based on this recommendation, a chief executive officer reference group was established to oversee the development of a senior executive leadership and performance framework. The reference group endorsed the senior executive and senior officer pilot mobility program as a key strategy of this framework in July 2001. The purpose of the pilot is to trial processes of mobility within the aims of establishing a sustainable model of mobility across the Queensland public sector and promoting a whole-of-government senior executive capability.

The target group for the pilot mobility program is AO 8 to SES 3 level officers. That is where we are going. Mobility placements will generally be of six months' duration. Nineteen agencies expressed an interest in participating, but all other agencies asked to be kept informed. They will be kept informed. Eighteen nominees form the pool for the pilot, with 10 of these taking up placements in May 2002. Three more placements are still under discussion.

For the pilot, regions were not specifically targeted although three regional staff did nominate. The program was successful in placing the Mount Isa nominee into a position in Brisbane. Eleven departments have participated in the pilot, including Premier and Cabinet, Primary Industries, the Queensland Audit Office, Public Works, Employment and Training,

Queensland Transport, Environmental Protection Agency, Natural Resources and Mines, Innovation and Information Economy, Sport and Recreation Queensland, Queensland Health, and Local Government and Planning.

Can I just say in conclusion, because I know all areas of the Public Service will read what is said here at estimates, I just give a very clear message to the whole Public Service that this mobility is going to happen. This is about developing skills. This is about versatility. It is about innovation. It is about the Smart State. I expect every department to participate and I expect this to be working. This will be one of the achievements of my government. No-one should be under any misapprehension about my determination in delivering this mobility at the top levels of the public sector.

The CHAIR: Thank you. The time for questions from the government members has now expired. I call the member for Gladstone.

Mrs LIZ CUNNINGHAM: Mr Premier, when answering my question on notice No. 1, you chose not to give any details. That was with regard to the cost of publications. You stated that I should ask for specific publication costs. I do not know the titles of all your printed material and I actually hoped that you did. Your answer implies that you are either unaware of the extent of the brochures, et cetera, that are prepared by the Department of the Premier and Cabinet and their specific costs or you are unwilling to divulge that. I ask: are all publications paid through the department's accounts? If so, would not those publications and their costs be easily retrieved?

Mr BEATTIE: There were two questions that were asked. What I was basically saying—and I say this to the member for Gladstone—in my answer is if the member cares to ask about the cost of printing specific publications, I would be more than happy to provide the answer. However, to collect and collate information on every publication, at least during 2001-02, would require a vast amount of work, diverting officers and funding away from the provision of essential services and I am not prepared to do that. Likewise, in relation to 2002-03, if the member cares to ask for the cost of printing specific publications planned for that period, I would be happy to provide that as well.

When we came to the issue of advertising, which is a parallel question—there was one question on notice about it—you will notice that I gave an indication of what some of them were in page after page, line after line of detail. I do that simply to be accountable. Obviously, there must have been some publications that the honourable member had in mind. I am happy to provide responses, but if I were to do that—because that is the next question—for every government department of everything that they do, it would simply be a huge burden. I was trying to save public servants being taken off other service delivery areas. But if you want to provide me with any particular publications, I am happy to go off and get that material. I am happy to have another look at that, if that is what you want. But if you could be more specific, it would assist us.

Mrs LIZ CUNNINGHAM: I thought that it was specific. I was merely asking for—

Mr BEATTIE: Every printing thing.

Mrs LIZ CUNNINGHAM: No, the brochures that you have printed from the Department of the Premier and Trade. I do not get access to all of them because I live in the regions. We had three or four circulated in the chamber that were glossy publications.

Mr BEATTIE: The ones that I tabled. I will tell you what I will do. Can I make this offer to the member for Gladstone? I am happy for a senior officer in my department to get all of the material together and to show those to you. If there is any particular cost on any one, then I am happy to provide that and I am happy to make an officer available to do that. Otherwise, we have to go off and get every single publication. We have community engagement divisions that put out material all the time. I think that is the most sensible way to do it and I make that offer to you. We have nothing to hide here; I am just trying to save some money for my department. I will get the director-general of my department, who is sitting here, to make contact with your office and we will set aside an officer. Did you ask something in relation to the community engagement division?

Mrs LIZ CUNNINGHAM: No, I asked in relation to the Department of the Premier and Cabinet. But in regard to the second part of the question—what budget has been allocated for the same area for 2002-03—you have asked for me to name the publications. I do not know your publications ahead of time, but I would have thought that you would have had a budget line item for the printing and publication of brochures.

Mr BEATTIE: The answer to that is that we have, obviously, an idea of cost, but it depends on what is happening at the particular time. Sometimes we will make decisions and we will fund those internally within the department. If there is a particular need, for example, say an issue

arises in Gladstone where you have a particular matter relating to one of the developments in your electorate—and this is a good one because so much is happening there with Comalco and other projects—and you raised with me a particular need to inform the community about a particular side effect or benefit, or whatever, as a result of your request we may well produce a particular publication for distribution. Sitting here today, I do not know that, but that may be something that comes up through the year.

Obviously, in those circumstances we have a capacity to deal with that and we have a reserve which is put aside to deal with those sorts of issues. But can I just give you one area that may be of assistance to you. Take, for example, the community engagement division. The community engagement division was established to work with communities, government and business to identify and develop effective methods of engagement and enhance the level of public participation in government decision making. The cost of production of the directions statement, including printing and preparation, was \$6,775.77. Five thousand two hundred copies were printed and most have been distributed across Queensland and also to interested groups nationally and internationally. The statement is available on the DPC's web site.

Publication—and this was my worry—is very broad. It includes MPs, statement of affairs, annual reports, CHOGM, traffic management plans. Some publications are funded from the program budget, like breast cancer screening—those sorts of things. I have Women in my responsibility. They produce a huge amount of material.

Mrs LIZ CUNNINGHAM: Careful.

Mr BEATTIE: I am being careful. I would always be very careful. But you can imagine that they produce all sorts of little brochures. Some of them are small in circulation. They may produce 100 or 200 in an area. All I was trying to do was get to some idea of what you wanted.

Can I suggest, because we do want to be accountable and I know that you are genuine about this, that the director-general will get one of his senior staff to approach your office and ask you to come in one day, if you do you not mind, and we will go through each of the sections of the department and we will provide you with the details of each publication of that area and cost.

Mrs LIZ CUNNINGHAM: Thank you.

Mr HORAN: I would like to turn to performance bonuses.

Mr BEATTIE: I knew this was coming. I am surprised that it took so long. It is now five to 12. I expected this a bit earlier, but better late than never.

Mr HORAN: I am pleased that the pressure that we put on you last year—

Mr BEATTIE: Absolutely.

Mr HORAN: It took you 12 months.

Mr BEATTIE: I rolled over, put my feet up and said, 'That's it. You've got me.'

Mr HORAN: The question with regard to performance bonuses is: can you provide the details—and I presume that this might have to be on notice—of which CEOs and which other staff received a performance bonus for the last financial year? What was the monetary value of those bonuses for each respective CEO? What were the performance targets that they had to meet?

Mr BEATTIE: As you know, the Auditor-General—and he has indicated this recently—has established a process. As I have already indicated, he has reported that he is happy with the process that we are following on bonuses. He established a system for accountability. As you know, I am committed to making the quantum of annual bonus payments available and I have kept that commitment. For the first time the Public Service Commissioner published the total amount paid to CEOs for the 1999-2000 period in the 2000-01 annual report. That amount was \$462,114.30. So, is the total amount available for public accountability? Yes, it is. Where is it reported? It is reported in parliament, where it should be reported. The total amount is available and it is on the public record. The total amount of payments for the 2000-01 year will be published in her 2001-02 report.

I announced on Sunday—and I had made a decision some time ago to do this. I notice that there is some suggestion that it was as a result of some *Sunday Mail* report and you are taking credit for it. Everybody seems to want to take the credit. All I simply say is that everybody should not flatter themselves. The purpose of establishing the bonus scheme was to establish a culture of innovation and performance delivery. When we came to government we inherited dad's army. I did not want dad's army; I wanted the brains necessary to run a modern government. That is what we have got and that is what bonuses were about. Those bonuses have succeeded in achieving that. I had intended to announce this in the lead-up to estimates and I made that

decision some time ago. I did it on Sunday. I have indicated that for future contracts they will not include a bonus. I have indicated that, when I get an opportunity, I am happy to talk to the existing DGs about the current scheme and their contracts.

As I have said before, the initial contracts that we gave were for five years. The contracts that are being renewed—and that has been the case for a while now and I have indicated this—are going to be three years. So the new contracts are three years with options for two, but in essence, they are three years. We started with five, because I wanted security and certainty. I do not care who claims a win on this. Mike, you can go out and claim a win. Frankly, I am not interested. What I am interested in is good government. These bonuses have served their purpose. They have delivered what we have wanted—what I have wanted as Premier on behalf of the people. The reality now is that they have served their purpose and the new contracts, when they are renewed, will not contain them. I will have a discussion with existing DGs about the current scheme. Am I going to spell out each individual payment? No, I am not. I made it clear from the beginning that that would be disruptive. I have released the total amount. I think that is appropriate.

Mr HORAN: On that same topic, we have had concerns about a number of things. For example, a predecessor to the current director-general, did he get a performance bonus for the footbridge blowing out from \$13 million to \$29 million? We were concerned last year, as you remember, when asking about the Department of Families—

Mr BEATTIE: He has left. Let me give you a guarantee: he will not be getting any bonuses ever again.

Mr HORAN: Did he take the bridge bonus with him? The Department of Families—we were concerned about the 3,000 children on the waiting list for assessment for care and protection. Given the change in policy that you have regarding CEOs and others who have been on performance bonuses, if I were to lodge an FOI application on these secret bonuses tomorrow, can you assure me that you will not put the documents through cabinet again after I lodge the FOI application like you did on 28 November last year? I would like to table the documents that tell that sorry tale. We would like to find out some information about how many years run on these various contracts, what the cost will be, what the targets have been and whether they were achieved.

Mr BEATTIE: If I recall correctly, I thought we had put on the Net—and I will double check this—the various principles. Did we put that on the net?

Ms HUNTER: The policy, yes.

Mr BEATTIE: It has been on the Net for a while and we have published it in a very open sense. If you want to know what the criteria are and whether they have been met, I hate to tell you this, but it has been on the Net for a while. I am happy to send someone down to show you how to access it and where it is, if you want, but it is on the Net and I urge your staff to go and have a look at it.

Mr HORAN: You do not have to be so—

Mr BEATTIE: Oh, come on. The reality with all this is—

Mr JOHNSON: Premier—

Mr BEATTIE: Listen. You will get your chance in a minute.

Mr Johnson interjected.

Mr BEATTIE: You were not here earlier for some of the business. Are you finished? Can I just say in relation to Mr Horan's question that all the Leader of the Opposition is interested in here is a bit of political nonsense. When he was the Minister for Health, he approved the renewal of a contract for the current DG for Health which included significant bonuses. If you did not like the bonus scheme, why did you pay them to Robert Stable? You paid them to Robert Stable because he was worth it, and it is hypocritical of you to sit here—

Mr HORAN: I did it because you approached me personally—

Mr BEATTIE: Hang on. It is my time to answer the question. I have had two interruptions.

Mr HORAN: You asked me to honour the contracts that had been put in place.

The CHAIR: Order! The Premier is able to answer the question without interruption.

Mr BEATTIE: Thank you. Let us get back to the point. You approved the renewal of the contract. You had an opportunity, but it was ticked off on 15 November 1996 and you were the Minister for Health at the time. I stopped being the Minister for Health on 19 February 1996. You

ticked it off. At the end of the day, if you did not want it, you could have done something about it and you did not. Why? Because it was a good contract, it was sensible and it included bonuses. If it was good enough to do while you were Minister for Health, I fail to see why there is something wrong with what we did while we were in government. There is nothing wrong with it. This was about a sensible scheme which served its purpose.

You can put in whatever FOI applications you like—that is entirely a matter for you—and the normal rules will apply in relation to those. As I have indicated to you before, I report to the CBRC—the Cabinet Budget Review Committee—on the individual bonuses and the normal report will go there. As I have indicated, the bonus scheme is going to end, it is finished, and I will be seeking to negotiate, where possible, the exit out of existing contracts. I said that yesterday and I have said that publicly. You have had your 55 cents worth about it. The bonus scheme is gone. You have claimed credit for its exit, on the one hand, and now you want to pursue it, on the other. You are entitled to do that but, as I said to you, the CBRC will get my normal report. That is where I am accountable in relation to these bonuses, and I am not going to pull back from my requirement to be accountable to the cabinet budget review process simply because you have put in an FOI. I have released all the details publicly. Bonuses are finished.

Mr HORAN: My next question is about the staffing levels in your department, and I do want to respond to what you just said about the Director-General of Health. As you will remember, you approached me on a personal basis at the change of government saying that you had appointed him and put in place this particular system and you asked me if I would honour that—which I did. You referred to later in the year when the contract was renewed. I approved it because what we inherited from you was a whole lot of motherhood generalisations and we put it down to some specific targets that had to be achieved that were hard and concrete.

Mr BEATTIE: I congratulate you.

Mr HORAN: It was in response to a personal request from you that I honoured that.

Mr BEATTIE: That's true, and I congratulate you on improving the contract, including the bonuses. You did very well.

Mr HORAN: The question I was asking you was about the staffing levels of your department, which are estimated to be 810. The previous year they were 877. The reason for the drop, of course, is the transfer of two sections. The administration of the Public Service and the management and employment of the Public Service has been transferred to the Office of the Public Service Commissioner. Also, you have transferred the too-hard part, the native title segment. It has got too hard and you have given a hospital-pass to your ministerial colleague and sent it over to DNR&M.

Mr BEATTIE: Now, now.

Mr HORAN: That is the reason why it has dropped down. What concerns me and what, I think, concerns a lot of people in this state is what you call your 'Community Engagement Division' and what most people in this state call your propaganda department. That department has increased from 170 to 180, and Events, Protocol and Communications has increased from 46 to 52. My question to you is: if you take a snapshot of the last few weeks—that is, the health crisis, the fishing and marine industry concerns, the problems that Agforce have identified, the recent Cubbie Station problem, the 15 per cent rebate on land tax that there was no consultation about—

Mr BEATTIE: Is this a speech or a question?

Mr HORAN: The reduction in—

Mr BEATTIE: Look, I am happy for you to make a speech.

Mr HORAN: It is about the lack of consultation.

Mr BEATTIE: I do not want to interrupt you.

Mr HORAN: Is this Community Engagement Division really about consultation or is it really just your propaganda unit that produces all the brochures and so forth that Liz Cunningham referred to?

Mr BEATTIE: All right. I would not mind an extension, if needed, to answer this. Can I say at the beginning that the Leader of the Opposition is quite correct: I did ask him to honour my contract with the current Director-General of Health. The reason for that was because I had just gone through a process to find the best and he was the best. The actual terms of the contract were a matter for the minister. I want to congratulate him because he enhanced that contract—and that was a good thing to do—and recognised that bonuses are important. He did

that. He recognised the need to enhance the contract and I want to put on public record my admiration for his skill and his judgment in recognising that contract, including its bonuses.

Now, let us get back to 1-6. Mike, can you just go to page 1-6? The number of staff, if you have a look at it, is 504. If you look below that, it has 'Administered'. That includes staff from ministerial offices and the Office of the Leader of the Opposition. I have to say that your staff do not work for me, although sometimes one could be forgiven for thinking they do. They do not. Staff in the ministerial offices and the Office of the Leader of the Opposition are 237. Right? Then for corporate services provided to other agencies, 69. It is not true to say that 810 people work for me. You cannot take the bottom figure unless you are saying that your staff work for me and the staff of every other minister work for me. The true figure here is 504. Let us clear that nonsense up right at the beginning.

Now, let me deal with the detail. In terms of the figures, you will see from my MPS that my department size is now 504, and this compares with 582 in 2001-02. As I have stated previously, my department varies in size depending on need within the dynamic environment in which we operate. Premiers Departments around Australia vary in shape and function, depending on the issues and priorities they are addressing. My department is unique because it has a Community Engagement Division which embodies the government's focus on ensuring that whatever we do in George Street is geared to the needs and ambitions of communities across the state.

My approach for the Department of the Premier and Cabinet is to kick-start work on complex and multi-dimensional policy areas. Once the policy area is sufficiently developed, the team is transferred to an appropriate department for ongoing implementation. That is what happened with Native Title Services. Native Titles Services is very difficult. I took it in to negotiate, and I will always look at native title. I have talked to the mining industry about that already. If we can do better on that, we will, but that is what happened there.

In terms of community engagement, I just ask you to reflect about this privately. I know about the hurly-burly of politics, but a Community Engagement Division is important for any government. If you ever led a government, one of the things that you would want with your National Party inheritance is to ensure that the bush gets a go and that the regions get a go. This Community Engagement Division is designed specifically to do that. This is to remind my government on a day-to-day basis that the bush and the regions are important.

In terms of the Cubbie Station, I will have a bit to say about that tomorrow. We will be briefing stakeholders and we will have a bit to say about a range of issues to do with water and tree clearing. I know this is a good political football and I understand what is being played here, but I want to make sure that land use for future generations is there for your kids and your grandkids as well as for every other Queenslanders. I will have a bit more to say about the Cubbie Station tomorrow—although if you want to ask me questions, I am happy to respond even though it is totally outside anything to do with what I am accountable for here. Being a generous spirited person, I am happy to answer it.

The CHAIR: The time for questions from non-government members has now expired. I call the member for Capalaba.

Mr CHOI: Premier, I read with interest on page 6-4 of your MPS about international trade development. Under 'Output' it states that one recent achievement is that indigenous communities' business development has been supported through the production of art catalogues and through profiling indigenous artists to the international marketplace.

Mr BEATTIE: Absolutely

Mr CHOI: Can you please provide the committee with some more specific details of what activities have been undertaken to promote indigenous art in Queensland.

Mr BEATTIE: I have a particular passion for this because we are trying to give indigenous people an opportunity and you have to find ways to do that which are meaningful. We have had tokenism for 200 years and it has failed. This is about giving them business opportunities; this is about going back to their art and their culture. My government is committed to the implementation of recommendations included in numerous indigenous reports citing the need to overcome welfare dependency by focusing on opportunities for indigenous communities to generate sustainable income and employment.

We have a string of strategies here. We have a ten-year strategy for indigenous people and we have the Cape York partnership, but art is one of the ways that will make a difference. We established a unit initially within the Department of Aboriginal affairs and we took a representative

from Native Title who had a particular interest in this area. That unit has now been transferred into the Department of Trade and has my personal commitment.

I am happy to tell you today that indigenous artists in the communities are reaping benefits from the indigenous arts initiative. They have sold \$80,000 worth of paintings and sculptures. It is their money. Isn't it wonderful that indigenous people have been given this opportunity? We are using the Department of Trade to take it to the world. When I was in the United States recently, a lot of the gifts we gave were indigenous sculptures with a reference to indigenous artists on it. We are about giving them something real, something that enables them to be proud of what they do.

I am delighted with the results of the government's indigenous art promotion project, which is delivering income, business skills and economic opportunities to Aboriginal and Torres Strait Islander people. In the project's first year, artists' work was showcased in a superb book, *Gatherings*, in an exhibition of the same name as part of the CHOGM 2001 peoples festival, which proceeded despite the postponement of CHOGM, and through the Aurukun sculpture project which displayed a collection at CHOGM 2002. Sales from the *Gatherings* catalogue have so far totalled about \$40,000—that is the catalogue of all the art—and the Aurukun sculptures have also gathered another \$40,000.

Adding to the good news which I am delighted to release in this particular week, NAIDOC week, some of these works have gone to overseas buyers, increasing the global recognition of Queensland indigenous art. Buyers include the Aboriginal Art Museum in Utrecht, Holland, the University of Queensland and the National Museum of Australia. A bit later on, during the lunch break, I will be signing a particular agreement with ATSIC about working together and getting better cooperation. What I have said to ATSIC and what I have said for some time is that this is the way ahead, to give indigenous people an opportunity to earn a living and have a real change.

I have a news release attached to this and I want to table it for the information of the committee because this community involvement with indigenous people is the way forward and I am proud of what this project has achieved. I want to thank Marion Demozay and the Department of Trade for achieving it.

Mr LEE: The Smart State strategy in Queensland encompasses a wide array of activities and it will strengthen Queensland's economy and increase Queensland's prominence in the world trade arena. Page 6-1 gives an overview of Queensland's export environment. I would like to ask what has Queensland's export performance been like over the year and what initiatives will be put into place to assure our trading future?

Mr BEATTIE: Let us start at the beginning, which is always a good place to start. My government has been about broadening the base of the community here, which has been too narrow. We have needed to get IT and biotech, to be innovative in primary industries and mining, which is what AMC is all about, and Comalco, Virgin, Australian Airlines. It is about diversification, broadening the economy, using our brains, which is what the Smart State is all about.

One of the shortcomings we had was in trade. The bottom line is that in terms of exports, while we had some great exporters, we were not up to the average that we should have been when you looked at population and all those sorts of issues. We were very heavy in coal, which was terrific, but we needed to broaden our export culture. That has been one of the priorities that we have pursued and that is why I have taken the responsibility of trade myself, because I want to broaden trade opportunities. We have been doing that and we have been aggressive about it.

Look at the results. Total exports for the year 2001 were an impressive \$29 billion. The value of Queensland's merchandise exports for the financial year to April 2002 was up 11.7 per cent when compared to the same period in 2001. This compares with Australia wide export growth of only 3.18 per cent. The state's merchandise exports have increased by \$2.1 billion compared with the same period in 2000-01. Exports to our major trading partners have also experienced solid growth over the year to April 2002, especially to Japan with an increase of 6.5 per cent, to India with an increase of 35.16 per cent, and to South Korea with an increase of 20.28 per cent.

Coal exports recorded the strongest growth, with an increase of 25.76 per cent. Other major items to note include a 4.5 per cent growth in meat exports. There have been problems in meat; we all know that. We sent Henry and a number of other people overseas to try to improve that situation. There was an impressive 17.99 per cent growth in manufactured goods. We have never been that brilliant in manufacturing, but we are getting better—and real quick. As expected, services exports declined for the year to December 2001 by four per cent. There was an expectation that services exports would fall dramatically after September 11 and the demise of Ansett Airlines, given that tourism accounts for a substantial component of the export of services.

The modest fall is indicative of the strength of the services sector in Queensland. Services account for 18.23 per cent of the state's total exports. Queensland's top five export destinations for the year to April 2001 were: Japan with \$A5.265 billion in Queensland exports, or a 6.5 per cent increase over the previous year—there were some two years where it was up by 20 per cent; Republic of Korea, up 20.28 per cent; and exports to the United States were up significantly. We are significantly improving exports. We have a way to go, but we are getting there.

Mr SHINE: I refer the Premier to the Queensland Events Corporation section of the MPS and to the section under Grants and Subsidies on page 4-9. I note that the estimate of actual expense under this heading in 2001-02 was \$7,363,000 and that the estimated expense for 2002-03 has been increased to \$10,098,000. Can the Premier comment on the success or otherwise of these grants and subsidies that were allocated to regional areas of Queensland, for example to the Australian Gospel Music Festival in Toowoomba?

Mr BEATTIE: You bet I can, and the member knows this first hand because Toowoomba got a lot of money first up. One event the member mentioned was one of the beneficiaries, as it should have been. This was about taking events to the regions. It means that we value all parts of the state, not just Brisbane. The Queensland Events Corporation regional development program was an election commitment; now it is a reality. The program was launched in Townsville in June 2001. It has been a great success. A number of regional events have been funded through this program, including the Australian Gospel Music Festival. The member and I were in Toowoomba when we announced the success of that. The Toowoomba Chamber of Commerce, the Queensland Police Service and the churches of Toowoomba established the Australian Gospel Music Festival in 1999. In 2002 the Queensland Events Corporation regional development program supported the festival by providing \$25,000 in round one. This support was provided for interstate marketing. The festival was held from 29 to 31 March this year and involved over 600 gospel music artists. The festival was attended by 30,000 people, a 20 per cent increase over the 2001 attendance. So, the promotion obviously worked. The increase in attendance translated to a 160 per cent increase in ticket sales and a 210 per cent increase in the purchase of three-day passes compared to 2001 sales. The event was successful. The survey conducted by the University of Southern Queensland indicated that visitors stayed for an average of 2.4 days and generated an estimated expenditure of \$2.1 million, which is great for Toowoomba.

This event is a good example of the sort of events that QEC is funding through the regional development program. Others include the Cooktown Discovery Festival, the Ginger Flower Festival in Yandina on the Sunshine Coast, the Greek Festival in Townsville, the Australian-Italian Festival in Ingham, and the list goes on. The Queensland Events Corporation administers the regional development program through its secretariat based in Townsville, which continues to reinforce my government's commitment to regional Queensland. With \$3 million over three years, the program focuses on events that increase local economic activity and development, enhance the appeal of the destination in which they are staged and enhance the visitor experience. To date, there have been two funding rounds conducted and event development funds of between \$5,000 and \$25,000 have been provided to support a total of 39 events right across regional Queensland. In round one, 84 submissions were received and in round two 154 applications were received. Regional Queensland now has the largest program of supported events of any state in Australia, and four rounds of the program remain. With the further two rounds of funding scheduled for 2002-03 it is anticipated that an additional 30 to 40 regional events will be successful with their application for funding. I should add quickly that round three is now accepting submissions and will close on August 9 for announcement in October 2002. I should mention that Telstra Countrywide came on board. In Mackay last week I announced that it would put \$100,000 into this program for 2003 and 2004. Telstra Countrywide has come on side as well. I had better not say the 'private sector', otherwise I am sure there will be some argument between the National Party and the Labor Party about that!

Mr SHINE: I refer to page 1-10 of the MPS and to the heading Policy Advice, Coordination and Cabinet Support. With respect to the liability insurance task force, which it is indicated will continue to work by developing risk management training and education packages for small business and community organisations, will the risk management training be extended to doctors in hospitals as a measure to lessen the enormous number of negligent acts or omissions?

Mr BEATTIE: The Queensland government has acted decisively to introduce a range of coordinated, integrated strategies in response to the insurance crisis affecting Australian communities and obviously services. These strategies include reforms to the common law and a group purchasing arrangement for community not-for-profit organisations, which should be up and

running by about September. The government introduced into parliament the Personal Injuries Proceedings Bill. The bill is the first stage of common law reforms designed to encourage the insurance industry to provide more affordable insurance premiums for the community. The bill includes reforms to legal advertising, limits on legal costs, protection for good samaritans, time limits on claims and streamlining of legal proceedings. The bill represents a first step in the reform process and we will be examining further reforms in the near future. That depends on what comes out of the meetings of Treasurers next month. No-one should be under any misapprehension about the magnitude of the problem here. I get regular briefs on this because of the issue. I met with the AMAQ one Saturday for about four and a half hours because of some of the issues. There is a real problem. A number of insurers have withdrawn from this area. I have received a departmental brief just a couple of days ago. I will just share this with the committee to highlight the problem facing all governments in Australia. A number of insurers have withdrawn from providing professional indemnity insurance. For example, the number of insurers providing professional indemnity insurance to accounting firms has dropped from 37 to five in the past six months. It is possible that these insurers will not re-enter the market until obviously there are further reforms interstate and until other states follow the lead that we are pursuing here. That is accounting. No-one has had any public debate about it. That is one of the issues confronting us. One can understand the problem. I think that HIH has a huge amount to answer for here. APRA's incompetence in not monitoring HIH will have a devastating effect on all Australians. I hope that inquiry actually gets to the bottom of this, because HIH affected our international reputation when it took insurance and reinsurance offshore. It means that a lot of overseas insurers are not prepared to deal with us anymore. That is what is happening with the withdrawal of insurers here for accountants. This is a huge problem. We have addressed it. There is more to be done, but we have tackled it head-on and will continue to do so. The big problem now in some areas is actually finding any insurer or enough insurers to provide the competition to keep premiums down.

Mr CHOI: On page 1-8 the MPS states under Policy Advice, Coordination and Cabinet Support that Queensland Education and Training International has been established to oversee the implementation of the Queensland education and training export strategy. What are the aims of the strategy, and what outcomes are expected as a result of the strategy being introduced?

Mr BEATTIE: I certainly can answer this question, because this again is part of the government's Smart State strategy. This again is about innovation. This is about taking exports to the world. I add to what I said before about the need to advance the export culture here. We are developing one but we need to take every opportunity to do it in new areas. Education is a new area and an opportunity to do it. Again, until recent times we were not up to the national standard when it came to tackling this issue head-on in the markets of Asia in particular, markets that the member and I have talked about in another time, in another life. In June 2001 my government adopted the Queensland education and training strategy with the aim of doubling the revenue from the export of education and training services over the next five years to \$1 billion per annum. Currently, close to 30,000 international students study in Queensland. These international students support more than 5,000 direct jobs and make a significant contribution to the economy of Queensland. People have to remember that one in five jobs statewide depend on exports and that in the regions it is one in four. That is where the jobs are; that is where the future is; that is where the growth is.

This education strategy is being implemented by the Queensland Education and Training Export Board, supported by Queensland Education and Training International and a dedicated task force located within the Department of the Premier and Cabinet. The strategy takes a whole of industry approach to expanding the export of Queensland education and training services, combined with strong government leadership, unified marketing and branding and attention to the development of quality products and services at world's best practice. Implementation of this strategy is another concrete step in the development of Queensland as the Smart State and sets the platform for Queensland to be the provider of choice internationally for world class education and training services. We have the quality of life; we have the cost structure right. We have to promote ourselves to the world. Now we are doing it. We did not; we are.

The board consists of a wide cross-section of the education community. They have met and endorsed the concrete plan for action. A set of priority markets and activities have been agreed to for the first 12 months of the initiative. The government will invest over \$7.5 million over the five-year life of the strategy, with a considerable proportion of these funds being matched on a dollar for dollar basis by industry to further the strategy's implementation. Towards the end of the five-year period, responsibility for continuing the work of the board and task force will fall to the education and training scheme. Board members have been appointed for a term of two years to

December 2003. When I was in Hong Kong recently on behalf of the University of Southern Queensland, which the members for Toowoomba North and Toowoomba South would have an interest in, they developed a particular relationship with the local college there. The University of Southern Queensland is doing great things in the export market, as are other universities like the University of Queensland, QUT, Griffith, et cetera. But we have to encourage them. We have to support them, and that is what we are doing. We have to take education to the world. It means jobs. Look at the thousands of jobs already there. More jobs are available there. Education fits in with lifestyle. It is part of the Smart State. Finally we are doing it and doing it well.

Mr HORAN: I refer to question on notice No. 6 regarding the \$2 billion in public moneys spent on the Southbank precinct and continual capital works undertaken at the parklands since 1997. Will the Premier explain why independent rent reviews on individual businesses undertaken in the past six to 12 months have recommended that rents drop by 30 to 40 per cent? Why would rents drop by almost half when construction and redevelopment within the parklands is supposedly nearing completion? What affect will this have on the value of this wonderful public asset?

Mr BEATTIE: Indeed it is. Let me take up where the Leader of the Opposition left off. This is a wonderful public asset. At one point on the weekend about 35,000 people were there enjoying the sun and the beauty of Brisbane—and so they should. With the added benefit of the pedestrian bridge, they find it easier to get there as well. We are about redeveloping the heart of Brisbane. I make no apology for saying that. In February 2000 the board of Southbank Corporation in consultation with my government engaged retail specialists Byvan Limited to manage approximately 30 retail tenancies throughout the parklands. Byvan Limited has implemented a number of initiatives to assist retailers with the operations of their businesses, including food services training. A comprehensive marketing program has complemented these operational benefits. Programs include movie meal deals, free parking promotions and incentives for locals. A small group of Southbank tenants has been running a campaign through the media, claiming their businesses are hurting, fighting for further compensation. Southbank Corporation has paid almost \$1 million in compensation to tenants for the 1998 redevelopment. Not all tenants applied for or accepted offers for compensation. Southbank Corporation commissioned an independent report to investigate the practices of Southbank Corporation management in relation to commercial dealings with tenants. The Arthur Andersen report found Southbank Corporation to be commercially responsible.

Captain Cold—Mr Carroll has been granted an extension of his lease until 31 July to allow him time to obtain a purchaser. These are some of the people who raised complaints. Cafe San Marco—an independent rent review was conducted at Cafe San Marco in February 2002. The corporation's lawyers have advised Cafe San Marco that it rejects the rental determination on the basis that it was not carried out in accordance with the agreement between the parties and contained a number of significant factual and other errors. The corporation is working on a new way forward, including a revitalised termination. Cafe San Marco was one of the businesses that was granted substantial compensation in application for the 1998 master plan work. Contrary to the recent claims in the press that there was no recognition of the impact, they were paid compensation.

There is one other issue that I want to mention. Carl Weily was on television last night, and you indicated publicly that you were going to raise matters here. Carl recently sold his hotel, I think he said on radio, for \$1.2 million.

An audience member interjected.

Mr BEATTIE: Didn't you? Okay. I thought you did. But I will mention one thing: Carl did receive significant compensation. He was paid \$228,000 as part of the compensation. That was done because South Bank needed to ensure that people were given assistance. He was paid \$148,000 in cash, released on 31 December 1998. That was when it was closed for construction. There was another \$80,000 for capital costs, which was paid in late 2000 or early 2001.

An audience member interjected.

Mr BEATTIE: I am happy to give all of the facts. \$228,000 was paid in compensation to Carl Weily. I do not have any problem with that. I think he should have been paid that. I fully support it. I do not have any problem with that. He should have been. That is the system that South Bank introduced to make sure that people were appropriately compensated.

Mr HORAN: My next question is in relation to the output of financial performance for international trade development. From page 6-8 I note that the increase in the estimated actual

and the 2002-03 estimate for employee expenses, supplies and services is principally due to increased costs associated with Queensland Government trade and investment offices and project costs, and I ask: what were the budgeted salary and expenses for Mr Gibbs in his position as trade commissioner and what was the actual spending incurred? I am asking for the budgeted salary and expenses for 2001-02 and the actual spending incurred.

Mr BEATTIE: Let me say at the beginning that in the current climate these trade offices will cost more. The reason for that is very simple. You do not need to be an intellectual giant to work this one out. The rate of the Australian dollar, having slipped from about 65c or 66c down to the low fifties—it is around 55c today I think—indicates that if you have an office in Tokyo it costs a bomb and if you have offices in Los Angeles and London they cost money. They cost huge amounts of money. If you put on a reception in Tokyo, which former Premier Rob Borbidge did, and which I do on an annual basis—they cost a fortune. But that is a significant result of the value of the Australian dollar. You cannot do anything about it, other than to close the offices. We are not going to close Tokyo and we are not going to close Osaka, because they are in our biggest market. Nor are we going to close Los Angeles and London.

I noted with some interest that the other day the federal government appointed the former Liberal Premier of South Australia to a United States appointment. I thought John Olsen's appointment to the United States by the Howard government was just as sound as my appointment of Bob Gibbs. I think both of them were right and incisive. They enable the skills that you develop as a minister to be utilised effectively on behalf of the country from which you come. I know John Olsen well. I get on with John Olsen quite well. I know he is different politically from me, but he will do a great job in the United States in the same way that Bob Gibbs did. In terms of individual expenses, I am happy to go through these. I do not have time to go through each individual office other than to say that they are run frugally and appropriately.

Mr HORAN: I asked about one.

Mr BEATTIE: I will come back to LA. But expenses have gone up. They will increase because of the rate of the Australian dollar. No-one in this room or nation at this point, with the exception perhaps of the federal government, can do it.

As you know, we have got a number of people appointed. We appointed Sallyanne Atkinson, Mike Ahern and Bob Gibbs, all of whom have been delivering very well. I thank the three of them for putting in a significant effort on behalf of Queensland.

In terms of any expenses by Bob Gibbs, they are appropriate. In heading up the Americas, his role is to foster and advance trade and investment. His conditions of employment are aligned to the Public Service Act. His expenses have been no different from anyone else's. The office relocated from the central city in Los Angeles to downtown Los Angeles in August 2001 at a total one-off cost of \$A55,000. I officially opened that on 19 March 2002. The reason we did so is that we could get cheaper rent and in the long run that would save us money.

Mr HORAN: Would you be able to give us on notice the amount of his salary and expenses for 2001-02 and 2002-03, as I asked? Could we get that on notice?

Mr BEATTIE: If that is a question, I am happy to go through it.

Mr HORAN: I asked the question; it has not been answered.

The CHAIR: Would you like to put that question on notice?

Mr HORAN: I asked whether that detail could be provided on notice.

Mr BEATTIE: I do not have it with me now. Whatever we have normally published in the past we will publish; whatever we have not published in the past we will not. I am happy to provide the committee with whatever we have published in the past in relation to these matters. Your next question?

Mr HORAN: That is the question that I asked; it was about the salary and expenses.

Mr BEATTIE: You wanted to move on. If you want to move on, move on.

Mr HORAN: In relation to the Office of Women, I note from your response to estimates question on notice No. 3 that the base funding for the Office of Women has altered little since you came to government in 1998.

Mr BEATTIE: I think it has gone down a little bit.

Mr HORAN: It has stagnated at about \$2 million a year under your ever-expanding Community Engagement Division.

Mr BEATTIE: Sorry, Mike. I think it has gone down a little bit actually.

Mr HORAN: I refer to page 1-19 and to the Office of Women and note that full-time equivalent staff positions will be reduced from 33 positions in 2001-02 to just 22 in 2002-03—a 33 per cent reduction in staff numbers. Can you tell us how you plan to cull 11 full-time positions in one year? Is this effectively a downgrading of the Office of Women to put people into the Community Engagement Division?

Mr BEATTIE: No. As I have indicated, from time to time we will conduct reorganisations of departments and sectors within departments to get a better outcome. This is what we are doing in relation to the Office of Women. It is being incorporated as part of the role of the Community Engagement Division. I think that is a smart move. I think that will enhance its role and produce a better outcome. The Office of Women's 2002-03 budget is lower than 2001-02 mainly due to the cessation of limited life funding of \$1 million for domestic violence programs which was transferred to the Department of Families. \$1 million is allocated in 2002-03 to the Department of Families to continue the program. \$1 million has gone out of there to another department. I think it is the appropriate department to deliver on the program for domestic violence.

Wholesale change to the structure of the Community Engagement Division, CED, is not under consideration. I want to make that clear. Existing units, such as the Office for Women, Multicultural Affairs Queensland, Crime Prevention Queensland and Regional Communities will continue, as will the functions they currently perform and services they currently provide. Any changes will be funded from within the existing resources of the division. However, there will be some reorganisation at the senior management level, with some changes to responsibilities and reporting arrangements. There will also be some changes to the working arrangements within the division to enhance collaboration and provide the capability for a broad range of community engagement outcomes.

It is absolutely important that from time to time we have changes. That is going to happen. No organisation stands still. Organisations that stand still die. The Leader of the Opposition will understand that. In late 2002, Queensland cabinet endorsed the development of a Strategic Framework for Policy Directions for Women and Girls in the Smart State. The Office of Women within my department is leading the initiative to develop a strategic agenda for Queensland women and girls. The agenda goes on. The program for women is being delivered. There will be some changes. They are not going to be terribly dramatic. We have moved Domestic Violence over to Families, which is where it ought to be. As I said before in answer to one of your other questions, we will from time to time in government take on programs to ensure that they are being done and then they will be moved on.

Premiers is not normally a line agency. Premier and Cabinet has an overall coordination role. When it comes to matters of great importance, such as native title, I will take them in, as I did, for four years to get them as right as you can get them and then move them on. The same goes for other issues such as domestic violence. Yes, there are some reorganisations going on. They are not significant, but they are appropriate to get a better outcome.

Mr HORAN: In relation to the Children's Commissioner, in the last budget there was a target of 50,000 screening applications to be undertaken. I think the number achieved was 30,000. This year it has been dropped out; there is no target this year. Can I have the reason for that? Also, last year I asked about the number of children on the wait list for care and assessment. These are children in danger of sexual and physical abuse. There were some 3,000 last year. What has the Children's Commissioner been able to do about that waiting list in getting it reduced and what is the waiting list at the moment?

Mr BEATTIE: The Working with Children Check, which is what you referred to, to ascertain the suitability of people seeking to work in child related employment commenced on 1 May 2000 for new paid employees, from 1 February 2002 for self-employed people, and from 1 May 2002 for volunteers. The Working with Children Check was developed in partnership with an advisory committee—representatives from the child related employment sector—which provided valuable solutions and insight into issues regarding screening paid employees and volunteers.

From 1 May 2001 to 30 June 2002, 19,547 suitability cards were issued. Of these, 11,290 have been issued to new paid employees. Obviously, checks have been done on these people. Some 5,646 have been issued to self-employed persons carrying on certain child related businesses. Some 2,611 have been issued to volunteers. Employment screening is required for six different categories: residential facilities, 609 cards issued; school boarding facilities, 156 cards issued; school employees other than teachers, 9,954 cards issued; churches, clubs and associations involving children, 3,089 cards issued; counselling and support services, 2,391 cards issued; and private teaching, coaching and tutoring, 3,348 cards issued. Obviously, before they

are issued checks are made. If you add them up, you get the total number checked. The average period for processing applications is: where no criminal history exists, 14 working days from the receipt of an application to the issuing of a suitability notice to an employee; where a criminal history is recorded, four to six weeks from the receipt of an application to the issue of a notice, suitable or unsuitable, during which time the applicant may commence work.

It should be noted, however, that since the commencement of screening for volunteers on 1 May 2002 some delays are currently occurring due to the large number of volunteers in child related employment. That is understandable. We are screening everybody at the beginning, and you are going to have some delays the first time around. However, once these initial applications have been processed, the numbers of applications are likely to decrease in a few months and plateau until suitability cards are due for renewal in two years time.

Mr HORAN: Could I ask that that document be tabled?

Mr BEATTIE: Absolutely; in fact, I have got more. Can I suggest that it might be better to incorporate it in *Hansard*? I think everyone should see this. It deals with the 117 applicants that have withdrawn. It deals with the commission web site, which recorded 700,000 hits. I seek your permission to have that incorporated in *Hansard*.

The CHAIR: Leave is granted.

EMPLOYMENT SCREENING—WORKING WITH CHILDREN CHECK

KEY POINTS

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 churches, clubs and associations involving children—3,089 cards issued
 counselling and support services—2,391 cards issued
 private teaching, coaching or tutoring—3,348 cards issued

The average period for processing applications is:

- where no criminal history exists—14 working days from the receipt of an application to the issuing of a suitability notice to an employee
- where a criminal history is recorded—4-6 weeks from the receipt of an application to the issuing of a notice (suitable or unsuitable) during which time the applicant may commence work.

It should be noted, however, that since the commencement of screening for volunteers on 1 May 2002, some delays are currently occurring due to the large numbers of volunteers in child related employment. Once these initial applications have been processed, however, numbers of applications are likely to decrease in the next few months and plateau until suitability cards are due for renewal in 2 years time.

The longest assessment has taken four months during which time criminal history information was gathered from police and other agencies. The person to whom the criminal history related was provided with an opportunity to make submissions and the information was assessed in accordance with legislative requirements.

Seven applicants have been prohibited from working in child related employment.

117 applicants have withdrawn their applications which means that they cannot commence work in child related employment without a suitability card.

Of these 117 applicants, 41 decided not to proceed when further information was sought by the Commission in relation to their criminal histories.

Two potential workers have appealed the issue of a negative notice. One of the appeals was successful and resulted in the withdrawal of the negative notice and the issue of a positive notice. The other appeal is currently before the Children Services Tribunal.

The Commission's website has recorded over 700,000 hits to the Employment Screening pages and the Commission has provided over 30,000 information kits to relevant organisations and individuals requiring screening. This information is currently being translated into eight languages.

The Commission has conducted two major media campaigns to assist in introducing the Working with Children Check and its officers have made over 50 presentations at major conferences and seminars for organisations whose members require screening.

The Commission has had 23 media contacts during 2001-02 relating to the Working with Children Check.

The Commission employs 21 FTE staff to undertake its employment screening function, of which 15 are temporary staff who have been engaged to accommodate the estimated 100,000 volunteers to be screened from 1 May 2002.

Since the extension of the State Government's Working with Children Check to volunteers working with children, which commenced on 1 May 2002, an additional 28 staff (2 permanent, 26 temporary) are being employed by the Commission for Children and Young People to process the anticipated 100,000 applications for Blue Cards for volunteers. This will bring the total staff employed for the Working with Children Check to 36.

The cost of the program for the 2001-02 financial year was \$863,000. The projected costs for the following four years is: \$2,965,000* (2002-03); \$3,033,000 (2003-04); \$3,043,000 (2004- 5); and \$3,083,000 (2005-06).

Mr BEATTIE: Going back to your question, which was about the 140,000, this measure has been replaced. The new measure of 130,000 is the number of applications received. If you look at 2-4 and go over to 2-5, you will see that it states—

New measure introduced to highlight the number of applications received. Given that some applications are only partially processed, some applications withdraw consent for the check.

That is why there is a difference. If you look at 2-4, 140,000, and go along to dot point 4 and 2-5 you will see the answer.

Mr HORAN: Can I have the answer to that part of the question about the number of children on the waiting list for assessment as information provided to the committee either in writing, or on notice?

Mr BEATTIE: I thought we had answered it all. What are you missing?

Mr HORAN: We have run out of time now.

Mr BEATTIE: Do you mean what I referred to?

Mr HORAN: No, the part about how many children are on the waiting list for assessment for care and protection. Could I have that in writing? Time has run out now.

Mr SALMON: That is a different issue altogether.

Mr HORAN: I know it is. That is why I had two parts to the question.

Mr BEATTIE: If you get it to us, we will send it to you.

The CHAIR: We can take that as a question on notice.

Mr BEATTIE: Can we deal with it now so that you have got it?

Mr SALMON: It is a separate issue. In terms of the working with children check, the applications come from the employers not the children.

Mr HORAN: It is the children who need care assessment for care and protection who are at risk of physical and sexual abuse. There are two parts to the question.

Mr SALMON: In terms of the work of the Commission for Children and Young People, that issue is an issue for the Department of Families. It is not an issue for the Commission for Children and Young People. A focus of our work is responding to complaints and issues along those lines. In terms of assessments and waiting lists, I would like that to be referred to the Department of Families.

Mr HORAN: I asked the question last year: what is the point of having a Children's Commissioner if you have those long waiting lists and the children are not getting the care and protection in a timely fashion. It is the role of the Children's Commissioner to get rid of those waiting lists or bring it to the attention of your department to get rid of those waiting lists.

Mr BEATTIE: We could not understand what the second part of your question was because it did not make sense. If you want—and these are matters to be pursued with the minister—I am happy to assist you, because this is about trying to assist you. If that is the issue, I am happy to take it on board. If you spell out now what you want, I am happy to take it on board and provide the answer to this committee, even though it is not within my portfolio. What do you actually want?

Mr HORAN: I want the waiting list of children who require assessment for care and protection who are at risk of sexual and physical abuse. There are about three categories and I spoke about it at estimates last year because I believe that the Children's Commissioner should be overseeing that.

Mr BEATTIE: Actually, it might be better if you just asked the Minister for Families that question. Are you on that committee? You probably are not. Bearing in mind that that is the nature of it, I think it should be directed to the Minister for Families.

The CHAIR: The committee has resolved that non-committee members may also attend this public hearing to ask questions of the Premier. I call the member for Robina.

Mr QUINN: I refer to page 1-43 of the MPS. This is the one dealing with the numbers of ministerial staff. You know of my deep and abiding interest in this particular topic.

Mr BEATTIE: I do!

Mr QUINN: Does this figure include the electorate-based ministerial staff and, if not, how many electorate-based ministerial staff are there and out of whose budget are they being paid?

Mr BEATTIE: Ministerial officers are 211. It does not include parliamentary secretaries, it does not include opposition, but it would include ministerial staff. I will double check that. Looking at the figures that I have been provided with, I believe that it does. I will double check and I will advise the committee if it is different. However, my assessment is that the 211, which is the estimated figure, does include ministerial staff. If it does not, I will let you know. I have taken advice and the answer is no, there are not any.

Mr QUINN: There are not any electorate based ministerial staff?

Mr BEATTIE: Electorate based ministerial staff. There is provision for them but apparently at the moment there is none, I am advised, is that correct? My staff are nodding their heads but I will double check that and come back.

Mr QUINN: If there are no electorate based ministerial staff, do ministers in their own electorate offices have the same number of staff as non-government members?

Mr BEATTIE: I do. I have one electorate secretary. I do not have a ministerial staff member in my office. In the first government—this is why I was a little confused earlier—I made some provision for country members to have an extra support staff member in addition to the electorate officer, but I do not and city members do not. However, there were some arrangements that I understand existed when you were a minister as well so there is nothing new about them. Apparently there are not any at the moment. I will double check because I do not really recall off the top of my head whether there are or there are not. I am advised that there is not. There are staff provided by the parliament but I will double check to be sure about it.

Mr QUINN: The question then is how many staff are provided by parliament to ministers in their electorate offices?

Mr BEATTIE: Apparently I changed it when I made changes to MP staffing arrangements so they do not exist anymore. That is right, I cancelled them all. That is right; I was lousy. You reminded me. I am such a lousy sod that I took them all way. Don't tell the ministers! That is right; they were scrapped. I remember the negotiations now. There are none so it would include the lot. There are none; we scrapped them this term. Do you remember we did the negotiations about extra electorate staff, which is now run by parliament and not run by me? That is right; we scrapped them. There are none; that is quite right.

Mr QUINN: So the ministers have the same electorate staff as non-government members?

Mr BEATTIE: That is right. See what is sod I am! They didn't used to. In the first term when they had the one, ministers in country areas and in some regional centres had an additional staff member. I scrapped that, I remember now, for cost savings. It would have been unfair to you had we kept it. I remember, I was thinking of you clearly at the time.

Mr QUINN: You are far too generous!

Mr BEATTIE: I would have been thinking of Bob. It would have been a Bob strategy!

Mr QUINN: Your generosity makes me even more suspicious!

Mr BEATTIE: And me, too, since I have trouble remembering it. But that is what happened. We used to but we do not anymore.

Mr QUINN: Can I refer you across the page to 1-42, and this is the expenses by office. I am not only referring to ministerial expenses, I am also referring to general Public Service expenses. Late last year you said that you hoped that the government would save some \$5 million on travel. With the new policy—

The CHAIR: Excuse me, member for Robina, we are well and truly into the question time for government members. We will start our questions. Just before I do that Premier, I just wanted to clarify that you did agree to take a question on notice from member for Toowoomba South regarding the actual salary and expenses of the Trade Commissioner to North America in 2001-02?

Mr BEATTIE: Yes, what I have agreed to do, and I think that we should be clear about this because I do not want to mislead the committee, is whatever has been publicly released before

will be released, but if it has not been released before we will not release it. Off the top of my head, I do not know what is releasable and what is not within the commercial arrangements, but whatever we have released previously we will release again.

The CHAIR: I have a question from page 1-18 of the MPS which refers to where the government and executive services will participate in planning for a Science in Parliament day, which I am very much looking forward to and is already in my diary since this will encourage dialogue between scientists and members of parliament on scientific issues. I understand that this concept is part of a Smart State initiative. Can the Premier elaborate for the committee what this initiative will entail?

Mr BEATTIE: I sure can. The inaugural Science in Parliament day will be held on Tuesday, 20 August. This is about bringing Smart State science to parliament, educating parliamentarians about science and valuing science. The purpose of the day, which occurs during National Science Week, is to encourage dialogue between leaders of our research communities and parliamentarians. The event will be mutually beneficial enabling politicians to enhance their understanding of science while scientists will gain a better understanding of the legislative process.

The Queensland event will be modelled on an event that is run successfully for Commonwealth parliamentarians by the Federation of Australian Scientists and Technologists Society. During Science in Parliament day each parliamentarian will have a 20-minute meeting with a pair of scientists. Dr Baker, the Chief Scientist, has sent some 200 invitations to scientists from industry, university, government, the Australian Institute of Marine Science, cooperative research centres and the CSIRO. The initial response has been enthusiastic and encouraging. Similar invitations have been sent to all members of parliament. Officers from the Department of Primary Industry, Office of the Chief Scientist, Premier and Cabinet, Executive Services, State Development and Innovation and Information Economy have progressed planning for the Queensland program. Costs associated with the running of this event have been met by the Department of Primary Industries. The Parliamentary Service is providing support for the event through the involvement of a parliamentary education officer who is conducting sessions for the scientists on the parliamentary process and the provision of rooms for the meetings between scientists and members of parliament.

It is exciting. It is the first time that the Queensland parliament has ever done it. I know that Lawrence Springborg, along with Anna Bligh and Paul Lucas are involved in addressing the meeting at lunchtime. I am formally opening it on the morning when parliament is sitting. I think it is important. If we are going to be the Smart State we have to value science. We have to value research and value innovation. I think it is very, very exciting.

The CHAIR: I can assure you that many backbenchers are very eager to meet with the scientists.

Mr BEATTIE: I will mention one other thing since we have 58 seconds left here. I refer to a matter raised earlier in today's hearing about the leaking in the public domain of legal advice on the appointment of the Queensland Thoroughbred Racing Board that was prepared by the Crown Solicitor. My office has checked with the Office of the Attorney-General, Rod Welford, and I can now provide additional information to the committee. The matter was referred to the Crime and Misconduct Commission by a senior member of staff of the Department of Justice and Attorney-General on 17 April this year, a day before a similar referral was made to the CMC by the Leader of the Opposition. I table a copy of that letter for the information of the committee.

Mr LEE: I know you are very keen on promoting Queensland as the Smart State so you will probably be pleased to know that a group of students who started at Nudgee Junior College won the international future problem solvers competition in Connecticut in the United States recently.

Mr BEATTIE: Hear, hear!

Mr LEE: I refer to a recent press release in which you referred to international collaborations and how they are designed to enhance the development and the coordination of Queensland's relationships with international governments and organisations to advance your government's strategic priorities and maximise the economic, social, cultural and environmental benefits to Queensland. Recent achievements include student and teacher exchange programs with the United States of America and several Queensland universities. I note from your department's MPS on pages 1-15 and 1-16 that considerable activity is under way in this area. Can you tell the committee how this is being coordinated across government?

Mr BEATTIE: I sure can. The International Collaborations Branch establishes and maintains a formal network of contacts across government to ensure a coordinated approach to the provision of strategic advice and the development of targeted relationships with international governments and organisations. The development of a consistent process of communication for coordinating advice through the network has ensured that key government, non-government and communities stakeholders are consulted and are able to provide timely input into proposed international collaborations. A recent survey of the network was conducted to assess agency interests and identify opportunities for the development of strategies to articulate and coordinate international collaborations that support the achievements of the government's priorities. Through the network, strategic linkages and ongoing collaborative arrangements have been made with key external stakeholders including Queensland universities, cooperative research centres, tourism bodies, chambers of commerce, local government and the legal fraternity

Introduction of best practice guidelines for developing collaborations and network training and participation in meetings of key international visitors have increased the awareness of the value of international collaborations to further develop goals and Smart State initiatives. Introduction of the network and guidelines for developing international collaborations represent international best practice in the development and provision of strategic whole-of-government advice on Queensland international collaboration policy strategy and priorities. This is again about taking Queensland to the world. I appreciate your interest. I know that you have an interest in a range of international matters and with your heritage that is not surprising. International collaborations are important. We have a directorate that sets out to achieve that and we will do it wherever we can. One of the things that we have to do as a state, and indeed that we have to do effectively as a nation, is remember that we are part of the world. We have to be smart to take advantage of it. We have to take the best and make it better and then take it to the world. That is where the jobs are. In every area of collaboration and cooperation there are benefits. What we have done with the Smithsonian, for example, is an achievement that other states and other countries have been unable to achieve. I do not say that with any sense of bravado but rather to say that is the direction ahead.

International collaborations are important. To some extent, too often in Australia we just think that we live in the lucky country and the world will come to us—and it won't. It is a pretty ugly world out there and we have to be smart enough to take advantage of it. Things do change and we have got to continue to work to ensure that there are cultural changes. I notice that even in the industrial relations area, which is an area of reluctant change, today I see that the *Courier-Mail* is very supportive of the union movement and it has been supporting the Nurses Union very strongly, and I think that is good. I think that is encouraging. Twenty-five years ago we would never have seen that change. We have had a cultural change now and I welcome that support for the union movement by the *Courier-Mail*. I think all union leaders would be delighted with that because I certainly am as Leader of the Labor Party.

The CHAIR: The time allocated for consideration of the estimates of expenditure for the portfolio of the Premier and Minister for Trade has now expired. On behalf of Estimates Committee A, I thank the Premier and his officers and advisers for their attendance and assistance today in the examination of the estimates of expenditure for the portfolio of the Premier and Minister for Trade.

For the information of those attending today, the transcripts for this portfolio will be available on the parliament's web site within approximately two hours. The committee will now adjourn for lunch and the hearing will resume at 2 p.m. to examine proposed expenditure for the portfolio of the Deputy Premier, Treasurer and Minister for Sport.

Mr JOHNSON: Premier, my leader Mike Horan has asked me to convey to you and to your director-generals and staff his thanks for the time and effort that has been put in here today. I just want to place that on the record on his behalf.

Mr BEATTIE: I thank him and say that Vaughan Johnson has always been a gentleman ever since I knew him.

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

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 D. Keeler, Chief Financial Officer

Mr C. Turnbull, Executive Director, Corporate Services

Sport

Mr S. Flavell, Director-General

Mr C. Matheson, Executive Director, Corporate and Executive Services

Dr J. Glaister, Executive Director, Sport and Recreation, Queensland

The CHAIR: The Estimates Committee A hearing will now resume. I welcome the Deputy Premier, public officials and members of the public. The committee will now examine the estimates of expenditure for the portfolio of the Deputy Premier, Treasurer and Minister for Sport. This session will also include the expenditure estimates of the Treasury Department. I welcome the Deputy Premier. I would like to introduce the members of Estimates Committee A. I am Margaret Keech, the member for Albert and chair of the committee. My fellow committee members are Mike Horan, the member for Toowoomba South and Deputy Chair; Vaughan Johnson, who will be joining us soon, the member for Gregory; and Liz Cunningham, the member for Gladstone. The government members of the committee are Kerry Shine, the member for Toowoomba North; Michael Choi, the member for Capalaba; and Ronan Lee, the member for Indooroopilly.

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 at the end of these time limits. An extension of time may be given with the consent of the questioner. For the benefit of Hansard, I ask departmental officers to identify themselves if the Deputy Premier refers them to answer a question. I now declare that the proposed expenditure for the portfolio of the Deputy Premier, Treasurer and Minister for Sport open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Deputy Premier, you may choose to now make an introductory statement in relation to your portfolio or you can proceed directly to questioning. If you do wish to make a statement, the committee asks that you kindly limit it to three minutes.

Mr MACKENROTH: Thank you, Madam Chair. I would like to correct a question on notice—that is, opposition question No. 9 asked by the member for Gladstone. There was one incorrect figure in that answer. Under 'new assets purchased' the answer that was given to you for network assets was \$26,052.95. The correct figure was \$75,983.22. I table a copy of the correct answer. It is a difference of about \$50,000, but I think for the record it should be corrected.

The CHAIR: Thank you, Deputy Premier. We will now start with questions from non-government members. I call the member for Toowoomba South.

Mr HORAN: Treasurer, I refer to your answer to my question on notice No. 7 where you provide the rates of return invested by the state by the Queensland Investment Corporation on a month-by-month breakdown from July 2001 to May 2002. I also refer to an article published in the *Financial Review* on 21 February which headlined 'Queensland budget heading back to the black'. I quote from that article where you said that you expected returns from the Queensland Investment Corporation to rise to eight per cent by September from an expected low of five per cent. I also note that these comments were made in parliament on 20 February. Treasurer, at no

point during 2001-02 did QIC ever come close to returning five per cent on its total investments. Why did you say in parliament and to the newspapers that you expected a low of five per cent when at that stage you knew that QIC had already performed well under that mark?

Mr MACKENROTH: I think the answer that I gave to your question on notice explains why the prediction was made when the mid-year review was done and we were expecting five per cent returns at that stage. You will see that the returns in the figures that I have given to you after September had returned to positive numbers. The predictions made by QIC and Treasury were that, whilst the positive returns would not be as strong as we had predicted when the budget was brought down in June last year of 7.5 per cent, it would be around five per cent. Unfortunately, the equity markets have not performed as well as had been expected. It is not only the Queensland Treasury and the Queensland Investment Corporation that believed that those returns were going to be stronger. In January there were people who were actually predicting—and these people get paid to make these predictions—that the returns would be in double digit numbers. Those things, of course, never happened. We just made our predictions based on the information that was available at that time. That did not occur.

Mr HORAN: Are you able to tell us today what the return has been for June?

Mr MACKENROTH: Not at this stage. However, we are aware that from the time that the budget was done at the end of May before being delivered into the parliament equity returns—and one can see this in the financial pages of the papers—did turn down considerably during June. We will get the QIC end of year result probably within a week and then we will get the rest of the figures. As you would be aware, the final budget figures are not done until two weeks after the end of the financial year when they are then started to be put together and the total picture is done.

Mr HORAN: So at this time would we be able to get a total figure for the 2001-02 year? The indication has been so far that there has been a zero return. Are we likely to see a negative—actually worse than zero—return? Is there any estimate by Treasury on what this is likely to be?

Mr MACKENROTH: I do not need to put an estimate on it at this stage, and I will not. But we will make that information available when it is there. For example, in relation to some of the returns that are presently out, AMP is minus 6.04 per cent, BT Funds is minus 7.29 per cent and Merrill Lynch is minus 5.67 per cent. They are at the worst end, but there are—

Mr HORAN: There are some pluses, too.

Mr MACKENROTH: Not many. If there were, they would not have had diversified investments.

Mr HORAN: In a question on notice I asked you in May I sought the average rate of return on all QIC investments from 1 July to 31 March. You answered that the rate of return was 2.4 per cent to the end of March. For this estimates hearing I asked in question on notice No. 7 for a month-by-month breakdown of those returns, which shows that the rate of return for all QIC investments as at March was 2.54 per cent. There seems to be a discrepancy between these two figures. Were they both obtained from the same source or was it simply—

Mr MACKENROTH: No. The figure that you have in the question on notice is the monthly return. The question you asked in the parliament on notice was in fact for an average return over that period. Whilst they are similar, the monthly return and the average return are two different figures. You would need to take the average of those months to come up with the figure that was given to you in that answer.

Mr HORAN: That is 2.4 per cent.

Mr MACKENROTH: Yes, 2.4 per cent is the average. Your question at that time was not what was the return on that month but in fact what was the average over that nine-month period.

Mr HORAN: The basis for obtaining a surplus in next year's budget is a 570 per cent turnaround in investment earnings. Is that the advice that you are getting—that is, that the markets will return to their long-run average in the space of a few months? That must be some good advice to provide that sort of budget prediction and estimate.

Mr MACKENROTH: That is the advice that I am getting, and I might add that in the second reading debate on the budget in the parliament the member for Moggill—who, if there was a coalition, would probably be the Treasurer—in fact said that in the predictions being made now people are predicting at the worst end it would be 7.5 per cent. That was his view of it quoting

what was actually being said by people in the money market. That is the prediction that has been made by the Queensland Investment Corporation and taken by Treasury. That is the long-term amount that we have used. It is the assumption that is made by the actuary on those investments. It is not a figure that we simply use to balance the books; it is a figure that we have used based on actuarial advice.

Mr HORAN: My concern is going on the experience of this past financial year where the original estimate on the earnings of QIC contributed substantially to a predicted expected surplus of \$25 million. Here we go again predicting a budget for 2002-03 of some almost \$1.116 billion. That is the 568 per cent turnaround detailed in the budget papers. On the basis of what happened in May and June and what the predictions are, do you really think that that is an accurate figure to be predicting based on current trends?

Mr MACKENROTH: It is the actuary's long-term return figures. That is the advice that we should take to make those assumptions. I think we need to look at the fact that in the budget we are looking at the returns on this for one year and you just take from 1 July through to 30 June. In terms of looking at it from a state perspective, we need to look at the long term. If we look at the four-year period from 1997-98 to 2000-01—and they are the ones we actually do have the figures for now—the state's investments have earned in simple terms approximately 42.8 per cent. That is over that last four-year period and does not include the financial year which we have not finalised yet. This compares to the 30 per cent we would have received had the markets received the estimated average of 7.5 per cent. So that is 12.8 per cent above in fact what we budgeted for.

That money goes then into our reserves to meet the periods where you do not get 7.5 per cent. We need to look at that and make the realisation that when you do have a good year the money is not spent; it actually goes into the reserves and is used for the years where you might not quite get the 7.5 per cent. In terms of the accounting that we do, we have to account for only what happened in that actual year. So we cannot use some money from the previous year to balance the books. That just stays there and is not able to be used. I think we need to make some account of that. If we were in some of the other states, we would not have this problem because we would not be fully funding all of our liabilities.

Mr HORAN: I understand that in the good years it may be over and above the long-term prediction, but we have just been through a year where it has been quite exceptionally low and starting off the new year in the same sort of trend. We have a budget that is predicted to be in surplus while in most people's estimation there is a very real chance that that \$1.116 billion could be very difficult to obtain. So the budget is going to be under pressure right from the start because one figure there could well be well down, as it was this year. You then have to rely upon other increases, such as this year's increase in stamp duty on land sales, to try to offset it. For how many years of deficit at the rate we have been going will the reserves stand?

Mr MACKENROTH: The actuary is doing a study on all our funds now. We have made our assumptions based on the best information that we have available. It is my belief that unless some further catastrophic things happen in the world, investments will return to around those long-term averages, if not better. We will have to wait and see. We saw the American market last Friday turn up by 3.5 per cent in one day. It is going to come back. The problems that have been experienced in the market—not just what happened in America last year, but the problems that they have had with some of their major corporations—certainly got a lot of people very nervous in the markets. And once that moves through, the markets will increase, and I think that any investment banker would tell you that.

Mr HORAN: You said that the actuary is doing a study on the funds now. What are the terms of that study being undertaken by the actuary? Is it looking at how long you can sustain these operating deficits and what will be the effect?

Mr MACKENROTH: It is just the normal three-year study that is done by the actuary on the funds.

Mr HORAN: But what are the key things that the normal three-year study looks at? Does it look at the sustainability of the losses—

Mr MACKENROTH: The sustainability, the viability and what his predictions would be on the long-term returns on those funds. I might get the Under Treasurer, Gerard Bradley, to elaborate on that for you.

Mr BRADLEY: The actuary looks at all the factors which impact on the fund, including growth in wages, growth in the size of the public sector, inflation, investment returns and the size of the balances in the fund. It looks at all the variables which impact on the actuarial outcomes for the fund and then projects forward into the future, looking at the impact of those future trends in terms of our actual liability as it is going to grow over time as salaries increase and as people retire over the life of the scheme. So it takes a long-term view and calculates the present position of the fund and its ability to fund all of its accruing liabilities.

Mr HORAN: Who is the actuary, and when would that be completed?

Mr BRADLEY: It is done by the state actuary. That should be completed over the next few months, I think.

Mr HORAN: Can you explain to the estimates committee who the government actuary is? Is it a part of Treasury?

Mr BRADLEY: The actuary is a professional, independent person. Currently Wayne Cannon is the state actuary. He is an officer within the office of the state actuary.

Mr HORAN: So he is a private person?

Mr BRADLEY: No, he is a government employee, but he has been appointed for his actuarial expertise and experience.

Mr HORAN: In relation to the QIC's investment portfolio, can you provide a break-up of the proportion of funds that are held as cash assets, overseas equities, Australian equities, property and anything else?

Mr MACKENROTH: Do you want a breakdown of what we actually hold?

Mr HORAN: What is the breakdown into overseas shares, Australian shares, property, cash and anything else?

Mr MACKENROTH: We do not have the information here. We will take it on notice and provide that.

Mr HORAN: I just think that it is important that this committee knows that—because we are looking at a period where there has been a loss—and whether the investments are safe in proportion to the investments as they are allocated.

Mr MACKENROTH: We do not interfere, of course, in those decisions at all. We provide you with that information so you are aware of it. But the board of the QIC and the management of the QIC, Doug McTaggart, make those decisions. We do not interfere at all.

The CHAIR: The committee will take that as a question on notice.

Mr HORAN: That is fine. We probably all have a right to know and maybe express some—

Mr MACKENROTH: If I did not think you had a right to know I would not have taken it on notice.

Mr HORAN: It leads to my next question. Are any changes proposed to turn around the poor result? In the discussions the Treasury has had with QIC is there any different direction? Are they looking at more property—

Mr MACKENROTH: They are looking at less property, actually.

Mr HORAN:—or cash or other things because of the world situation? What adjustments or any changes are they looking at to try to improve the result, rather than just sitting there and waiting and hoping—

Mr MACKENROTH: We will give you an answer from QIC on that.

Mr HORAN: On notice?

Mr MACKENROTH: Yes.

Mr HORAN: Treasurer, I notice that at different times you have blamed 11 September for the poor result, but the three months following 11 September were some of the best months of the year—October, November and December—showing 3.2, 2.8 and 2.1. Is there any particular explanation for that, or is it just the vagaries of the market?

Mr MACKENROTH: The market after 11 September went down and then it came back. In January, when we made our predictions on the end of year result, we believed that they were going to continue that climb back up, but that did not happen. A number of things happened in

the markets which I have alluded to before in relation to some of the corporations overseas. So the markets have had a downturn from there.

Mr HORAN: Of all the funds that are invested in the QIC, roughly half are government funds and roughly half belong to other institutions. Of the government funds that are invested in QIC, can we be told the total amount of government funds that are invested in QIC and the amount of those funds that are purely superannuation funds—funds invested on behalf of the government superannuation scheme?

Mr MACKENROTH: We will get the exact figures for you on notice. About half of the funds at QIC are government funds and the other half would be employee funds through QSuper. That is really about the break-up. So the government's holding there is around \$13 billion.

Mr HORAN: It is about \$27 billion, and about \$13.5 billion is government money. But is all of that government money invested on behalf of the government superannuation scheme?

Mr MACKENROTH: No, there is long service leave—

Mr HORAN: What is the break-up of it? It is important to know how much of the money invested there is superannuation money.

Mr MACKENROTH: We will find out how much that is.

Mr HORAN: And what all the other break-ups are?

The CHAIR: So that question could be incorporated in the original question?

Mr MACKENROTH: We will take it on notice, because we would rather get the exact information for you.

The CHAIR: The time for questions from non-government members has now expired. I call on the member for Capalaba.

Mr CHOI: Deputy Premier, in reference to page 1-1 of the Treasury MPS, can you detail for the committee what role Treasury has played in coordinating the government's response to public liability and medical insurance issues?

Mr MACKENROTH: Treasury officers are represented on the liability insurance task force that the government established to examine both short-term and long-term solutions to assist Queenslanders affected by public liability insurance issues. Treasury officers have taken the lead role in managing the strategic direction and work of the task force, ensuring input from a whole-of-government level as well as coordinating extensive consultation with external stakeholders, including the APLA, ICA, QCASS, the LGAQ, the AMA, the QLS and Commerce Queensland.

In addition, Treasury officers have supported the Department of the Premier and Cabinet in community presentations in relation to the liability issue at centres throughout Queensland. Treasury established and maintained a public liability insurance help line and web site to provide up-to-date advice and assistance to the community and collect information from affected organisations and the community. Treasury officers are also represented on the national heads of treasuries insurance working groups.

The CHAIR: Further to the answer to that question, in reference to the work of the liability insurance task force referred to on page 1-10 of the Treasury MPS, can you further inform the committee of the latest developments with the establishment of the group insurance scheme for not-for-profit community organisations which face extreme challenges with respect to the increase in liability insurance premiums?

Mr MACKENROTH: As to the latest developments of the scheme—Treasury has coordinated approximately 6,000 expressions of interest from organisations wishing to participate in the group insurance scheme. As at 18 June 2002, 4,923 community groups had submitted further insurance related information. A request for offers seeking an insurance intermediary closed on 27 June 2002. The intermediary will approach insurance underwriters to arrange the bulk purchase of insurance for the entire group in a similar fashion to that of insurance broker. The intermediary will be the contact with all participants and will handle all new business, coordinate premium offers and collect and distribute premiums. The insurance intermediary will be funded through a commission component in the insurance premiums.

In relation to why it has been established, significant increases in the cost of the availability of liability insurance have had a significant impact on the continued viability of community-based not-for-profit organisations. The key recommendation of the task force which was established by the government was the establishment of a group insurance scheme to assist community

organisations. As part of the 2002-03 budget the government is urgently considering how stamp duty relief on public liability insurance policies can be provided to community-based non-profit organisations. Full details will be released following consultation by the Office of State Revenue with the insurance industry and relevant organisations on the most effective and efficient way to provide this relief.

The CHAIR: I call the member for Indooroopilly.

Mr LEE: Page 1-1 of the Treasury MPS says that one of the key priorities of the government is continuing to achieve the fiscal principles in the Charter of Social and Fiscal Responsibility. Could you outline for the committee how the 2002-03 budget is consistent with the government's Charter of Social and Fiscal Responsibility?

Mr MACKENROTH: The 2002-03 state budget has been prepared in a manner consistent with the government's charter principles. Competitive tax environment—the fiscal principle is that the government will ensure that state taxes and charges remain competitive with the other states and territories. Although total taxation revenue will increase in 2002-03 due to factors such as economic and population growth, the state continues to maintain competitive tax levels. In relation to other states, Queensland's taxation revenue raising effort as assessed by the Commonwealth Grants Commission remains well below the Australian average.

Affordable service provision—the fiscal principle is that the government will ensure that its level of service provision is sustainable by maintaining an overall general government operating surplus as measured in government finance statistic terms.

The 2002-03 budget has provided additional funding across a range of portfolios to meet expenditure priorities around the state whilst also maintaining the GFS operating surpluses in the general government sector in 2002-03 and in the outyears. The deficit in 2001-02 is the result of the poor performance of investment markets during the year. In the absence of this underperformance, the budget result for 2001-02 would have been a strong surplus.

In relation to capital funding, the fiscal principle, borrowings on other financial arrangements will only be undertaken for capital investments and only where these can be serviced within the operating surplus, consistent with maintaining a AAA credit rating. The state is undertaking two types of borrowings in 2002-03 and the outyears: one, borrowings required to finance the government's capital program and, two, borrowings to meet whole-of-government working capital requirements.

Not all revenues are receipted in cash in the years in which they accrue. For example, tax laws permit taxpayers with large capital expenditures, for example the GOCs, to accelerate depreciation expense, thus deferring cash payments to later years. In 2002-03 the Treasury department is also borrowing \$300 million to recapitalise Enertrade, a government owned electricity corporation which manages power purchasing agreements, and some \$95 million to fund the nominal defendant's HIH related claims. These borrowings are being serviced within general government operating surpluses in 2002-03 and the outyears. In 2001-02 all credit rating agencies have recommended Queensland's strong AAA status.

Mr LEE: Minister, if you have more information, would you provide it now?

Mr MACKENROTH: In relation to managing the financial risk—the fiscal principle—the government will ensure that the state's financial assets cover all accruing and expected future liabilities of the general government sector. The state's net financial asset position remains extremely sound, based on current projections. The general government sector will continue to meet this commitment and ensure that the state's financial assets will cover all accruing and expected future liabilities in the years through to 30 June 2006.

In relation to building the state's net worth—the fiscal principle—the government will at least maintain and seek to increase total state net worth. The general government net worth is increasing throughout the forward estimates periods and is expected to exceed \$60 billion by 2004-05.

Mr SHINE: With respect to the previous question on fiscal principles, could you explain the concept of fiscal balance?

Mr MACKENROTH: Fiscal balance, or net lending, is a national accounts concept which combines the operating surplus or deficit and net acquisitions of capital to determine whether the government is receiving enough funds to cover all of its spending and investing activities. The 2002-03 fiscal balance deficit is driven by the state's large capital program, most notably capital investment by the electricity and port GOCs. The fiscal balance deficit is therefore consistent with

the government's fiscal principles, which allow for borrowings for capital provided that they can be serviced while maintaining an operating surplus.

The charter focuses on ensuring that the state's financial assets cover all accruing and expected future liabilities of the general government sector. This is measured by the level of Queensland's net financial assets. Queensland's financial assets cover all accruing and expected future liabilities of the general government sector in 2001-02, 2002-03 and the outyears. The government has consistently pursued sound long-term policies such as ensuring that not only employees' superannuation entitlements are fully funded but also other liabilities, such as employee long service leave entitlements, are fully funded.

Mr CHOI: I refer you to page 1-9 of the Treasury MPS, which states that managing intergovernmental relations to further Queensland financial and economic interests is a key activity of the financial and economic policy output. In that context, can you please explain to the committee the details of GST payment to Queensland and if there is in fact a windfall for the state?

Mr MACKENROTH: Maybe not in my lifetime. The states are yet to benefit from access to GST revenues. The Commonwealth has to provide top-up grants to all states and territories in 2002-03. In the longer run, if the Commonwealth maintains its undertakings to the states the GST may benefit Queensland. The government is committed to direct future benefits primarily towards the costs of education and training reforms. Queensland expects to cease receiving the top-up budget balancing assistance grants in 2003-04, although the benefit to the state will only be marginal at first.

There are a number of issues concerning Queenslanders. One concern is the Commonwealth's increasing propensity to adopt policies that shift cost to the states. Various Commonwealth ministers are publicly suggesting that states should fund a higher proportion of services, ranging from roads to disability services. Our government will vigorously oppose such Commonwealth attempts to cost-shift to the states on the basis of GST revenue gains.

Other issues include the possibility of reductions in the share of GST revenue distributed to Queensland. The Commonwealth distributes GST revenue amongst the states and territories according to the Commonwealth Grants Commission recommendations made on the basis of horizontal fiscal equalisation principles. The Commonwealth Grants Commission annual update of the distribution can result in significant variations to GST grants. The commission is currently reviewing its methodology. The results of this review, which will apply from 2004-05, could result in a significant change to the distribution.

Mr LEE: I refer to page 1-9 of the Treasury MPS, which states that managing the government's financial assets and liabilities to maintain the state's fiscal principles is a key activity. In view of the low returns achieved last year on the state's investments, could you inform the committee how the state's balance sheet is still in sound shape and not in danger of jeopardising Queensland's AAA credit rating?

Mr MACKENROTH: Queensland has a strong balance sheet, despite the lower investment returns that will be realised in the 2001-02 financial year. General government's net financial assets are projected to total \$12.735 billion at 30 June 2003, after allowing for liabilities of \$20.333 billion. The state's strong balance sheet leaves it well placed to cope with investment market volatility. This will ensure that we maintain our AAA credit rating.

Mr SHINE: I refer to the 2002-03 budget highlights in the Treasury MPS at page 1-1. Can you advise the committee of what action the government is taking to encourage further development of competitive energy markets and supply systems that deliver lower prices and ample supply for Queenslanders?

Mr MACKENROTH: The original vision of the national electricity market has been largely delivered upon. Wholesale trading of electricity is competitive and cross-border. All of the national electricity market states are connected, or soon will be connected, by significant transmission interconnection. Vertical separation of the industry has been achieved. Open access is provided to the transmission network and retail competition is provided where the benefits outweigh the costs.

The Queensland government remains committed to developing competitive energy markets in electricity and to the development of greater competition in Australia's gas markets. Private sector investment in Queensland's energy sector is a testament to the effectiveness of a competitive electricity market in Queensland. Since the commencement of the national electricity

market, more than \$3 billion of the \$5 billion invested in electricity generation has occurred in Queensland. Half of that investment has come from private sources. Estimated investment in the Queensland generation sector since 1998 is \$3.4 billion, of which around 68 per cent has been invested by the private sector in the following projects: Millmerran, \$1.4 billion; Callide C, 50 per cent of the \$840 million, or \$420 million; Tarong North, 50 per cent of the \$652 million, or \$326 million; Oakey, \$150 million; and Roma, \$31 million.

The Queensland government is also seeking to encourage greater competition in gas markets. A key initiative has been the commitment to develop a base load gas fired power station at Townsville which will see investment in coal seam methane and the development of new gas pipeline infrastructure. This will substantially increase the competitiveness of Queensland's gas supply industry and will also encourage new industry and jobs into north Queensland.

Mr CHOI: The energy output on page 1-18 of the MPS mentions that the Queensland energy policy is a cleaner energy strategy. Could you please outline for the committee the implementation of that policy by the government?

Mr MACKENROTH: In the past 12 months the government has made significant progress in implementing some of the key initiatives within its energy policy. For example, the government is well on the way to delivering a gas fired power station in Townsville and recently announced Enertrade as the preferred developer. The government continues to make significant progress in implementing Queensland's 13 per cent gas scheme and, following a successful consultation process, will release a final position paper in the near future.

The government has a series of initiatives in place covering renewable energy, innovative energy technologies and greenhouse reduction measures. These include a waste mine gas program that has led to four projects being considered for program funds. The main thrust of activities over the next 12 months will be aimed at two projects: the Townsville power station process and the Queensland 13 per cent gas scheme. The implementation of these initiatives is central to ensuring that Queensland fully captures the investment opportunities available in the resource processing sector and diversifies the state's energy mix towards a greater reliance on gas sources.

The government will also be assessing the benefits and costs of further contestability in the gas market and progressing development of legislation to support future full retail competition in gas. The government is working to finalise the Queensland 13 per cent gas scheme which will require retailers and other liable parties to source 13 per cent of their electricity sold from gas fired generation from 1 January 2005. The Office of Energy is developing a final position paper which outlines the key features of the proposed scheme with the expectation that it will be released to the public in the near future. Drafting of the legislation will commence after the release of the final position paper.

The CHAIR: The time for questions from government members has now expired.

Mr HORAN: I go back to the issue of the estimate of QIC returns in the budget. I expect that, maybe based on what happened last year, you would have to be quite nervous about that prediction—

Mr MACKENROTH: I am not nervous.

Mr HORAN: Let me finish the question. Looking at the results for last year and some of the predictions for this year, it is a full-bodied estimate of that long-term figure of around 8 per cent. A lot of the budget hinges on it. It is a big component of the budget, that \$1.16 billion. In the event that that component of the budget does not reach that target, does the Treasury have plans to either implement particular cuts or eat into reserves in order to fund that possibility?

Mr MACKENROTH: It does not impact on service delivery. I think that is the most important thing that we need to understand. If the prediction of seven and a half per cent that was made in this year is not met, it does not impact on service delivery. So we do not need to make cuts in service delivery or in any of those areas.

What is impacted on—as has been the case this year—is the reserves that are set aside. There still are reserves there that are able to meet that, although we are confident that the seven and a half per cent will be met. I am confident that the markets will return to their long-term trends. That is the way that those markets operate. They have times when they are down but they have longer periods when they are up. I am confident that those long-term trends will return.

Mr HORAN: If we look at the—

Mr MACKENROTH: I know that some people do not want it to, but I am confident that it will.

Mr HORAN: Who does not want it to?

Mr MACKENROTH: Some people do not, I suppose.

Mr HORAN: Actually, I wish that you had some of those yellow and blue sheets that you have for giving those long and learned answers to other people for me.

Mr MACKENROTH: So you would not have to ask so many questions?

Mr HORAN: I would probably give you the questions beforehand.

Mr MACKENROTH: I thought I would give you short answers so that you could ask a lot more questions. I enjoy them.

Mr HORAN: The operating deficit last year was actually in the budget papers at \$820 million but on finalisation came to \$858 million. That is about \$238 million for every man, woman and child in Queensland. That was the deficit for the year 2000-01. The deficit for 2001-02 in these budget papers is at \$486 million and may be more, depending on the final QIC return. How does the government plan to repay its accumulated deficits? Is there a repayment scheme under way? Can you advise this committee of what repayments scheme is in place to pay those various accrual debts? That deficit from 2000-01 had a number of accrual components. The deficit of this year has a mixture of components, including the QIC funds. Can you tell us what the repayments scheme is, where the moneys are coming from and what is the timetable of it?

Mr MACKENROTH: I think that the basis of your question is wrong to start with. You quoted a figure, using last year's deficit, of over \$800 million and equated that to being so much per capita and then made out that in some way we have to find the funds to get that back. If we go back to last year's operating deficit, I can recall that part of that was made up of a transfer of an asset, the Townsville-Thuringowa water supply. We do not have to repay that. Every time someone in Townsville turns on their tap, the water comes on. It is still there. It was taken off our books and put on to the water board in Townsville. So it is not as if we have to raise funds to pay for that. It was an asset that we owned that we transferred. So the assumption of your question, just using that, is incorrect.

In relation to last year's deficit, we had the losses—which we accounted for in one year and which we expect to make over 10 years—in relation to the collapse of HIH and FAI Insurance. We have put a \$5 levy on motor vehicle registrations for the Nominal Defendant. That money is paid there. So when the government is recouping that section, as it comes through, we are able to do that.

The other part was in relation to not getting the expected returns from QIC investments. As I explained before, that is accounted for by previous years when we had made more. I think I quoted the figures. It was 42.8 per cent over four years when we really needed 30 per cent to meet our projections. So we still have a surplus in that fund. We do not need to take any measures whatsoever to fund that part of the deficit. There are no measures needed. So let us get it very clear that there is no need to do anything in terms of financing to fund the deficit.

Mr HORAN: Other than in the cases of QIC and superannuation, you have to program to transfer funds from your reserves into, for example, superannuation accounts.

Mr MACKENROTH: The reserve is already in the fund. It is just money that we have not made and is accounted on our books.

Mr HORAN: You transferred that within the fund itself?

Mr MACKENROTH: It is already there. The reserve is already there in the money that is available.

Mr HORAN: In the *Australian Financial Review* on 12 April you were reported as saying that the fall in payments from GOCs and particularly from the electricity sector would not impact on the budget bottom line. In fact, the budget shows that you recorded an \$883 million whole-of-government operating loss, including a \$486 million general government operating loss. Do you still stand by your statement that there was no impact on the budget bottom line?

Mr MACKENROTH: From the GOCs? In the year past, which is the one that I think you are referring to, at the end of the year our GOC returns were above what we projected; they were not below.

Mr HORAN: There was a—

Mr MACKENROTH: We are actually above what we predicted. We were not below.

Mr HORAN: But it was still a loss.

Mr MACKENROTH: No, there was not a loss.

Mr HORAN: The whole-of-government figure, when you added the general account with the losses on the public trading enterprises, delivered you a greater loss from \$486 million to an \$883 million operating deficit.

Mr MACKENROTH: The problem with what you have quoted—and quoted in your speech—are two different things which you add together.

Mr HORAN: For the whole—

Mr MACKENROTH: And it is not a proper thing to do that, which really, I guess—

Mr HORAN: You do report it in the budget as a whole-of-government figure, a whole-of-government loss, giving a true picture of your general accounts and the public trading enterprises that are owned by the government.

Mr MACKENROTH: But it is not a loss. It is reported in that, because we actually record the borrowings that we make to fund any new capital infrastructure. That is not a loss, but it is reported and then you take that figure and say that it is a loss. Whilst it may appear on the balance sheet as being below zero—

Mr HORAN: That is how you have it in the budget papers. You have a whole-of-government operating loss. 'Deficit' is the term that you use in your budget papers.

Mr MACKENROTH: But it is not a loss.

Mr HORAN: Deficit—I am using the term 'deficit'.

Mr MACKENROTH: No, you used the term 'loss'.

Mr HORAN: I will use the term 'deficit'.

Mr MACKENROTH: We have to account for our borrowings for infrastructure in those balance sheets. That is the way that we are required to account. What you have done is to use that and to add it to something else to come up with a figure which is not correct.

Mr HORAN: You have used an accrual system of accounting. You report a figure—a surplus or a deficit—for the general account and a surplus or a deficit for the PTE account, giving you a whole-of-government figure, and the whole-of-government figure was about an \$883 million operating deficit.

Mr MACKENROTH: I will get Gerard to add to that.

Mr HORAN: If you want to change the names of it, you can change the accounting system—

Mr MACKENROTH: No, we cannot do that.

Mr HORAN: But it is reported in your budget as a deficit.

Mr MACKENROTH: No, we have to use—

Mr HORAN: If it was a surplus, it would be a surplus.

Mr MACKENROTH: We have to use the national standards.

Mr HORAN: That is right.

Mr BRADLEY: The term used in the document is a GFS net operating balance. It is not a deficit or a surplus; it is a net operating balance, which reflects the fact that there is a general government deficit in 2001-02, which is the \$486 million that you have mentioned. I think you are then referring to the estimated actual result for 2001-02—is that right—for the public trading enterprise sector, which is \$397 million in our documents. That refers to the fact that in the case of the public trading enterprise sector, on the operating side, for GFS purposes they treat dividends as an expense, which then impacts on the net operating balance of the public trading enterprises.

I think the confusion arises, which the Treasurer has mentioned, when you take our operating result and then also look at our cash position in the cash flow statement where there is actually a term used 'Cash GFS surplus deficit'. The deficit for the PTE sector there reflects the net reduction in cash due to borrowings undertaken for the purposes of financing capital infrastructure investments in our trading enterprise sector. I think there is a difficulty in confusing the cash result with the operating result, which I think is the problem that the Treasurer is referring to.

Mr HORAN: In your budget speech, Budget Paper No. 1, you said that Queensland's triple A credit rating continues to confirm the strength of our financial position. To what extent does the advice that reaches you as Treasurer counsel against the negative impact on future ratings of this policy that we seem to be going through where every year we are predicting a surplus and delivering an operating deficit?

Mr MACKENROTH: Subsequent to our budget, one of the ratings agencies has come out and reconfirmed our credit rating. They are the people who do the ratings and they are confident where we are. So that has been done since the budget actually came down. Moody's Investor Services, Standard and Poors and Fitch IBCA all rate us at AAA. We are confident that that will continue.

Mr HORAN: In terms of the capital works spending, there has been a decline from the late 1980s to now. It has declined from 46 per cent of the overall budget to 24 per cent of the budget now. There is some concern expressed about the amount of capital work that is being constructed in the state. We have seen a real decline in capital works in this budget and in the one before. What plans do you have in place to reverse the decline in capital works spending to deliver productive infrastructure and real jobs in Queensland?

Mr MACKENROTH: The one person keeps talking about the mid-1980s. I have seen the graphs that he produces. He picks one particular year in the 1980s and then proceeds to do his graphs from then. If he went a couple of years before that and included it, then there would be a far different result from the argument that he puts out.

Queensland will still account for approximately 22 per cent of general government capital works undertaken by state governments in 2002-03. This year's \$4.8 billion outlay brings total Beattie government capital spending to close to \$25 billion since 1998-99. Furthermore, the government has several major infrastructure projects with private sector participation under way, including expanding the Dalrymple Bay coal terminal and the Millmerran and Townsville power station projects. These do not appear on our balance sheets.

The government does not deny it is spending an increased amount on recurrent expenditure. Successive Queensland governments since the early 1990s have been spending more on services to bring expenditure in key services to delivery areas up towards the Australian average, consistent with community needs. It would be irresponsible of the government and poor policy to wind back service delivery simply in order to try to match levels of capital expenditure which occurred at some reference point in the 1980s, either as a percentage of GSP or as a proportion of total outlays.

In any case, there are some key factors which contributed to the high levels of capital expenditure as a proportion of total outlays in the early to mid-1980s. The electrification of the railways, the commissioning of the Tarong and Callide B power stations and, as part of the 1980s resource boom, significant railway expansion, financed by mining companies. I do not mind being judged on my budget by delivering services to people. If I am going to be measured by delivering money to provide services to people through the Families Department or by whether I can lay another kilometre of bitumen, I do not mind being measured in that way.

Mr HORAN: The capital works budget has declined over the last three budgets and in the past two years we have seen a serious underspend of approximately \$285 million in 2000-01 and approximately \$350 million or certainly well over \$300 million, as I remember it, in this last financial year. We have got capital works being cut by two methods. It is being cut on a budget-to-budget basis and with a serious underspend in each budget year. Is there any plan this year to arrest that underspending or is it a deliberate policy to underspend by that amount of money?

Mr MACKENROTH: Firstly, there is no government policy or action to try and underspend in relation to capital infrastructure. The reason last year—and I think we need to look at this—was that QR had delayed capital works because they had to, from QR's perspective, on network access, passenger services and corporate services. The Stanwell Corporation, which had put forward some cogeneration projects of around just over \$200 million, had to delay the building of those works, which was a decision of the board and not of the government. That is the reason why the funds for capital works as put in the budget for 2001-02 were not fully expended, because of those works actually being delayed—which is not a decision of government.

Mr HORAN: Already one limb of the Charter of Social and Fiscal Responsibility has been broken by delivering budgets that have shown an operating deficit. Another area that is at risk is the charter to maintain total state net worth. We are seeing drops in per capita worth in the budget papers. This year we have seen a drop of about 4.8 per cent in per capita net worth

based on a per head basis, and it is predicted to keep dropping over the next three years. Do you feel you are at further risk of breaking another part of the Charter of Social and Fiscal Responsibility through this process and policy?

Mr MACKENROTH: No.

Mr HORAN: I have a question on Dalrymple Bay. Did you want to—

Mr MACKENROTH: No, that is all right.

Mr HORAN: With Dalrymple Bay, there was an amount of \$630 million up front from the sale of the 50-year lease. I presume that money has been paid up front and it is not an amount per year?

Mr MACKENROTH: No, it is has been paid up front.

Mr HORAN: That \$630 million has been paid up front. What happened to that money? Did it go into other capital assets or did it go into the recurrent areas of the budget?

Mr MACKENROTH: It did not go into recurrent.

Mr HORAN: Did it go into capital works?

Mr MACKENROTH: The net proceeds from the sale of the lease were applied to funding capital works. It has totally gone to capital expenditure.

Mr HORAN: Totally?

Mr MACKENROTH: It has gone to capital expenditure, yes, after repayment of the debt for Dalrymple Bay through the Ports Corporation.

Mr HORAN: How much was left after repaying the debt?

Mr MACKENROTH: About \$300 million.

The CHAIR: Order! The time for non-government members' questions has now expired. Deputy Premier, page 1-18 of the Treasury MPS refers to the role that the Office of Energy plays in providing advice on sustainable development in the energies sector. Given that in my electorate of Albert we have a cogeneration plant and, also, the importance of the Kyoto protocol, can you inform the committee of the government's progress in its renewable energy programs?

Mr MACKENROTH: In relation to the Kyoto protocol, the government is developing an understanding of the types of impacts that might be experienced by Queensland in undertaking greenhouse action. This is being used to develop a draft Queensland greenhouse response strategy, which is at an advanced stage. The purpose of the Queensland greenhouse response strategy is to build a sustainable future for Queensland by maximising Queensland's greenhouse opportunities, addressing greenhouse gas emissions and reduction in the impact of climate change. The greenhouse measures adopted will be those that will maximise Queensland's natural competitive advantage, regardless of whether or not Australia ratifies the Kyoto protocol.

The most visible of the government's renewable energy programs has been the solar hot water rebate scheme. Sales of solar hot water systems have increased from less than 200 systems per month before the establishment of the program to about 500 systems per month. This latter result is also due in part to the Commonwealth's mandatory renewable energy legislation. The increase in sales of hot water systems has placed pressure on budget allocations for the rebate scheme. The scheme maintains the public commitment of a maximum rebate of \$750 and the continuation of the scheme to 2005 without the need to increase overall funding. The government is examining long-term options to increase the market share for solar hot water beyond current levels. The remote area power rebate scheme and related schemes for working properties in the Daintree have played important roles in promoting photovoltaic power systems or solar panels. These schemes have delivered significant social outcomes in making power available to Queenslanders who are not able to connect to the state's network. Finally, the government has played an important role in supporting the green power market by being the largest customer in Queensland and one of the largest in Australia for green power. The government has already been delivering sustainability measures for some time—for example, through the measures in the Queensland Energy Policy, A Cleaner Energy Strategy.

However, we will build on this success by developing a policy framework and the tools to steer the Queensland energy sector towards sustainability. This does not mean abandoning areas of natural advantage such as abundant supplies of high quality coal. Sustainable energy policy will ensure that the economic, social and environmental outcomes from the energy sector will be maximised. This will be achieved by taking a long-term view and diversifying Queensland's

energy resources and using resources efficiently while meeting Queensland's need for reliable and cost-effective energy.

Mr LEE: In relation to the Townsville gas power station process referred to on page 1-18 of the Treasury MPS, can you inform the committee what benefits the Townsville gas power station project will bring to Townsville and to north Queensland?

Mr MACKENROTH: With the announcement of the preferred developer for the Townsville power station project, it is a single use stage of industrial development in the Smart State. The project will see \$500 million invested into new gas supply, gas delivery and power generation infrastructure. The proportion of locally generated electricity in the north Queensland region will increase significantly. The Townsville power station project will position Queensland, especially north and central Queensland, for a new stage of industrial development and international competitiveness. It is expected to create 8,000 full-time equivalent jobs over the first decade, boosting employment in the region by 5.4 per cent. The new 390 kilometre gas pipeline will provide a strategic link between the North Bowen Basin and Townsville, as well as providing scope for future interconnection to central Queensland gas markets such as Gladstone and Rockhampton. The use of coal seam methane to supply gas to the Townsville power station will encourage investment in CSM projects in the Bowen Basin and other parts of the state. The development of Queensland's indigenous CSM resources has the potential to provide our state with an enormous new low-cost gas resource.

Our aim is to diversify the state's energy mix and reduce the rate of production of greenhouse gases. A gas power station at Townsville will provide electricity retailers with a major source of competitively priced gas that will help achieve this aim. The power station will represent a saving of between 360,000 and 570,000 tonnes of CO₂ emissions per annum, facilitating competitively priced gas into regional centres such as Townsville. It has the potential to act as a catalyst for major investment in the resource processing industry. For example, the project has the capability to assist the adjacent Yabulu nickel refinery with gas supply, power and steam for its existing operation and proposed expansion. The Townsville power station project will provide north Queensland with competitively priced gas and power generation infrastructure, creating jobs for Queenslanders.

Mr SHINE: I refer to page 1-14 of the MPS under the heading 'GOC Performance and Governance' where it states under 'Recent Achievements' that there has been—

Extensive consultation with all stakeholders on the GOC Investment Policy (which sets key parameters for all new capital investments) and promulgation of the policy in 2001-02.

Could you outline for the committee the objectives of this policy?

Mr MACKENROTH: The GOC investment policy formalises and clarifies the expectation of shareholding ministers with regard to capital investment decision making and approval processes by government-owned corporations. The objectives of the policy are to clearly set out the expectations, priorities and risk concerns of shareholding ministers without compromising the responsibility and accountability of board directors; ensure GOCs put in place commercial investments and hold boards accountable for their investment decisions; replicate, as far as possible, private sector market disciplines in order to control the government's risk exposure from the investment activities of GOCs; and to provide confidence to industry that market type disciplines are being applied to GOCs.

The investment policy was developed by the Office of Government Owned Corporations and follows two years of consultations involving shareholding ministers and their portfolio departments. After imposition by the government of a moratorium on interstate and overseas investments by GOCs in late 1998, a draft of the policy was distributed to all GOCs for review and comment. Feedback received from GOCs on the draft policies indicated strong support for the core thrust and the principles underlying the policy. Issues raised were of a relatively minor nature and the policy was amended to cater for concerns raised by GOCs where the arguments presented were considered reasonable and/or enhanced the practicality of implementing the policy. At a final round of consultations with shareholding minister departments, all amendments made to the policy were agreed.

Mr CHOI: I refer the Deputy Premier to a critical area—work in the energy area. In respect of the development of the national electricity market, which was referred to on page 1-18 of the MPS, will the Deputy Premier explain the Queensland government's current position for improving governance arrangements in the national electricity market?

Mr MACKENROTH: The current governance framework for the national electricity market lacks the certainty, accountability and transparency required by market participants and jurisdictional governments. The key symptoms of the less than ideal arrangements is the lack of appropriate and transparent decision making in relation to significant market design issues which create investment uncertainty in the NEM and impede efficient outcomes. There also appears to be an expectation among some that the existing institutions acting alone should have responsibility for the future development of the NEM. This would be inappropriate and clearly was not the intention of governments when the NEM was established. Appropriate future development of the NEM needs to occur in a public policy context in recognition of the complexity of the issues and differential impacts of decisions on market participants, consumers and regions. The Queensland approach is straightforward. We believe that ministers and governments should set policy, regulators should regulate and the market should operate on a clear and transparent basis. When regulators become quasi-policymakers, problems with the operation of the market occur. This is a problem we are experiencing at the moment, and it is the issue which Queensland is determined to address.

Queensland supports new national electricity market governance arrangements which include providing NEM governments with policy responsibilities for the evolution of the market and clarifying the roles of the ACCC and NECA for market development to resolve the duplication of responsibility that currently exists for market development. These roles should be subservient to the overall policy direction for the NEM established by NEM governments. Future reform is being pursued on the basis of robust, credible and publicly available analysis which demonstrates the net public benefits of those reforms, transparency and accountability in decision-making and clear mechanisms for all market participants to provide input into the decision-making process.

Queensland remains open-minded to the concept of a single national energy regulator; however, a national model must clearly demonstrate improvements to the existing arrangements. While the case for a single national regulator has been floated in the media and supported by the Victorian government, the current proposals to date have not been well articulated and lack in detail the functions of authorities and their powers. Queensland is continuing to work with the other NEM jurisdictions in developing appropriate governance arrangements in the NEM.

The CHAIR: In following up on that question regarding the national electricity market, I refer the Deputy Premier to the current COAG review mentioned on page 1-19 of the Treasury MPS. Can the Deputy Premier outline what issues Treasury raised in its submission to that review?

Mr MACKENROTH: Key issues outlined in Treasury's submission to the COAG review were, first, the governance arrangements. The current NEM governance arrangements create substantial uncertainty for market participants and investors because of a lack of analytical rigour by the NEM institutions. Second, there is duplication in roles with the NEM institutions and no explicit policy role for governments. Treasury argues new NEM governance arrangements should incorporate a policy role for NEM governments; ensure market institutions are accountable and operate within the policy framework developed by NEM governments; ensure there is a sole body responsibility and accountable for development of the market framework, for example the ACCC should act solely as a competition regulator; ensure market reform is based on sound analysis and reforms are justified on the basis of net public benefits, not ideology or pure market efficiency concepts; and provide for transparent market development processes.

In regulatory arrangements, the Treasury submission noted that the concept of a single national electricity specific regulator needed further work before it could be supported, because the arguments for change had not been made or the net benefits demonstrated. The calls for a national regulator largely arise because of the uncertain governance arrangements in the NEM. Tentative support has been given for the concept of a national model of the transmission system. This would ensure timely transmission investment in the NEM, a key problem to date. It would not require divestment of the state's transmission assets. In full retail competition, a submission defended the Queensland government's decision not to introduce full retail competition in electricity at this time. In terms of the development of Australian gas supplies, the submission seeks measures that promote further gas-on-gas competition in Australia, such as Queensland's 13 per cent gas scheme, including revisions to the Commonwealth government's unfavourable policy on tax depreciation arrangements for gas pipelines.

Mr LEE: Could the Treasurer outline the 10 major surveys recently undertaken as outlined in the economic and statistical research output on page 1-23 of the MPS?

Mr MACKENROTH: The 10 major surveys referred to in the MPS include, first, the November 2001 Queensland household survey. This is a six-month telephone survey of Queensland residents on behalf of seven government agencies, seeking their views on issues relating to fire safety measures, public attitudes to policing, ambulance service usage, volunteers, the role of government in the environment, employment, education and training. Approximately 3,000 interviews were completed, 300 in each of 10 Queensland regions. The November QHS was the third of a series of regular omnibus surveys. The results were provided in February 2002. Second, there was the chemical hazards survey. A telephone survey of 400 completed interviews for the Department of Emergency Services across the state was conducted during August 2001. The aim of the survey was to determine the knowledge of public safety issues with regard to dangerous goods and hazardous materials. Results were presented to the department in October 2001. Third, there was a survey of registered teachers. A mail survey of teachers not currently in permanent teaching positions in Queensland schools was conducted on behalf of the board of teacher registration in Queensland in August-September 2001. The results were delivered in November 2001.

Fourth, there was a gambling household survey. A telephone survey was conducted during July-September 2001, resulting in over 13,000 completed interviews from across Queensland. This survey sought information on gambling habits and classified gamblers into low, medium and high risk groups. Regional results were provided. The survey results were released in June 2002. Fifth, there was a gambling site survey. A mailout survey was conducted on behalf of the Gambling Policy Directorate of Treasury. Questionnaires were sent to all gaming machine venues in Queensland. The survey sought information on staffing, turnover, staff training and attitudes to responsible gambling. These results were released in June 2002. Sixth, in May 2002 there was the Queensland household survey. The results will be provided in early August 2002. There were community renewal surveys in Vincent, Rasmussen and Logan. These small area telephone surveys were undertaken on behalf of the community renewal program, Department of Housing, to monitor the progress of renewal work being undertaken within these areas. Information was sought on community perception of access and use of services and community involvement in the community renewal project.

There was the Goodna longitudinal community wellbeing survey pilot. The face-to-face survey has been conducted in the suburb of Goodna in collaboration with the Goodna service integration project and the school of mathematical science at QUT with which OESR holds an ARC funded research grant on methodology of longitudinal surveys. This survey sought information on community perceptions, access to services, and employment. It is proposed that this survey be conducted annually to measure whether their perceptions of the suburb change over time, how they move in and out of the work force and to follow up after they move out of the suburb.

There was a Crime and Misconduct Commission survey of public attitudes, a telephone survey of people who had been in contact with government agencies and who sought information on people's perceptions of Queensland police, the Queensland Public Service and local government. Results will be made available to the Crime and Misconduct Commission by mid-July. There was a gambling note acceptor evaluation survey, a telephone survey of people identified in the 2001 gambling household survey as gamblers. The survey sought information on changes to practices as a result of changes to note acceptor machines and a possible ban on smoking in areas where there are gaming machines. Results will be available in July 2002.

There was the promotion of the national census of population and housing, especially through the Census at School project. The promotional campaign was undertaken to ensure a high level of participation by Queenslanders in the census. This included the Census at School project which took the form of an electronic survey sent out to all schools with children in years 5 to 10. It was designed to promote an awareness to school-aged children about the census and its importance while encouraging statistics. Children whose parents may have literacy problems often complete the census form on behalf of their family. The Census at School project also developed material for teachers on how to use statistics and provided a web site for reference material and exercises on statistics. As the project has now been conducted in several other countries, teachers and students were able to compare the results with those obtained in South Africa, the United Kingdom, Italy and Canada. A poster competition was also held for the school children.

Mr HORAN: Treasurer, I have a question regarding superannuation returns for the defined benefit scheme and the accumulated fund. In respect of the defined benefit scheme, in the past two years how much has the government had to move into that fund to keep it at the required

level? How much did the government save by reducing the employer contribution to the defined benefit scheme when it was reduced by two per cent? What is the status of the accumulated benefit scheme at the moment? What is the return to those public servants in the accumulated benefit scheme?

Mr MACKENROTH: In relation to the government's contribution, which is 12.75 per cent, that is the only payment we have made into those funds in the last two years. We have not had to move any other moneys into those funds.

Mr HORAN: What about the status of the accumulated benefit fund? It is based on QIC returns, is it not?

Mr MACKENROTH: We still have not got the final figures for the fund.

Mr BRADLEY: With respect to the accumulation fund, it is a bit more complicated because there are a number of investment choice options. There are options ranging from cash, cash plus, balanced, balanced with reserves. So, the investment returns will depend on the accumulation option into which a member has chosen to put their funds.

Mr HORAN: The return to those is through the QIC.

Mr BRADLEY: That is correct, yes. We are still waiting for some final numbers on the investment returns, but there are some projections which are made by QSuper. I do not have the figures directly in front of me, but it depends on which investment option the member chose.

Mr HORAN: Can those predictions be provided on notice?

Mr BRADLEY: Yes.

Mr MACKENROTH: They are actually published on the QSuper web site, but we will save you that problem. But they are only projections.

Mr HORAN: I understand. With reference to PTE losses contained in the MPS in table C.8 on page 97 of Budget Paper No. 2, can you give us details as to which GOCs made losses and the amount of each of those losses for last year?

Mr MACKENROTH: If you go to that table, you have got the purchase of non-financial assets, which is there in brackets, which would indicate to you a loss. But it is not, it is actually the purchase of assets of \$2,093,000,000. We then go down to the bottom to a GFS deficit of \$582 million. But you would need to take that off. It is actually a surplus, not a loss. In 2001-02 the private trading enterprise sector is expected to record net operating profits after tax of some \$700 million. The only one that could be regarded as having made a loss would be Enertrade, which was actually established for that purpose, as you would know, because your government established the contracts with the power providers. It manages those contracts. It was actually established for that purpose. It is going to make a loss, because of the way it is established. The other GOCs did not make losses. There are not any.

Mr HORAN: No losses?

Mr MACKENROTH: No.

Mr HORAN: In response to my estimates question on notice No. 8 you said that at no time has the government required any organisation operating in the public trading enterprise sector, including government owned corporations, to increase debt levels to provide funds to the government. You said that the decision on appropriate funding of these returns of capital to government was and will continue to be at the discretion of the board and the management of the relevant organisations. Since GOCs have returned a total of \$443 million to the government over the past two financial years, including the Cairns Port Authority, which was forced to contribute \$30 million, can you give an assurance that GOCs' potential financial incomes were not adversely impacted by the cash calls of the government?

Mr MACKENROTH: The GOCs were not adversely impacted by the return of that at all. Also, the government of which you were a member required an \$850 million capital debt restructuring of the electricity GOCs. You required them to do that. There is no adverse—

Mr HORAN: So the performance of an organisation such as the Cairns Port Authority, which would have to increase its debt to hand over cash to the government, which would give it a higher repayment schedule to meet, would not be adversely impacted?

Mr MACKENROTH: It did not adversely impact its performance. It has not and will not.

Mr HORAN: Why not?

Mr MACKENROTH: It has not. We look at the debt to equity. We appointed Deutsche Bank to look at its capital adequacy. The debt to equity was on its recommendation.

Mr HORAN: It has to find a bit more each year to repay the capital and interest.

Mr MACKENROTH: They are quite happy to do that. It is not impacting adversely on them.

Mr HORAN: It could do with a bit more of its recurrent that has to go into the repayment schedule.

Mr MACKENROTH: The Cairns Port Authority is doing major work this year.

Mr HORAN: Changes to the payroll tax system introduced in the budget are forecast to produce a rise by some \$75 million despite a reduction in the rate by 0.5 per cent. Can you detail to the committee how much of that \$75 million rise in payroll tax receipts will be due to the widening of the payroll tax net that was in the legislation?

Mr MACKENROTH: I think you asked me that on notice.

Mr HORAN: Yes.

Mr MACKENROTH: The answer that I would give now would be the same, and that is that it is difficult to estimate the precise revenue impact of removing payroll tax concessions in relation to fringe benefits and termination payments due to the lack of available data. That answer does not change.

Mr HORAN: I would have thought an estimate would have been done on what those grossed up values of fringe benefits tax, for example, would have delivered in extra payroll tax. When it was introduced I am sure the department would have done some estimates so you could do your budgeting.

Mr MACKENROTH: The rest of the answer still remains the same: nonetheless, provisional estimates indicate that overall, given the reduction in the payroll tax rate to 4.75 per cent, the payroll tax measures are expected to be revenue neutral. That is what the answer said.

Mr HORAN: So you forecast a \$75 million rise?

Mr MACKENROTH: Which is the second part of the answer: the predominant drivers in growth of payroll tax receipts are growth in wages and employment in Queensland.

Mr HORAN: So you are saying that all of that \$75 million, you believe, is due to—

Mr MACKENROTH: It goes on to say—

Mr HORAN: So you are basically saying that the grossing up—

Mr MACKENROTH: It went on to say that the 6.2 per cent growth in payroll tax revenue, as indicated in Budget Paper No. 3, is therefore attributable to the growth in these two factors.

Mr HORAN: So you are estimating that the full \$75 million is based on growth in wages and so forth?

Mr MACKENROTH: Yes, that is right.

Mr HORAN: And the grossing up of the fringe benefits tax and other termination payments would be balanced by the 0.05 per cent?

Mr MACKENROTH: I am advised, as I told you in the answer, that those tax measures are expected to be revenue neutral.

Mr HORAN: In Budget Paper No. 3 on page 39, receipts from land tax are forecast to increase from 21.8 per cent. What amount of this increase is attributable to the government's decision to abolish the 15 per cent rebate on land tax for companies, trustees and absentee landholders and what other factors do you use to forecast a significant increase in land tax receipts for 2002-03?

Mr MACKENROTH: The changes in relation to absentees and corporations are expected to bring in revenue of \$30 million. The remainder of the increase would come from growth due to changing valuations or more people paying it because they own property.

Mr HORAN: Page 1-18 of your MPS refers to the negotiation of the community service obligations for 2001-02 with Energex and Ergon Energy. The CSO payment was included in the budget papers up until 1998. What CSO arrangements have been negotiated and what was the amount of CSO paid in 2001-02?

Mr MACKENROTH: Do you want the figures for 2001-02?

Mr HORAN: Yes.

Mr MACKENROTH: The estimated cost of the CSO is \$118 million.

Mr HORAN: Is there an estimate for the forthcoming year—2002-03?

Mr MACKENROTH: For 2002-03 it is estimated at \$86 million.

Mr HORAN: Is there any reason why it is less this year? Is it based on a predicted change in tariffs?

Mr MACKENROTH: The prediction for the 2001-02 year was \$153 million. That was then reduced at the end of the year to \$118 due to lower than expected energy costs and higher than expected revenue. There are two factors that come into that. Those two factors will see a lowering of the CSO again this year.

Mr HORAN: Under future developments on page 1-19 of the MPS reference is made to a review of the CSO arrangements that underpin the electricity uniform tariff and the development of new longer term arrangements to manage the inherent CSO risks to the state. Will your government be maintaining the uniform tariff policy?

Mr MACKENROTH: Yes, yes, yes—provided that you can get your federal counterparts to ensure that they do not take detrimental action against the state in relation to national competition payments. We currently have before the National Competition Council our position in relation to full retail competition, which underpins our uniform tariff policy. If we get an adverse finding from the National Competition Council, we would be looking for you to support us with the Commonwealth government so that it does not take away funding from the state government. We would be looking for you to support us in relation to that. It was interesting to read in the Tasmanian newspapers this week—and I understand an election is coming up—that the federal government was able to say to the Liberal opposition that it would guarantee them that if they changed the policy in relation to shopping hours it would not make an adverse finding on them in relation to national competition payments. We would expect the same sort of deal up here.

Mr HORAN: Can you tell us what EBAs are coming up in this financial year and how much you have budgeted, as Treasurer, for each EBA? Can you tell this committee whether your allocations for each EBA limit the pay rise to three per cent or whether you have an allocated reserve for negotiated outcomes beyond that figure?

Mr MACKENROTH: There are two parts to your answer. In relation to EBAs which have already been negotiated—that is, the teachers—the amounts factored in to the forward estimates for those departments are the amounts actually arbitrated on. In relation to other EBAs that are coming up for negotiation, we factored in three per cent. In relation to the amounts, you would need to talk to individual ministers about those.

Mr HORAN: I refer to the \$420 million windfall in stamp duty receipts detailed on page 39 of Budget Paper No. 3, and I ask: in light of the government providing stamp duty relief on insurance premiums for non-profit groups, has any consideration been given to providing some stamp duty relief to the private sector, in particular small business, which is facing severely increased public liability premiums that are contributing to the increased stamp duty receipts?

Mr MACKENROTH: The government looked at what we could do in relation to stamp duty relief. Given that we have a lot of services to deliver, it was felt that the only stamp duty relief that could be given was the relief to not-for-profit organisations. But if you look at Budget Paper No. 3 you will see that overall stamp duty revenue was forecast to decrease by six per cent in 2002-03. That being the case, we cannot then start to actually give more of it away.

Mr HORAN: Treasurer, can you give us details for Energex and Ergon in relation to how many new interstate accounts they have each been able to attract and how much each have spent on advertising and promotional budgets?

Mr MACKENROTH: I cannot and I do not know that that is part of the estimates that we actually have under consideration. I believe that the accounts of GOCs are not actually part of this estimates hearing.

The CHAIR: It was indicated that if we wanted a detailed investigation of them we were to let you know, but since we have not a more general investigation or questions would be appropriate.

Mr MACKENROTH: I do not know that the accounts of the GOCs are able to be questioned. That is my understanding of the estimates. It is not in the budget.

The CHAIR: The sessional orders say that organisational units within the portfolio of a minister are deemed to include the GOCs reporting to the minister and then it is up to you, with respect, as to how you would deem fit to answer that question.

Mr MACKENROTH: In relation to an issue like the CSOs, we have dealt with that and they come out of the budget. But the issue of the actual operation of a GOC is not something that I understood came under the budget estimates. It is a commercial organisation.

Mr HORAN: Do you want to take that on notice?

Mr MACKENROTH: No, I do not. You could ask me that on notice in the parliament and I probably would not answer them, but you can ask me.

The CHAIR: Thank you, Deputy Premier. The time for questions from non-government members has now expired.

Mr SHINE: Treasurer, in reference to Treasury's economic and statistical research activities, could you advise if there is any consideration of regional information needs as part of Treasury's information service activities?

Mr MACKENROTH: Past experience has indicated that demand for regional based statistics and statistical services is growing. In response to the Queensland government's priority in building Queensland regions, there has been an increase in demand so that informed decisions can be made in relation to policy, resource allocation, performance measurement and planning for strategic direction. In order to meet this growing demand, OESR is continuing to enhance the technology capability of electronic delivery of information to the regions. OESR plans to further develop systems that will provide users in regions with the ability to produce self-generating statistical reports based on regions selected by the user. The data required for these reports are updated online, ensuring users access the most recent data available.

OESR is also enhancing the geographic information system so as to provide mapping capabilities for regional users. Providing online access to these services in the regions will in turn provide efficiencies in OESR by reducing the amount of time staff need to spend on a one-to-one basis with clients. OESR has regional offices in Rockhampton with one person, Townsville with two people and Cairns with one person. These regional offices will continue to develop in response to regional demands for statistics. The Queensland and Regional Statistical Information System and online database providing regional statistics will ensure key regional statistics are available as soon as possible. In addition to this database, OESR will continue to publish the regional profile series, which provides an up-to-date statistical profile on each of Queensland's regions.

Regional development organisations as well as the management of regional government services continue to make substantial demands for information. Substantial investments in resources are being made to find good quality information for planning and policy. Given the decentralised nature of Queensland's Public Service, it is vital to provide information services so that informed policy decision making can be made locally in response to local strategic direction and planning. These informed decisions can be made by making information available to users throughout the state by a centralised, timely and accurate dissemination system.

Mr CHOI: Page 1-28 of the Treasury MPS refers to finalisation of the Taxation and Administration Act 2001 and the Duties Act 2001. Given the significance of this body of legislation, could the Deputy Premier advise if there have been any measures put in place to assist with this implementation?

Mr MACKENROTH: The new legislation commenced on 1 March 2002. The Office of State Revenue publicised the acts through seminars, workshops, the Office of State Revenue web site and client visits. Some 70 revenue rulings and practice directions, 45 information sheets on new provisions and a series of frequently asked questions were made available from the commencement of the acts. A client contact centre to deal with telephone inquiries was established in early February 2002. The evidence of success of the implementation strategy is that there has been no increase in telephone calls and ministerial correspondence and only a few complex technical issues requiring resolution. The series of public seminars was held in Brisbane and seven regional centres—Cairns, Townsville, Mackay, Rockhampton, the Sunshine Coast, the Gold Coast and Toowoomba—in November 2001. The seminars, which focused on the changes made by the two acts, were attended by over 1,000 taxpayers and practitioners. In February/March 2002 a one-day practical workshop based on common transactions was held in Brisbane and the seven regional centres. These were attended by over 800 taxpayers and practitioners. The attendees consistently rated the seminars and workshops highly and comments

were received that the public education program was the best run program for the implementation of new legislation.

Half-day information sessions were held in March 2002 for taxpayers who lodged by return dealing with the requirements for lodging returns under the new acts. In addition, a session dealing with the mortgage duty provisions was held for financial institutions. The main method of providing information to taxpayers during the transition to the new legislation was the Office of State Revenue web site. It contained all published material including revenue rulings, practice directions, information sheets and frequently asked questions and a link to the acts and explanatory material. The Office of State Revenue also established a client contact centre to deal with telephone inquiries from early February 2002. Internal escalation processes were implemented to provide answers to taxpayers quickly on both technical and administrative issues, and this process has been utilised to resolve approximately 50 issues to date.

The CHAIR: Again, page 1-28 of the Treasury MPS refers to the improvements made to the state fuel subsidy scheme to deliver operational efficiencies for bulk end users and also to improve compliance, which I understand has been very well received. Can the Deputy Premier outline for the committee how the scheme applies to bulk end users and what those improvements have been?

Mr MACKENROTH: Under the fuel subsidy scheme bulk end users are paid quarterly in arrears for on-road fuel use where fuel is delivered directly into the running tank of a vehicle from a Queensland storage site or by a fuel distributor. A change was implemented for the 2001-02 financial year that allowed a provisional payment of subsidy of up to \$500 for a financial year in advance to those licensed bulk end users who claim up to \$500 a year in subsidy. Following representations from primary production industry groups and after a review of the operation of the scheme, the maximum up-front payment to bulk end users has now been increased to a maximum of \$1,000. The increased provisional payment in advance applies from the 2002-03 financial year.

Conditions apply in determining if a provisional payment may be made for a financial year, ensuring that bulk end users may qualify for the provisional subsidy by establishing a history of compliance with the scheme. The changes reduce paperwork for those bulk end users because they will only be required to lodge an annual return to reconcile the payment in advance with actual usage during the year. The up-front payment maintains the scheme's integrity but significantly advantages the majority of licensed bulk end users who have made a claim, many of whom are primary producers and other small users of subsidised fuel while maintaining the scheme's integrity. Licensed bulk end users who satisfy the qualifying conditions will now receive a provisional subsidy for the full financial year by 1 October of each year, which means they will have access to their subsidy at least nine months in advance.

Mr LEE: Treasurer, page 1-34 of the Treasury MPS makes reference to implementation of a business assistance scheme for clubs as a key priority for 2002-03. Can you outline for the committee the purpose of the scheme and also the progress made towards its implementation?

Mr MACKENROTH: The purpose of the club industry support scheme is to implement a range of support services aimed at assisting clubs in financial difficulty to return to financial viability. A needs analysis was conducted by KPMG Consulting to review the viability of the club industry as a whole. The research carried out by KPMG Consulting confirmed an overall declining trend in the financial performance of Queensland's licensed clubs. In particular, KPMG Consulting identified that clubs operating between one and 120 gaming machines are most at risk from declining financial performance in the short term.

Currently, tailored support services do not exist to enable those clubs to address the risk. KPMG identified the key success and failure factors affecting the operational and financial performance of clubs. In response, the government has approved the development of a club specific business assistance tool kit, including the provision of management training for managers and directors of clubs, the development of a business advisory safety net model and the independent evaluation of club redevelopment projects. The Club Industry Support Committee was appointed to oversee the implementation of the range of support services. The committee had its first meeting on 21 June 2002. In addition, a tender process was conducted and an administrative support provider will be appointed in early July 2002 to assist the Club Industry Support Committee. It is anticipated that some of the support services should start to become available to eligible clubs by August 2002.

Mr SHINE: Treasurer, I refer to page 1-37 of the MPS relating to superannuation. Under 'significant recent achievements' it refers to the transfer of Queensland Ambulance Service employees and Q Invest retirement fund members to QSuper. Could you give any background information on the transfer of the Queensland Ambulance Service employees to QSuper?

Mr MACKENROTH: During negotiations of the 1999 QAS enterprise partnership agreement, superannuation for QAS employees was raised as an issue by the Australian Liquor, Hospitality and Miscellaneous Workers Union. It was suggested that QAS employee superannuation arrangements should be in line with those of the rest of the Queensland Public Service. After initial offers and further negotiation on superannuation arrangements, it was agreed between relevant parties that all existing QAS employees be offered the choice of transferring to standard QSuper accounts or remaining in the QAS arrangements to be managed by QSuper. The QAS superannuation scheme will be closed with all existing QASSS members transferred to QSuper under a quarantined ambulance membership category and all new QAS employees will be provided with membership in standard QSuper accounts. A total of 90 QAS employees chose to transfer from the QASSS to the standard QSuper arrangements. Transfer of QASSS to quarantined QSuper arrangements was effective on 31 December 2001 and assets amounting to \$141.5 million in respect of 2,449 members were transferred to QSuper.

Mr CHOI: The superannuation output on page 1-37 of the MPS refers to increasing demands of members for information, education and advice. Could the Deputy Premier please outline what is the government's response to this issue?

Mr MACKENROTH: During 2002-03 members will be able to access information on QSuper through an extended range of mediums, such as continued 24-hour access to information by our QSuper's web site and the telephone; interactive capability with the web site, allowing online transactions; an expanded range of Internet and CD-ROM based calculators; an expanded regional and issue specific seminar program; increased personal contact with members initiated by QSuper; an enhanced service provided by the member investment service unit; continuation of a series of newsletters, magazines and fact sheets; educational videos and audio tapes for members unable to attend specific seminars; a wide range of articles in union journals and magazines; and an increased presence in union conferences, finance trade shows and investment related publications. Members' demand for financial planning advice will be met through an expanded Q Invest financial planning service.

The CHAIR: Deputy Premier, I refer you to recent achievements under the motor accident insurance administration output on page 2-2 of the MPS and, specifically, the review of the first 12 months of operation of recent reforms to the CTP scheme. Could the Deputy Premier advise the committee about some insights into the operation of recent reforms of Queensland's CTP scheme?

Mr MACKENROTH: A major review of the scheme was conducted in 1999, resulting in significant amendments to the Motor Accident Insurance Act 1994 which were designed to ensure the ongoing affordability and stability of the scheme. The key initiatives were the introduction of an affordability index, a competitive premium model, streamlining of claims processes, establishing measures for the scheme's efficiency, the establishment of a CTP claims help line and minor changes to benefits whilst retaining essentially an unlimited common law scheme. The new reforms have been operational since 1 October 2000, with a report on the implementation of the reforms presented to cabinet in February 2002.

The effect of the implementation in the first 12 months is maintaining affordability for the majority of the motoring public, which is critical to the long-term viability of the scheme. Scheme affordability is now monitored by an index tied to Queensland average weekly earnings, and if premiums for class 1 vehicles—cars and station wagons—exceed the index, the event may trigger a scheme redesign. Contingency planning for a future breach of this index is continuing to be developed and refined. Combined with the affordability index, the competitive premium setting process allows the market to act with minimal government control. The premium bans ensure that there is neither excessive profiteering nor non-viable premium underpricing which could create instability in the scheme. This initiative has resulted in greater choice for consumers and has delivered competitive premiums, especially to class 1 owners where add-on benefits are also often available; for example, discounts on other products or at-fault driver protection.

Early indications are that the significant modifications made to the claims process from 1 October 2000 are producing a positive outcome, especially in respect of lowering claims. However, observed upward movements in the average claim size and changes in the underlying

economic conditions have the potential to impact on the expected savings. CTP is long tail insurance, and it is too early to empirically gauge the effectiveness of most of the claims-related legislative amendments.

The cost of delivery of benefits to injured parties is an important part of the affordability of the scheme. The 1999-2000 CTP premium—the proportion of premium payable to injured parties—was assessed at 67 per cent and the implemented changes aimed at claims management efficiencies. Legal reduction and increased insurer competition are expected over time to improve efficiency by three per cent to 70 per cent. The longer term and more difficult target is to increase this efficiency to 75 per cent. The long tail nature of CTP insurance means that a disproportionate number of the claims finalised for accidents after October 2000 are the smaller claims. Hence it is too early to make an assessment of the efficiency of the new scheme.

A CTP claims help line has been established within the commission. Primarily the help line assists claimants who do not understand the claims process by providing information on the operation of the statutory insurance scheme. The help line currently averages 110 calls per week in relation to claims and other CTP matters. There has been a gradual increase in the number of calls as broader knowledge of the service spreads throughout the community.

The CHAIR: The time for questions from government members has now expired. I call the member for Gladstone.

Mrs LIZ CUNNINGHAM: Minister, earlier you said that funds from the lease of Dalrymple Bay had been allocated to capital works. I believe you said it was \$300 million. Do you have a schedule of the work to which that money has been allocated?

Mr MACKENROTH: It is not allocated to specific works. It is allocated into the general capital works in that year of the budget. It is not allocated to a specific project.

Mrs LIZ CUNNINGHAM: On page 1-42 of your portfolio statement you talk about the implementation of the government debt pool in November 2001. Although I understand the principle of the debt pool, I wonder if you could advise whether, in the time since it was established, there has been any constraint on the ability of departments to justifiably borrow—that is, constraints other than normal financial considerations. I am not intending to encourage increased debt, but with areas of intense construction and industrialisation that requirement to borrow could be significant.

Mr MACKENROTH: Departments would submit to me a schedule of borrowings that they would wish and I would approve them for the year.

Mrs LIZ CUNNINGHAM: There was none not approved then?

Mr MACKENROTH: No, there were none that came to me that I did not approve.

Mrs LIZ CUNNINGHAM: They were culled beforehand.

Mr MACKENROTH: I could not say that.

Mrs LIZ CUNNINGHAM: But I can.

Mr MACKENROTH: I am unaware of any, and no minister has been to me to complain, so I would assume that there were none. I am sure that if the minister had put it up to my department and it did not reach me, they would probably take the opportunity to tell me.

Mrs LIZ CUNNINGHAM: Page 1-19 of your portfolio statement says that the department is reviewing the CSO arrangements which underpin the electricity uniform tariff and developing new longer term arrangements to manage the inherent CSO risks to the state. In that review, is any consideration or approval being given to altering that CSO arrangement that would disadvantage rural Queensland?

Mr MACKENROTH: The answer is no, because we will continue to get a full tariff. So the review of the CSO is not looking at disadvantaging.

Mrs LIZ CUNNINGHAM: On page 1-18 you talk about the provision of policy and commercial advice on energy supply issues for major industrial projects. As you know, there are several projects—one under construction in my electorate at Comalco and another major proposal at Aldoga at the Aldoga industrial estate. Within that area of your portfolio have there been any significant funds allocated for infrastructure development within the Aldoga industrial estate? I know the easy flick pass is to say it is all state development, but the fact is that within your portfolio statements you give acknowledgment to your area's contribution to industrial

development, and I wonder whether there is provision for significant investment in my electorate from your portfolio area.

Mr MACKENROTH: Most of the development, as you are aware, is done through State Development. We fund them to do that. A number of our GOCs would have capital works, which may be upgrading electricity transmissions; the railways could be upgrading through the GOC there. That is through my portfolio.

Mrs LIZ CUNNINGHAM: We have the railways and the port authority in our area. The Leader of the Opposition was talking to you earlier about the requirement for GOCs to return a significant amount of their profits to government. Where those GOCs are investing significantly in infrastructure development—for instance, the Gladstone Port Authority industrial infrastructure—does that offset their obligation to repay part of their profits to you?

Mr MACKENROTH: There are two different parts. You have your profits, in relation to which we will make a determination as to the percentage which is returned to government, and the second part is in relation to their capital expenditure. We will make a decision in relation to that. That could be made to allow them to borrow to undertake that work. So once they borrow that money, of course, part of what would have been profit would go towards their financing, so it is no longer available to us as profit. Look at the Gladstone Port Authority. It has undertaken a considerable amount of work, which we have approved for them to do, but there are no constraints on them from doing what is necessary.

Mr HORAN: On the weekend the Premier announced that he had adopted National Party policy and scrapped the bonus system for directors-general. Can you tell the committee whether this decision extends to the CEOs or other senior executives of the government owned corporations for which you are a shareholding minister?

Mr MACKENROTH: No, the policy is for the government directors-general. You would be aware that the GOCs operate in a commercial field. When you were in government you provided those CEOs of government owned corporations with performance bonuses. That is a way to attract people to those areas. No, that policy is not looking at those.

Mr HORAN: So if performance bonuses are to be paid to senior executives of GOCs, are you able to give us the number of executives who are paid the bonus and the amount of the bonuses that would be paid?

Mr MACKENROTH: I think the Auditor-General did a report and released all that information.

Mr HORAN: He gave it for the government sector only—the total amount in his report.

Mr MACKENROTH: No, he did it on the GOCs. There was a report done by the Auditor-General on GOCs only—I have a memory that it was three months ago or something.

Mr HORAN: There was a report where he had a total amount, and I understood that total amount referred to the bonuses paid to government directors-general.

Mr MACKENROTH: No, it also highlighted the GOCs.

Mr HORAN: Would you be able to give us on notice then the amount?

Mr MACKENROTH: The 2001 report of the Auditor-General disclosed all the bonuses in the Queensland public sector, including the GOCs, which is the information that we would make available and will make available again this year.

Mr HORAN: My understanding was that it was in total—combined government and GOCs.

Mr MACKENROTH: No, I think GOCs were separated.

Mr HORAN: What I wanted was the amount of bonuses paid for the GOCs only. Can we have that information provided on notice, if it is not broken down in that Auditor-General's report?

Mr MACKENROTH: You can put it on notice and I will have a look at it. I will not give you a guarantee that I will provide the information. We negotiated with the Auditor-General as to what information could and should be made available, and that was made available through his report. We did not stop him; we accepted his recommendation for disclosure.

Mr HORAN: Page 1-10 of the MPS states as a recent achievement the government's involvement in the public liability task force and the development of a group insurance scheme for community groups. Since this scheme, which does not start until the end of August or September, is being touted as a solution to the spiralling cost of insurance for non-profit groups, can you tell this committee what money was allocated in 2001-02 and in 2002-03 to research,

develop, introduce and manage the group insurance scheme in Treasury on behalf of those non-profit groups?

Mr MACKENROTH: We will take that on notice and give you the actual amount. The work that was done was carried out by public servants already within the Treasury, so we would have to look at what proportion of their time went towards that work.

Mr HORAN: What has been budgeted for in this financial year?

Mr MACKENROTH: We can provide that.

Mr HORAN: I guess this is a new entity within Treasury, because it would be a major scheme to administer.

Mr MACKENROTH: It is being managed by the Motor Accident Insurance Commissioner because the commission has the experience in that area. I will provide to you the amount of money that has been allocated to the scheme, remembering that the scheme itself will be self-sufficient. The government will not be funding the scheme.

Mr HORAN: The government is funding the management of it.

Mr MACKENROTH: From our perspective, yes.

Mr HORAN: If it is self-funding, does that mean that each of those groups pays a fee to the government for your costs of management of it?

Mr MACKENROTH: No. We absorb our costs.

Mr HORAN: So it is free?

Mr MACKENROTH: It is free.

Mr HORAN: Apart from what they pay to the insurance company?

Mr MACKENROTH: That is right. What we are doing is giving them back eight and a half per cent that they do not have to pay in stamp duty and providing the government service for free. Some information we provided to you in answer to your first question on notice was that we have up to three full-time equivalents actually working on that scheme at present. That gives you an idea of what sort of money it is costing us, but we will get you the figure.

Mr HORAN: In relation to the government's insurance scheme for parents and citizens associations, can you tell us what payments have been made into the scheme by these associations to date and what costs have been paid out since the scheme began operating?

Mr MACKENROTH: I would have to take that on notice. That is fairly detailed. We will take that question on notice and provide the information to you.

Mr HORAN: Does the scheme operate on that basis? Do they pay a premium or is it purely like the government's own school system? The government's own system is a self-funding one, so I presume in this case they are each paying in a contribution.

Mr MACKENROTH: I think we have done it through the head body for P&Cs. They pay it through there. It is paid into the Queensland Government Insurance Fund. I do not think the sort of information you are asking for will provide you with anything you can realistically make an assessment on because we have been operating this for less than six months and there very well could be claims which have not been made which will need to be met out of the money that has been paid. There may not be any claims there, but this is a very short time on which to make any sort of assessment. We will put that in the answer, because it is important that we look at that. There may not have been any claims actually made yet.

The CHAIR: The time for questions from non-government members has now expired.

Mr SHINE: You would be aware of some community concerns with respect to the growth of gambling and the growing significance of gambling income to state revenues, not only in Queensland but also throughout Australia. In answer to my friend you referred to one of 10 major surveys involving gambling. On page 1-3 of the MPS it is stated that support is provided to address problem gambling issues and promote responsible gambling practices in Queensland. Can you enlarge on what support is provided to attempt to address gambling problems in Queensland?

Mr MACKENROTH: The Queensland Responsible Gambling Strategy has been developed as the government's framework for action to reduce the prevalence and impact of problem gambling. The strategy was launched on 27 February 2002. The strategy focuses on prevention,

protection and rehabilitation. It includes community education programs, curriculum for schools and the expansion of problem gambling counselling services.

The Queensland responsible gambling code of practice trial and review was launched on 29 May 2002. This is a voluntary, whole-of-industry code of practice which provides a range of consumer protection measures. The voluntary compliance rates of industry will be monitored and reviewed and minimum standards developed if needed. The results of the Queensland Household Gambling Survey have recently been reported. CBRC has noted the results of the survey and it will be published.

It has recently been announced that \$9.84 million will be allocated to gambling help services over the next three years. This initiative more than doubles state funding for services to help problem gamblers and their families. The funding will be used to extend problem gambling support services across the state. This includes the new 24-hour gambling help line, which is now operational.

Mr CHOI: With reference to the implementation of the government debt pool, referred to on page 1-42 of the Treasury MPS, could you advise the committee what benefits have been realised by this strategy since its implementation in November 2001?

Mr MACKENROTH: Prior to the implementation of the government debt pool, each department determined its own debt management strategy. The government debt pool was therefore established on 1 November 2001 as a centralised portfolio of debt to provide the only source of borrowings to departments. Its primary objective was to achieve the lowest possible cost of funds for government over the longer term within a defined risk framework.

The implementation of the government debt pool has realised advantages for both departments and the state. From a budgetary perspective, by converting all departmental borrowing to fixed rate loans the departments now have greater budget certainty in terms of their interest expense. From the state's perspective, the government debt pool has given Queensland Treasury the ability to strategically manage the interest rate exposure on departmental borrowings on a whole-of-government basis.

The CHAIR: Regarding the gambling output performance on page 1-33 of your MPS, significant recent achievements include implementation of a major restructure of inspectorate functions. Can you advise the committee of further details regarding this restructure of inspectorate functions?

Mr MACKENROTH: The key changes in the proposal of the Queensland Office of Gaming Revenues were in relation to casino based regional offices. The changes are to reduce minimum staffing levels on roster from two to one during quieter times in the casinos—for example, the latter parts of night shifts. This change will have flow-on consequences: to reduce staffing levels by two in each of the four regional offices and reduce shift and penalty allowances payable to the staff; to vary shift lengths for southern based gaming inspectors from 12-hour shifts to a combination of 10- and 12-hour shifts; and to create two or three assistant regional manager AO5 positions in each of the regional offices, depending on the size and hours of operation.

Mr SHINE: Earlier reference was made to the Millmerran power station. Could you indicate when that is coming on line or has come on line and what the advantages will be with respect to that development?

Mr MACKENROTH: It is a private sector investment, so it is not part of our budget, but it is presently being tested and it is expected to come on line later this year. The benefits will be that the electricity that is generated there will help to reduce pool prices. It will enable Queensland to export more electricity interstate over the interconnector. Millmerran is very well positioned to export power into the southern grid, so that will happen from there.

The CHAIR: Given that there are no further questions from government members, that concludes examination of the estimates of expenditure of the Treasury department. I thank the Deputy Premier and his Treasury departmental officers for assisting the committee with their attendance today at the examination of the Treasury component of this portfolio.

Mr HORAN: I thank the Treasurer and the Under Treasurer and their staff for the answers today.

Sitting suspended from 4.27 p.m. to 4.46 p.m.

The CHAIR: The Estimates Committee A hearing is now resumed. In this session, the committee will examine the estimates of expenditure for Sport and Recreation Queensland. For

the benefit of Hansard, I ask departmental officers joining us in this session to identify themselves if the Deputy Premier refers to them a question to answer. The question for the committee is—

That the proposed expenditures for the portfolio of the Deputy Premier, Treasurer and Minister for Sport be agreed to.

Non-government members of the committee will commence the questioning.

Mr HORAN: Thank you. Treasurer, I refer to your answer to question on notice No. 4 regarding the Major Sports Facilities Authority. What will be the cost to the MSFA of undertaking a major business planning process for each venue? What are the opportunities to increase the number of events held at these venues? What expenditure will you incur in order to attract new events to QE II, the Brisbane Entertainment Centre and the Sleeman Sports Complex?

Mr MACKENROTH: The Brisbane Entertainment Centre is run by a private organisation. So we will not incur any expenditure in relation to that. We are currently looking at the operations of QE II and the Sleeman Centre. We held inspections of those sites last week and are currently looking at the future usage and how we can best utilise those facilities for the public of Queensland.

One of the things that we are doing in relation to QE II is looking at making that a centre of excellence for sport by moving the Queensland Academy of Sport there. In relation to the expenditure, that would be allocated through the Major Sports Facilities Authority. I do not have that detail here with me.

Mr HORAN: My question was really about the cost of undertaking a business planning process for each venue.

Mr MACKENROTH: That will be mainly done in-house, but I do not have the actual breakdown. The Major Sports Facilities Authority has taken over these and is now starting to look at what we can do. We have taken over the facilities only since Monday of last week. We are continuing to operate them as they were operated and we will start to look at what we can do in the future with them to make them better centres of excellence for sport.

Mr HORAN: In your response to question on notice No. 4 you have used Brisbane City Council estimates to assess the financial performance of the three venues and also the estimated cost of administering these venues. Will you provide these estimated costs to this committee based on your government's management of the facilities? Do you have a different—

Mr MACKENROTH: At this point, we have used the Brisbane City Council estimates, because that is the way that the facilities have been run and are being run. Until we actually make the decisions as to what changes will be made, it is not possible to change those estimates into the future. So the first thing that we will do is to look at how we are going to run the centres and then, having done that, we will then make the decisions as to what would be the performance of the centres in the future. But we need to firstly make those decisions.

Mr HORAN: In those plans that you are looking at—the buildings—do you have any plans for major refurbishments of those three complexes? You did mention the Academy of Sport for QE II.

Mr MACKENROTH: The major thing that we would have to do would be to change the QE II. At present, as you would be aware, there is a football field in the middle of an athletics track that runs over the four corners. You cannot run an athletic meet unless you take the grass away. So we would be turning that into an athletic oval and it would remain an athletic oval. So you would not be able to play football there after the Suncorp Metway Stadium is completed.

We also need to make decisions such as, when the QE II stadium was built, there was accommodation in there for athletes to stay there so if a competition was held, kids from the country, for instance, could come and they could be billeted actually in the stadium. I think that there was room for over 80 athletes to stay on site. If you had a camp, athletes could stay there. The Brisbane City Council has taken that accommodation out, although all of the services are still there, and have made it into offices. We are looking at whether we should not revert that back to accommodation so if the Academy of Sport is there it can utilise that. We also will need to look at how we will put a gymnasium there for the academy. The indoor stadium that is there has a linoleum floor, which I do not believe is appropriate for top, elite athletes. We would need to put a wooden floor down. So those things would need to be done to make it a centre of excellence.

They are the decisions that will need to be made. That would be the major area where it would happen. There still would be a need for maintenance in the facilities and that is within the operating costs that I have provided you in the answer to the question on notice.

Mr HORAN: Again referring to question No. 4 on notice, in regard to the projected financial performance of the venues due to be transferred over to the state government, I note that all venues are projected to incur increasing financial losses for the years 2002-03, 2003-04 and 2004-05. If, as you say, you can manage these facilities more efficiently than the Brisbane City Council, when will the trend of large consecutive losses be turned around by your government, or is it your intention to run them as a service to the sporting community and actually incur a cost or a charge?

Mr MACKENROTH: The facilities have always run at a loss. They have never run at a profit, because they are a facility that is provided mainly to the major sports and also as community facilities. We were aware of that when we negotiated with the council on taking over these facilities.

It is my belief that we need to have good sporting facilities for our community and we need to have headquarters for our sports so that we are able to hold, for instance, the national athletics championships or the national swimming titles. Unless we have the proper facilities to do that, we will not get those championships here in our state.

To do that, we need to ensure that the facilities are able to be run. One of the things that you mentioned before was about what upgrades are needed. In terms of swimming, if we put a 25-metre bulkhead into the 50-metre pool at the Sleeman Centre, we would get more competitions there, which would increase the revenue that we get. That is good for the public who want to watch swimming, it is good for the competitors at the elite level who want to compete in the 25-metre races; but the council would not put one in there. Now, I think that is something that we need to look to do. It is the sort of thing that we provide through our funding programs to councils and organisations around the state. As you would know, in Toowoomba we have funded a new grandstand at the athletic oval or the sports reserve. They are the sorts of things that I think governments should be doing to provide proper facilities.

Mr HORAN: On that topic, in the capital funds that are there for the development of sports facilities throughout the state, what percentage has been allocated to rural and regional Queensland for the improvement of sports facilities?

Mr MACKENROTH: A big percentage. In the minor facilities program for 2002-03, \$6.5 million has been approved for 193 organisations. Do not tell anyone in Brisbane this but 173, or 90 per cent, of the applicants, for a total investment of \$5.8 million, have been approved outside of Brisbane. In the major facilities program, \$13 million has been allocated to 29 organisations, and 26 of those, or 90 per cent of funds, are outside of Brisbane. For nationals, I think it is 100 per cent. For nationals, there is \$2 million and all of that is outside of Brisbane.

Mr HORAN: For national events?

Mr MACKENROTH: National facilities. That would be like the grandstand in Toowoomba. That is a national facility. We put \$750,000 this financial year into that project, so I think that brings it to \$2.25 million that the state is contributing to that grandstand. That is seen as a national facility.

Mr HORAN: In what way is the Academy of Sport looking at moving its influence to extend it to regional and rural areas of Queensland, as well as the good operation that they run down here for the elite stars?

Mr MACKENROTH: I can do more than that; I have one of these green ones for you! The regional and remote sport and recreation strategy was developed to expand the opportunities available to Queenslanders living in regional communities to participate in sport and recreation to coincide with the Year of the Outback. That is the regional sport and recreation strategy.

The north Queensland academy of sport focuses on developing the sporting careers of talented athletes in the north Queensland region and from Cairns to Gladstone. This ensures that talented athletes in north Queensland have the same opportunity to excel as athletes located in south-east Queensland. Regionalisation of QAS services has provided talented athletes from Queensland's regional and remote communities with access to sport coaching, sport medicine and sport science services, and assistance with travel to competition and other sport support services. Regionalisation of QAS services has been achieved through partnerships with state and national sporting organisations, universities and TAFE institutes and by developing a network of coaches, sports medicine experts and other support staff to assist in the development of Queensland's talented athletes. The expansion of regional operations will build sporting expertise and performance by upskilling coaching and support services across Queensland. The model

seeks to maximise the effectiveness of the effort expended to identify, develop and support elite athletes and coaches throughout the whole of the state without major expenditure on buildings and facilities. The expansion of regional operations will be phased in from July 2002. The Deputy Leader of the Opposition would know that we actually have an athlete from Charleville in the QAS program now.

Mr HORAN: In relation to Police Citizens Youth Clubs, have any particular allocations been made to provide for additional facilities for the PCYC throughout the state? I know they come within particular programs.

Mr MACKENROTH: Each PCYC makes application for funds in the same way as any other sporting group; they do not make it as a state body. There are a number of PCYCs which have been funded. I do not have the breakdown of all the schedules for different groups throughout the state here. As I said, there are 170. The PCYCs have done reasonably well out of this program, and they do utilise it. They are doing a very good job.

Mr HORAN: I just asked the question because I think we both agree that they do a good job.

Mr MACKENROTH: Yes.

Mr HORAN: And they are in demand. A lot of communities are wanting to see a PCYC in their area or an expansion of the existing facility that they have.

Mr MACKENROTH: Sure.

Mr HORAN: With regard to tennis in Queensland, is there any funding there or are there any plans in hand to put in place a tennis centre for Queensland, which is badly lacking at the moment?

Mr MACKENROTH: I did see that the National Party made a decision on the weekend to support a tennis centre. Having copped all the criticism for building a football centre, I thought I might wait for you to put it firmly on the agenda, say how much money we should spend and perhaps then I might be forced into it by the opposition and not be criticised for it, as I have been for providing a football centre. What I have told Tennis Queensland is that we are prepared to talk to them. However, firstly, we are completing a major stadium and I think we need to do that before we start to look at building another major centre in Brisbane. I note your policy did not say where it was going to be. I assumed it would be Brisbane. I have been waiting for that to come out.

Mr HORAN: It would be in the best place—wherever the best position is.

Mr MACKENROTH: Well, that is right. We will wait and see. We need to finish what we are doing before we start to build a tennis centre. We have worked with the council in an endeavour to get more tennis courts into Brisbane, which I think is important, and also with Tennis Queensland, which would be separate from a major tennis centre but available for young people to play tennis, so we do have a strategy to provide funds for that.

The CHAIR: Order! The time for questions from non-government members has now expired.

Mr LEE: In reference to page 3-3 of Sport and Recreation Queensland's MPS and also noting that 2001 was the International Year of the Volunteer, can I ask what the government is doing to ensure that volunteers continue to be recognised for their contributions to Queensland communities?

Mr MACKENROTH: The government has initiated the coaching and officiating program which provides forums, workshops and training resources, including distance learning, to support the continued development of coaches, instructors, officials and volunteers across the state. The program aims to increase the number and the skill level of coaches, officials and volunteers through a series of conferences, workshops and forums.

Sport and Recreation Queensland has initiated a coaching and officiation program that includes four initiatives—including locker room forums and a teacher-coach accreditation project—which aim to increase the knowledge and education of coaches, officials, athletes, teachers, administrators, students and parents. The other two key projects will be initiated after 1 July 2002. These include seven regional conferences, beginning in September 2002, and the rural and remote coach mentor program which is planned to be released in July 2002 and will provide an opportunity for regionally based coaches to receive mentoring from elite coaches. It is anticipated that the teacher-coach accreditation project will expand in 2002-03 to provide access for more schools. A total of 38 locker room forums were conducted in metropolitan, rural and remote and indigenous communities across Queensland. Locker rooms utilise the expertise of

many high profile sporting personalities, which provides opportunities for local coaches, teachers, officials and administrators to share ideas and draw useful information that can be used to enhance sporting experiences for Queenslanders. In terms of the teacher-coach accreditation program, three pilot level one courses have been conducted in Townsville, Roma and Brisbane, attracting over 200 teachers who have taken part in courses related to popular winter and summer school sports. Successful partnerships established between Sport and Recreation Queensland, the Australian Council for Health, Physical Education and Recreation and state sporting organisations allow for an integrated approach to the professional development of teachers in the area of coach accreditation. All schools across the state will have the opportunity to participate in the program once the review of the pilot program has been completed. A schedule will be produced identifying where the program will occur between July 2002 and June 2004.

Mr SHINE: I refer to page 3-3 of the MPS dealing with recent achievements. What services does the government provide to local government authorities to assist them in enhancing sport and recreational opportunities and facilities?

Mr MACKENROTH: The government has established a local government assistance package to support improved access to outdoor recreation infrastructure such as cycleways, walkways and walking trails. The Local Government Development Program seeks to increase and enhance participation in sport and active recreation by delivering a planned approach to the development and management of built and natural environments by increasing and enhancing opportunities for participation through exercise and walking programs, holiday activity programs, education and training seminars and by developing activity places for sport and active recreation. The Local Government Development Program 2002 opened on 18 March 2002 and closed on 10 May 2002. It is intended that successful applicants will be notified during July 2002. Eighty-two of Queensland's 125 local governments submitted a total of 317 applications, seeking a total of \$7,471,000. Details of grants will not be available until late July or early August.

Under the Local Government Development Program applicants can apply for any number of projects in any category. No minimum funding amount applies and there is no upper limit to the amount of funding that can be requested or the number of project applications. The funding available on the participation category has been structured to provide a threshold. This threshold is provided because local governments are not eligible to apply for funding under the Clubs Development Program. In previous years they were eligible for up to \$4,000 under the Community Sport and Recreation Development Program. There is a \$5,000 threshold that is also consistent with the Indigenous Development Program. Funding assistance available in the planning category is up to 50 per cent of total eligible costs. Under the places category, applicants can apply for up to 50 per cent of total eligible costs to a maximum limit of \$75,000 for each project. This ceiling is consistent with the recently released Minor Facilities Program. Local governments can form partnerships and apply for funding as a joint venture. The funding limits remain relevant to each project. Local governments are also able to apply for funds under the Major Facilities and National Standards Program.

Mr CHOI: I also refer to page 3-3 of Sport and Recreation Queensland's MPS. I am sure the Deputy Premier agrees that grassroots level support for sport and recreation organisations is a viable if not vital part of the state. What support program does the government offer these organisations?

Mr MACKENROTH: The state government has continued to support the development of the Queensland sport and recreation industry at state and local levels through the Clubs Development Program and the State Development Program. The Community Sport and Recreation Development-State Sport and Recreation Development Programs aim to increase participation and improve the management and administration of organisations providing sport and physically active recreation at the state and local level. In 2002, these programs were renamed the Clubs Development Program and the State Development Program.

The Clubs Development Program assisted the development and delivery of activities in Queensland communities through provision of financial assistance to local level sport and recreation organisations. The State Development Program provides financial assistance to state sporting organisations, industry service organisations, industry peak bodies and industry service organisations to achieve outcomes that contribute to developing their organisation, increasing participation in sport and physically active recreation, and developing the sport and recreation industry throughout Queensland.

The Clubs Development Program for 2002-03 is \$2 million; for the State Development Program for 2002-03 it is \$8.5 million. By providing support to improve the management and operational capacity of organisations, the government can help improve the ability to deliver services and to support greater involvement in physical activity by Queenslanders. Funds contribute to the achievement of measurable outcomes, including increased participation and improved organisational development. A total of 942 applications totalling \$2.7 million were approved under the Community Development Program for 2002.

Mr CHAIRMAN: I refer to page 3-5 of Sport and Recreation Queensland's MPS. I note that the Queensland government has collaborated to develop a drug testing program. What will be the benefits of developing state drug testing legislation?

Mr MACKENROTH: The purpose of the Queensland government's drug testing program is to deter athletes from using performance enhancing drugs. The deterrent strategy has two main components—education and testing. Testing is used to reinforce the provision of educational information. The Australian Sports Drug Agency provides both services. The drug testing program was developed in collaboration with ASDA in late 1999 to provide a means of drug testing elite athletes in Queensland until state sports drug testing legislation could be enacted. Sporting organisations' participation in the program is voluntary.

The purpose of developing state sports drug testing legislation is to complement the existing Commonwealth legislation which covers the testing of national level athletes. State legislation will extend the testing of elite athletes to those competing at state level. All sports will be required to comply with the legislation. Our government has contributed approximately \$100,000 to subsidise the first three rounds of the drug testing program. The level of subsidy provided to each sport has been based on ASDA's assessment of the risk of the sport in countering the use of performance enhancing drugs. The department contracts ASDA to undertake the testing. Costs associated with the development of sports drug testing legislation will be absorbed within the department's budget.

The sports drug testing legislation will provide the framework for the testing of state level athletes in all sports, confer powers on ASDA to conduct drug testing on behalf of the Queensland government and complement the existing Commonwealth drug testing legislation. To date, Sport and Recreation Queensland has consulted with ASDA, state sporting organisations and other relevant state government agencies regarding the development of drug testing legislation. Advice has been sought on the issues which need to be addressed by the legislation and the most appropriate legislative model for Queensland. It is anticipated that legislation will commence in the 2002-03 financial year. Queensland conducts more state level testing than any other state or territory. Since the start of the program, some 300 tests have been carried out on athletes from state sporting organisations and the Queensland Academy of Sport. No positive tests have been returned. A further 88 tests are planned for 2002. The Queensland government developed a drug testing program in collaboration with ASDA in late 1999 as a means of providing drug testing of state level athletes until legislation is enacted.

Mr LEE: With reference to page 3-4 of Sport and Recreation Queensland's MPS, I note that the Queensland Academy of Sport provides assistance towards developing elite athletes. What assistance has the government provided for athletes in the lead-up to the 2002 Commonwealth Games in Manchester?

Mr MACKENROTH: The Queensland Academy of Sport provides a range of services to Queensland athletes who will represent Australia at the 2002 Commonwealth Games. For the past two years, Queensland Academy of Sport programs in those sports represented at the Commonwealth Games have been focused on preparing athletes for the 2002 Games in Manchester. Specifically, services in sports science, such as specialised biomechanics, psychology and strength and conditioning, continue to be dedicated to athletes with the greatest potential to achieve at the Commonwealth Games. Likewise, athlete career and education services have been focused to assist athletes to cope with the pressures of elite sport in the build-up to the Commonwealth Games by assisting them to manage aspects of their lifestyle outside of sport. These services include career planning skills development and management of transition to careers outside sport. It is expected that 48 Queensland Academy of Sport athletes will represent Australia at the Commonwealth Games in Manchester. It is expected that there will be 80 Queensland athletes at the Commonwealth Games. The Queensland government has provided bonus grants to 73 Queensland athletes who meet the residency criteria, with bonus grants totalling \$5,400 for each athlete.

The CHAIR: The time allocated for the consideration of the estimates of expenditure for the portfolios of Deputy Premier, Treasurer and Minister for Sport has now expired. I thank the Deputy Premier and his officers in the portfolio relating to Sport and Recreation Queensland for their attendance at this evening's hearing. For the information of those attending today, I point out that the hearing transcript for this portfolio will be available on the parliamentary web site within approximately two hours.

STATE DEVELOPMENT**IN ATTENDANCE**

Hon. T. A. Barton, Minister for State Development

Mr P. Fennelly, Director-General

Mr S. Booker, Deputy Director-General, Development and Infrastructure

Mr B. McCarthy, Deputy Director-General, Business and Trade

Mr P. Chard, Director, Finance

The CHAIR: The last item for consideration for this evening's Estimates Committee A hearing is the estimates of expenditure for the portfolio of the Minister for State Development. I welcome the minister. 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 at the expiration of these time limits. An extension of time 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 to them a question to answer. I now declare the proposed expenditure for the portfolio of the Minister for State Development to be 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 or do you wish to proceed directly to questioning?

Mr BARTON: I am happy to make some opening comments. My team and I are prepared and ready to answer all reasonable questions that come forward this afternoon. There have been some questions raised in the media as late as this afternoon in regard to how my department disburses incentives and support for companies to either create or retain jobs in this state. One clear message needs to be stated, and that is that investment attraction is one of the most highly competitive arenas in the business world. The Department of State Development is competing with Sydney, Melbourne and international destinations such as Malaysia, Singapore and Hong Kong for business for this state. There is no sentiment when a major company makes an investment decision regarding location. It boils down to a few issues, including what is on offer, the dynamics of the location, underlying cost structures, infrastructure, financial services and the performance of the local government or authority. The benefits of success are what this government is all about and what it has stated since the 1998 election, that is, jobs, jobs and jobs—jobs not only for this generation of Queenslanders but jobs for generations of Queenslanders to come.

My departmental offers targeted financial support to attract important projects and businesses to the state and they have been successful, particularly in the industries of the future, such as aviation, biotechnology, call centres and light metals. In the last financial year, 2001-02, the Department of State Development attracted 20 new projects to the state under its investment attraction program, creating 1,345 jobs and capital expenditure of \$160 million. This number slightly differs from the MPS, and most are up-to-date when we compare when the MPS was put together and today's date.

As I said, competition is fierce. I would like to inform the committee of some fundamental differences between incentives offered by the government compared to those offered by New South Wales and Victoria. Based on work my department provided to me, unlike New South Wales and Victoria, which are our foremost rivals, this government in all cases of significant investment attraction ensures that it has bank guarantees provided by the company in receipt of grants. This step ensures that not one cent of taxpayers' funds are exposed in this attraction effort. In plain terms, it is a level of protection taken by the government to safeguard taxpayers because the bank guarantee can be recovered by the department should the company not comply with its commitments. Unlike New South Wales and Victoria, my department also provides marketing material, including guidelines and a due diligence manual. I will leave it at that. I am happy to take whatever questions come forward.

The CHAIR: The first period of questions is allocated to the non-government members.

Mr JOHNSON: I refer to your response to question on notice No. 3 in which you list Enhance Management Pty Ltd as receiving a \$241,500 consultancy from your department for the provision of advice in the preparation of a telecommunications infrastructure strategy for Brisbane SEQ and a telecommunications infrastructure strategy framework for Queensland. That is very expensive advice. Are you aware that Enhance Management Pty Ltd is the sole shareholder in Enhance Corporate Pty Ltd and that your predecessor, admitted electoral corrupter in chief Jim Elder, is a director of Enhance Corporate Pty Ltd? I table the relevant document from the Australian Securities and Investments Commission establishing the corporate links.

Mr BARTON: I had hoped that the session this afternoon would be done in a little bit better spirit than that. We are here to answer questions about the budget estimates. In terms of the answer to the question on notice, yes, my department gives a large number of consultancies in a year.

Mr JOHNSON: Bear in mind that the Premier said he would not give a bent razoo to former Deputy Premier Jim Elder.

The CHAIR: Order! I ask the honourable member to remember that the minister should be able to answer the question without interruption.

Mr BARTON: If we look at when this started, this is a consultancy that is the result of an agreement between the Premier and the Mayor of the Brisbane City Council in response to the capital city policy and Smart State initiatives primarily to research data and assist in developing a strategy for economic development. It is funded jointly by my department to the tune of \$110,000 and the Department of Innovation and Information Economy for a similar amount and the Brisbane City Council contributes \$20,000. The working group is jointly chaired by DSD and BCC. I am advised by my department that the draft strategy was released for public consultation on 30 November 2001, with public consultations closing on 28 February 2002.

In terms of the comment that was made by the Deputy Leader of the Opposition that the Premier had stated that there would be no money going to people who had previously been involved with the party—it is my understanding and I am advised that this process started back in July 2000. At that time the previous Deputy Premier and my predecessor as Minister for State Development was in that position. He was not involved with Enhance Management. Enhance Management is a very substantial company in this state. That was an agreement that was reached at that time, well before any of the events that the Deputy Leader of the Opposition is referring to.

Mr JOHNSON: In that event, what role did he have in awarding the contract in the first place? In any event, he has been receiving a benefit for the past 12 months.

Mr BARTON: What you are inferring there is that—

Mr JOHNSON: It is not what I am inferring; it is the question I am asking.

Mr BARTON: You are asking a question that has an inference of improper behaviour by my predecessor. If you believe that there has been improper behaviour, I would suggest that your best course of action is to make complaints to those bodies which the opposition has been very up-front lately in making complaints to if you have any evidence at all to suggest that there was any improper behaviour.

This is a consultancy that was granted in the normal course of events by the department at that point in time—certainly well before I moved into this portfolio personally. It is an ongoing consultancy that has continued for most of the past financial year, but is certainly one where all of the advice to me indicates that it has been quite properly let by the department and quite properly managed. I think what you are really doing is trying to infer that there is improper behaviour by my department or improper behaviour by one of my predecessors in terms of the letting of that contract. That is not the advice available to me.

Mr JOHNSON: Your Premier said that he would not have anything to do with him. That is what I am coming to.

Mr BARTON: In fact, I think you need to understand—

Mr JOHNSON: I think you are being hypocritical, but anyway.

Mr BARTON: I do not want to be badgered, but you want to ask the questions. I stress that this is a contract that was let by the government in the last term—well before my predecessor resigned from his position and well before the Premier made that comment about not having anything to do with people who had been in that position. If we were to not honour that contract,

we would be in breach of that contract with Enhance Management Pty Ltd. My department would be in breach. I think you need to be very conscious of that. I am sure you would not want to put this government at risk and taxpayers' funds at risk by being in breach of a contract that has been quite properly let with respected companies.

Mr JOHNSON: I just cannot understand for the life of me how you can say that. The real issue here is that if this contract was let at that time Jim Elder must have known something about it and now he is a consultant to your government.

Mr BARTON: My advice from my department says very clearly that Jim Elder in his role as minister had no role directly in the process. He has no role. Jim Elder personally, currently, as a person associated with Enhance Management, has no role in the delivery of that consultancy to this government and to this department. When it was chosen, an independent committee chose Enhance out of a panel of contractors. The independent committee also included the Brisbane City Council, which is our partner with regard to that particular consultancy. It was awarded back in the year 2000. I have mentioned that the date that I have been provided with—and I think you were provided with it also in the answer to the question on notice—is July 2000 when the project started. So it would have been awarded earlier than that back when Jim Elder was the Deputy Premier and the Minister for State Development and Minister for Trade.

I am assured by my department—I was not there at the time—that it was awarded through a process of an independent committee including our partners, the other organisations who are parties to that contract, and that it was done in a proper manner. Again, I would suggest that if the member is suggesting that there is any impropriety—if he has any evidence of impropriety other than innuendo—he should make that information available to the Crime and Misconduct Commission.

Mr JOHNSON: If there is any impropriety we will certainly make it available. I have to say to you that we have been asking questions time and time again, Minister, and we do not seem to be able to get those answers. We have had to refer the matter to the Information Commissioner. I have to say that you would know absolutely nothing about the National Party's referral of these secret grants to the CMC, the Auditor-General and the Information Commissioner because the Queensland taxpayers are entitled to know about them. You seem to think that there are two sets of rules here—one for your government and one for the rest of us. We are the opposition. I think we are entitled to know. The taxpayers of Queensland are entitled to know.

Mr BARTON: That is all I am saying. If you want to ask me specific questions, I have made it very clear in response to comments by yourself and your colleagues in recent days that I am here to answer any question that I can to the extent that I can. You have asked me several specific questions about Enhance Management. I have answered them. If you want to go to the other specifics, I am only too happy to try to answer them for you.

Mr JOHNSON: I refer to pages 11 to 24 of the MPS which deal with departmental output performances relating to business and market development services and infrastructure and project facilitation. I note that no mention is made of your former director-general Mr Ross Rolfe's redirection of departmental program funding to the Stanwell Corporation and AMC in the form of incentive and funding increases. Minister, how much money did Mr Rolfe redirect from the department to Stanwell Corporation and AMC? Did Mr Rolfe undertake these activities with your approval and did cabinet endorse these funding reallocations?

Mr BARTON: I think we need to be a bit clear about just what process you are suggesting has been done in terms of support for the Stanwell Corporation. The Stanwell Corporation is a GOC and the AMC project is known as the AMC-Stanwell project. The funding support that has been provided by this government is directly to the Australian Magnesium Corporation's project at Stanwell. As is well and truly known, until midnight on 31 December 2001 Ross Rolfe was the director-general of my department. He resigned effectively that day to take up a position as the chief executive officer of the Stanwell Corporation. I must say that Mr Rolfe did an absolutely top job, along with other senior officers of my department—if not all, most are certainly in the room here tonight—along with myself, the Treasurer, Treasury officials, the Premier and Premier's Department officials to make sure that we gave appropriate incentives and support to that project to make the Australian Magnesium Corporation project a reality. Several weeks ago they put up the fence and started to do the earthworks. In the immediate future there will be an announcement of the formal start of that project in terms of the actual construction itself, apart from preliminary works that are now under way.

If you are suggesting again that there has been impropriety in terms of the government's very public support and in terms of the amount of support that has been provided to the AMC project—and we are happy to provide that to you in full measure, if you wish—and that that has been done directly by Ross Rolfe to feather the nest of Stanwell Corporation, then frankly I think that is a little bit off beam, to put it mildly. If you are suggesting that there is something else, I would like to know the detail so that we can come back with the answers. But as you know, the AMC project is a \$1.3 billion project. It is a catalyst—a key part of the entire light metals strategy of this government, and I would have thought it was part of the key strategy of your government when you were a minister in the Borbidge years. I know that well before I became a member of parliament back in the late 1980s, I was involved when Mike Ahern was the Premier in trying to assist to get a light metals industry that involved magnesium production and alloy and metals castings for automotive components at that time. I would like to think that the opposition is prepared to support projects like that, not knock them in this manner.

Mr JOHNSON: We support the projects, but the point I make is: was there approval from cabinet to endorse the funding of these reallocations?

Mr BARTON: Which reallocations in specific terms are you talking about? Arrangements with AMC were detailed in AMC's prospectus. They were on a commercial basis, except for a relatively small amount of stamp duty of \$5 million. This project is extremely important to Rockhampton and central Queensland and the entire direction of the light metals industry for this state. AMC is a publicly traded company, and the opposition should not prejudice its standing at this time by casting aspersions on AMC. Certainly the decision to locate AMC at Stanwell was because the major magnesite deposit is out there near Marlborough, north of Rockhampton. It was an appropriate location to co-locate the magnesium smelter next to Stanwell Corporation. Of course, people do move from one position to another. In terms of any funding level of support that was provided to this project, of course they went before cabinet.

Mr JOHNSON: So you cannot confirm it? You have no knowledge of any redirection of funding for these projects from departmental program areas? So there is no other funding outside Treasury or the federal government or anyone else?

Mr BARTON: I am not sure what sort of a fishing exercise this is. I have made it very clear—and I think you would be aware if you have been talking to your National Party colleague the Deputy Prime Minister, John Anderson—that there were very detailed discussions and a considerable level of support by the federal government, as well. I was personally involved in a lot of those discussions that were going backwards and forwards. There were certainly very detailed discussions that went on for a long time that involved, as I have said, our Treasury, my department—when Ross Rolfe was the director-general of my department—the Queensland Treasury Corporation and the Premier. We had detailed discussions with the Commonwealth that involved discussions between the Prime Minister and the Premier, that involved discussions between the Premier and the Deputy Prime Minister, and that involved discussions between myself and the Deputy Prime Minister's office on occasions.

The Commonwealth supported this project to the extent of \$150 million—a \$100 million guarantee and a \$50 million CSIRO arrangement, which I understand was technology if my recall is correct. But we have provided very significant support to ensure that this project does get up. That is good for Stanwell Corporation because it does, in fact, get a major project co-located with the Stanwell Power Station, which is in everybody's interest. I am at a loss to understand what it is that you are trying to imply. I am not ducking your question. If you want to tell me that there is something specific—a particular tranche or payment that you believe is suspicious—let's have it on the deck and let's answer that.

Mr JOHNSON: I refer to your response to question on notice No. 5 concerning what we now know to be eight grants made by the Beattie government to Cutting Edge Post Pty Ltd. I note that two of those grants were made under the Queensland Investment Incentive Scheme. Not surprisingly, your response does not detail the size of these grants. It must be another one of your secrets. That seems to be the title of your new portfolio. Will you now provide complete details, including the size of these two grants provided to Cutting Edge Post Pty Ltd under the QIIS?

Mr BARTON: In terms of the QIIS funding—and again this will not be a surprise to you—the QIIS scheme is one where we have consistently expressed the policy position as a government that we do not make those payments public because they are commercial-in-confidence. That is a matter that is being tested at this point in time in a review that the Auditor-General is having. In

terms of any other impropriety that may have been suspected, that is being considered by the Crime and Misconduct Commission. In answer to your question on notice, I did provide the fact that there have been not just the two QIIS grants but five other grants under the QIDS program, the Queensland Industry Development Scheme program. We are at liberty to give you the actual amounts for those, if you want them. But I do want to make a comment about Cutting Edge first up.

As to the media comment about secrecy—and you have implied it again—and that this is somehow a deal between the Labor Party and Labor Party mates, here is a video dated 28 April 1997 that was prepared for the Borbidge government for the Department of Tourism, Small Business and Industry, which engaged Cutting Edge to prepare production of a range of promotional materials. This particular video titled *Queensland—A Better Business Address* was in fact prepared for TSBI under the Borbidge government at a cost of \$14,400. Cutting Edge is a firm that has been involved in Queensland, I understand, since 1992. It is the absolute leader in its field. And being very open and honest with you to the extent that I can be, I am not about to make decisions about policy positions on detailing commercial-in-confidence material under QIIS at a time when there are major reviews taking place. There is also a parliamentary committee considering the incentives programs and specifically the commercial-in-confidence position.

The Premier has made it clear that once we get, in particular, the Auditor-General's report we will review our position. I am not about to do that now. So I cannot detail to you the exact amounts that were provided under those two QIIS grants to Cutting Edge. But certainly a range of grants were provided under the QIDS program, and there was another one under the leadership and management program that went to a consortium involving Cutting Edge and four other companies. That is a leadership and management program for a range of management training programs.

Mr JOHNSON: Can you provide us with those details?

Mr BARTON: If you would like to ask the question, I will provide them now.

The CHAIR: The time for questions from non-government members has expired. I refer to page 14 of your MPS and to the work your department has been doing with marine industries. As you would be aware, I am particularly interested in that since I have an extremely successful marine industry in my electorate of Albert. Can you please advise the committee regarding the work that is being done in the marine industry, in particular what is happening at Coomera.

Mr BARTON: I certainly can. The marine industry is certainly one of the target industries my department has been putting a huge effort into. In May 2001 the Marine Industries Task Force was established by my department, with me as the minister, with the aim of increasing employment opportunities through international competitive marine industries at a state and regional level. Of course, one of the key areas is in the Coomera marine precinct, in your own electorate.

Strategic planning sessions, including industry and regional representatives, identified four focal areas for emphasis. They are manufacturing; infrastructure; soft support, including training and technology update; and targeted regional projects. The Australian boat building sector in Queensland accounts for almost 40 per cent of the Australian market, particularly for pleasure boats, and it has firms providing maintenance and refit to many of the 165,000 boats registered in the state. I must admit, I used to have one housed at Horizon Shores in your electorate, but the cost of running it and refit got so much for me that I could not afford it, I am afraid. Boat building exports from the state increased by \$32 million to \$107 million in the period between 1999-2000 and 2000-01. That is a very substantial increase in terms of exports from this state, much of it coming out of the Coomera marine precinct in your electorate.

The Marine Industries Task Force has been facilitating the establishment of clusters of marine related firms in the Queensland regions, where the industries have been identified as key economic drivers. This provides the optimum opportunity for small business to become involved in large projects. Positive outcomes from the strength of clusters are emerging at the marine precincts, particularly at the Gold Coast and Coomera, but also around the Labrador area; in Brisbane, in the marine industry park; at the reef marina in Mackay; and in the Cairns cluster, which is also progressing very strongly. The establishment of additional marine precincts is currently in the preliminary stages for both Townsville and Maryborough. A capability list of marine firms in Queensland has reached 446. This is used to provide information on capacity to supply and develop consortia approaches to business opportunities.

In support of the superyacht market development, the government provided assistance to a superyacht charter broker familiarisation tour in April. My department contributed \$80,000 to this initiative. This provided an opportunity for the local industry to showcase its capacity and destinations to key decision makers in determining superyacht destinations. They did look at the Cairns area. They certainly visited the Gold Coast, where I know I hosted a dinner for them one night. They also had a good look at the Whitsundays. The superyacht owners are really looking for new destinations and we are capable of providing them and the support.

Mr CHOI: I have a juicy question for you regarding Berri Ltd. In your opinion, has Berri Ltd met all of the performance criteria provided for under the agreement with your department for assistance to establish its new plant in the Lytton Industrial Estate?

Mr BARTON: I thank the member for that question, because I do want to put some facts on the record about Berri, because we have heard a lot of comments recently. The project has materially exceeded all performance milestones as specified under the financial assistance agreement between the state and Berri Ltd. Employment numbers are 240 per cent above the target set in that performance agreement. The company contracted with the minister to provide an additional 30 direct full-time jobs by 31 December 2001 above a base employment level of 80.9 full-time equivalent staff—a total of 110.9 full-time equivalent staff. At present the company is employing an additional 102.2 full-time equivalent staff above the base level of the 80.9 full-time equivalent staff. This represents total employment of 183.1 direct full-time equivalent staff. Employment numbers include all manufacturing, export, sales and marketing staff that are located at the new Lytton plant.

New capital expenditure on plant and equipment and factory fit-out costs is 160 per cent up on the target for the project. At least \$13 million of such expenditure was incurred, again on a contractual commitment of only \$5 million. It is projected that the project will result in a more than doubling of the production capacity—up 126 per cent on the old Bulimba plant that has now been replaced with the Lytton facility—within the next six months when another new production line is scheduled to be introduced. The commissioning of the new line will result in a further increase of 10 full-time equivalent staff.

At present 26 per cent of total sales output from the new facility is to export markets, predominantly in South-East Asia. This represents the filling of four sea containers each day for export. The old Bulimba plant only produced for the domestic market—99 per cent for Queensland and one per cent for interstate—and there was no product exported overseas. We expect those percentages of exports to rise very dramatically, because that is the proposal. This improved production actual, against projected milestones of the plan, is the result of new processing technologies to produce long-life pasteurised fruit juice for an expanded domestic market, particularly interstate, the significant growth in export markets for fruit juice and the efficiencies attained at this new facility.

Mr SHINE: Page 11 of the department's MPS, under the heading 'Business and Market Development Services', states that one of the aims is to support and empower regional, rural and remote communities to identify and realise sustainable economic development opportunities. Could you please outline what your department has achieved in this area for south-east Queensland west?

Mr BARTON: Again I thank the member for the question. In August 2001 cabinet approved the preparation of a coordinated economic development strategy for the western corridor region. This is referred to as the western corridor economic development strategy. It complements existing regional planning tools, such as SEQ 2021, the regional framework for growth management. The strategy will identify industries that have the potential to substantially impact on employment. It identifies strategies to assist in the development of these industries, including the assessment of infrastructure needs and their prioritisation. It also informs the decision-making process of all levels of government, with particular regard to infrastructure provision.

Submissions will be presented to cabinet later this year, approximately in late August, to seek endorsement of the industries selected for further assessment. Proposed industries include aerospace, education, food, manufacturing and transport. The process for identifying the infrastructure priorities will be managed in consultation with relevant government agencies.

Options for infrastructure provision, such as public-private partnerships, will also be considered where appropriate. Since 1997 the Toowoomba City Council has been investigating options for use of effluent from its Wetalla waste water treatment plant for rural and industrial purposes. Currently effluent is discharged into Gowrie Creek. Environmental protection legislation

has proscribed a waste management hierarchy in which waste disposal such as discharging effluent into Gowrie Creek is the least desirable option. A build-own-operate transfer project to divert the effluent from Gowrie Creek to industry and farmers to the north east of Toowoomba was chosen by the local council as the most cost-effective solution.

The south-east Queensland recycled water project—and again I know that the member for Toowoomba North is keen and so is the member for Toowoomba South, who is missing at the moment—aims to take treated effluent from south-east Queensland, further treat it and distribute it to users in the Bremer, Warrill and Lockyer valleys in the Darling Downs. In August 2001, the South East Queensland Regional Organisation of Councils—SEQROC—formed a mayoral task force led by the Lord Mayor of Brisbane to further investigate the project. The state has spent \$395,000 on consultancies to investigate the economic and environmental feasibility of the project. In addition, a further \$243,000 has been spent on project facilitation and the development of guidelines covering the use of effluent for irrigation. We have had the Prime Minister, as the member is aware, up to have a close look at it. We are continuing to lobby the federal government and we are continuing to have a good look at how we could best achieve the funding to make that project a reality.

The CHAIR: Page 20 of your MPS mentions major infrastructure projects including the Burnett River infrastructure development project. Can the minister please inform the committee of the progress of this project?

Mr BARTON: Yes. The Beattie government has set aside \$35 million for the Burnett River infrastructure development project in the budget for this financial year. That funding is further evidence of the government's commitment to build a major dam on the Burnett River near Paradise and other infrastructure as promised at the last state election. The funding will assist with the planning, design, cultural heritage, management, land purchase and other necessary preconstruction activities with the aim of construction being able to start in late 2003 or 2004.

The funding for 2002-03 was part of the state's contribution towards developing water infrastructure to enhance agricultural production and output in the Wide Bay-Burnett region, now estimated at a total cost of \$209 million, including certain capitalised costs. During 2000-01 and 2001-02, the government provided special funding of \$9.94 million to advance the necessary predevelopment work associated with the dam and weir projects. According to economic consultants involved in the environmental impact study process, increased agricultural production of over \$1 billion per annum, net wealth creation of \$800 million per annum and up to 10,000 new jobs could be associated with the water infrastructure proposals. A considerable amount of progress has been achieved in the year since Burnett Water Pty Ltd was established, notably the completion of a comprehensive environmental impact study process. The delivery of this water infrastructure was expected to generate more than \$800 million in economic growth, particularly in the agricultural sector, and the creation of more than 7,000 jobs across the region.

I must say that this project is one that is a very key election plank of this government. I am very pleased that we were able to set up from within my department the company Burnett Water and purchase the intellectual property from a private sector consortium to make sure that we did get that EIS process up as rapidly as we have. Deloitte has been looking at the method of delivery. That report is about to be considered by me, because we are absolutely determined that that \$35 million that we have provided for in this year's budget will very rapidly be turned into the start of construction of these major water resources facilities for the Burnett region, which are desperately needed.

Mr LEE: I have a question about Berri Ltd. There has been a lot of discussion about this and also about your department's support for them in Queensland and I ask: what has Berri's expenditure been in Queensland? What were the company's sales in 2001? What is the company's view about the importance of its Lytton facility? What is the company's projection for increased production in Queensland?

Mr BARTON: Again, I thank the member for the question, because I think that it is essential that we understand that this is a major, good news story for Queensland, despite the opposition's best attempts to try to drag this project down. Berri has in total invested \$25 million in its Lytton plant to date. That is a very significant expenditure in this state. Berri's sales for 2001 totalled \$600 million. That is a huge amount of economic activity for the state of Queensland. Berri has informed the Queensland government that the new factory at Lytton is its Australian and international showcase. Berri's investment in the new facility will also benefit both the people of Queensland through job creation and also Berri's customers around the globe through close

proximity to the port of Brisbane. That is specifically why they wanted to locate that plant in the Australia TradeCoast precinct.

Berri's \$600 million business will expand domestically and internationally through enhanced product quality and production efficiency. Berri places great importance on both its domestic and international business. The Berri brand already has high value and quality perception in the Asian region due largely to its position as the market leader here in Australia. With the utilisation of new technology and equipment, Berri estimates that it will be able to increase production volumes by 80 per cent during 2001-02 and double that output—what they have achieved in this period—again by 2004. I want to say—if I could just add a little more—that Berri is a great company that has put significant investment into this state. Berri has received very small quantities of direct support from this government through its programs and yet it has been lambasted all over the place as though there has been something wrong with this project. I think that it is about time that the opposition and the media understood that for very small levels of support that may be held as commercial-in-confidence at this point in time—very, very, very small levels of support and certainly very small fractions of the sort of \$5 million or \$10 million that has been spun around by the opposition—Berri has created a \$25 million investment, Berri has created a huge amount of economic activity and Berri has created a large number of jobs in this state. I think that it is about time that we all got on the bandwagon and supported a great new industry in this state instead of knocking it down.

Mr LEE: Page 15 of the MPS mentions the Gladstone business action plan. I ask: what is your department doing to ensure that the local businesses can gain from the forecast growth in Gladstone?

Mr BARTON: Again, I thank the member for the question and I am sure that the member for Gladstone also will have an interest in this initiative. The Gladstone region business strategy was developed in response to announcements of major project activity in and around Gladstone. Regional Queensland will continue to be the focus of the Queensland government's small business activities, particularly in Gladstone where there are a number of proposed major projects, such as the \$1.5 billion Comalco alumina refinery, which is already under construction. There are many others that we are confident will follow through. They are already presenting challenges, but also opportunities for the existing business community.

Other major projects that are being considered are the further expansion of Southern Pacific Petroleum, Astral Calcining, work on the proposed Aldoga aluminium smelter and LG Chemicals' chemical plant. There are a number of smaller projects as well as those major ones. This strategy that I speak of will be rolled out during the coming 12 months. The Office of Small Business within my department and the State Development Centre in Gladstone, with stakeholder consultation, developed the strategy and the list of actions. The strategy is designed to enable the small-to-medium enterprises in Gladstone to continue to service their existing customers as well as to benefit from the significant number of new major projects. It is supporting regional Queensland's small-to-medium enterprises and supporting them to not only survive but to prosper in what is a dramatically changed, competitive environment in Gladstone.

Five major actions are identified in the strategy and are designed to assist the small to medium enterprises in Gladstone with a coordinated range of support and assistance measures. These are in the main, firstly, to build and enhance linkages between major purchasers and SMEs in the region, to reintroduce purchasing officer networks, procurement of matching services and a comprehensive regional capability database via Project Phoenix; secondly, to implement the local industry policy and heavy engineering industry initiatives in the region through identifying eligible projects in the Gladstone region and developing specific plans for local content for local firms, and developing a training regime to meet the selected competencies for identified trades; thirdly, to raise the level of awareness in small to medium enterprises of the opportunities, challenges and impacts brought about by major growth in the region, including a comprehensive communication plan, editorial articles in local press, seminars conducted by my state development centre on management on the move, Gladstone linkage back into the Smart State web page, a newsletter to registered purchasers and small to medium enterprises and enhance the business and technology skills of small to medium enterprises in the region, and to assist in developing and enhancing information communication technology strategies of small to medium enterprises.

The CHAIR: Order! The next period of questions is allocated to non-government members.

Mr SEENEY: I refer to the question on notice No. 6 relating to QIIS and I table a copy of the mandatory criteria for QIIS taken from the department's web site. I note there are five criteria and all of the projects receiving financial incentives must meet all the eligibility criteria. I also table a copy of seven recommendations about QIIS made by the Auditor-General in his report to parliament in 1999. In particular, I refer to the Auditor-General's recommendation that the department should have in place standard appraisal checklists and forms to assist in the appraisal of grant applications and the recording of decisions. Why is it that in the FOI documents that I received from your department relating to the grants received by Berri there were no checklists and no evidence at all of any evaluations or assessments as recommended by the Auditor-General and which you agreed to, nor any evidence at all—no evidence at all—of any effort to comply with the mandatory criteria for the scheme as it is listed on your web site?

Mr BARTON: I think we need to come back to just what is the fundamental problem that the member for Callide is raising. What the member for Callide is raising is the fundamental issue of commercial-in-confidence.

Mr SEENEY: That is not right.

Mr BARTON: Of course it is.

Mr SEENEY: The fundamental issue is the compliance with the criteria. That was clear enough from the question.

Mr BARTON: The fundamental issue that you are raising is that you did not receive documentation that you asked for under freedom of information. Now, we did withhold some information, as you are aware. You had your research officer from the Opposition Leader's office send a very long and detailed request for an internal review that necessitated us gaining some Crown Law opinion—which you tried to misrepresent—and subsequent to that the Information Commissioner has indicated that they will be taking over the internal review to determine whether or not we have provided you with information that we should withhold from you or not. I think I should just come back to where we are coming from in terms of the QIIS.

Mr SEENEY: Do those checklists exist?

The CHAIR: Order! Is that another question?

Mr BARTON: I am going to do my best to answer the member's question. In terms of the whole issue of commercial-in-confidence, we have adopted essentially the QIIS guidelines and modified them slightly from what was in place when the Borbidge government was here. I might just quote Premier Borbidge at the time—and he was referring to Boeing—that he would not comment on what specific incentives were promised. He said further—

The decision by Boeing to relocate came against a background of strong competition from the New South Wales government to keep Boeing in their state and strong competition from Victoria and the ACT. We will get an exceedingly good return on the investment in securing Boeing to Brisbane.

That was the comment by the then Premier. Further on, when he is referring to luring Qantas to Brisbane, Mr Borbidge said that the government had offered Qantas incentives to base the headquarters in Brisbane but that the value of the taxpayer-funded package was commercial-in-confidence. Further on, the then Premier, Mr Borbidge, referred to Airtrain City Link Limited in answering a separate question. Premier Borbidge told Ken Hayward, the ALP member for Kallangur, that the details of the payment were commercial-in-confidence.

Now, I understand the frustration that the member for Callide has about this entire issue of commercial-in-confidence, but it is an accepted practice that was there during the Goss years, it was an accepted practice during the Borbidge government—I appreciate that he was not a member of the parliament at that point in time—and it has been an accepted practice in terms of the Beattie government.

We do have specific checklists in terms of how we analyse things and how we work with companies that we provide support to under QIIS. In fact, Berri, in its current form, complies with the QIIS framework and complies with those QIIS guidelines or with that checklist. If I might be so bold, it is being tested in other places at this point in time. Implications that there was something wrong with the Berri project are being looked at by the Auditor-General. Implications that we have not provided, under FOI, information that we claim was privileged and commercial-in-confidence are being looked at by the Information Commissioner.

Similarly, I want to stress that all financial risk to the government is effectively managed through an agreement provision of an irrevocable unconditional bank guarantee for the full five-year term of the agreement. Maybe you want to ask me some further questions?

Mr SEENEY: I certainly do. I refer again to your response to question on notice No. 6 in which you state that the QIIS scheme is not an industry program open to business where companies make applications for funding. You go on to state that any guidelines that the government sets for itself are simply that: operating principles which the government chooses to follow rather than legislative rules that bind the government. I take it you are talking about the Premier's commonsense principles here. Is it not true that this response is nothing more than a crisis management tool simply because your department has failed to follow the mandatory criteria for QIIS as outlined on your department's web site and every publication that your department has put out regarding this scheme? Is it not true that those guidelines have been ignored to the extent that under the Beattie government that grant scheme is nothing more than an ad hoc slush fund for your political favourites?

Mr BARTON: Let us look again. We have the implication that these are the political favourites of this government. I think the chairman and the board of Berri would be pretty shocked to hear that they are being touted in this parliament as the political mates of the Beattie government. The QIIS program is a different program to QIDS and I have with me the very public guidelines that are put out under QIIS, the Queensland Investment Incentive Scheme. They are very public guidelines. We do not hide them. We put out glossy publications and we spray them around everywhere—internationally, in all ten of the Queensland government trade and investment offices, and we also make them available within our SDCs and our other projects.

We also have QIDS. You seem to have a singular lack of understanding that there are in fact two such programs. QIDS also has guidelines that are put in place for that scheme, primarily aimed at supporting companies that are already here in Queensland, as opposed to attracting the major new projects to this state. Of necessity, there has to be a little more flexibility in QIIS as opposed to QIDS.

I want to stress again that it pains me that we continue to have a public debate about why Berri was given some incentives without focusing on the very good story that is there and just how successful it has been. For an absolute minimum amount of public funding and supported by a bank guarantee, the Berri project has benefited this state in terms of economic activity, in terms of capital investment and in terms of the numbers of jobs that have been created.

I wish the opposition would focus on the good news that comes out of this incentive. The QIIS scheme, by its very nature, has provided a large number of projects to this state, all of which were contestable jobs. This is the very big difference. These are companies that otherwise would have ended up in New South Wales, Victoria, South Australia, somewhere else in Australia or overseas. In terms of major projects, there is the Comalco alumina refinery now under construction at Gladstone. Without the level of support given by this government, that plant would now be under construction in Malaysia and not in Gladstone. I just wish we could get back to focusing on what have been the very positive benefits in terms of jobs, investment, capital expenditure and economic activity that this QIIS program has brought to the state of Queensland instead of being knockers.

Mr SEENEY: In the minister's answer to question No. 6 on notice, referring to the QIIS scheme applications, the minister said, 'These decisions at the end of the day need to be value judgments about each individual case.' The minister says that in an attempt to justify not observing the set criteria. If these decisions are to be value judgments or if we are to use the so-called commonsense criteria, how does the minister intend to prevent his department from being at the mercy of every company which wants to demand a grant or which threatens to take their project elsewhere?

Mr BARTON: Let us be very up-front about these projects. If in fact the QIIS scheme was an as of right program where people all had equal capacity to come along as of right without us having the discretions that need to be available to government about how we fund particular investment attractions, it would be a project that would cost us hundreds of millions of dollars per year—not the on average between \$20 million and \$30 million per year that it costs us now. I simply stress that there does need to be some flexibility in terms of how we determine which projects will receive that support.

But in terms of the guidelines, the guidelines are met. The capacity for us to assess how well those companies are delivering is very tight. It would not be a bad idea for the member to visit me in my office one day and look at our honour roll in the foyer on level 12 of the Executive Building of the companies that have been attracted to this state. The member should then go down to my investment attraction division on a lower floor and look at the material there or come to one of the

cocktail functions that I hold from time to time with those companies. We have an aftercare program because we do not treat those companies as simply someone we do business with or clients of this department. We have an attitude that each and every one of those companies is our business partner. We work with them on virtually a daily basis. We review their activities and make sure that they keep up their end of the bargain.

I stress that there is absolutely no risk to taxpayers' funds, because everyone who gets cash incentives from our department is covered by an irrevocable bank guarantee. There is absolutely no way that, if they do not deliver back their end of the bargain to the state of Queensland, taxpayers' funds are not capable of being clawed back. I should stress that this is unique to Queensland. No other state that has an incentives attraction program such as ours has that rule where there are bank guarantees. We do not even have to get that company's OK to pull back that money from their bank guarantees. It is an as of right as part of the standard contracts that we sign with those companies.

Mr SEENEY: It is interesting that the minister talks about the conditions of the grants. In question No. 4 the minister talks about the QIIS grant to Tropico as a fully owned subsidiary of Berri. The minister states that Berri had to meet stringent performance milestones as a condition of the grant, similar to what the minister has just enunciated. In the case of the grant received by Berri for Tropico, the minister's answer to question No. 4 does not mention a capital expenditure condition, yet in reply to my question on notice in the parliament, No. 261 on April 10, also relating to the grants to Berri through Tropico, the minister says the conditions of the grant were a capital expenditure on the Tropico site of \$4.7 million. At that time the minister said that the government was considering a request to waive that condition. Was this condition of the grant met by Berri, or was it waived by the minister's department? Was the capital expenditure reduced in this case as it was in the other case at Lytton where it was reduced from \$15 million to \$5 million?

Mr BARTON: I am very pleased to see that the member has finally caught up with the question he asked me, No. 261 of 10 April 2002, because the member is quoted in the *Courier-Mail* this morning as saying in answer to questions on notice from Mr Seenev that Mr Barton also revealed that orange juice producer Berri, another controversial grant recipient, had received an extra previously unknown grant through a subsidiary called Tropico Fruits. I always believe what I read in the *Courier-Mail*, member for Callide. I am pleased to see that the member has discovered the fact that Tropico exists and that the member remembers that he asked me a question on notice back then about Tropico, because it is hardly a secret. We answered the member's question at that time in April, the same as we answered the member's question on notice to this Estimates committee. With regard to Tropico, that provision has not been waived. Tropico has installed production facilities at a lower cost than envisaged, and we are still considering that position. We have not made a decision on that as yet.

Mr Seenev interjected.

Mr BARTON: I think it is time that the member asked the questions and let me answer them, because we are considering whether we will waive or amend that condition for the simple reason that the company has surpassed the economic activity, the numbers of jobs and has in fact been able to develop that production, economic activity and number of jobs by spending less capital than otherwise previously envisaged. That is not a decision that we will take lightly, but we need to understand very clearly that these projects are all about getting economic activity, jobs and output for this state. I would have thought that Tropico is one of the largest employers in the hinterland of the Sunshine Coast. Tropico is a very significant employer in that area and a very significant employer in terms of regional jobs. If we were to call that in, we may well put that plant at risk. That is not something we will do lightly.

Mr SEENEY: I refer to page 10 of the MPS relating to staffing. I note that the number of estimated staff in Business and Market Development Services decreased from 481 to 477. I also note the department's current advertisement for a grants administration officer. The advertisement sets out 11 key duties, none of which, interestingly, involves assessment of mandatory criteria for grants schemes. What is listed as a key duty, though, is assisting departmental officers in developing protocols and procedures for grant-related activities. Presumably, that is because there are not any in place now. Why does this advertisement not list the assessment of applications against criteria as a number one key duty of this officer? Why is the minister only now advertising for such a position?

Mr BARTON: Because the decisions in that regard rest with the senior executives of the department—not with someone of that level. That is who makes the decisions at that level.

Mr SEENEY: Who has made the decisions up until now?

Mr BARTON: The senior executives of the department. I am at a little bit of a loss to know where you are coming from, but I guess this is innovative for me, actually getting questions from the opposition. Alternatively, trying to pin down exactly what you are getting at is—

Mr SEENEY: What I am getting at is: why is one of the duties of this officer not to assess the criteria of the grants? Would that not be the key duty?

Mr BARTON: Because it is an administrative position, not a decision-making position. Administrators make the administration decisions and the value judgments are made by the senior officers in the department at an appropriate level.

Mr SEENEY: Who has assessed the grant criteria up until now? That is the question.

Mr BARTON: The senior officers of the department.

Mr SEENEY: It is a new position, according to the advertisement.

Mr BARTON: Perhaps you had better give me a copy of this advertisement.

Mr SEENEY: I will table the advertisement for your information. Obviously you have not been made aware of it.

Mr BARTON: I don't read every classified ad for every position! I think you should, frankly.

Mr SEENEY: Is your department going to start assessing the grant applications against the mandatory criteria? Is that going to be something of a new experience for your department?

Mr BARTON: Let us get back to the substance of your question. I have already said on a number of occasions this afternoon that we work very closely with the people who are our grant recipients to make sure that they comply with the conditions of their grant allocation. We treat them as our business partners. We work with them at very senior levels of the department. I have not seen this particular ad, but I think you are getting down to a ridiculous stage now, when you start throwing job advertisements around and asking me to comment on them. I am advised by the people at the table who lodged it that it is an administrative position. Very clearly, my department makes the decisions at an appropriate level. It is not made by administrative people. We do have very, very, very thorough procedures for ensuring that grant recipients comply with their conditions.

Mr SEENEY: Except that they do not leave a paper trail that anyone can see. It is a 'trust me' situation. You cannot establish that in any way?

Mr BARTON: We have very thorough conditions that they have to comply with. We work very closely with them. We make those decisions at senior executive level. We then have bank guarantees that make sure that if someone does not comply we can claw back the funds on behalf of the Queensland taxpayers.

The CHAIR: The time for questions from the non-government members has now expired. I call the member for Capalaba.

Mr CHOI: Page 2 of the MPS refers to the establishment of Australian Airlines in Cairns. What are your department's strategies to ensure that Cairns businesses make the most of this increase in tourism to the region?

Mr BARTON: Australian Airlines relates again to one of the incentives packages that we provided to Qantas to set up Australian Airlines in Cairns as opposed to elsewhere. The Cairns Tourism Strategy has been developed to assist small businesspeople in the area to leverage the opportunities presented by the establishment of Australian Airlines. We are very proud of what we have done with Australian. In late 2001 Australian decided to base its business in Cairns. As a result, we developed the Cairns Action Plan. The action plan was based on extensive consultation with the Cairns community, including business leaders, community leaders and other government agencies. It involves 14 government and community organisations, and 13 individuals were consulted in the development of this plan.

The need for a timely response to the Australian Airlines decision meant that this process was completed within three months. To date, \$45,000 has been contributed towards staffing costs and \$125,000 allocated to projects managed by the department for this strategy. The action plan consists of four key strategies: firstly, to enhance business and community skills in the Cairns region; secondly, to skill staff necessary to service new business opportunities; thirdly, to

develop new business opportunities for the Cairns region; and, fourthly, to ensure cooperation between marketing bodies to maximise the benefits of marketing related expenses.

The implementation of the plan is based on a number of government agencies taking responsibility to deliver on individual actions within the plan. These agencies will report back to a steering committee which oversees the strategy. This committee is being chaired by our colleague the member for Cairns, Desley Boyle. Activities will include the launch of a series of cultural awareness seminars, the launch of a training package on retail skills and tourism, the launch of an interpreter service, seminars on immigration and visa requirements and the establishment of the Cairns Aviation Skills Centre.

Small business makes up approximately 97 per cent of all business in the state. Further, small business activities are Queensland wide. We are forming partnerships with key business associations in order to cross-promote services, share intellectual property and work together on policy development. In 2002-03 a number of arrangements will be finalised with business associations to ensure a more cohesive relationship for the betterment of small business.

Mr SHINE: In the MPS reference is made to support of economic development to regional and remote areas of Queensland. Can the minister please tell us where these areas are and what types of assistance they receive?

Mr BARTON: A network of regional development organisations which comprised six regional economic development corporations is co-funded by the Queensland government through the Office of Regional Development in my department. As part of the 2001-02 state budget, the Beattie government committed a total of \$1.75 million per year for four years to continue funding of these development organisations. The total RDO funding over the four years amounts to \$7 million. The total funding commitment to remote area boards and regional economic development corporations amounts to \$400,000 excluding GST and \$1 million excluding GST respectively per organisation over four years.

The provision of funding assists with the identification, development and implementation of key projects aimed at generating jobs, export opportunities and diversifying Queensland's regional industries. Performance contracts with all regional development organisations are currently being negotiated. To date, my department has executed funding contracts with two regional economic development corporations in Cairns and Townsville and four remote area boards in the gulf, the far-north, the central-west and the south-west regions of the state. Negotiations regarding contract funding are focused on ensuring future regional development organisations projects are closely aligned with government departmental strategic priorities.

In the recent state budget more than \$19 million in funding to promote economic and business development in Queensland's regional and remote areas is to be continued over the next four years. I would think the committee would be very keen to see that, particularly in those areas where we do not have state development centres, we have provided funding through those regional areas in places that have typically been represented by members of the opposition. But in turn, there are some major ones in key centres such as Townsville and Cairns where there are corporations that we also rely on to bring the business community together to get major projects and facilitation up.

The CHAIR: I have another question regarding shipping. On page 20 of your MPS reference is made to the Brisbane cruise ship terminal and the Queensland cruise shipping plan. Can the minister please expand on and inform the committee what this plan is and what the facility will mean for Queensland?

Mr BARTON: Thank you for the question. The Queensland government is facilitating the establishment of the Brisbane Cruise Terminal through the private sector. Again, people will recall that in June 2001 the government committed to a two-staged competitive process for the development and operation of the cruise terminal on the north side of the Brisbane River at Hamilton. On 21 July 2001 we called for expressions of interest. That resulted in three proponents then being short-listed for stage 2, a detailed development proposal. In December 2001 the short-listed proponents were requested to prepare development plans. These plans were submitted on 8 March and evaluated by the Brisbane Cruise Terminal Interdepartmental Working Group with the assistance of the Brisbane City Council and specialist consultants. The Brisbane Cruise Terminal competitive process is part of the Queensland cruise shipping plan endorsed by cabinet on 26 November 2001 and will provide the opportunity to develop a dedicated cruise terminal at minimal risk and cost to the government, allowing Brisbane to offer a berth guarantee.

On 24 June 2002 a submission and report was noted by cabinet on the preferred developer for development and operation of the Brisbane Cruise Terminal. On 26 June the government announced that Multiplex was the preferred developer. The preferred developer will now negotiate with the state to develop the terminal. Contractual arrangements are expected to be executed in October this year. Once we finalise those commercial arrangements, construction of the cruise terminal is to commence in 2003 and, as I have just said, with contractual arrangements to be completed by September or October 2002. The objective of the project is to develop a cruise terminal at no cost and no risk to the government. Any cost and risk to government will be a key part of the final negotiations that occur with the preferred developer. We are very confident that that will be achieved in terms of the preferred developer's proposals that have been put to us and accepted to date.

I must say that we are pleased that we have been able to take over that site that had been let out to another developer by the previous Borbidge government, which sadly failed to provide that facility. We are now well on the way to getting the Brisbane Cruise Terminal under construction. We expect that construction to begin next year and to be completed in 2004. We also have a broader cruise terminal shipping plan out for public consultation now. Once we have got this one locked down in terms of the final commercial arrangements reached, we will be looking at other locations around Queensland, because it is essential to not just have one but to have others if we are to get a genuine cruise shipping industry in this state. We are very committed to that.

Mr CHOI: Pages 12 to 15 of the MPS make reference to Queensland small business, and I am sure that the minister agrees that small business is the backbone of the Queensland economy. Can the minister tell the committee what positives have occurred over the last 12 months for small business?

Mr BARTON: I agree with the member's question totally. As an ex-small business owner in this state, he understands it fully. In 2001-02 my department assisted the small business community in many ways but not limited to a streamlined business licensing service through Smart Licence online. That was developed to enable clients to determine their own state, Commonwealth and local business licensing requirements. Clients using the system will enjoy a range of technical innovations that will reduce the red tape and save time, money and paperwork associated with starting and operating a business. Generic management skills needs of small business operators were supported through the provision of a comprehensive range of management skills workshops and tailored programs for groups such as tourism operators and retailers. More than 20,000 participants attended approximately 800 seminars and workshops conducted around the state by my department and its Office of Small Business.

The Leadership and Management Program, LAMP, assisted approximately 20 industry associations throughout Queensland to enhance the management skills of their members. Four online management skills products were placed on the department's web site assisting small business operators to gain relevant skills at a time and place convenient to them. The franchising strategy was launched and 14 information seminars for franchisees were delivered throughout the state attracting 634 participants. A need identified by the seminar series prompted the development of a franchisers' workshop which was delivered at seven locations and which attracted 350 participants. A second round of enterprise education model projects was undertaken with 26 awards provided to schools throughout Queensland. In addition, outstanding enterprise initiatives were recognised with 11 schools receiving prizes. Online professional development for teachers in the area of enterprise education was launched and support was also provided to the Shell Livewire Awards for young entrepreneurs, the Queensland Australian Business Week program and Young Achievement Australia.

E-commerce grants assisted a wide variety of firms and clusters to develop innovative e-commerce solutions. Case studies are prepared following the completion of projects, and workshops and seminars have been held throughout the state. The Cairns business tourism strategy was developed to assist Cairns businesses to take advantage of enhanced market opportunities. Indigenous business development grants were provided to 10 indigenous businesses and a business intenders kit for indigenous people was launched. Retail shop leases registry offices realised savings to business and government estimated to be in excess of \$8 million in 2001-02. Over 1,200 potential disputes were identified and addressed and over 6,000 clients were visited during the registry's awareness campaign.

The red tape burden on business was reduced through the implementation of the Queensland Regulations—Have Your Say initiative, which provides early public notice of

regulatory proposals and enhances the consultation process and the establishment of a business referrals service. I must say there is even more, because small business is a key part of my department's activity. I personally chair the Small Business Council. We are very committed to achieving that.

The CHAIR: Thank you, Minister. The next period of questions is allocated to non-government members.

Mr JOHNSON: Minister, I return to the issue which you seem determined to avoid, and I have made it simple for you. What additional funding was provided by the Department of State Development to the Stanwell Corporation and AMC over and on top of the \$100 million underwritten by Queensland Treasury for this project?

Mr BARTON: Wait till I just find my answer again, because you keep coming back to AMC. Let us just go through what the specific assistance arrangements are to the AMC project, because I am sure that there is something behind your question but I am not sure of what it is. In terms of the state government, we have distribution assistance arrangements supported by a \$100 million loan and a \$28 million repayable funding facility. That is through Treasury Queensland, Treasury Holdings Pty Ltd and the Queensland Treasury Corporation, QTC. There are infrastructure agreements subject to repayment via commercial user charges, and that is being provided through State Development, Treasury and QTC. There is a stamp duty refund arrangement put in place that has been arranged by State Development and Treasury. There is a rail infrastructure commitment to be provided by Transport. I should just detail the figures. The first one in relation to the distribution assistance is \$128 million total. The infrastructure agreement is worth \$50 million. The stamp duty refund is worth \$5 million. The rail infrastructure commitment is worth \$9 million.

In terms of Stanwell Corporation, it is all subject to commercial arrangements. We have no figures in terms of specific support from Stanwell Corporation to AMC. They are subject to commercial arrangements between Stanwell Corporation as the generating authority, as the GOC, and AMC. We have a cost overrun reserve facility—that is, money that can be drawn on from Stanwell Corporation if necessary of \$70 million. We have an energy supply agreement and associated infrastructure of \$40 million to \$50 million. We have additional infrastructure agreements worth \$22 million. We have an additional infrastructure request that is before us that we have not yet resolved, and that is worth between \$12 million and \$14 million. Out of those, I am still trying to come to grips with what is the specific amount of funding that you are implying is being paid to Stanwell corporation. I think that is what you are saying.

Mr JOHNSON: That is what I said in the question: Stanwell and AMC.

Mr BARTON: I am not trying to be difficult with you, Vaughan. I am consciously trying to be very open about the level of funding support that we have provided to this AMC project. We make no bones about the fact that having AMC co-located with Stanwell Power Station on the Stanwell site is good for Stanwell Corporation. Clearly, in terms of Stanwell Corporation, they have a major facility to provide electricity to them on commercial arrangements with them. As I have said in this answer already, they are subject to commercial arrangements between Stanwell Corporation, as the GOC, and AMC. As you know, I am not responsible for Stanwell Corporation. That falls within the Deputy Premier and Treasurer's portfolio now. There is no funding back the other way.

I have already said this, but I will repeat it because I think it is worth repeating. The main elements of the state and Stanwell arrangements were detailed in the prospectus that was issued by AMC last year when the final successful float was put out. If there is something specific that you can give me, I will even take it away and look at it. But to my knowledge—and in terms of the briefing that I have provided here this afternoon and the detail that is in the prospectus—I believe that it is all open and transparent. I am not sure what you are trying to get to. I can assure you I am not ducking your question. But if you are saying there is a payment that is suspicious, please tell me what that payment is, and if necessary I will take it on notice, go away and come back with an answer for you.

Mrs LIZ CUNNINGHAM: Minister, I welcome the comment that you made regarding opportunities to small and medium enterprises, particularly in my region. However, in relation to the impacts on the community generally of short-term industrial development, there appear to be no actual dollars allocated to carry out tangible work identified in the yet to be released growth management study. The dollars were announced in the budget for the Tannum Sands police station and the PCYC redevelopment. The Gladstone museum and art gallery have been

announced previously. What funds are you proposing to make available to address growth pressures in the Gladstone-Calliope region?

Mr BARTON: We did commit to the Gladstone growth management initiative to identify and plan for the potential growth and opportunities from the projects under investigation for establishment in the Gladstone area. As you are aware, we do have the Comalco alumina refinery under construction right now. As a result of that commitment—and I am just looking for the actual amount—\$550,000 was committed in the 2001-02 budget for the use of the Gladstone management initiative. We in fact did complete that study. That study has not yet been made public. There has been a lot of work done on it. I am not at liberty to give you specific detail further than what we have already until the government is in a position to make the outcome of that Gladstone growth management initiative public. As you have quite correctly indicated, there have been promises made by some of my colleagues. The Tannum Sands police station was one, I think. We are working very, very closely. We have the models put together. When I say 'models', I mean the computer modelling to consider the various options in Gladstone.

We do know at this point in time that we have something in the order of \$6 billion worth of projects committed to Gladstone and a lot more following that up. The Comalco alumina refinery has physically started. As you are no doubt aware, there is preliminary work happening at Clinton port. There are a lot of earthworks happening there for further expansion of Clinton port. QAL are replacing the calciners at a cost of something like \$185 million. Boyne smelters are doing additional pots on potlines 1, 2 and 3, but there are very significant other projects, such as the \$3.4 billion Aldoga aluminium smelter, the possibility of another \$450 million worth of expansion at QAL and something in the order of \$700 million for a further fourth potline at Boyne smelters. There is also the Astral Calcining project, which at this point in time is finalising its environmental impact study. My colleague the Coordinator General has the EIS for stage 2 of Southern Pacific Petroleum before him. We are working with all the government agencies to make sure that we do not have a repeat of what happened at Gladstone in the late sixties and early seventies or again in the early eighties, but that management initiative will identify the steps that we are taking.

Mrs LIZ CUNNINGHAM: It is too little too late. The impacts are happening. We are having a revisit of the 1980 issue, with people not being able to find accommodation. My second question relates to a different geographical location but the same issue—about real people you met. In answer to my question on notice you said that you had very productive and frank meetings with representatives of the community; and that is welcomed, too. Unfortunately, they were the ones whom you told that you would be less than open with if I was in attendance. You advised them at the meeting that you would be engaging a consultant to have a look at the possibilities and options of relocating those people detrimentally affected by the Stuart shale oil project. There is no money in the budget for that consultant and there is no money for the actual relocation purchase of properties affected. Are there alternative ways that you are going to fund both the consultant and the relocations?

Mr BARTON: In terms of Targinnie, we are in the process of expending \$200,000 for that health review with the group at Targinnie. In terms of the Targinnie group, I certainly did meet with the representatives of the Targinnie community when I was last in Gladstone to talk to them about what the options were that we could reasonably work through. As you know, I met with the fruit growers several months before that down here at Parliament House. The fruit growers of Targinnie and Yarwun had essentially put to me that there needed to be an exit strategy developed to take them out and to take the population out of the Targinnie valley. We have been doing some preliminary work on whether that is the appropriate way to go.

What became very clear to me at that very good meeting that I had with the representatives of the Targinnie community when I was in Gladstone is that there is not a clear position coming from them as to what that community wants. Very clearly some people do want to exit; they do want to be bought out; they do want to leave. There are others who do not want to leave. Some of them want an option to stay for now but potentially leave later and have that right. We think we may also be able to accommodate that. But there are yet others who made it very clear that they want to stay. That makes it very difficult for us in terms of our options about how we might incorporate that land into the Gladstone industrial area or use it as a buffer zone if we have a patchwork quilt of some staying, some going and some wanting to stay for now but exit later.

I did guarantee to that group that we would put a consultant in place to do one-on-ones with all the people in that community to make sure that we got what the whole community wanted, because the representative leadership was saying to me that they could not be sure that their views were what the bulk of the community wanted. I have committed to putting a consultant in

the field. I am advised that I will have proposals in front of me for the appointment of that consultant this week. I have not appointed that consultant as yet. I know that we have had some delay that we did not want to have happen, because the person who was the most obvious one to do that, who had the confidence of that community, did not want to accept that consultancy. So we have had to cast wider. But we will have that consultant in the field in the near future to work with that community, because we really need to identify just what it is that they want so that we can plan our strategy for how we exit it. Of course, there is no specific budget amount there, because we do not have the strategy in place. That is something that I would need to discuss with my cabinet colleagues through the Cabinet Budget Review Committee process, but we do have the funding within our normal events to pay for that consultancy. We do not need a specific line allocation. That would come out of our normal operating fund.

The CHAIR: The time for questions from non-government members has expired.

Mr LEE: Throughout the MPS reference is made to industry development achievements. Could we have an explanation of what industries are being referred to and exactly what these achievements are?

Mr BARTON: I would like to talk about just a few. This is a most exciting portfolio because we do have the major projects that I have spoken about to some degree today. There are the industrial projects such as AMC and Comalco. We have also been working with a whole range of other key Queensland firms to develop internationally competitive Queensland industries in sectors where there is the greatest return to the state in terms of jobs and investment. We achieve this through the development of sectoral strategies, specialist support and coordination in the management and delivery of a range of industry development programs.

National support and consensus was achieved for the Queensland initiative to establish the Australian Institute of Commercialisation. This was officially launched in May with its head office located at the Clunies Ross Centre on the Brisbane Technology Park at Eight Mile Plains.

Another initiative I have started is the Manufacturing Leaders Group, which has commenced the development of the Queensland manufacturing strategy. It has identified priority industry groupings to be targeted in the development of the strategy, has commenced detailed audits to identify new market opportunities and gaps in capabilities and is also developing initiatives in areas such as supply chain development, venture capital and skills development. The actual industry leaders are working very closely with me and my department in that development.

There is also the \$3.1 million advanced visualisation facility. We provided \$2.6 million in direct funds and a \$500,000 loan for this advanced visualisation facility for 3D modelling. That has been commissioned and is now fully operational. It is a very innovative outcome that can be used by all ranges of industries.

We have a detailed design of the creative industries precinct. It was completed in May 2000 and has now been launched. Creative Industries Precinct Ltd was established to foster connection and development opportunities with creative industries across Queensland.

In addition, 447 Queensland firms have committed to the Fair Go for Queensland initiative, providing full, fair and reasonable opportunity to local suppliers to tender and use local suppliers when competitive in terms of cost, quality and timeliness of delivery. We are not just saying the government should have a state purchasing policy; we are actually saying to the business sector, 'You should have a local purchasing policy, too.' And we facilitate that through the Fair Go for Queensland initiative.

The local industry policy has resulted in work packages valued at \$636 million being identified by the Industrial Supplies Office for local competitive bidding. This has resulted in \$228 million in contracts being awarded to Queensland firms, resulting in 4,100 jobs being created or retained. There is a lot more.

The CHAIR: The time allocated for the consideration of the estimates of expenditure for the portfolio of the Minister for State Development has expired. I thank the minister and his officers for their attendance this evening. I know that they have all put in a lot of hard work for this hearing. On behalf of the committee I thank you. I also thank my fellow committee members for their cooperation. Our thanks go also to the Hansard reporters for their work today. I thank also the parliamentary attendants and catering staff who have supported the committee during this long day. On behalf of the entire committee, I thank our research director, Ms Leanne Clare, and our research officer, Ms Deborah Jeffrey, for their hard work and dedication during this estimates

process. Following the committee's consideration of the matters referred to it by the parliament on 21 June 2002, I declare this public hearing closed.

Mr BARTON: Before you close, Madam Chair, I thank you, on behalf of my team and myself. Departments put a huge amount of work and resources into preparing for estimates. I thank you and your committee for the manner in which you have conducted yourself tonight. I thank your research director for her support on the way through. We have worked cooperatively with her to provide earlier information. I thank all of the staff of the parliament who have been involved as well. Thank you very much.

Mr HORAN: As deputy chairman I also join in thanking everybody here and the minister, his senior staff and the staff for the effort they put into all of the research that goes into these estimates hearings. I also thank the staff who have helped us here today. Thank you.

The CHAIR: I declare the public hearing closed.

The committee adjourned at 7.00 p.m.