

## ESTIMATES COMMITTEE G

Mr T. S. Mulherin (Chair)

Mr A. J. D. Bell

Ms E. A. Clark

Mrs P. Croft

Mr H. W. T. Hobbs

Mr P. J. Lawlor

Mr M. H. Rowell

### PRIMARY INDUSTRIES AND RURAL COMMUNITIES

#### IN ATTENDANCE

Hon. H. Palaszczuk, Minister for Primary Industries and Rural Communities

Dr W. Hoey, Director-General

Mr T. Johnston, Deputy Director-General

Mr J. Pollock, Executive Director, Policy and Industry Development

Mr J. Skinner, Executive Director, Corporate Services

Ms P. Pender, General Manager, Finance and Business Development

Mr R. Beck, Executive Director, Forestry

Mr P. Neville, Deputy Director-General, Queensland Fisheries Service

Mr K. McCubbin, Director, Fire Ant Control Centre

Mr K. Dunn, Executive Director, Animal and Plant Health Service

Mr C. Holden, Chief Executive Officer, Queensland Rural Adjustment Authority

Mr C. Mathisen, A/Director, Regional Services, South East

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The committee commenced at 9.00 a.m.

**The CHAIR:** I declare this hearing of Estimates Committee G now open. The committee will examine the proposed expenditure contained in the Appropriation Bill 2002 for the areas set out in the sessional orders dated 18 April 2002. The committee will proceed in the following order: the Department of Primary Industries and Rural Communities; and the Department of Tourism, Racing and Fair Trading. The committee will suspend proceedings for morning tea from 10.30 a.m. to 10.45 a.m.; lunch from 12.15 p.m. to 1.30 p.m.; and afternoon tea from 3 p.m. to 3.15 p.m. After the lunch break the committee will examine the organisational units for the Minister for Tourism and Racing and the Minister for Fair Trading.

I remind all those participating in the public hearing today that these proceedings are similar to parliament to the extent that the public cannot participate in the proceedings. In this regard I remind members of the public that, in accordance with standing order 195, the public may be admitted to or excluded from the hearing at the pleasure of the committee. The committee has resolved that television footage without sound be allowed for the opening statements of the chair and each minister. I ask that any mobile phones or pagers be switched off or be in silent mode. The first item for consideration is the estimates for the expenditure for the Department of Primary Industries and Rural Communities.

I remind members of the committee and the minister that the time limit for questions is one minute and for answers is no longer than three minutes. A single chime will give a 15-second warning and a double chime will sound at the end of each of these limits. An extension of time may be given with the consent of the questioner. A double chime will sound two minutes after an extension of time has been given. Sessional orders require that at least half the time available for questions and answers be allocated to non-government members. Any time expended when the committee deliberates in private is to be equally apportioned between government and non-government members. In accordance with the sessional orders, the committee has given leave for non-committee members to ask the minister questions. In this regard, Mr Lawrence Springborg, the member for Southern Downs, and Miss Fiona Simpson, the member for Maroochydore, will be participating in the hearing this afternoon. I ask departmental officers to

identify themselves when they first come forward to answer a question, if the minister refers a question to them, so that Hansard can record their name. I now declare the proposed expenditure for the Department of Primary Industries and Rural Communities open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Does the minister wish to make an opening statement or proceed directly to questions.

**Mr PALASZCZUK:** I certainly would like to make an opening statement.

**The CHAIR:** The committee asks that the minister limit his opening statement to five minutes.

**Mr PALASZCZUK:** The 2002-03 budget for the Department of Primary Industries is an increased investment in innovation, sustainability, safety and communities. The DPI's increased operating budget of \$357.4 million includes an increase of \$15.2 million as well as joint funding of \$42.6 million for the fire ant eradication campaign. In 2001-02, the DPI's operating budget was \$299.6 million. Key budget investments in 2002-03 are: \$153.2 million for the DPI's Agency for Food and Fibre Sciences; \$55.9 million for quarantine buyer security and trade development programs, which includes \$39 million for biosecurity programs; \$81.2 million for rural community development, which includes the \$42.6 million for the fire ant eradication campaign; and \$41.7 million for fisheries management, development and enforcement. I now welcome the opportunity to outline in greater detail these investments. The DPI is Australia's premiere agricultural department. This budget will strengthen that national leadership in the key areas of innovation, sustainability and safety. As minister, I believe it is an exciting budget that maximises the opportunities of our primary industries and our dependent rural communities. No-one should be under any illusions about the challenges facing primary industries with climate and market conditions or the threat of exotic pests or diseases. Only days before the budget was handed down, the Productivity Commission released its report that found the costs of foot-and-mouth outbreaks could reduce Australia's gross domestic product by between \$8 billion and \$13 billion. The DPI also undertook a study into the impacts of an FMD outbreak but specifically to Queensland. The cost of an FMD outbreak in Queensland is estimated to be more than \$9 billion. The government has committed \$20.3 million over the next four years to foot-and-mouth disease preparedness. This commitment compares well to the \$10 million allocated over four years by the federal government for similar preparedness work right across the nation.

Whilst we have to prepare for threats of exotic pests and diseases, we are also in the process of responding to pests and diseases that have already arrived. The department is managing the eradication program, and last year it established the Fire Ant Control Centre. 2002-03 will be the first financial year for the operation of the nationally funded fire ant eradication campaign. The five-year campaign started in September last year. It certainly has made significant progress. All states, territories and the Commonwealth have agreed in principle to expanding the current \$123 million campaign due to additional findings of fire ants and the need to expand the treatment area. I have already announced that about another 100 staff will be required under the expanded campaign.

In the state budget the Queensland government has delivered on its share of the expenditure program, with \$9.7 million allocated over the next four years. I can announce today that the DPI is finalising its evaluation tenders from prospective suppliers of the ant baits required to eradicate the fire ant infestation in the Brisbane-Ipswich region. It may be possible to use an Australian made bait to repel this foreign invader. The DPI has estimated that an Australian supplier could reduce the cost of ant bait, which currently costs more than \$8 million a year. It is estimated that we could save about \$5 a kilogram on this bait. That is a possible saving of \$2 million per annum by using Australian produced ant baits if a supplier in Australia were successful in the tendering process. For the benefit of the committee, I have with me today a one kilogram sample bag of the ant bait. This is manufactured and produced in Queensland for Australia. We would save \$2 million. I understand from our Fire Ant Control Centre chief, Keith McCubbin, that this bag of bait would treat 200 to 250 properties. About five milligrams of bait is used per property. No other country in the world has eradicated fire ants. We have to be the first to do that.

**The CHAIR:** The first period of questioning is allocated to non-government members.

**Mr ROWELL:** How much was spent on DRAS last year and how much is budgeted to be expended on the scheme this year? The minister may need to take it on notice, but could the minister also provide a breakdown of DRAS spending in terms of the various programs under the scheme?

**Mr PALASZCZUK:** It is really important for the committee to note that under the previous National Party government from 1996 and 1998, in 1997 I think the member for Warrego went to a ministerial council meeting and agreed to sign off with other states to end transaction based drought relief to Queenslanders and Australians who suffer their averages of drought. Our government reversed that decision, because we believe that it is very important that we maintain our DRAS scheme. We know that we in Queensland have the most variable climate of any country in the world.

**Mr ROWELL:** It did not occur when I was minister, and that was 1998.

**The CHAIR:** Order!

**Mr PALASZCZUK:** Under the previous government, DRAS was supposed to end on 30 June this year. If we carried out that decision by the previous government to end DRAS as at 30 June this year, one can imagine the turmoil within our primary industries sector. Currently, 36 shires are totally drought declared and another 400 individual properties in another 40 shires are also drought declared. About 76 shires in Queensland are either totally drought declared or part drought declared. That is more than half the shires in Queensland. Imagine how we would be without a program. Thank goodness the Beattie government decided in its wisdom to continue this drought relief program.

To the more specific issues that the member raised—sure, those issues will be addressed. Whatever information the member requires, we will send that as soon as we can. In relation to budgeting issues, the member asked a question about where the money is allocated in the budget. According to our budgeting processes, the money is provided as is required because, as members of the committee would know, people who apply for drought relief measures apply at different times. They do not come in at the same time. It is demand based.

**Mr ROWELL:** I understand the government is going to provide that anyway. I refer to the Queensland Rural Adjustment Authority and to its role in administering the exceptional circumstances scheme. The minister is on record as calling for a review of these schemes but has recently refused to support federal agricultural minister Warren Truss's reforms, which include a new \$60,000 business support grant. Why does the minister not want to provide more help to needy rural families in drought and exceptional circumstances situations?

**Mr PALASZCZUK:** We do. We are the only state in Australia that provides drought relief assistance. We work well with the federal government in relation to exceptional circumstances. Whenever industry comes to government, government helps industry prepare a submission for exceptional circumstances. One has only to look at what has happened in the Darling Downs to prove that point. However, our government is not going to be conned or duped by the Federal Minister for Agriculture, who I understand has had a couple of no confidence motions moved against him that were passed unanimously in two other jurisdictions in Australia. I am not going to support him when he wants to reduce the federal government's commitment to the exceptional circumstances scheme from 90 per cent to 50 per cent.

What is the federal government trying to do with exceptional circumstances? Basically, it is trying to put a further burden of providing business support onto the states. This exceptional circumstances scheme was introduced in the early nineties by a person who I do not think is very popular with National Party voters, namely, Paul Keating. It would be a very brave National Party minister who would undo an initiative introduced by Paul Keating. That is all I will say about that.

In relation to the other issues on exceptional circumstances, all the states agreed. They agreed on an increased buffer zone. They agreed to increased business support. They agreed on the different role for NRAC. The only sticking point is the financial contribution to the exceptional circumstances. We have agreed on everything else. We need the federal government to honour the commitment that Paul Keating gave back in the early nineties that the cost-sharing arrangement between the Commonwealth and the states be this: 90 per cent Commonwealth and 10 per cent states, not as Warren Truss, the federal agriculture minister, expects from us—a 50 per cent to 50 per cent split. That is just putting the burden back on to the states. If that did occur, that would put our Drought Relief Assistance Scheme under threat.

**Mr ROWELL:** Again with regard to QRAA and its administration of concessional loans, under the exceptional circumstances scheme I am advised that in 2001-02 QRAA was paid \$1.3 million by the federal government for performing this function. I note that in table 1.1 on page 2-8 in 2001-02 the state government paid out only \$1.2 million towards the business support under the EC scheme. Does the minister think it appropriate that the government makes more money out of the administration of EC than it provides to struggling farmers? Is it true that the minister has

refused to support an enhanced and new EC scheme because the government would rather make money out of the existing scheme than provide more help to needy families in rural Queensland?

**Mr PALASZCZUK:** That is a nonsense. That is a story being peddled by the federal agriculture minister. I am really surprised that he does these sorts of things. Is the member referring to the costs of administering the exceptional circumstances applications that come in to QRAA?

**Mr ROWELL:** I am just looking at the business statement for that particular department. It refers to \$1.3 million that the government received and that it paid out \$1.2 million. That is what I want clarified.

**Mr PALASZCZUK:** I will get Colin Holden from QRAA to give a more detailed response to this. There is an agreement signed by all states under the previous ministerial council meeting that agreed on a certain amount of money that is to be paid for the administration of these loans. Loans are also exceptional circumstances payments. It is a set figure that has been agreed to by the federal government and the states. We cannot quibble over that. But if the member wants to talk specifically about the other issues, I will get Colin Holden to respond.

**Mr ROWELL:** I think it is important that the minister clarifies this. Never mind the rhetoric about Warren Truss. I am specifically asking whether the government got \$1.3 million but paid out only \$1.2 million.

**Mr HOLDEN:** The situation with exceptional circumstances applications is that we receive \$750 per application. For the financial year to 30 June 2002 we have assessed 463 applications, which equates to approximately \$345,000 in administration fees. That fee is applicable across the nation to any state that may have an exceptional circumstance situation.

**Mr ROWELL:** Does that add up to \$1.3 million?

**Mr HOLDEN:** No, \$345,000.

**Mr ROWELL:** In total?

**Mr HOLDEN:** That is correct.

**Mr ROWELL:** In other words, what you are showing in the budget paper as \$1.3 million is incorrect?

**Mr HOLDEN:** No. What you have to take into consideration in terms of budget papers are the south-west strategy, the desert uplands and the Farmbis program, where we also obtain administration funds from the Commonwealth. In total, from all programs, it is \$1.3 million.

**Mr ROWELL:** Why does it show that you paid out only \$1.2 million? Can you explain that situation as far as the budget papers are concerned?

**The CHAIR:** Marc, you keep asking questions.

**Mr ROWELL:** We need to clarify this.

**The CHAIR:** We need to give Colin extra time to answer.

**Mr ROWELL:** I thought he had finished the response. That is why I was asking.

**The CHAIR:** I need the minister to direct it to him.

**Mr HOLDEN:** The \$1.2 million was for exceptional circumstances only. It has no bearing at all with regards to the south-west strategy or desert uplands or Farmbis. The activity for the year was obviously not as great as anticipated. The original budgets that were done for the 2001-02 year were done prior to the declaration of the exceptional circumstances, so there was no allowance within that budget for it. In this past year there has been state expenditure of \$1.2 million, with an anticipated Commonwealth expenditure of approximately \$10 million.

**Mr ROWELL:** Was the \$1.3 million that you got from the federal government expended through the programs that you are talking about?

**Mr HOLDEN:** The \$1.3 million from the federal government was for the administration costs, which is an agreed cost between the states and the Commonwealth across the nation for our undertaking the administration not only of exceptional circumstances but also the Farmbis program, the desert uplands and the south-west Queensland strategy.

**Mr ROWELL:** What is the cost of the administration of that program?

**Mr HOLDEN:** I suggest that \$750 is quite good in terms of price. Having done time and motion studies within the authority, the cost associated with doing complete assessment, the

follow-up in terms of reviews and so on, you are looking at a cost of well in excess of \$750 per application.

**Mr ROWELL:** Could you give me a final costing for all of the programs that you have administered?

**Mr HOLDEN:** At this point in time I cannot.

**Mr ROWELL:** Can you take it on notice, Minister?

**Mr PALASZCZUK:** Yes. What Colin is saying is that for that \$1.2 million there are four schemes—exceptional circumstances, the south-west strategy, the desert uplands and also Farmbis. The cost of administering all of those schemes is \$1.2 million. When you take out the exceptional circumstances component, what Colin is saying is that it is about \$369,000—

**Mr HOLDEN:** For the exceptional circumstances.

**Mr PALASZCZUK:** The rest of the money covers the other three schemes.

**Mr ROWELL:** If we could get a breakdown of that, that would be great.

**Mr PALASZCZUK:** You have got the breakdown. Do you want the breakdown for the four different schemes?

**Mr ROWELL:** And the administration costs?

**Mr PALASZCZUK:** That can be done. That is fine. We will do that.

**Mr ROWELL:** With regard to QRAA's concession loans portfolio, how much was loaned to the Burdekin River irrigation area, the Houghton irrigators and others under the scheme you introduced to assist irrigators to pay SunWater for the additional water charges brought in by SunWater?

**Mr PALASZCZUK:** Colin, do we have those figures here?

**Mr HOLDEN:** I do not have the breakup in terms of regions as requested. The program that we administered on behalf of SunWater did not actually provide loans as such. We merely undertook an assessment process on the part of SunWater to determine whether or not producers were in fact in hardship and whether they displayed viability into the long term. There was no actual loan provided to them through that process.

**Mr ROWELL:** I understood the provisions of that regulation that you moved through parliament provided that, in the event that a person has a particular problem with payment of the additional cost to SunWater, funding could be provided through QRAA to meet that additional amount of the imposition by SunWater.

**Mr PALASZCZUK:** I think Colin gave the response.

**Mr ROWELL:** So it is only an assessment? No money is involved?

**Mr HOLDEN:** There are no loans provided whatsoever. We undertook an assessment process to determine whether or not people were in hardship. We then advised SunWater of that outcome and SunWater would implement arrangements then for the repayment of those arrears with the particular producer.

**Mr PALASZCZUK:** That is pretty clear.

**Mr ROWELL:** I understand it more clearly. I thought the regulation stated that consideration would be given to people in hardship. I do not have the regulation with me, but I understood that funding would be provided.

**Mr PALASZCZUK:** As Colin said, it is just an assessment that QRAA did on behalf of SunWater. That is what the regulation was all about.

**Mr ROWELL:** The output performance for the Queensland Rural Adjustment Scheme, page 2-2, lists the implementation of a \$10 million concessional loans scheme to assist trawl fisheries to procure sufficient effort units to remain financially viable as a recent achievement. However, in reply to my question on notice No. 7 you stated that applications received under the Trawl Fisheries Restructure Assistance Scheme totalled just two, with loans of just \$57,164 provided. Do you seriously regard it as an achievement that fishermen have only been able to borrow one-half of one per cent of the fund that you promised? Is this not just another bogus scheme like your sugar crop replanting and establishment scheme?

**Mr PALASZCZUK:** No, that is not true. The government provided \$10 million for the East Coast Trawl Fisheries Restructure Assistance Scheme. Unfortunately, the uptake of that fishery restructure assistance scheme has been slow and the reasons for this are as follows. The industry

itself managed its change following the implementation of the management plan, and also in the early stages of the program effort units, which are the principle time quota units for the east coast trawl fishery that determine the number of fishing days for an operator and are readily saleable, were on the market in generally larger parcels than could be funded under the scheme. Those effort holders selling were not prepared to break these down into smaller parcels. The third point was that the funding was also readily available from commercial sources to acquire the allowable five per cent that this program could fund.

Basically, what we did with that scheme was give the opportunity to commercial fishers in the east coast trawl to access government funds as concessional loans if required. Unfortunately, due to the three reasons that I outlined, the commercial fishers did not take up those loans. Two actually took them up. Two applied and two were successful. So there was a 100 per cent success rate.

**Mr ROWELL:** \$57,000 out of \$10 million.

**The CHAIR:** The time for questioning by non-government members has expired.

**Ms LIDDY CLARK:** Minister, I refer to page 1-1, paragraph 1, in the Ministerial Portfolio Statements and the reference to the growth and prosperity in the food and fibre sectors. Minister, can you advise of the projections for primary industries production for the forthcoming financial year?

**Mr PALASZCZUK:** I can. Last month I tabled the Department of Primary Industries latest *Prospects* document in state parliament. It is interesting to note for the benefit of committee members that when we came into government the primary industries sector was worth about \$6.2 billion. Last year I reported to parliament that the Department of Primary Industries has forecast an \$8.2 billion result for this financial year. However, the DPI has revised its forecast upwards because it surveyed Queensland's amenity horticulture industry to provide a far more realistic estimate of the value of production in that industry. Previously, estimates of that industry were very conservative. We have found that that industry is worth around about \$1 billion to Queensland. Therefore, in the June 2002 edition of our *Prospects* magazine the DPI has forecast a \$9.3 billion result for last financial year, but it forecast a slightly reduced result for the forthcoming year of \$9.2 billion. That is still not a bad result, bearing in mind the dry conditions in many parts of the state, the gloomy commodity prices for some key sectors and the recent resurgence of the Aussie dollar. Of course, if any of these or other factors change over the coming 12 months, that may either help or hinder the sector to achieve that projection.

Let me just highlight some of the sectors. From our forecasts for 2002-03 the cattle and calf industry continues to account for a third of the total gross value of Queensland's food and fibre production. The value of cattle and calves is expected to reduce by three per cent to \$3.1 billion. The amenity horticulture industry is estimated to remain at \$1 billion. Sugarcane is expected to be cut by 15 per cent to \$800 million with concern remaining about the level of the world sugar crop, increased production in Brazil and of course the price depressing support that the US and European Union provide for their producers. Fruit and vegetables are expected to increase slightly to \$665 million and \$730 million respectively, with increased returns for bananas, mandarins, mangos, pineapples and capsicums. Cereal crops are forecast to increase to \$525 million. However, an improved result for the winter wheat crop would be dependent on a partial return to average seasonal conditions, and of course that has not occurred. The challenging conditions for different sectors and the potential for increased growth and new opportunities is recognised by this government, and of course this is reflected in the increased budget allocation for this year.

**Ms LIDDY CLARK:** I refer to page 1-28 dot point one of the portfolio statement. I refer the minister to the emerging opportunities for Queensland nutraceuticals and functional food manufacturers. Can the minister detail these opportunities and, in particular, are there alternative uses for tobacco?

**Mr PALASZCZUK:** The department is pursuing the development and trade of smart foods in Queensland through a range of innovative research and marketing activities that are being undertaken by local companies. Nutraceutical and functional foods have been amongst the most active growing and innovative sectors in the global food industry over the last decade. This trend is expected to continue for the next 10 years as the baby boomer generation—I do not like that term—continues to seek food and other products that offer benefits to health and quality of life. The department's rural marketing development group has worked to identify and develop trade opportunities for Queensland's nutraceutical and functional food industries.

In relation to tobacco, the department is investigating the use of tobacco as a biomass crop to replace smoking tobacco. This investigation of tobacco as a health crop is a joint project between the Queensland University of Technology, Farmacule Pty Ltd and the DPI. Tobacco can be used for medicinal or industrial proteins inexpensively and in large quantities. Tobacco is ideal for this purpose because it is not a fruit crop, it produces a large amount of biomass and has a short growth period. Just recently I was on the Atherton Tableland to look at the trials currently being undertaken by the department, and of course they are very satisfactory. It looks as though a tobacco crop can be regrown six times per year on the Atherton Tableland. That is why it is so important as a biomass crop.

Our research has shown that tobacco can be grown in a highly sustainable and environmentally friendly manner provided it is not smoked. The tobacco industry has responded very positively to this initiative to the extent that it is considering the economic viability of a \$20 million investment for a processing plant for extraction of the expressed protein. This exciting development may offer tobacco farmers a long-term alternative to producing smoking tobacco. However, it must be recognised that the new molecular farming industry will take some time to develop and should not be viewed as a short-term panacea for the industry. What I am basically saying is this, and this is a very good question: previously tobacco was used as a smoking product but research has shown that it could have caused illness and death. Now we are looking at using tobacco for the reverse—to promote and help people's lives.

**Ms LIDDY CLARK:** I refer to page 1-28 dot point six of the portfolio statement. Minister, how is your department contributing to the development of Queensland's intensive livestock industries?

**Mr PALASZCZUK:** We have just established a new Intensive Livestock Systems Unit within the department to assist intensive animal industry expansion in particularly the pig industry in response to improved export market opportunities. This initiative provides a streamlined approach to encourage increased industry self-regulation and reduce the perception that legislation is obstructing expansion of supply. An additional \$350,000 was allocated in the year 2001-02 to employ an extra five regulatory staff to meet an immediate need of assessing a large number of new and expanding piggery developments. The unit also now consists of an environmental regulation program and a technology innovation program.

The environmental regulation program will continue to administer intensive animal industries through its delegation under the EPA and work closely with agency staff, industry and community to achieve sustainable development. I have to pay tribute to the Minister for Environment, the Hon. Dean Wells, for the assistance that he and his department have given us in streamlining the process in the establishment of this unit. It is good to see that agencies are working very closely together to ensure that our intensive industries, especially the pig industry, expand, because at the end of the day this is one of the great success stories of Queensland and Australia—that is, the expansion of our pig industry.

My understanding is that over the last year our pig industry has expanded by thirty-three and a third per cent, which is a third. Much of the expansion has gone into exports to markets that were not our traditional markets, markets such as Singapore. That has basically occurred because of the problems that those countries have incurred with FMD disease outbreaks. Countries overseas are looking very closely towards Australia and Queensland in particular because we have this reputation world wide as being a clean and a safe producer of food, whether it be in the livestock area or whether it be in the grains area or in the fruit and vegetable area. We are recognised as a clean and safe producer.

We have also established a whole-of-government steering committee to provide policy direction for the unit's operation and have also—we have included industry in this—put together an industry advisory committee to raise and deal with industry and environmental issues, because we have found that previously industry was going from agency to agency and basically receiving no comfort. So consequently with this new intensive livestock unit we have coordinated all the resources of government. We have put together an advisory group. At the end of the day, if it means fast-tracking of applications for piggeries in Queensland, so be it, because it will just mean extra dollars in the pockets of our primary producers, especially our pig producers, and also their dependent rural communities.

**Mr LAWLOR:** I refer to page 1-9 dot point one of the MPS. Minister, can you detail the work being undertaken by the DPI to assist primary producers to better manage for weather fluctuations?

**Mr PALASZCZUK:** This is a very important question. As committee members would know, much of the state has not received substantial rainfall in recent times. I think the honourable member for Hinchinbrook in his first question pointed out that this is a very important issue, and that was reflected in the fact that that was the very first question that he asked. As I said earlier in my response to the honourable member, currently there are 36 drought-declared shires in Queensland and a further 400 individually droughted properties in a further 40 shires. Queensland does have one of the world's most variable climates, but this factor is little comfort to farming families who have had to destock or who have been unable to plant a crop.

Our Queensland Centre for Climate Applications is a joint initiative between the Department of Primary Industries and DNR. Headed by noted climatologist Dr Roger Stone, the centre is a leader in world range climate forecasting. As members of the committee would be aware, the projections are for an El Nino to develop which would substantially reduce the probabilities of normal rainfall right across much of eastern Australia. The centre has been closely watching these developments particularly through the SOI, or the Southern Oscillation Index, and advising producers.

The centre has been warning Queensland industry and rural producers of the potential for drought developments since last year. More importantly, detailed quantitative information of likely reductions in rainfall, timing of severe frosts, reduction in river flow and reduction in winter crop yields has been provided to Queensland farmers since January this year. This information is regularly updated and has enabled our farmers to better place themselves to tackle Queensland's droughts. This year's forecasts of the pending El Nino pattern together with detailed rainfall probability values for each Queensland shire has enabled our farmers to better consider their forward selling procedures and better plan their nitrogen application rates, planting schedules, mix of winter and summer crops, cattle stocking rates and agistment.

Further benefit has been obtained by the sugar industry where improved scheduling and planning for mill and harvest operations has been possible through judicious applications of QCCA climate forecast systems that have been especially refined for sugar operations in Queensland. This includes provisions of improved information for marketing Queensland's sugar crop. QCCA currently continues to carefully analyse climate patterns to enable updated planning information to be provided for the next 12 months. This information will help our farmers survive this drought and hopefully enable them to capture the benefits of the better seasons when they return in the winter of 2003.

**Mr LAWLOR:** I refer to page 1-8 dot point five of the MPS. Minister, can you describe what action your department is taking to reduce the current use of chemical insecticides and other non-chemical solutions on farm?

**Mr PALASZCZUK:** The department has invested \$6.2 million in research into biopesticides and IPM, or integrated pest management. That basically means using nature to control nature. This research will encourage the move towards clean and green farming and reduce conventional insecticide use. For example, as part of this investment my department has established a biopesticides unit to research new approaches to insect pest management in cotton and grains. The unit operates in concert with an existing team of field entomologists and a network of extension staff who are researching and developing an area-wide approach to manage insect pests and to ensure understanding and adoption of complex technology and processes by producers.

The department's research and promotion of biopesticides has led to significant change in grower attitudes to the use of biopesticides, and interest in this approach is increasing. Further research using environmentally safe biopesticides is continuing across a whole range of crops. These crops include citrus, mangoes, passionfruit and custard apples. The department is also investing significant resources in investigating new and improved biopesticides, the application of IPM strategies and other innovative techniques. For example, two methods for the control of buffalo flies without the use of insecticides have been developed in a research project funded by DPI and MLA, Meat and Livestock Australia.

Buffalo flies are a major animal health problem in northern Australia, with nine million cattle in buffalo fly affected areas. Nine million cattle is approximately one-third of Australia's cattle herd. Insecticides are currently the major tool for controlling buffalo flies. One of the methods developed is cow odour in a bottle, which is designed to attract buffalo flies away from animals and catch them on a sticky target. Those of you who are part of the baby boomer generation would remember the old fly traps they used to hang in kitchens. It is a process similar to that. I can see only one member of the committee nodding their head, so obviously there is one baby boomer.



The other even more effective technique is the use of a tunnel which removes flies from the cattle passing through and subsequently traps the flies in cages. Reductions of 60 per cent to 70 per cent in buffalo fly populations on cattle have been achieved by using these two methods.

**Mr LAWLOR:** I refer to page 1-8 dot point 5 of the MPS. What action is the DPI taking to reduce methane emissions in livestock?

**Mr PALASZCZUK:** This is also an issue in which the member for Hinchinbrook has previously expressed an interest. I refer the committee to comments made by Marc in the *Sunday Mail* on 27 February 2000. At that time the member for Hinchinbrook raised concerns about a possible federal coalition government plan to tax graziers for the gas produced by their livestock. The article extrapolates that the graziers may be expected to pay between \$10 and \$30 for every tonne of gas their livestock produced. The article says—

'What a lot of hot air,' snorted State Opposition primary industries spokesman Marc Rowell. 'It's madness ... a balloon of hot Canberra air that has to be pricked before it takes off.'

I agree with what the honourable member for Hinchinbrook has said and commend him for his comments. However, I wonder whether his comments carried any weight with Canberra, which last week announced an agreement with the United States over climate change. The agreement covers greenhouse accounting in the forestry and agriculture sector. I understand that the federal Treasurer, Peter Costello, will be visiting rural Queensland next month. I urge the member for Hinchinbrook to air his concerns about any proposal for a gas tax with Mr Costello during his visit.

The member for Hinchinbrook raised this issue with me in parliament late last year, and I pointed to the fact that research is the key. Whether it is livestock flatulence or burps, we need a scientific answer because it is in the interests of the environment and also in the best interests of the grazing industry that we do. Methane from ruminants is a major greenhouse gas, contributing 14 per cent of total greenhouse gas emissions in Australia. An estimated 80 per cent of total greenhouse gas emissions from the agricultural sector in Queensland is methane from ruminants. The DPI has undertaken a joint venture pilot project with private industry to evaluate the efficiency of a natural feed additive to reduce methane emissions from sheep and cattle. Results are very encouraging and demonstrate that a 25 per cent reduction is possible.

In addition, research work into the microbes that inhabit the foregut of kangaroos is also being investigated. Kangaroos emit very little methane even though they have a similar digestion to sheep and cattle. This research aims to isolate the bacteria that prevents the production of methane and determine whether they could be used to reduce emissions from sheep and cattle. Better utilisation of the methane by ruminants will have two benefits: reducing methane emissions and improved efficiency of animal production.

**The CHAIR:** The time for questions from government members has expired. I call on the member for Surfers Paradise.

**Mr BELL:** Minister, I refer to page 1-25 of the Ministerial Portfolio Statements. At the bottom of the page reference is made to quotas in respect of spanner crabs. As I understand the matter, the licence fees that government expects to receive from trawler men operating on harvesting spanner crabs will remain unaltered. I understand that the commercial value of spanner crabs remains unaltered, but the quotas have been very materially reduced in the last two years. Will trawler men harvesting spanner crabs be able to pay the government's licence fees in view of the reduced quota?

**Mr PALASZCZUK:** That is a very good question. The spanner crab fishery is one of the first fisheries in Australia to be accredited by Environment Australia, which basically gives that fishery certainty to be able to export for the next five years. More than 80 per cent of our spanner crab catch is exported overseas, so we have to make sure of that. However, part of the management plan that was accredited by Environment Australia dealt with the fact that quotas could go up and down according to assessment of the stock. Unfortunately, over the last two years that assessment has led to a reduction in the quota. This of course has caused difficulty for a number of fishers within the spanner crab industry. These are smaller operators, who really experience difficulties. So the Queensland fisheries have basically undertaken a review into the methodology that is being used to determine these quotas, bearing in mind that the quota has been reduced over the past two years. A RIS was released on 26 April this year seeking public comment on the quota reduction. Comments on that closed on 24 May this year. All comments were taken into account in the final proposal. So there is consultation in relation to the reduction, because whenever a government changes any law that law or that proposal has to be taken to the public.

But look, the honourable member is right; the spanner crab operators are experiencing difficulties, especially the smaller ones. The government is cognisant of that fact. Queensland fisheries is undertaking a review; and hopefully, at the end of the day, that review will find a system that is far better than the system we have in operation currently and stop the problems that our smaller spanner crab operators are experiencing.

**Mr ROWELL:** Minister, page 2-2 refers to QRAA's implementation of the sugar industry crop replanting and establishment scheme—dot point 6—which has since shown to have failed to assist any significant number of growers. I understand a new version of the scheme has been launched with a nominal allocation of \$20 million to assist the replanting and fertilising of the 2002 sugar crop. Have the lending terms been varied from that which operated under the previous scheme? If so, how? And are these loans available yet?

**Mr PALASZCZUK:** That is our new scheme. To be eligible for assistance under this program—actually, QRAA has really liberalised the criteria required of applicants for this loan, including: demonstrate sound long-term prospects of commercial viability; be in full-time working occupation of the properties either as owner-operators or as part of a family company or partnership; derive the majority of income from primary production; have used up all liquid assets and all normal credit sources to normal credit limits; off-farm assets with a net value of \$206,500 may be retained; investment in bona fide insurance and superannuation funds are exempt from the assets test; advances will be at a maximum rate of \$250 per hectare to cover costs of planting and fertiliser; the maximum advance per business enterprise is \$100,000; and the interest rate will be 6.07 per cent, which is based on the applicable Queensland Treasury Corporation's seven-year lending rate as at 1 July 2002. The rate will be fixed for the term of the loan. Loans will be for a maximum term of seven years with interest only for the first two years. In relation to changes to the guidelines, let us have a look at the asset test: maximum of \$206,500 net off-farm assets allowed; term of loan—maximum of seven years, interest only for the first two years; limit on loan—\$100,000, no CPA base limit; and restriction on assets—none.

In addition to those issues that I have mentioned to the member, the previous program was stifled by the fact that the federal government, when it brought in its scheme, basically precluded any grower from accessing the Queensland scheme. But there is good news. I have had lengthy discussions with Minister Barton and Minister Truss in relation to the sugar industry. We are working on a tripartite response to the industry whereby the state government, the federal government and industry are going to work together to put together a package to assist our primary producers. I am quite sure that this scheme that we have under way now will not be stifled by any untoward decision made by the federal government. As you can see, this new crop assistance scheme is certainly a lot more liberal in its criteria than the previous one.

**Mr ROWELL:** Minister, the total cost of planting and fertilising the sugar crop is expected to be in excess of \$200 million.

**Mr PALASZCZUK:** Yes, we understand that.

**Mr ROWELL:** The funding that your government has provided under its new loan scheme is only about 10 per cent of the actual cost for one year. How did you arrive at the allocation of \$20 million—or just \$20 million—for this loan scheme?

**Mr PALASZCZUK:** I think I have answered the question. The previous scheme was \$10 million. This one is \$20 million. We worked on a figure of \$250 per hectare with a maximum of \$100,000 per property. Look, as the Treasurer and the Premier have said, \$20 million is an indicative figure. If more people take up the loan more money will become available. It is a good scheme.

**Mr ROWELL:** The annual rural debt survey released by QRAA revealed that there was a 19.1 per cent, or \$152 million, increase in the debt levels in the sugar industry in 2001. The survey also noted—

Growth in the sugar industry debt is looked on with concern, given the depressed market outlook, and in large areas the absence of a wet season in the 2001 year has left much of the crop drought stricken.

Minister, did you really think that offering the sugar industry yet another debt with your loan scheme was a suitable response to the initiative that is required for the industry in its immediate future?

**Mr PALASZCZUK:** Look, could I just say this: as minister, I have travelled the length and breadth of the state speaking with canegrowers from Mossman all the way through to Maryborough and the Sunshine Coast. I have sat around kitchen tables on most occasions speaking with growers in their own environment. The one single point they raised over and over

again with me was that they wanted to get a crop into the ground. It is as simple as that. The honourable member, as a canegrower himself, would understand that that is the biggest thought in the minds of our growers currently. As a consequence, and on that advice, the government initiated a \$20 million concessional loan scheme to assist our growers to do that. As I mentioned in the previous answer, \$20 million is an indicative figure. If more people take up the loan more money will become available. Colin, would you like to add to that in relation to the farm debt survey?

**Mr HOLDEN:** It is acknowledged that there has been an increase of \$152 million in debt within the sugar industry between 1999 and 2001. In terms of the loan program that has been provided for growers to plant and fertilise, I think it has to be considered that, irrespective, a grower will have to finance their planting and fertilising. This particular program, at an interest rate of 6.07 per cent, is quite attractive given that the interest rate is fixed for the term of the loan.

**Mr PALASZCZUK:** This is just a start, Marc. We are in consultation now with the Minister for State Development, Bob McCarthy, who is heading up our task force, the federal government, the federal minister and industry to put together a package. This is just a start. I think it is a sign of good faith by the government in the viability of the sugar industry in Queensland. We want to make sure the sugar industry remains a viable industry in Queensland because we recognise the importance of the sugar industry to Queensland.

**Mr ROWELL:** I understand what you are saying, Minister. I must be speaking to a different group of people, because a lot of them are very concerned about their debt levels. They do not have the capacity to take on further debt. According to the second point on page 1-30, DPI will play a minor role in the sugar interdepartmental committee, which was apparently set up to provide options for your government's response to the crisis in the sugar industry. When will this committee report to the government?

**Mr PALASZCZUK:** There is quite a simple answer to that. The Minister for State Development and I are working very closely, as are our departmental officers and as is Bob McCarthy, who is the chair of that committee. The Premier asks for very regular reports to cabinet in relation to this issue. When parliament resumes we will give parliament a pretty detailed report on the outcomes and results of this interdepartmental working group.

You have to realise that the Hildebrand assessment is also currently out there. The Hildebrand assessment does not make any recommendations; it identifies major problems within the industry. One of the major problems it identifies is that the industry needs to restructure. How the industry restructures will rely basically on how industry, the federal government and the state government work in together to provide the avenue available to industry to restructure. For far too long, unfortunately, the sugar industry has sat back and weathered these storms. I think now is the time for industry to work in with governments to make the hard decisions and restructure to make the industry a more viable one in the future.

There are a number of issues we can talk about. We can talk about bioplastics, new research, transportation, new varieties, using sugar as a rotation crop, our current act—what needs to be changed in the act and whether the act is relevant—or the use of ethanol. All of those issues are now on the table. It is up to industry and government to work together and, basically, to seize the opportunity to restructure the industry once and for all so that we do not go through these very low troughs ever again.

**Mr ROWELL:** So we can expect that there will be some report coming out during the next sitting of parliament?

**Mr PALASZCZUK:** I am not saying that there will be a report. I am saying that there will be a report to parliament.

**Mr ROWELL:** Further to your department's response to the sugar industry crisis, you would also be aware of Bundaberg Sugar's decision to close the Moreton mill at the end of this crushing season. That will leave growers with no mill to supply, leave mill and field workers with no job and have a devastating impact on the local economy. A lot of the area is not suited to growing other crops or development because of its low-lying nature. What is your department doing to assist those growers in the area to seek alternative crushing arrangements at the Moreton mill or to develop other industries?

**Mr PALASZCZUK:** I am really glad that Peter Wellington is the member for Nicklin, because he has basically set up the local task force, which the government has encouraged, to examine the full range of options taking into account the economic, social and environmental impacts of the different options. There are limits on government intervention, as you would know, under the

Sugar Industry Act 1999. It requires local growers and millers to negotiate supply agreements independently of the state government. I have met with both growers and millers and urged them to reach agreement. As minister, I hope that these issues will be resolved by the industry and that before too long it will then advise government on how it proposes to proceed.

I also had a very lengthy telephone conversation with Fiona Simpson about this. I would have spent 20 to 30 minutes on the phone to her. She certainly expressed her concerns. As I said to her, the government's main priority is to keep that mill open. However, under the act the millers and the growers need to work in together on a mill supply agreement. As minister, I would urge them to continue that process of negotiation to arrive at an agreement.

The last time I met with the growers was last week. They were very concerned about the proposed closure at the end of this year. As minister, I am also very concerned about that because that area supplies, in a good year, between 600,000 and 700,000 tonnes of cane. The mill employs a number of local people. In time that mill could become one of the tourist attractions of the north coast, when the mill is actually operating. At the end of the day, the issue of cane transport has to be resolved by both the millers and the growers. It is up to them to do that. I have urged both the millers and the growers to come to an amicable solution to maintain continued production at that mill.

**Mr ROWELL:** There are certainly some short-term and long-term problems associated with the Moreton mill and the loss of jobs. It is not just the sugar industry that will be affected; those who are reliant on the industry will be affected as well. The effect of any mill closure would be quite significant.

Pages 1-28 and 1-29 make reference to the BSES. The state government's research funding support for BSES has stagnated for a number of years. Again there is no additional funding support provided in this year's budget. The industry is endeavouring to upgrade its research effort through the Prosper program, which is essentially for the industry to remain internationally competitive. Does DPI have any intention to increase its funding contribution to BSES in the future?

**Mr PALASZCZUK:** Currently the government allocates \$3.8 million to BSES plus GST, which makes it around \$4.15 million. I can recall when Ed Casey was the minister. I think he was the first minister to allocate any government funds to BSES. I think that allocation was around \$300,000. Since then government funding has risen to \$3.8 million. Currently the government is in the process of working with industry to return BSES to industry. My understanding is that once BSES is back in the hands of industry individual growers will feel a part of BSES and will contribute their voluntary levies. I believe that BSES in its current form is certainly doing a very good job for the industry. Under the new chair of the board, Tom Fenwick, and the new CEO there is a new direction in BSES. I believe that direction is a positive one.

We must not forget that government funding does not stop at BSES in relation to research within the sugar industry. There are other areas in which government contributes funding to research in the sugar industry. I think that adds up to just over \$5 million. It is also my understanding that the state government has lent its support to a CRC application by BSES to do further research into the industry. The government's commitment to research is there. The first thing I did when I became minister in 1999 was, with the department, form the Agency for Food and Fibre Sciences. That is one of the great success stories of any government in Australia. That success is due a lot to the staff who are employed there and also to the leadership given to it by Dr Rosemary Clarkson.

**The CHAIR:** The time for questioning by non-government members has expired.

**Mrs CROFT:** I refer to dot point 7 on page 1-18 of the Ministerial Portfolio Statements. Minister, how has the Department of Primary Industries contributed to the Year of the Outback?

**Mr PALASZCZUK:** Our Queensland government has been one of the longest and strongest supporters of the Year of the Outback. Many proposals are put before me as minister, but when Bruce Campbell came to see me about his proposal for the Year of the Outback I knew that it was going to be a winner. That is why I took up the challenge of working with our government and with the federal government to ensure that this year, 2002, was designated the Year of the Outback. It has certainly proved very successful. Our Premier has shown his great support. Both he and I have been appointed as ambassadors for the Year of the Outback. I am certainly carrying out that task to the best of my ability.

Throughout Queensland many communities are taking advantage of the opportunities offered by the Year of the Outback, are promoting their own local events and celebrating their

own initiatives. Opportunities also exist for outback and metropolitan residents to come together. Sponsorship for community driven Year of the Outback events has been made available.

I recently opened an art exhibition in Boonah, which is just a one-CD drive from Brisbane. There I spoke to the person who put the exhibition together. She said to me that she is having great difficulty attracting people to exhibit their artwork. On further investigation I found that it was because the supply of artwork is just about evaporating because all of the tourists going through rural Queensland are snapping up artwork at the different art galleries. That is one of the really good success stories of the Year of the Outback.

I was in Longreach not so long ago. Vaughan Johnson said to me on the Monday, 'When are you going to buy your house in Longreach?' because I go out there so many times. Every caravan park was full and there were queues outside the three caravan parks at Longreach—queues of up to 20 or 30 vans, trying to get in. But obviously they cannot get in because the accommodation is all booked out.

So many of the people in southern Australia and Queensland are actually getting in their vans, getting in their cars and travelling into the outback to experience this great experience. I would encourage anyone who has not done so to for goodness' sake follow my lead. I am going out there. I am spending a week on the road on the Diamantina Highway which, of course, is one of the last great adventures of Queensland.

**Mrs CROFT:** I refer to page 1-15 dot point 1 of the ministerial portfolio statements. Can you please outline what participation the department is having in enhancing the whole-of-government response capability to foot-and-mouth disease and BSE?

**Mr PALASZCZUK:** The Department of Primary Industries is the prime lead agency responsibility for the response to any foot-and-mouth disease or BSE detention. Through an allocation in 2001-02 of \$1.8 million, the department has been making significant contributions to a whole-of-government response capability which includes being co-chair of the FMD cross-government committee that is progressing a whole-of-state-government cooperation and response; representing the state on national bodies like the national FMD management group, veterinary committee and consultative committee on emergency animal diseases; and upgrading statewide programs to increase our capability to detect, respond and reduce the risk of exposure of animals to FMD and BSE. This activity will be boosted this financial year through an additional allocation of \$2.284 million as part of a total additional allocation of \$13.1 million over the next four years. This will raise a total allocation to FMD preparedness to \$4.084 million this financial year with a combined total of \$20.3 million over the next four years. This is part of a \$39 million allocation to biosecurity in the year 2002-03.

We have also planned some additional activities, which include DPI's participation in a national FMD simulation exercise from 8 September to 13 September aimed at testing national and state preparedness; continued progress in swill feeding prevention; a surveillance and legislative review program; and the upgrading of the agricultural property database, livestock tracing systems and laboratory capabilities. Some of our specific service enhancements include disease intelligence; expert teams in epidemiology; training through planned courses designed to lift specific competencies in emergency management; diagnostic laboratory enhancements, including additional pathologists and capital investment in diagnostic and facilities to boost the speed and scale of testing; field veterinarians and stock inspectors appointed at strategic locations to improve early detection and DPI's capacity to investigate suspect cases and respond to incidents; public education of the risk reduction strategies aimed at prevention and preventing an FMD outbreak in Queensland; and information systems to better handle surveillance and response strategies. At the end of the day, what this means is that we just want to make sure that the FMD or BSE never comes into Australia because, at the end of the day, it just means a loss of billions of dollars over a long period of time.

**Mrs CROFT:** I refer to page 1-8 dot point 4 of the Ministerial Portfolio Statements. Can the minister describe what advances have been made in molecular diagnostic research and the benefits to Queensland's food and fibre industries?

**Mr PALASZCZUK:** As part of the government's ongoing commitment to solve plant and animal disease problems for Queensland's producers, we have developed new DNA diagnostic tests for a number of very important diseases in Queensland. These tests allow the rapid and accurate identification of pathogens and they have been instrumental in dealing with important plant diseases such as black sigatoka in bananas, fusarium in bananas and cotton, and

phythophthora in horticultural crops. Further work is also occurring to develop accurate and rapid diagnostic tests for livestock using state-of-the-art, real-time polymerase chain reaction machines.

These livestock diagnostic tests will be used to detect sorghum ergot alkaloid poisons, Glasser's disease, venereal diseases, tick fever, liver fluke and the emerging and exotic diseases of finfish and invertebrates in aquaculture. The need for a high level of competence in diagnostics is of great importance, as it provides the techniques to rapidly identify pests and diseases. This will not only assist in the export of produce but also enable Queensland to prepare for the threat of endemic and exotic pests and diseases. Kevin, would like to add a bit more to that.

**Mr DUNN:** The examples the minister has given in relation to improvements in molecular diagnostic research and development techniques and technologies are very important and underpin Queensland's continued ability to provide the biosecurity services that we need to support our industries both in their production sense and also in their market access. The improvement in diagnostic technologies is critical. A good example is the testing for foot-and-mouth disease, where rapid diagnosis and the confirmation of suspicion of that disease in animals that may be susceptible to it is absolutely critical to provide the timely response needed to be successful in combating a disease such as that.

There are very many other diseases and pests in the animal and plant spectrum and the efforts of the researchers in DPI in moving us into the new molecular diagnostic age are advancing very well. It is a very competitive area, but I think that the Queensland research effort is well rewarded by funding bodies in Australia.

**Ms LIDDY CLARK:** I refer to page 1-2 dot point 5. Can the minister advise of the steps taken to form the Queensland Biosecurity Council announced as part of the budget?

**Mr PALASZCZUK:** This is a very important initiative taken by the government to work in with industry to ensure that we are BSE and FMD prepared. This basically means that we are establishing the Queensland Biosecurity Council to be a very high-level group of government and industry representatives to advise government on biosecurity issues. Industry groups to be represented on the Queensland Biosecurity Council's steering committee will include Agforce, the Queensland Farmers Federation, and members of the Queensland Fruit and Vegetable Growers. The steering committee will make recommendations to me about the establishment and membership of the council. Our former DPI director-general and Animal Health Australia chair, Roly Nieper, has agreed to chair the steering committee. I expect the Queensland Biosecurity Council to be appointed next month.

As I have mentioned, Dr Roly Nieper is chairing the steering committee of the Queensland Biosecurity Council. I can confirm eight other members of the steering committee. Another two members representing the Queensland Farmers Federation and the Queensland Fruit and Vegetable Growers are yet to be confirmed. The other members are: Mick O'Neil, Agforce Chief Executive Officer; Lex Carroll, who brings with him a wealth of experience in animal health issues; David Grace, Golden Circle Director and senior partner of Hunt and Hunt, Lawyers; John Keir, Joint Chief Executive of Australia Meat Holdings; Lachie Hart, General Manager of Stockyard; Barbara Wilson, Chief Executive Officer of Safe Food Production Queensland; Terry Johnston, Deputy Director-General of the Department of Primary Industries—and this is Terry sitting beside me—and Kevin Dunn, who just answered the previous question, DPI Chief Veterinary Officer and Executive Director of the department's Animal and Plant Health Services. So as you can see from the names that we have so far that this is going to be a very, very high-powered committee that will give very valuable advice to government. Basically, what this is all about is allowing industry to have a say. Does that satisfy you?

**Ms LIDDY CLARK:** I notice there was only one woman, but I am sure that there is room for movement.

**Mr PALASZCZUK:** This was just a steering committee.

**Ms LIDDY CLARK:** Yes, I understand that.

**Mr PALASZCZUK:** I will trust their judgment.

**Ms LIDDY CLARK:** I refer to page 1-13 dot point 2. What is happening with the Johne's disease surveillance program in sheep flocks?

**Mr PALASZCZUK:** As minister, I am very pleased to report that the targeted surveillance for ovine Johne's disease has not detected the presence of the disease in Queensland's sheep flocks. Most of this surveillance is carried out as part of the national abattoir surveillance program.

I am aware that an increasing level of the disease has been detected in New South Wales. It is important for Queensland to continue to protect itself against the entry of the disease.

Because of its successful surveillance efforts, Queensland has now moved to protected zone status from 1 July 2002. Surveillance for the disease will continue for the duration of the current six-year national program. Abattoir monitoring has been carried out in Queensland since September 1999. Two abattoirs in south-east Queensland are involved, together with abattoirs in New South Wales and Victoria. To the end of December 2001, a total of 1,668 lines involving 721,944 sheep had been examined at abattoirs in Victoria, New South Wales and Queensland.

The geographic distribution of flocks examined has been charted and indicates that all sheep-raising areas in Queensland have been included. So that is very good news for Queensland, especially for our producers, but, more importantly, for the good work that is being carried out by our Department of Primary Industries officers. Kevin, for the benefit of the committee, would you like to explain to the members what Johne's disease is all about?

**Mr DUNN:** Johne's disease in sheep is a disease caused by a bacterial pathogen that is related to, but not the same as, tuberculosis. It is a slowly developing, insidious disease that causes wasting and death in large numbers of sheep in flocks. It is a problem in southern Australia, particularly in large areas of New South Wales, some in Victoria, and in a small number of flocks in South Australia. It has caused tremendous problems for the industry and for graziers of sheep in those areas associated with the attempts to control the disease and the corresponding problems that are caused with them and being able to sell their breeding stock in the marketplace in Australia. By being an infected flock, they remove their attractiveness in the marketplace to other sheep producers.

Queensland has the advantage of not having detected ovine Johne's disease and we have measures in place to prevent it coming into Queensland. The surveillance that the minister has referred to will see us gain protected status this month, which is a beneficial status for Queensland.

**Ms LIDDY CLARK:** I refer to page 1-14 of the MPS. What is the DPI doing to assist Queensland producers maintain existing beef and live cattle exports and to develop new export markets?

**Mr PALASZCZUK:** Beef and cattle exports from Queensland are very important to our state's economy. Last year, our beef exports were valued at around about \$2 million. Japan is our largest export market for beef—beef with a value of \$1.25 billion in the year 2001. Unfortunately, this market was devastated with the outbreak of BSE on 10 September last year and a further detection was confirmed in May this year. So they have basically had four detections since 10 September last year. After that detection, our sales of beef in Japan dropped by 35 per cent.

The serious impact of this disease on our market was evident during my recent visit to Japan and Korea. During this mission, I visited Japan with four of Queensland's leading beef producers. We met with Japanese consumers and key buyers to promote the safety and quality of our Queensland product. This visit really clearly demonstrated what I have said earlier, that we really are well noted world wide as a clean and safe producer. What we want to ensure is that we maintain our strong commitment to maintaining our Japanese beef market for our producers. Part of that visit was also to reassure the Japanese consumers that our Queensland beef is safe and clean and that Queensland is doing everything in its power to ensure that we maintain that reputation and jealously guard it. We also have a global beef export project.

Before I keep going, I do not think many people understand this, but when you have a look at the problem in Japan, the Japanese herd is about a third of the size of the herd here in Queensland—one third. With that detection of BSE, it is costing the Japanese government \$6.5 billion currently to monitor and test each Japanese animal going into the abattoirs to assure the Japanese consumer that the beef going into the abattoir is safe. Now, if that ever happened in Australia, I just shudder to think the consequences that we would be faced with. Not only would we lose \$9.6 billion, at least; we would also be faced with this massive task of reassuring our own consumers and reassuring consumers overseas. My understanding is that it would take at least six years to achieve that. So the results of any FMD or BSE disease here in Queensland would be just devastating not only to our beef industry but also to Queensland's primary industries.

**The CHAIR:** The committee will break for morning tea and resume at 10.45 a.m.

Sitting suspended from 10.31 a.m. to 10.46 a.m.

**The CHAIR:** The committee will now continue its examination of the portfolio area of the Minister for Primary Industries and Rural Communities.

**Mr ROWELL:** There is no reference to the horticultural industry, the state's second largest primary industry and it is worth somewhere around about \$1 billion to \$1.2 billion and employs something like 25,000 people. Other than the reference on page 1-29 to an Amenity Horticulture Leaders' Summit, why have you sought to place a financial burden on the industry with increased new plant inspection charges for fruit and vegetables, nurseries and garden producers and the new \$100 accreditation fee. Of course, there has been an increase of something like \$39 to \$84 per hour for interstate trading, quite a substantial hike as far as fees are concerned.

**Mr PALASZCZUK:** When we talk about biosecurity, we talk about protecting our industries from exotic pests and diseases. It is quite obvious the honourable member is only referring to the horticulture side of things in relation to the shifts that have occurred in subsidies within the department. The demand for interstate certification assurance for those services has remained steady during the year 2001-02 with approximately 900 businesses accredited for approximately 1,300 ICA arrangements in Queensland. The uptake rate for ICA remains at a very high level, with over 98 per cent of businesses utilising ICA in preference to government inspection for interstate plant health certification. Now, approximately \$180,000 was recovered through ICA audit fees in 2001-02. The government currently subsidises operation of the ICA scheme by \$600,000 to \$650,000 per annum. Interstate quarantine authorities require the DPI continue to administer and manage the scheme but have given approval for third party providers to undertake the audit function on behalf of DPI. Third party providers have expressed an interest in undertaking this work but were unable to compete with the DPI's audit service under the subsidised fee structure. DPI developed a new ICA fee structure, which includes allowance for travel by auditors for on-property audits and introduces an annual accreditation fee to recover costs associated with ongoing administration of the ICA scheme.

The changes that the government announced in the 2002-03 budget are better aligned with similar services provided by the private sector, thereby facilitating transition of ICA to third party providers. We hope to achieve this by 2004. Now, the reduction in DPI subsidy of ICA services will free up valuable DPI resources for enhanced biosecurity activity, such as exotic pest and disease surveillance and response preparedness and development of interstate market access protocols for a wider range of agricultural commodities. Both initiatives will directly benefit Queensland's primary industries. The new ICA charges compare favourably with those which are applicable interstate.

**Mr ROWELL:** Referring to your reply to my question on notice No. 5 regarding pest and disease eradication programs administered by your department, black sigatoka is close to being successfully cleared up in north Queensland, which is a tribute to the banana industry, given the state's contribution to the program ceased in mid-February 2002.

**Mr PALASZCZUK:** Thank you.

**Mr ROWELL:** I acknowledge that. I think I wrote to you at the time because I think it was particularly important what the department had done up to that time.

**Mr PALASZCZUK:** Thank you for your support.

**Mr ROWELL:** However, given that the banana industry is a multimillion dollar industry that employs thousands of workers, why was your government not prepared to see the campaign through to a final result? Can you provide what the eradication program did cost, how much was contributed by the various parties to the campaign and how much was paid to growers in support? I would like you to take those on notice if you cannot provide that now.

**Mr PALASZCZUK:** Let me just say that you have been very helpful during the black sigatoka process.

**Mr ROWELL:** I am always helpful, Minister—always.

**Mr PALASZCZUK:** You also acknowledge the fact that our government did everything in its power to provide the necessary funds for the fight against black sigatoka. As minister, I took up the fight with the other jurisdictions and, at the end of the day, whilst we did achieve some success, we did not achieve the success that we wanted. I will just ask Kevin Dunn to give you the more technical answers to your questions.

**Mr DUNN:** There are several points to the honourable member's question. The program was concluded in mid-February 2002 after having successfully eliminated the visible presence of black sigatoka in banana plantations. However, on the advice of an expert committee of plant



pathologists, because of the fungal nature of the disease which causes black sigatoka it was assessed that the expectation of being able to be fully confident that all fungal spores in the soil, et cetera, would be eradicated was overly optimistic. It was decided at that stage that the program would revert to a managed control program, expecting that in the future there may be an occasional finding of black sigatoka in that area.

However, the program was a very great success inasmuch as it has eliminated the known presence and occurrence on banana plantations, and the response exercised by industry under the national program on their plantation management was very great and banana leaf disease is now very tightly managed and well under control. Overall, it is a great tribute to the banana industry and to the national program to have got to the point that it has got to.

On the question of funding, the overall cost for the nationally funded program in the years 2000-01 and 2001-02, which spanned the entire program, was a total of \$12.7 million. The majority of that was incurred in 2001-02, which was \$11.5 million. The funding contributors came nationally through the Commonwealth and the other banana growing states in addition to Queensland, as well as industry, on a one-third, one-third, one-third share basis.

**Mr ROWELL:** There was something else that I also referred to, too.

**Mr PALASZCZUK:** Sorry. What was that that you referred to?

**Mr ROWELL:** How much was contributed by the various parties to the campaign and how much was paid to growers in support? If you cannot—

**Mr PALASZCZUK:** We will take that on notice for you. Have you got that information there, Kevin?

**Mr DUNN:** I have got a considerable amount of that information. Of the \$12.7 million expended nationally in the program, the costs were shared one-third, one-third, one-third by industry, the Commonwealth government and the states, of which Queensland provided the majority share. The Queensland contribution of that was \$3.186 million. Can I just have the second part of your question again?

**Mr ROWELL:** How much was paid to growers in support?

**Mr DUNN:** Growers who undertook the extensive deleafing operations on each farm under the national program have been paid for that contribution as part of the operations in delivering that program. That payment has now been completed and there is in the order of just over \$3 million that has gone back to individual growers from the government contributions on the program. That \$3 million was over and above the industry contribution to the program, so a rebalancing of funds took place from government back to pay those growers for the operational delivery of the program.

**Mr PALASZCZUK:** So, Mark, there is no need to take that on notice? You have got that information now.

**Mr ROWELL:** I have got enough information there. In reply to my question on notice No. 5 regarding the pest and diseases eradication program administered by the DPI, the number of full-time equivalent staff for the fire ant program is estimated to increase by 163 in 2002-03. That is for this next financial year.

**Mr PALASZCZUK:** Yes.

**Mr ROWELL:** This is a substantial increase in staff numbers and largely represents the total reported increase in DPI staff levels. In principle approval was also recently given by the Commonwealth and the state to increase the funding from \$123.4 million by \$21.5 million. Does this additional increase in funding and a sharp increase in staff numbers sufficiently cater for the administration by Fire Ant Control Centre for new sites that are being detected in southern Ipswich?

**Mr PALASZCZUK:** If we can talk about the issue of fire ants in general—yes, there has been an in-principle support from the ministerial council, which includes the Commonwealth and every other state, to grant additional funding of \$17.5 million, which will basically mean an increase of around about 100 staff. Now, as far as the other figure, I am not sure if this is correct, but my understanding is that the first intake of staff into the fire ant team, quite a few of those people have resigned and left for various reasons, and they are to be replaced in the forthcoming months. I think that would account for that figure. However, we might ask someone else. I will get Keith McCubbin to answer that question shortly.

The reason why the area for treatment has been increased is because the surveillance program is working. Just to explain for the benefit of the committee, the fire ant control program consists of a number of facets. The first one is the actual treatment area. We have around about 71,000 properties being treated and they are being treated either through aerial spraying or through using quads—four-wheel motorcycles—which they use in primary schools and high schools, and so on, or by DPI staff on foot. Most of those areas have now been treated four times. Then we have another area which is under surveillance, the buffer zone. DPI staff are currently doing quite a deal of that surveillance. Since new areas are being picked up, it means the program is working. As new areas are picked up, we need a new treatment area and a new surveillance area. Keith, what has the area expanded by?

**Mr McCUBBIN:** When we first did our initial eradication budget in June last year, we had a total area where we knew the fire ant occurred of about 27,000 hectares. By the time the program started, it had expanded to about 36,000 hectares—a 30 per cent increase. On that basis we went back to the states and the Commonwealth for additional funding, which they approved. Since then we have had a marginal increase again to 39,000 hectares. Based on that, provided we do not find much more outside the area, I am confident we can do it within the existing budget.

**Mr ROWELL:** Given that the baiting program largely will be suspended until September as the pest is known to be less active during winter, what roles will fire ant officers have during that period?

**Mr PALASZCZUK:** That is what we are on about. This is the most important period of time for surveillance. All available staff are out there today checking on the areas that are not being treated and looking for new outbreaks, if there are any. The winter months are the best time to look for fire ant nests because fire ants are dormant. They forage; the nests are built up and are much more easily detected in the dormant winter months than they are during the summer months. Consequently, that is why the team is out there. The implied notion in the question is: what will these people do when they are not doing treatment? They are doing the very important job of keeping an area larger than the treatment area under surveillance, so they are all gainfully employed. Whenever a large outbreak is detected, we have people who treat such an area.

**Mr McCUBBIN:** When we find a new outbreak, even in winter time, if the nests are confined and easily identified we treat them by injecting chlorpyrifos the same as we do for termites. Even through the treatment area we have surveillance teams going back to known infested properties, seeing whether there are any nests still alive and injecting them with chlorpyrifos as well to give us an edge when we enter the treatment program in September.

**Mr ROWELL:** Page 1-19 of the MPS refers to the imported fire ant eradication program and the completion of up to the fourth round of treatment as of 26 April, covering an area of 37,723 hectares. Will the minister provide an update on how many hectares have been treated? Given that the mean season monitoring of selected sites reveals that treatments have been 80 per cent effective, is the minister satisfied with that result, especially given the level of resources being allocated to the eradication program?

**Mr PALASZCZUK:** As the committee would know, this fire ant eradication program was developed by the Australian and United States experts and endorsed by the ministerial council meeting in 2001. The Department of Primary Industries is the lead agency and is implementing the program. We need to realise that this is the largest campaign of its type mounted anywhere in Australia at any time. Major reviews have found that the program is progressing satisfactorily against the milestones set by ARMCANZ, the previous ministerial council meeting. Four applications of ant bait have now been applied, as I said previously, aurally, by all-terrain vehicles and by teams on foot to the highly infested areas in the eastern zone, in the south-western suburbs and in all areas that can be treated aurally, which is about 50 per cent of the total area. The remainder has been treated three times. Because of climatic conditions, the treatment time frame was shortened by one month. This was one reason why some areas did not receive the four treatments. Sites set up scientifically to monitor the effectiveness of the treatment show that not 80 per cent but approximately 90 per cent of nests on those sites are no longer viable. Although new legislation allows entry onto properties for the purposes of treating for fire ants, residents are being asked to give their consent to treat.

Community support has been overwhelming, with very few residents refusing consent from the over 71,000 consent forms submitted. Currently, with the treatment program, the five kilometre buffer zone surrounding the treatment area is being inspected each year for three years. The first surveillance of the entire five kilometre surveillance area of approximately 72,000

properties has been completed and 1.3 million fire ant identification cards have been distributed to all residents. Consequently, 27,250 suspicious ant samples have been collected by the fire ant staff or concerned residents. Diagnosis of the samples has identified further nests close to but outside the original defined treatment area. The relevant agencies in other states and territories are now inspecting these high-risk areas as part of the national fire ant surveillance program. This maintains confidence that infestation remains contained in the two areas originally detected—suburbs around the port and the south-west of Brisbane. The treatable area is 33,000 hectares.

**The CHAIR:** The time for questions from non-government members has expired.

**Mr LAWLOR:** How effective is the North Watch program?

**Mr PALASZCZUK:** The Northwatch program is carried out in the cape. Part of that program is the production of a folder entitled *Cape York Information Kit. Help us protect Australia's unique beauty and lifestyle. Be quarantine aware. Do not spread pests and diseases.* This kit is given to every single person who visits the cape. It has all the necessary information. We really believe that early detection and responses by our Northwatch team have protected the vital production area of food and fibre within this state. We have assigned \$1 million in this year's budget to continue the Northwatch project.

Some of the specific examples of the impact of Northwatch operations are: red-banded mango caterpillar was detected by Northwatch staff undertaking pest host surveys at Somerset near the tip of the Cape York Peninsula during October 2001. It has previously been recorded on several Torres Strait islands; however, this was the first detection of this pest on mainland Australia. Unfortunately, not too much research world wide has been done on this pest, so we are really at square one.

Exotic fruit fly responses in the Torres Strait are required to reduce the number of male flies within the islands during the summer months, reducing the likelihood of the establishment of the pest on mainland Queensland. A single papaya fruit fly was detected at Bamaga in March this year. Northwatch staff responded by increasing surveillance and male annihilation tactics in the area. Suspected screw worm fly incursions in Torres Strait in October last year saw the rapid deployment of trained staff to the northern cape and Torres Strait islands and the commencement of national response plans for increased surveillance.

These detections and responses highlight the need for heightened biosecurity in this high-risk area. Northwatch operates well because it has a permanent staff of scientists who interact with other agencies such as AQIS and other state departments. The good thing also is that our local community in Coen is part and parcel of this program. People who live in the area, who know the area, are best equipped to give the vital and necessary information to the many thousands of tourists who travel the cape, especially at this time of the year, to enjoy one of the last great adventures in the world, the drive from Cairns to the tip of the cape at Pajinka.

**Mr LAWLOR:** I refer to pages 1-28 and 1-29 of the MPS. What are the likely benefits for the sugar industry with the incorporation of the Bureau of Sugar Experiment Stations?

**Mr PALASZCZUK:** I did touch on this in a response to the member for Hinchinbrook previously. The incorporation of BSES will help ensure that the industry has access to and ownership of world-class research, development and extension services. These services are crucial to the industry's capacity to achieve maximum productivity and profitability through access to cane varieties, improved management practices and effective control of industry threatened pests and diseases. Perhaps at this stage I might ask someone who is the picture of sartorial elegance in this committee this morning to continue that answer.

**Mr POLLOCK:** I must thank the minister for his comment on my sartorial elegance. We have set up a process within government and industry where there is a steering committee looking at the process of incorporation right at the outset as to what sort of model the industry would prefer for incorporation. The industry has given advice back to the government on that. The next step will be to assist the industry and the steering committee in developing the constitution and to further their arrangements for progressing the incorporation.

Turning to the benefits of incorporation, as the minister said, it will allow the industry to assume full and direct control of its own research organisation. It already has membership of the board, but in this way it is seen that it is consistent with other actions the government has taken already to divest statutory control over organisations such as Queensland Sugar Limited and Sugar Terminals Limited. The BSES is really the third in the triumvirate and therefore the industry will retain and manage its own assets. Collectively, those assets are worth in the order of between

\$450 million and \$500 million. So they are not insignificant assets. The industry has paid for and maintained those over a very long period of time. The government has seen it right and proper that the industry should have direct control over them.

**Mrs CROFT:** I refer to page 1-29 of the MPS. How can the DPI assist the government of East Timor in rehabilitating its agricultural sector?

**Mr PALASZCZUK:** I am sure that all members of the committee and all Queenslanders will wish the East Timorese well following the Declaration of Independence on 20 May. But we all recognise that the East Timorese economy is in a parlous state and is heavily dependent upon the agricultural sector as the basis of its economy. Donors are now trying to rebuild the devastated primary industries. I approved a mission to East Timor in March this year to identify possible projects which the DPI could undertake to assist in the rehabilitation of East Timor's agriculture, forestry and fishery sectors. That mission identified three broad areas of need and projects that the DPI could deliver within each area of need. I am currently corresponding with my ministerial counterpart in East Timor, Estanislau Da Silva, to reach agreement on which projects he would like to see DPI deliver.

Given the initial responses, these projects will probably cover the establishment of marine parks, demonstration forestry wood lots for household fuel and specialised training and policy skills for departmental staff to meet future corporate needs. The DPI's contribution will complement the programs being undertaken by other donors. John, you were one of the delegates who went to East Timor. Would you be able to enlighten the committee with some of the other aspects of your trip there?

**Mr POLLOCK:** We took a small delegation of four to East Timor in March or April of this year to do a couple of things: firstly, to assess where the government could directly offer assistance to the East Timorese; and, secondly, to build a better relationship with some of the major funding bodies, particularly the Asia Development Bank. In the four to five days we were over there we travelled extensively, met a lot of the aid agencies, met with the interim East Timorese administration, established, as the minister has already referred to, a fairly good relationship with the administration itself, and uncovered the fact that the biggest single thing was a lack of capacity within the East Timorese.

For example, at the university in Dili in East Timor, where we previously had first and second-year students studying agriculture, they suddenly found themselves being thrust into positions as lecturers and administrators. They fairly acknowledge that they need some basic skills, such as how to layout field trials and designs, experimental techniques, and basic extension services where you are dealing with subsistence agriculture. We felt that we had some really good skills to offer in tropical agriculture. The projects that the minister referred to are the type that we will negotiate and have accepted by the East Timorese administration. The one sobering thought is that the minister up there is currently suffering from a stroke so that has caused a bit of a delay while we negotiate. We would rather wait until he gets his health back.

**Mrs CROFT:** I refer to dot point 4 on page 1-24 of the Ministerial Portfolio Statements. To what extent has the Queensland Boating and Fisheries Patrol regulated illegal fishing activities during the past year?

**Mr PALASZCZUK:** Our Queensland Boating and Fisheries Patrol conducted regular field operations throughout the state in the past year with the aim of ensuring compliance with fisheries laws. The patrol has a full-time staff complement of 130 officers and administrative staff in 25 locations throughout the state, from Port Douglas all the way to Southport. The patrol detected 2,115 fisheries offences in 2001-02. Staff conducted 4,287 inspections of commercial fishing operations, resulting in a compliance rate of 83.7 per cent based on the units inspected. This is an improvement on the compliance rate in 2000-01 of 81 per cent.

In the recreational fisheries sector 27,175 fishing units have been inspected and 58,448 persons interviewed. With a compliance rate of 94.4 per cent, this is also a small improvement on the 2000-01 figure of 94.1 per cent. The patrol also seized 101 unattended fishing nets. The patrol's activities in recent years have been assisted by a vessel monitoring system that tracks trawlers working off Queensland. The use of the Fish Watch Hotline—phone No. 1800 016116—by the public has enabled the assessment of serious complaints immediately. There have been 735 complaints received on the Fish Watch Hotline since July 2001. There was also the introduction of on-the-spot fines for certain fisheries offences. In addition, 146 Fishcare volunteers have given 1,725 hours of their time and spoken to 6,442 people since July 2001 as part of the fisheries education program. The patrol also works closely with officers of other

agencies to protect our natural resources. For example, just recently 11 Queensland water police were trained to assist the Queensland Boating and Fisheries Patrol deal with recreational fishers and those officers will issue fisheries infringement notices for minor offences. Additionally, joint patrols with Environmental Protection Agency staff commonly occur. The Queensland Boating and Fisheries Patrol also undertakes a compliance function for Queensland Transport, the Great Barrier Reef Marine Park Authority and the Australian Fisheries Management Authority. In addition, the government has approved the replacement of the 12-metre Queensland Boating and Fisheries Patrol vessel *Murchison II* with another purpose-built vessel. This vessel will be almost 17 metres long and will operate in the area between the New South Wales border and Bundaberg. The purchase of this replacement patrol vessel is costing \$1,684,000.

**Ms LIDDY CLARK:** I refer to page 1-20, dot point 7. How have Queensland primary producers and wild catch fishers benefited from FarmBis and the Primary Industries Productivity Enhancement Scheme administered by the Queensland Rural Adjustment Authority?

**Mr PALASZCZUK:** Queensland signed the second FarmBis agreement with the Commonwealth in July last year. FarmBis 2 has over \$30 million available over three years to 30 June 2004. \$15 million comes from the state government and \$15 million comes from the federal government. This new allocation is a 40 per cent increase from the previous FarmBis program, which was called FarmBis 1. FarmBis provides training subsidies for primary producers, commercial wild catch fishers, macropod harvesters and rural land managers to improve their business management skills. FarmBis encourages learning that is strategic and which results in tangible business benefits.

As I previously indicated to the parliament, the government sees FarmBis as one of the most integral and important facets of our commitment to Queensland's rural constituency. Our government recognises the importance of FarmBis in increasing participants' capacity to manage change, particularly in the areas of industry adjustment, to participate more effectively in value chains, that is, the fruit and vegetable and beef sectors, manage natural resources sustainably, take full advantage of new marketing opportunities and increase self-reliance through more effective risk management practices. The good thing about FarmBis 2 is this: we have finally included the macropod industry—the kangaroo and wild game harvesters—and the commercial fishing sector in acquiring the necessary training. FarmBis plays an important role in DPI's response to all of those issues and it assists all participants, including women, youth and indigenous people, to gain skills to enable them to more effectively participate in the management of their businesses, industry organisations and regional communities.

As to the subsidies—currently, the FarmBis subsidy levels for eligible learning are 75 per cent, except for production management, which is 50 per cent if undertaken as a single learning activity. FarmBis 1 was an overwhelming success, with 22,182 participants, which was 23 per cent of the national total. Some 36 per cent were female, while the national average was 29 per cent; 22 per cent were young people, and the national average was 17 per cent. In terms of the Primary Industries Productivity Enhancement Scheme, recent changes have provided greater flexibility. It is especially pleasing to note that there has been an increase in activity under the First Start component of PIPES, with \$4.3 million being approved during the past financial year to enable 20 young Queenslanders to attain their first rural enterprise. This is an increase of \$2.8 million over the previous year.

**Ms LIDDY CLARK:** I refer to page 1-20, dot point 9. What is the DPI doing to assist women and young people to become more involved in the state's rural sector?

**Mr PALASZCZUK:** The department is really committed to encouraging and supporting women and young people in our state's rural sector. Through the work of the Women in Rural Industries Unit the department is encouraging women and young people to become more involved in rural industries, particularly in decision-making roles. We want to get away from the old style of decision making within primary industries where only 50 per cent of the participants in the industry made the decisions. We want 100 per cent participation. The unit's current programs include industry support to women's networks in primary industries, including women in dairy, and training and skills development in leadership and business management and publication. This year through the unit DPI will also sponsor 10 leading women in agriculture to attend the Third Congress of Rural Women in Spain. As minister, I currently chair a ministerial advisory committee for women in agriculture and resource management. The committee consists of industry and public sector representatives. Members report on the strategies and activities they are undertaking to encourage the greater participation of women and young people within their organisations. One youth initiative that I am pleased to highlight is a DPI research project to

scope the programs and strategies currently available to rural youth across all levels of government and industry.

In relation to my rural ministerial advisory council, we have three councils now in north, central and south-west Queensland. There is a wonderful gender mix and we have also included young people to be part of the decision making and advice given to me as minister. As minister, I feel that that council is extremely important. I am its chairperson. I am very pleased that people of the calibre of Jan Stone, the DPI officer who looks after rural communities for us in Queensland, lend such great assistance to this program. We have our own, as I said earlier, unit within the Department of Primary Industries which is out there promoting women throughout primary industries in Queensland. Within the department we believe that we have to include women, use their skills and utilise their abilities to ensure that we have a viable and better primary industries in Queensland.

**The CHAIR:** The time for government questions has expired.

**Mr BELL:** I refer to page 1-4 of the Ministerial Portfolio Statements and the reference to \$2.5 million over three years being given to support improved RSPCA infrastructure development. Would you tell me whether one of the refuges to be upgraded is the RSPCA animal refuge at north Gold Coast and whether there is any consideration to in future years extending assistance to the Animal Welfare League?

**Mr PALASZCZUK:** The honourable member is correct; there is an item within the budget whereby the DPI is continuing to support the RSPCA financially. My understanding is that there are nine RSPCA centres that will benefit from this funding. I am not too sure about the one that the member referred to. I know the one the member is referring to.

**Mr BELL:** Staplyton.

**Mr PALASZCZUK:** The Animal Welfare League is not included in the Animal Care and Protection Act. Therefore, it is not included in the current round. But we will have a look at that in the future. The good thing is that the government has set aside \$2.5 million over the next three years to support the RSPCA in its much-needed capital works program. This government is serious about animal care and protection. The new act is a template that can be used by other jurisdictions in Australia. My understanding is that the British government is having a look at our act, because it is amending its antiquated act as well. When this legislation was passed through parliament it received unanimous support from all sides of the House. The legislation is working. The RSPCA is very pleased that the first conviction under this act for animal cruelty was carried out last week, and the fine was \$1,800. That is sending out a very strong message to people in the community that the government is serious about animal welfare.

We have the act in place. An education program will commence in the next two or three months and will be statewide. The next facet of that is to upgrade the RSPCA facilities throughout the state. The government is going to match the funding raised by RSPCA organisations to the tune of \$2.5 million to upgrade their facilities. Without a doubt the RSPCA in Queensland is more than delighted with the way things are going in Queensland. This is the best working relationship the RSPCA and animal care people have ever had with the government. As minister, I am very pleased with that achievement. We hope to continue it.

**Mr BELL:** Will you take on notice the northern Gold Coast's refuge?

**Mr PALASZCZUK:** I will.

**Mr ROWELL:** Minister, on 18 March this year you announced that home owners who knowingly spread material infested with fire ants risk fines of up to \$75,000 under the new quarantine rules and that markets at which plants were sold, earthworks or other material that is moved would have to be inspected. These regulations came into place 12 months after fire ants were first detected in Brisbane and followed my calls some four months earlier for quarantine controls. Why did it take so long to introduce this regulation? Do you concede the long-term success of the eradication campaign may have been permanently damaged because of the absence of these necessary quarantine measures for so long?

**Mr PALASZCZUK:** This is a very important issue. I do not think too many members of the committee would understand, but the fire ant control program has been in place for a period of just over a year, maybe a year and a half. In that time, we have certainly advanced a heck of a way. In the early days we would access expertise and advice from other countries, mainly the United States, to supply us with answers. We have come so far now that we now have Americans accessing our expertise to help them in their eradication programs. To give you a more specific

answer to your question of quarantine, I will get Keith McCubbin to give you a detailed response to that.

**Mr McCUBBIN:** The difficulty we have is that we have a very complex regulatory environment in the area where fire ants occur. We have a number of industries that can shift the fire ants and virtually every person living in that area is capable of shifting the fire ants. No movement controls can work without massive public education and having the cooperation of the public. We took the view that we should hasten slowly on the introduction of the movement legislation in an effort, firstly, to get it right and, secondly, to make sure that the public was across the issues and understood the risk and the impact of fire ants if they spread.

We also had to balance the risk of spread against the impact on the individuals. It was a very difficult balancing act. The reality is that as far as we can see the main way fire ants are spread is through natural flight of the queens. Obviously as we eradicate the ants in the treatment area the possibility of spread through infested materials becomes a greater risk, and we need to look at that. Before, we had to get all the industries who moved high-risk materials up to speed with approved risk management plans. We had to identify treatment methods for fire ant infested material which we did not have. We had to look at the availability of disposal facilities for fire ant infested material before we could start, otherwise we would have lost the cooperation of the public.

**Mr ROWELL:** I just want to comment that the success of the papaya fruit fly program hinged very strongly on quarantine. It was uncomfortable. It was difficult for north Queensland, but success was brought about within two and a half years with the program because of quarantine measures. Minister, in your reply to my question on notice No. 8 regarding the \$39 million allocated for biosecurity you stated that the additional funding for foot-and-mouth disease preparedness from Treasury for 2002-03 is \$631,000 as base allocation funds plus \$950,000 equity injection. The base allocation fund forms part of the \$1.334 million additional funding component of foot-and-mouth disease funding for 2002-03. If this is the case, can you also confirm that the additional leftover \$1.65 million is total FMD funding for the budget and is being funded from Treasury?

**Mr PALASZCZUK:** I will leave that response to Kevin Dunn and I might comment if there is any spare time.

**Mr DUNN:** As I understand, the honourable member's question relates to the amount that is mentioned for foot-and-mouth disease enhancement over and above the \$631,000 and the \$950,000. The department will be continuing its ongoing base allocation of \$1.8 million that it had in 2001-02 into 2002-03 as a continuing effort for enhancement of foot-and-mouth disease. In addition to that, \$700,000 additional funding will be provided, a large part of which will be returned from revenue raised from the new policy of moving fees and charges into areas where lower priority activities are occurring and the need to move those into areas of high priority such as foot-and-mouth disease.

**Mr PALASZCZUK:** What this four-year funding injection means is \$2.284 million in 2002-03, which includes \$950,000 as equity injection; \$2.695 million in the year 2003-04, including \$250,000 as equity; \$4.078 million in 2004-05; and \$4.078 million in the year 2005-06. This resource will be funded by removing subsidy in specific services such as cattle tick inspection and plant health certification therefore providing direct revenue and through reallocation of inspector resources when third party providers are available to deliver these services.

**Mr ROWELL:** Question on notice No. 8 relates to Treasury's total contribution to the \$39 million biosecurity program, but your answer only refers to the allocation of funds to preparing the foot-and-mouth disease program. Can you detail the entire funding for the biosecurity program? What proportion of the expenditure is being funded from Treasury? What proportion is being reallocated and from which existing departmental outputs or programs?

**Mr PALASZCZUK:** As you would realise, times change. Government priorities change. Industry priorities change. With regard to biosecurity, biosecurity has become the No. 1 priority for this government. That is why the government has allocated \$39 million towards biosecurity. Some of that money is coming from shifts from within the department, and that is only normal. Programs have a life span of, say, three years. When those programs end, that is the end of that funding. There are other programs that are treated as low priorities and the money from those programs can be shifted to higher priority areas. That is what has happened with the biosecurity area.

If I can give you an example from the answer to your question on notice—that table provided a complete breakdown of the \$39 million budget for this coming year; that is, 2002-03. It showed

emergency response preparedness of \$3,231,000; animal health response of \$21,850,000; plant health response of \$3,880,000; animal health surveillance of \$8,588,000; and plant health surveillance of \$1,503,000. That gives us a total for biosecurity activities of \$39,052,000. The additional funding for FMD preparedness activities were included in those figures that you received in the answer to question on notice No. 8. Details of funding were also provided for you for FMD preparedness in the 2002-03 to 2005-06 financial years. They basically have base allocations for 2002 all the way through to 2005-06. It also gives you the additional funding, which for this forthcoming year is \$1,334,000; the next year, \$2,445,000; the following year, \$4,078,000; and the following year, \$4,078,000. The answer says that the total additional equity funding for FMD preparedness of \$1.1 million over two years is not included in the table above.

**Mr ROWELL:** In reply to my question on notice No. 3 regarding vacancies within the department you have only provided a figure of 98 vacancies that are in the process of being filled. How many vacancies currently exist in your department? Are all these vacancies being advertised? Can you give me a breakdown of how long they have been vacant, or perhaps you could take that on notice if you cannot provide it straightaway?

**Mr PALASZCZUK:** The good news to come out of this budget is this: there is a \$15.3 million increased allocation to the budget for the Department of Primary Industries. Taking out the fire ant team, staff numbers in the Department of Primary Industries have increased by around about 130 over the previous year. This is great news for our primary industries sector. What is even better for the primary industries sector is that most of those new jobs within the Department of Primary Industries are in rural and regional Queensland away from the city. That is great news. When it comes to the issue of staff vacancies, I do not have those figures at the top of my head. Maybe John Skinner will be able to comment on that.

**Mr SKINNER:** I can probably add a bit more to that. The position in relation to staff numbers is outlined in the MPS documents. For some years now with vacancies we have moved away from a system based on establishment. The system now very much is in fact based on full-time equivalents. In the past often you had an establishment which you could fill up or there were caps on that establishment. The process has moved on to being very much budget based in terms of capacity and employee expenses and that very much determines staff numbers. It would not be a meaningful comparison to compare establishment, because in the past we often had positions that might have been there from previous groups that perhaps left the department to other departments or whatever. Establishment was traditionally a process often used by, for example, Public Service boards to regulate the Public Service in terms of numbers. It is now very much based on a full-time equivalent basis. So the true measure of comparing is to really compare staff numbers rather than make comparisons with establishment positions, which may or may not have existed. I think in the answer to that question we have outlined the current vacancies which are currently being processed in the department.

**Mr PALASZCZUK:** But the good news is that staff numbers are up.

**Mr ROWELL:** The output statement for fisheries on page 1-26 reveals that the aquaculture industry grew at a percentage of total gross value of production by only 1.5 per cent compared to a target of 10 per cent for the 2001-02 year. Note 6 states that this was due to the failure to meet demand for prawn brood stock in 2001 that resulted in reduced growth in the aquaculture of prawn species and reduced growth in the industry as a whole. Why was this demand not met? Did other factors, such as impractical government requirements, play a part in the failure to meet this target?

**Mr PALASZCZUK:** I will let Peter Neville respond to that. I will make a few comments on that later, because I have a few things to say about the federal government on this issue.

**Mr NEVILLE:** The statement is correct. The major issue that led to a lower growth than what we thought was the availability of brood stock. The problem with the aquaculture industry is that when it wants brood stock the brood stock are not generally there in a seasonal sense. That is all about being slightly out of cycle with markets overseas in terms of supply, as well.

There are two other issues that impact on why the brood stock were not there. One was a seasonal issue. The other is that the Great Barrier Reef Marine Park Authority has recently been looking at a tighter permit system. Conditions attach to those permits whereby they will allow trawlers to go into certain inshore areas to collect brood stock. Members may be aware that the Commonwealth government also closed off one of the brood stock collecting areas in Mission Beach. Although that will be opened, it will only be opened under certain conditions. One of those conditions is that any of the brood stock taken is not to be exported. Now, that is something which



the Queensland industry has not faced before, because as well as supplying brood stock to the domestic industry the brood stock collecting industry also exports it, and there is a valuable export market in South-East Asia for these brood stock prawns.

So it is a combination, I think, of some interference by government, overseas market demand and prices. Obviously people who are catching this are going to send it to the market of highest return. In some cases, that market of highest return might be overseas, which means that unless the domestic industry meets that price they are not going to get the quantities of brood stock that they were getting before. So there is a range of factors involved.

**Mr ROWELL:** The Mission Beach situation would not have affected this last financial year, either.

**Mr NEVILLE:** No, the Mission Beach situation has just recently come in. It will affect the coming season. That is why industry is equally worried about brood stock in the current season.

**Mr PALASZCZUK:** But at the end of the day you always have to point the finger at GBRMPA, because they are the ones who always are trying to stall applications for aquaculture and aquaculture developments to the extent where people are just throwing up their hands and walking away. That is the situation we have now. Fisheries and the EPA are out there trying to assist people; but unfortunately, through the federal government, conditions are being imposed upon these proponents to such a degree that they just cannot get anywhere.

**The CHAIR:** The time for questioning by non-government members has expired. I now call on the member for Southport.

**Mr LAWLOR:** Minister, I refer to page 1-20 dot point 2 of the MPS. How would you rate the success of the DPI call centre and other initiatives to provide information about primary industries and the work of the DPI?

**Mr PALASZCZUK:** The department has allocated around \$800,000 towards the department's call centre for this year. The DPI call centre is the first point of contact for people with the department, and thank goodness it is a human voice. The information officers are fully trained in all aspects of the department, so their knowledge is very extensive. In the case of emergent situations such as fire ants and anthrax, officers are briefed in depth and help format a plan of action as they are knowledgeable from past experience of the questions clients will ask and information that clients will request.

The DPI call centre maintains an up-to-date information system that includes prime notes, Infopest, library catalogues and Internet to provide accurate information to our clients. The 13 25 23 number has proved very popular with our clients, with it recently receiving its 500,000th call. I was very fortunate, as the minister, to take that call. What I would like to do now is introduce Jan Stone, who is executive director of our RIB section and rural communities to continue the answer.

**Ms STONE:** As the minister has just stated, the DPI call centre received its 500,000th call in recent times. We were very proud of that fact because it is well recognised as one of the quality call centres in government and, in fact, has been used as a benchmark for some of the work that has been done with the Access Queensland initiative and the integrated call centre process that has been put in place there. The DPI call centre uses a productivity and quality management system to ensure that the call centre continues to provide an excellent level of service to our clients. I think the fact that the Access Queensland initiative has built on that is to our credit.

The Rural E-Reference Centre, which was launched last year to improve rural Queenslanders' access to full text information, is also part of the other initiatives that we provide in terms of providing information. This service has also been an outstanding success. The Rural E-Reference Centre also includes information on health issues, provides access to 160 full-text health journals, 20 health research books and pharmacopoeia. In addition, there are dictionaries, encyclopedias, reference tools, search engines and selected interlinks. I think that is a very valuable service to all Queenslanders.

**Mr LAWLOR:** Minister, I refer to page 1-3 dot point 7 of the MPS. How is the DPI supporting the development of the Cape York Fishing Company?

**Mr PALASZCZUK:** This is one of the good news stories to come out of the estimates committee meeting today. Our government has committed \$2.5 million through the department to purchase fishing licences to help establish an indigenous commercial fishing company in Cape York. The fishing licence will be purchased on the open market from existing operators and provided to the Cape York Fishing Company. The company will be established along strict guidelines designed to ensure a representative and accountable structure and enhance its

prospects for commercial success. The purchase of existing licences will ensure that there is no increase in the amount of fishing pressure as a result of this initiative. The company will operate in a number of Queensland managed fisheries and will provide sustainable employment, training and revenue benefits to the indigenous communities of Cape York. Sixteen indigenous communities will hold equal shares in the company through a special trust established by the Cape York Land Council for that purpose. This will greatly enhance their economic and social position and will provide in the longer term career opportunities in other fishing related business ventures. The establishment of the company is in response to a proposal by the Cape York Land Council and complements the government's response to the Fitzgerald Cape York Justice Study.

At this point I pay tribute to our Director-General, Dr Warren Hoey, and our Deputy Director-General, Mr Terry Johnston, for the zeal with which they have approached this topic. Without their commitment in the delicate negotiations that they have had to undertake with the Cape York Fishing Company I do not believe that this project would have got off the ground, but it is off the ground. We have great agreement, and we are having wonderful support from the indigenous communities in Cape York. I believe this venture is going to be one of the success stories in the coming years, because this is just the beginning of a company that I believe will grow and grow and grow. I am so pleased that I am part of a government that has been able to achieve getting this project off the ground.

**Mr LAWLOR:** Minister, I refer to page 1-29 dot point 9 of the MPS. You have already mentioned the fisheries projects. What has the DPI been doing to progress viable agriculture, forestry and fisheries projects to improve the economic wellbeing of indigenous communities?

**Mr PALASZCZUK:** I honestly believe that when we talk about indigenous communities in Cape York we talk about the Department of Primary Industries, because as per usual this department is the first point of contact with people on the ground. I mentioned previously the wonderful support we are having from the local community in the Coen area with our Northwatch program. We are doing similar things in other areas which I will detail to the committee now.

In Cape York officers of the department are working in partnership with government and 15 indigenous communities. They are doing the following projects: the salvage of timber from the Comalco mining leases to support a range of forest industries; a potential for the establishment of a sandalwood plantation; developing a Cape York cattle strategy; developing an Aboriginal fisheries liaison program; integration of mangrove silviculture and mud crab aquaculture systems; a small-scale sawmilling operation at Injinoo; and plantation forestry and management training. Throughout Queensland officers of the department are working with indigenous communities and the private sector to identify opportunities for indigenous communities to cultivate bush tucker for commercial consumption. Coles-Myer has indicated an interest in getting involved and is keen to involve indigenous communities in this project. I just advise the committee to watch this space.

In north-west Queensland officers of the department have been working with the Bana Mindilji community to improve their cattle herd and to increase the management capacity of their corporation. A significant outcome will be the employment opportunities for both a full-time resident manager and several others at times of cattle handling, fencing and fire management.

Another issue about which I want to briefly inform the committee is that our export division within the Department of Primary Industries took a number of indigenous people on a trade mission into South-East Asia. Their presence really enhanced the trade mission, and they came back with great success. We really have to thank Eddie Gilbert from the Department of Primary Industries and Roger Kaus for organising that. This is the first of a number of trade delegations of that nature that I believe the department will be involved in. So thanks to all those people for what they have done. We have also opened a new QGAP office at Yarrabah which provides 400 government services in one central location at Yarrabah. That has been very greatly received by the local community there. Together with Warren Pitt I was very pleased to open that facility just six weeks ago.

**Mrs CROFT:** Minister, I refer to page 1-8 dot point 6 of the Ministerial Portfolio Statements. How will the new aquaculture and stock enhancement facility in Cairns contribute to the development of the aquaculture industry in Queensland?

**Mr PALASZCZUK:** This is a new \$7 million state-of-the-art facility at the Northern Fisheries Centre, which will now become the northern focal point for the development of aquaculture technologies for high-value tropical marine species. I would recommend to all members of the committee to take the time out and, when next you are in Cairns, visit this centre, because you

will be amazed at the extent of the great work that is being done there. Much of that work is groundbreaking research in aquaculture.

The species being developed at this centre include reef fish and lobsters. There is also the production of barramundi and mangrove Jack fingerlings for the enhancement of recreational fishers. In addition to this facility, the department, through the Agency for Food and Fibre Sciences, has invested \$4.8 million in the year 2001-02 to innovate aquaculture research and will continue this funding into the future. This facility and the department's research capability will further enhance DPI's reputation as a world-class research, development and extension agency and enable it to attract substantial funding from national and international agencies.

Another centre which is closer to Brisbane is the Bribie Island research centre. It is also doing pioneering work in aquaculture. I also recommend it as a place for any new member of parliament to visit. If they do, they will be amazed at some of the great work being conducted there. Of course, as the member for Broadwater has a number of aquaculture developments in her electorate and on the fringes of her electorate, it would be beneficial for her to visit the Bribie Island aquaculture centre to see what is going on.

The Queensland Fisheries Service also provides comprehensive extension, policy, regulatory and disease management services to the Queensland aquaculture industry. It also runs the Queensland Aquaculture Development Advisory Committee, a forum where industry leaders can raise and discuss issues important to the management and development of their industry with key government agencies. It also provides significant support to the Queensland Aquaculture Industries Federation, which is the new peak aquaculture industry representative body of the state.

**Mrs CROFT:** Thank you, Minister. I will take you up on that offer. I will make sure I visit there soon. I refer to dot point 5 on page 1-8 of the Ministerial Portfolio Statements. Minister, how will the department's new research vessel assist in investigating the sustainability of our fisheries?

**Mr PALASZCZUK:** Are you referring to the new vessel I mentioned earlier?

**Mrs CROFT:** That is correct.

**Mr PALASZCZUK:** The need for research into wild fishery stocks is increasing as the department's industry clients continue to identify assessment and monitoring of coastal fishery stocks as critical issues. Research into wild fish stocks requires scientists to access the research. The department is currently replacing its 20-year-old vessel with a new research vessel. The old vessel is called the *Warrego*. The new vessel will improve stability, deck space and accommodation. It will also enhance its capability to undertake research into our coastal fisheries.

I will outline a development that I think will really interest all honourable members on the committee. The department has devised a process that is referred to as fishing for DNA. This is probably a world first. It is one of the processes used to identify the fish stock that is available in the wild. You have a soft metal hook with a little swab, go fishing in your normal manner with some bait, release the line, sit back and relax and wait for a bite. Then once you get the nibble you catch the fish. The good thing is that once the fish is hooked the hook unwinds, straightens out, comes out, takes a swab from the mouth of the fish and comes up into the boat. And there you have your DNA sample with absolutely nothing happening to the fish except the fish swallowing a bit of bait. That is a better system than tagging fish, which is quite cruel at times and not 100 per cent effective.

We have to congratulate the scientists who are working in our fisheries section of the Agency for Food and Fibre Sciences for coming up with that very innovative process. I sure hope they write some research papers on this and have them published, because I believe there will be great worldwide acceptance of what they have done.

**Mrs CROFT:** I refer to paragraph 7 on page 1-49 of the Ministerial Portfolio Statements. What significant results has the department achieved through its scientific research and development programs to benefit Queensland's timber industry?

**Mr PALASZCZUK:** We have a cutting edge clonal forestry program for plantation of exotic pine hybrids developed by the Queensland Forestry Research Institute, which is part of the department's Agency for Food and Fibre Sciences. This is an important development which will enable the state plantation grower DPI Forestry to deliver a more competitive and higher quality product to the marketplace whilst improving the long-term profitability of its exotic pine plantation.

I visited this pine plantation. It is probably a world first. When you look down the rows of trees you see that every single tree is identical. More importantly, it has great importance to the timber

industry because it will assist in cutting costs, especially in harvesting. On that point I will ask Ron Beck, who is our executive director of Forestry, to continue the answer.

**Mr BECK:** As the minister knows, I am always very proud to talk about the fine achievements of DPI, particularly the forestry unit within that. This is indeed a significant achievement, and a significant achievement on the world stage, not only in terms of the R&D component—the Queensland Forestry Research Institute within AFFS has done a sterling job in working with DPI Forestry—but also in terms of operationalising that R&D. The most significant part of the R&D is to actually deliver outcomes which will benefit not only us but also the industry and the community.

It essentially gives us the ability to produce designer trees—trees which have specific growth characteristics and wood quality characteristics which can enhance the value along the chain enormously, not only for us as a grower but also for the industry as processors. We have coupled that with a nursery propagation capacity, where we can produce in excess of three million clones a year. We are currently once again in partnership with AFFS' QFRI, looking at micropropagation techniques which will allow us to more efficiently and effectively deliver an even larger number of clones.

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

**Mr HOBBS:** I refer to the rural community development output. It is apparently charged with the responsibility of enabling rural Queenslanders to participate in community engagement processes, ensuring informed government decision making on major challenges facing rural communities. As Minister for Rural Communities you are also obliged to provide advice on any cabinet submission relating to rural communities. Why did your department not consult the communities of south-west Queensland regarding your government's now very public plan to close Cubbie Station? What advice did you provide to cabinet on this proposal?

**Mr PALASZCZUK:** I would have thought that the member, who was a member of cabinet, would realise that there is a confidentiality clause and an oath a member swears not to divulge what happens in cabinet. Having said that, if the honourable member wants to talk about the issue of the Cubbie Station—

**Mr HOBBS:** And consultation.

**Mr PALASZCZUK:** The Premier is holding meetings on 2 August to address these issues. The honourable member should know, being a former Minister for Natural Resources, that questions on all issues relating to water should be directed to the Department of Natural Resources.

**Mr HOBBS:** Minister, it is your responsibility to support rural communities. Did you—

**Mr PALASZCZUK:** Is this your second question?

**Mr HOBBS:** Did you in fact—

**The CHAIR:** Order, member for Warrego. I am treating this as a second question. I said that we have only a short time remaining and that one question would be asked by a government member and one question would be asked by a non-government member. You have asked your question. I now call on the member for Clayfield.

**Ms LIDDY CLARK:** I refer to dot point 12 on page 1-30 of the MPS. What is the DPI doing to assist the development of a strategy for the future of rural south-east Queensland?

**Mr PALASZCZUK:** My answer stays the same for the first question as for the second question asked by the member for Warrego.

**Mr HOBBS:** Thank you.

**Mr PALASZCZUK:** SEQ 2021, the Rural Futures project, is developing a strategy to ensure the continued viability and sustainability of agriculture and rural communities in south-east Queensland, which are the 18 shires bounded by Noosa, Toowoomba and also the New South Wales border. The Rural Futures project is a component of the SEQ 2021 regional planning process. DPI, the South East Queensland Regional Organisation of Councils and the federal government are jointly funding this project. DPI is the lead state government agency for the strategy development.

The project has been under way for 18 months, involving the majority of the 18 local government groups in south-east Queensland, at least eight state government departments, seven industry organisations and numerous community groups, including youth, environment and education. I am quite sure that Craig Mathisen, who is very involved in this process, would like to give you a more detailed response to your question.

**Mr MATHISEN:** The Rural Futures project is nearing its completion. The draft strategy is currently in the consultation phase. It is available widely on the Internet through the DPI web site. It is also available in hard copy. Local governments throughout south-east Queensland are actively participating in both distributing information and gaining feedback. There has been incredible widespread support throughout the whole community for this whole strategy because it outlines a framework for moving forward for the whole Rural Futures.

**The CHAIR:** Minister, the time allocated for the consideration of the estimates of expenditure in the areas of primary industries and rural communities has expired. On behalf of the committee I thank you and your departmental officers for your attendance here today. I also remind people that the transcript of the hearing will be made available on the parliamentary web site within approximately two hours. Thank you, Minister. The hearing will resume at 1.30 p.m. with the Minister for Tourism and Racing and Minister for Fair Trading.

Sitting suspended from 12.13 p.m. to 1.30 p.m.

**TOURISM, RACING AND FAIR TRADING****IN ATTENDANCE**

Hon. M. Rose, Minister for Tourism and Racing and Minister for Fair Trading

**Department of Tourism, Racing and Fair Trading**

Mr D. Williams, Director-General

Mr M. Miller, Commissioner for Fair Trading

Mr M. Tolhurst, Executive Director, Liquor Licensing

Mr B. Mason, Executive Director, Racing

Mr I. Warren, Director, Finance and Administration

Ms K. Pulsford, Director, Strategic Evaluation and Review

Ms L. Dickens, Manager, Corporate Development and Communication

**Tourism Queensland**

Mr S. Gregg, Chief Executive Officer

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**The CHAIR:** The hearing of Estimates Committee G is now resumed. The next item for consideration is the proposed expenditure for the Minister for Tourism and Racing and Minister for Fair Trading. The time allocated is three hours. The portfolio areas will be considered in the following order: Racing, where we have allocated 45 minutes; Fair Trading, 45 minutes; Tourism, one hour; and Liquor Services, 30 minutes. That was agreed by the committee.

I remind members of the committee and the minister that the time limits 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 each of these time limits. An extension of time may be given with the consent of the questioner. A double chime will also sound two minutes after an extension of time has been given.

The sessional orders require that at least half the time available for questions and answers is to be allocated to non-government members and any time expended when the committee deliberates in private is to be equally apportioned between government and non-government members. I ask departmental officers to identify themselves when they first come forward to answer a question if the minister refers a question to them so that Hansard can record their name. I ask also that mobile phones and pagers be switched off or put into silent alert.

In accordance with the sessional orders, the committee has resolved that the minister be permitted to make an opening statement of five minutes. I now declare the proposed expenditure for the Department of Tourism, Racing and Fair Trading to be open for examination. The question before the chair is—

That the proposed expenditure be agreed to.

Minister, would you like to make a brief introductory statement? The committee asks that you limit that to five minutes.

**Mrs ROSE:** Thank you, Mr Chair and committee members. 2002 was the year that should have rewritten tourism history. The industry that employs more than 150,000 Queenslanders and generates more than \$14 billion in visitor expenditure in this state was on the move forward in a big way. That all came crashing down last September. The dual impact of the terrorist attacks in America and the collapse of the Australian icon of the skies, Ansett, within days of that catastrophe brought an abrupt halt to the willingness and ability of many people to travel.

While the rest of Australia contemplated the scenario, Queensland took immediate remedial action. The Beattie government provided crisis funding for Tourism Queensland and we launched a multimillion dollar domestic marketing campaign, Make Time, which proved to be a stunning success. Make Time helped insulate the major tourism destinations from the fallout of September 11 and the Ansett collapse. A second-stage campaign and a host of other marketing activities in the first half of 2002 has helped maintain that impetus.

When the first Australian Airlines jet lands in Cairns in October, it will bring with it from Asia a new era for international tourism. With an expected 350,000 international visitors to fly to Queensland from Japan and other Asian markets, it will provide a half a billion dollar boost to the Cairns economy. There will be spin-offs from linking flights to the Gold Coast.

The Beattie government is supporting tourism through funding to Tourism Queensland, through grants to regional tourism organisations and convention bureaux, through special purpose funding and through the provision of tourism infrastructure. Tourism Queensland has record base funding of \$39.5 million—the highest in its 24-year history.

The Office of Fair Trading also faces a challenging year. The introduction of new anti-marketeering laws last year and a raft of consumer protections incorporated in the legislation had an immediate impact on the activities of the property marketeers. We established a new Compliance and Investigations Unit within Fair Trading with a view to pursuing the crooks all the way into the courts. A priority this year is to continue the crackdown and gather evidence to prosecute the prime offenders. We will expose any who may be tempted by the lure of rip-off riches to flout the law.

This budget recognises the increased compliance workload of OFT and the need to continue to develop and roll out consumer education and awareness programs. There is an extra \$1 million for more active compliance investigations. This will allow the Office of Fair Trading to seek out and prosecute offenders before they rip people off.

A new focus in 2002-03 is the growth area of e-commerce. We will also cooperate with the Commonwealth and business to ensure the security of credit card transactions in e-commerce. Over the past year, key policy reforms have been initiated in retirement villages, consumer credit, payday lenders and the regulation of the residential services industry. Reforms in the next year include regulation of the fitness industry, mobile homes, introduction agencies and inbound tour operators.

The Residential Services (Accreditation) Act 2002 was passed recently by parliament. Together with the Residential Services (Accommodation) Act 2002 brought in by my ministerial colleague Robert Swarten, it implements a new framework for improving the residential services sector in Queensland and the standards of consumer protection for residents. All residential service providers are now required by law to be registered. This will provide valuable data and is a valuable first step towards accreditation, which will ensure that all residents' living conditions are of an appropriate standard.

The Liquor Licensing Division will play a key role in the implementation of the Cape York plan to address the destructive effect of alcohol abuse on indigenous Queenslanders. Liquor licensing has established partnerships with indigenous communities to help develop relevant and workable solutions relating to alcohol management.

In the past year, I commissioned a review to ensure that the thoroughbred racing code had a management structure equipped to deal with the challenges of an increasingly competitive gaming and leisure market. The Queensland Principal Club was replaced by the Queensland Thoroughbred Racing Board as the control body for thoroughbred racing and five independent board members were appointed. The QTRB has the independence and the skills to steer the industry through rapidly changing times. I was interested to read today comments made by TABQ Limited Chief Executive, Dick McIlwain, to a business breakfast yesterday, and I quote—

What we have today though is a significant change and a significant improvement with great prospects for the future. We have the prospect now of some rational judgments built around rational objectives.

He has referring to the governance of thoroughbred racing. This comes from a man at the helm of a company whose share price rose from \$2.10 in November 1999 to \$3.75 at yesterday's close.

**The CHAIR:** Thank you, Minister. The first period of questioning is allocated to non-government members. I call the member for Warrego.

**Mr HOBBS:** I refer to page 1-22, dot point 15 of the MPS. I note that you were going to deliver awareness training to industry control bodies with regard to their statutory responsibilities in relation to workplace health and safety and maintaining appropriate anti-discrimination, sexual harassment and animal welfare policies. Will that include anti-bullying? Will you lead by example to undertake such training yourself?

**Mrs ROSE:** Can I say at the outset that that is the level—I am not one bit surprised that the member for Warrego has asked that question.

**Mr HOBBS:** Calm down, calm down.

**The CHAIR:** The member for Warrego!

**Mrs ROSE:** Because he always stoops down to that level of questioning.

**Mr HOBBS:** It is a good question. It is in the MPS.

**The CHAIR:** The member for Warrego!

**Mrs ROSE:** Quite frankly, his comments are offensive. I do take offence to them.

**Mr HOBBS:** It is in the MPS.

**The CHAIR:** The member for Warrego!

**Mrs ROSE:** I am very happy to answer his question in relation to the Queensland Thoroughbred Racing Board. Obviously, they are decisions that the board will make.

**Mr HOBBS:** It is in the MPS.

**The CHAIR:** The member for Warrego! If you keep interrupting I will take each interruption as a new question and allow the minister three minutes to answer that.

**Mrs ROSE:** They are decisions that the Queensland Thoroughbred Racing Board will make. At the racing industry ministers conference held in Melbourne last year, New South Wales presented a paper on a national approach to sexual harassment in the racing industry. This paper followed an independent review of sexual harassment policies, procedures and practices in the New South Wales racing industry by Judge Barry Thorley. This review identified totally inappropriate behaviour within the racing industry and the general inadequacy—

**Mr HOBBS:** What about bullying?

**Mrs ROSE:** Of racing controlling authorities' policies, practices and procedures on dealing with the issue.

**Mr HOBBS:** The question was about bullying; it was not about—

**The CHAIR:** The member for Warrego has asked the question. The minister is attempting to answer the question. I ask you to desist from interjecting and allow the minister to answer the question.

**Mrs ROSE:** And Mr Chair, I think that the record should show the rudeness of the member for Warrego—

**Mr HOBBS:** Calm down, Minister, calm down.

**Mrs ROSE:** Who continues to interrupt.

**The CHAIR:** The member for Warrego!

**Mrs ROSE:** As a result, Racing Ministers took up this issue with the Australian Racing Board. Regrettably, the ARB did not react with proper haste in responding to the ministers' and the wider community's concerns in relation to the industry taking timely action to ensure the eradication of sexual harassment.

I am pleased to report that the latest edition of the Queensland Thoroughbred Racing Board's rules of racing incorporates a discrimination, sexual harassment policy for the Queensland racing industry. Although the peak racing bodies in Queensland have now addressed this issue, it is something that these bodies should have been aware of for some time.

Similarly, with issues of education and training, workplace health and safety, and animal welfare, these are all issues for which a contemporary racing industry and a modern society must prepare policy, strategic and tactical responses. Under the new racing bill, control bodies of each code of racing will be required to manage their code of racing in accordance with transparent policies. My department will, therefore, liaise with control bodies regarding the provision of a current and appropriate training program for staff and industry participants to cover individual and corporate responsibilities with regard to discrimination, sexual harassment, workplace health and safety, and animal welfare.

**Mr HOBBS:** I refer again to the same dot point under 'Recent Achievements'. Minister, again—

**The CHAIR:** Whereabouts?

**Mr HOBBS:** I am talking about page 1-21 dot point 10 of the MPS. I again refer to the reference under 'Recent Achievements' to the implementation of reforms to establish an independent skills based board as a control body for the thoroughbred code. As part of the



process, Mr Don Jackson was selected as the chairman of the first selection panel of the QTRB. Minister, when it became apparent that you did not get your man up as chairman of the QTRB, why did you try to bully Mr Jackson with an abusive phone call that would have made a bullocky blush?

**Mrs ROSE:** For heaven's sake! Where on earth do you get this rubbish from?

**Mr HOBBS:** Did you?

**Mrs ROSE:** There was an independent—

**Mr HOBBS:** Did you make a phone call—

**Mrs ROSE:**—recruitment—

**The CHAIR:** Mr Hobbs—

**Mrs ROSE:** Mr Chair, for heaven's sake!

**The CHAIR:** Mr Hobbs, can you allow the minister to answer the question. You have asked the question. I want the minister to answer the question without you interjecting. Every time you interject, I will take that interjection as another question. I will ask the people over there to stop the clock. It is your question time. If you want to interject, that is fine. If you want to ask more questions, you will get by.

**Mrs ROSE:** Thank you, Mr Chair. This matter has been done to death. The questions on the selection process for the Queensland Thoroughbred Racing Board have been the subject of I have no idea how many questions in the parliament. Given that the member for Warrego was having some difficulty in comprehending my responses to his questions—

**Mr HOBBS:** No difficulty at all.

**Mrs ROSE:** And to the process, which was very clear, I took time out outside of question time and outside of time in the parliament and I went and I sat down with him for some 40 minutes and I explained it to him again quite slowly. I then also provided him with documentation—showed him documentation, which show quite clearly what the process was.

**Mr HOBBS:** Not true. You know that is not true.

**Mrs ROSE:** So I feel that I have done everything possible to help the member for Warrego to understand what that independent selection process was. I suppose, though, it gets to a point where it really does not matter how many times you explain the one thing; if he clearly does not have the capacity to be able to understand it, then I suppose I just have to accept that that is the case.

**Mr HOBBS:** I refer to page 1-21 of the MPS dot point 10 under 'Recent Achievements'. You have advised parliament that some members of the interim Thoroughbred Racing Board would have been ineligible to sit on your second selection panel because they had an alleged conflict of interest as nominees for the QTRB. Given those interim Thoroughbred Racing Board members who unsuccessfully applied for the QTRB were advised on 8 March—10 days prior to the appointment of a second selection panel on 18 March—how could they possibly have had a conflict of interest? Is not the real reason that you did not consult with the ITRB members about the selection of the second panel was that you wanted to stack that panel and ensure that you got the result that you were looking for the second time around?

**Mrs ROSE:** Those are part of some allegations that were referred by the Leader of the Opposition and by the member for Warrego to the CMC—the Crime and Misconduct—

**Mr HOBBS:** So why would you not answer the same for the question here or the CMC? What are you hiding?

**The CHAIR:** Order! The member for Warrego! Minister, I think you have answered the question previously. The matters that have been raised in that question are now matters before the CMC. I leave it up to you the way that you want to answer that. But the matter, I understand, is before the CMC.

**Mr HOBBS:** Can I make the point that it would not matter whether it is before the CMC. It is not a judicial situation. There is no sub judice. If the member—

**The CHAIR:** I am not—

**Mr HOBBS:** If the minister cannot answer the question here, why would she have a different answer for the CMC?

**The CHAIR:** The member for Warrego, I am not invoking the sub judice provisions of the standing orders. I am just saying that the minister has said that the questions that you have raised have been raised in the parliament. She has given the answer to the best of her ability. But she said that the issue that you raise is currently before the CMC. I now ask the minister to respond to the question the way that she feels fit.

**Mrs ROSE:** Thanks very much for that. During the selection process for the new Queensland Thoroughbred Racing Board, allegations were raised of unlawful dissemination of confidential information by a member of the Public Service. This allegation of official misconduct was referred to the Crime and Misconduct Commission by the Department of Justice and Attorney-General in April 2002. In April 2002, Mr Horan, the Leader of the Opposition, also referred allegations to the Crime and Misconduct Commission. As the Crime and Misconduct Commission has not finalised its inquiries, it is inappropriate to discuss the specifics of any allegation of improper conduct referred to it. It is for the commission to make findings in relation to the allegations raised.

**Mr HOBBS:** Obviously you were not able to answer that question, which was not asked in the parliament before, but I will move on.

I refer to your question on notice that you sent to me, question No. 8. I refer to the \$2,700 paid to the barrister David Andrews for one day's legal advice, which, given the dates provided in your answer to my question on notice No. 8, would indicate that it has either been paid in advance or a typographical error has been made. When was this service actually provided? Was it provided in relation to your QTRB selection debacle and, further, was the advice sought for the department or was it ministerial?

**Mrs ROSE:** Can I take that question on notice? We just do not have the information with us.

**The CHAIR:** That is fine.

**Mr HOBBS:** Further to your answer to non-government question on notice No. 8, can you outline the tender process that was undertaken for each of the three consultancies awarded to The Consultancy Bureau, which had a total value of \$51,593? Was The Consultancy Bureau the cheapest tender of these consultancies?

**Mrs ROSE:** We will have to take that on notice. We just do not have that detail.

**The CHAIR:** Who was the consultancy, again?

**Mr HOBBS:** The Consultancy Bureau.

**The CHAIR:** Yes. Which one?

**Mrs ROSE:** There are three. Detail which one in particular. All three?

**Mr HOBBS:** Yes.

**Mrs ROSE:** Okay.

**The CHAIR:** Minister, do you agree to take the question on notice?

**Mrs ROSE:** And the question is whether or not that was—

**The CHAIR:** Those three consultancies.

**Mrs ROSE:** Okay. Obviously that is a process the department handles and they will get the information for you.

**Mr HOBBS:** At MPS 1-22, dot point 17 states—

Identify and analyse further opportunities to streamline and align management of racecourse assets with responsibility for delivery of racing product.

I refer to the statement from the Queensland Thoroughbred Racing Board that the Gympie race club may have to close. Can you advise the committee of the current status of the Gympie race club and what assistance you will provide to make sure this club does not fold?

**Mrs ROSE:** Can I just go back to the previous question just for a second? Talking about those consultancies, we will get you the additional information you want but, as a department, of course, the department is bound to comply with the State Purchasing Policy. They set down the guidelines for the tender process and also the internal purchasing policies. So they would have to comply with all of that. However, we will get you the detail that you want as to who applied.

**Mr HOBBS:** Fine.

**Mrs ROSE:** As for the Gympie Turf Club, unfortunately the club was trading insolvent. They just made a decision themselves that they were unable to keep on racing. I am probably one of the greatest supporters of country racing around. I grew up with country racing and over the

couple of years that I have been minister I have spoken with the Gympie Turf Club a number of times, where they raised with me their concerns about how difficult it was for them as a committee.

I understand that the former QPC and the QTRB did try to assist the club in every way that they possibly could but, at the end of the day, the committee took the decision to approach the QTRB and the committee advised the QTRB that they were technically insolvent. The QTRB, therefore, prudently directed the club to cease racing until the club could, in conjunction with QTRB executive staff, establish its true financial position and develop a viable business plan for its future operations. The QTRB has given the club until later this month to fully develop and provide this plan to the controlling body to assess. A decision will then be made by the QTRB as to the future of the club. As you can see, they are doing everything they possibly can to assist the club. I would certainly like to wish the Gympie Turf Club all the very best.

**Mr HOBBS:** Going to MPS 1-21, dot point 9, again referring to the reference to the new QTRB, under 'Recent Achievements', I refer to the unanimous statement by the first selection panel which stated that although Bob Bentley had been interviewed by the selection panel, he was not selected either as a member of the board or on any reserve list by the first selection panel, and the first selection panel did not sign off on any reserve lists. How can you possibly still claim that Bob Bentley was on a reserve list when written evidence clearly shows that he was not?

**The CHAIR:** Minister, I think you have tried to answer this in parliament, but I will leave it up to you to answer the question.

**Mrs ROSE:** Again, these are matters that have been done to death, quite frankly. They have also been referred to the CMC and we will just have to await the outcome of that.

**Mr HOBBS:** Can't you answer it? The evidence is there, Minister.

**The CHAIR:** Order! Member for Warrego.

**Mr HOBBS:** The evidence is there.

**The CHAIR:** Order! Member for Warrego.

**Mrs ROSE:** I am not going to waste the time of this committee -

**Mr HOBBS:** You cannot go into denial.

**The CHAIR:** Order! Member for Warrego, will you let the minister conclude her answer.

**Mrs ROSE:** It has been done to death in the parliament. There are many answers on record in *Hansard* covering this very same question. It will not make any difference. I could go through it all over again and the member for Warrego still would not be able to understand or comprehend it.

**Mr HOBBS:** I understand it very, very well. The problem is that you do not understand where you are going.

I will move on to that question on notice that you gave me, question No. 8. Again in relation to legal advice sought from Crown Law and David Jackson QC as per your answer to my question on notice No. 8, how much of the expenditure related to the selection process for the QTRB?

**Mrs ROSE:** I am going to ask Bob Mason to answer that.

**Mr MASON:** In relation to the moneys expended on legal advice, my recollection is that that was legal advice obtained when we were trying to assist the Queensland Principal Club in relation to issues regarding Sky Channel negotiations and it required coordinating some legal advice in relation to that matter. We can check that in terms of the specifics of that, but that is my recollection at this stage.

**Mr HOBBS:** Will you come back to me with that?

**Mr MASON:** Yes. I will include that in some of the other detail that we have taken on notice for you.

**Mr HOBBS:** Excellent. Thanks for that.

**The CHAIR:** Minister, do you agree to that?

**Mrs ROSE:** Yes, that is fine.

**The CHAIR:** Bob or the department will provide additional—

**Mrs ROSE:** Yes.

**Mr HOBBS:** At MPS page 1-24, footnotes 5, 6, 12 and 13 of the Output Statement of Financial Performance reveal that racing industry services recorded a \$577,000 deficit last year and expected to record another deficit this year of \$373,000. Footnotes 5, 6, 12 and 13 cite the reason for these deficits as being the additional costs associated with further structural reform post privatisation of the TAB. Can you explain exactly what these costs are and whether they will continue to make an impact on future budgets?

**Mrs ROSE:** I will ask Ian Warren, the director of finance, to answer that question.

**Mr WARREN:** The costs incurred post privatisation of the TAB were incurred from funds carried forward from previous financial years. I have a list of expenditure incurred for 2001-02, if you would like me to read that.

**Mr HOBBS:** Yes, please.

**Mr WARREN:** Recruitment agency and ancillary costs associated with the appointment of QTRB, \$96,000; consultancy and legal costs associated with governance reviews of the thoroughbred code, \$72,000; consultancy costs associated with reviews of Racing Science Centre, \$67,000; costs of Racing Appeals Authority and Racing Codes Advisory Board, \$61,000; temporary staff positions associated with governance reviews, \$50,000; consultancy costs associated with governance reviews for greyhound and harness codes, \$46,000; administration, advertising and printing costs associated with governance reviews, \$20,000; replacement of control bodies' recording equipment, \$12,000; recording equipment, \$12,000; and legal fees associated with transfer of the deed of grant in trust racecourses to industry, \$9,000.

**Mr HOBBS:** MPS 1-21, dot point 9. I refer to the \$35,003.85 paid to Clayton Utz for legal advice on the governance review. Before you set up your second selection panel, did you consult with Clayton Utz?

**Mrs ROSE:** No.

**The CHAIR:** The time for questioning by non-government members has expired.

**Ms LIDDY CLARK:** I refer to page 1-22 of the MPS. Under 'Future Developments', it mentions a review of the Training Track Subsidy Scheme. What is this scheme and how will the review be conducted?

**Mrs ROSE:** I thank the member for the question. The thoroughbred industry will again benefit by \$2 million in government funding following an allocation in the 2002-03 state budget for the Thoroughbred Code Training Track Subsidy Scheme. The government has provided \$10 million to fund this scheme over the past five years. The funding for this scheme, which recognises the quality of training facilities established by clubs and rewards their ability to generate starters to the industry, will be distributed to some 80 race clubs across the state.

Government funding for this scheme has provided important support to the Queensland racing industry, particularly during the transition period following TAB privatisation. The scheme underwrites training facility maintenance costs, benefiting not only the major metropolitan and regional clubs but smaller rural clubs as well. The Thoroughbred Code Training Track Subsidy Scheme is distributed to over 80 race clubs across the state and provides important benefits to the industry. It recognises the quality of training facilities established by clubs and it rewards a club's ability to generate starters to the industry.

My department is working closely with the Queensland Thoroughbred Racing Board to finalise in 2002-03 an evaluation of the scheme. Evaluations contribute to improved scheme management, greater accountability, more informed decision making and better use of resources. I consider it important to periodically evaluate schemes to ensure that they are achieving the stated objectives and I look forward to receiving the results of this current evaluation.

**Ms LIDDY CLARK:** Minister, still on page 1-22 of the MPS, under 'Recent Achievements' it refers to the continued implementation of the deed of grant in trust racecourse policy. What is this policy and who have been the beneficiaries?

**Mrs ROSE:** In June 2000, Cabinet endorsed a policy to transfer ownership of key racecourses of economic significance to the Queensland racing industry. This policy enables race clubs to acquire freehold title over their racecourses and provides them with more freedom to operate in a commercial manner and to utilise the value of their assets to business advantage in stimulating future growth. At that time, only two major Queensland race clubs held unrestricted freehold title to their racecourse, namely Brisbane Turf Club and the Gold Coast Turf Club. Six main racecourses were held under DOGIT arrangements: Bundamba, Callaghan Park in

Rockhampton, Clifford Park in Toowoomba, Gatton, Cluden Park in Townsville, Bunya Park in Dalby and Ooralea Park in Mackay.

As a logical step to help position key Queensland race clubs to meet the challenges, the government endorsed a policy to assist them in becoming more commercially focused. The policy is: freehold title shall vest in the incorporated race club, freehold and free of charge, subject to voluntary surrender of DOGITs held by trustees and on condition that the land is released from all encumbrances and interests and that the incorporated race club enters into a statutory covenant registrable under the Land Title Act 1994 requiring that the land must only be used as a racecourse and for sport and recreation purposes.

Industry ownership and control of these race courses also removes the bureaucratic processes and costs of administering venues through the Land Act 1994. The government has transferred some \$16 million worth of property to the Queensland racing industry since late 1999. Clifford Park in Toowoomba, Bunya Park in Dalby and Ooralea Park in Mackay have been transferred. Deagon race course was also transferred to the ownership of the Queensland Thoroughbred Racing Board. The department has also received expressions of interest and is currently working with Gatton race course, Cluden Park race course in Townsville and Bundamba race course in Ipswich. Importantly, under the Racing and Betting Act 1980, a race club must obtain my approval to dispose of any interest in real property that is used as a racing venue.

**Mr LAWLOR:** Page 1-22 of the MPS refers to reforms to establish the Queensland Thoroughbred Racing Board as the control body of thoroughbred racing. What is the QTRB's role and how is it an improvement on the previous Queensland Principal Club model?

**Mrs ROSE:** The Queensland Thoroughbred Racing Board was established on 5 April as a control body for thoroughbred races in Queensland. The QTRB consists of five members: Chairman, Bob Bentley; Deputy Chairman, Stephen Lonie; member, Michael Lambert; and two other members, Tony Hanmer and George Pippas. The members of the Queensland Thoroughbred Racing Board are highly skilled, experienced businessmen who are able to govern the Queensland racing industry with an independent, even hand to enable the whole industry to benefit from board decisions. From March 2001 to September 2001 I conducted a revenue of the government structure of the thoroughbred racing code. When I undertook a review of the composition of the QPC committee, two messages came through loud and clear from the submissions that we received. First, the new model must be independent and must have people with appropriate skills. The Queensland Thoroughbred Racing Board members owe no allegiance to any factional interest. They are free to make decisions in the best interests of the entire racing industry. I was very pleased with the comments to which I referred briefly in my opening statement from Dick McIlwain, because he is the chief executive officer of TABQ. I would like again to quote some of his comments, because they are very important. It was great to have an endorsement from a person in his position. He said—

Fortunately, the current government stood its ground and appointed a board made up of businessmen who have different commercial grounds with different viewpoints on life. What we are starting to see is a more objective approach to taking the industry forward in a cohesive force which can deal at a commercial level with a series of commercial organisations, whether it is us or whether it is Sky Channel. This was all in stark contrast with worrying perceptions that the industry was an assembly of clapped out clubs run by a group of people who have done nothing but carry on with ill feeling and arguments. What we have today, though, is a significant improvement with great prospects for the future. We have the prospect of some rational judgments built around rational objectives rather than an ongoing fight that continues regardless of which party was in power. We do not subscribe to the view that the racing industry is clapped out and has no future within Queensland. We think it is in a good position.

These comments underline the root cause of the reactionary response from entrenched industry and sectional interests to my reforms to rid the thoroughbred industry of the conflicts, interests and factionalism that had been the most prominent feature of the Queensland Principal Club.

**Mr LAWLOR:** Page 1-21 of the MPS mentions the major reviews of the government structures of the harness and greyhound codes. Could the minister comment on those reviews and the existing structures?

**Mrs ROSE:** The greyhound and harness racing code review commenced in October 2001. The review arrived at a similar conclusion to that of the thoroughbred racing code review for a company structure to be the control body for greyhound and harness racing. That conclusion being that control bodies for greyhound and harness racing should be based upon a company structure. The review also identified the potential to reduce costs through the possible merger of regulatory, commercial and corporate support functions and more efficient and effective administration of assets. The establishment of a company structure will require considerable time

to investigate and require detailed consultation with industry stakeholders due to unresolved and complex policy, legal and commercial issues. Therefore, the greyhound and harness boards have until September 2003 to finalise a government structure report for my consideration. Consultation with clubs will occur through reference groups of club representatives.

The greyhound and harness racing codes comprise 18 registered race clubs and approximately 3,000 licensed industry participants. Both codes are governed by boards with members who are not committee members of race clubs. These boards have not been subject to the same conflicts of interest that were identified in the review of the thoroughbred racing code. The review of the greyhound and harness racing codes has involved analysis of the current state of the greyhound and harness racing codes, the history of the codes and the development of government racing policy in Queensland.

Key issues and challenges ahead include: asset ownership and governance; the prospect of streamlining administration and utilising the assets of each code in a more efficient and effective manner; principles of good corporate governance; and government structures in other racing jurisdictions in other industries. The two boards were facilitated by respected firm KPMG in undertaking consultation with stakeholders. The stakeholders were presented with information in detail and obtained feedback on issues such as the current state of the greyhound and harness racing code, key challenges and issues, and outcomes of the board's consideration of asset ownership and governance issues. Over the last few weeks I have been to a couple of greyhound and harness racing meetings and taken the opportunity to talk to committee members. The member for Southport and I were both at the Gold Coast track only a few weeks ago, and it was a great night of racing. The committee there really does a fantastic job. Of course, it is looking forward to the review. It is very happy with the boards. Not everybody is happy with every decision that is taken, but it certainly welcomes the opportunity to be part of that review process.

**Ms LIDDY CLARK:** Under 'Recent Developments' is the investigation of the future ownership options for the Albion Park Raceway. Where are the investigations at and what are the likely outcomes?

**Mrs ROSE:** It is a venue that I have been to quite a few times and I always have an enjoyable night when I go there. The government has approved the transfer of the Albion Park Raceway asset to the greyhound and harness boards as tenants in common with equal shares and at no cost to the GRA and the Queensland Harness Racing Board. Albion Park is valued at up to \$20 million and is the major venue and the most significant asset used by both codes. This transfer will fulfil the government's commitment to transferring previously racing development corporation-owned assets back to the racing industry. It has certainly welcomed it. The industry has acknowledged that it will provide both the greyhound and harness codes with ownership of their most significant product producing asset for the first time in their histories. This was really a history-making decision as the greyhound and harness racing codes currently share many venues and facilities. Issues of ownership, management and occupancy of racing issues have a bearing on the viability of clubs registered with the control bodies. Aligning the ownership and management of key venues is critical for the ongoing availability of these two codes. Although the trust and the boards have undertaken extensive analysis and reviews in recent times, they have deferred consideration of options until the Queensland government as owner has considered and decided its position in relation to the future ownership of the venue. Negotiations during the sale of the TAB with the Queensland racing industry resulted in an undertaking by the government to return ownership of major raceway assets to the racing industry.

The government held two major assets in the Racing Development Corporation—Albion Park Raceway and Deagon Race Course. Albion Park Raceway was established as a race course in the late 1880s. It has been around a long time. It was acquired by the then Brisbane Amateur Turf Club in the early 1900s before being purchased by the Racing Development Corporation in 1982 for \$9 million to facilitate the redevelopment of the venue for harness racing. In 1992, upon the closure of the Gabba track, the Gabba Greyhound Racing Club, now re-named the Brisbane Greyhound Racing Club, relocated to the Albion Park site. Under the dissolution of the Racing Development Corporation, coincident with corporatisation of the Totalisator Administration Board Queensland on 1 July 1999, the assets of the corporation, namely Deagon Race Course and Albion Park, transferred to the state. These two major assets have been acquired by the Racing Development Corporation using industry funds sourced through statutory remittances on revenues.

**Mr LAWLOR:** On page 1-22 of the MPS I note that the department is providing support to the Australian Country Racing Conference to be held in Cairns from 6 to 8 August this year. What is the aim of the Australian Country Racing Conference?

**Mrs ROSE:** The government continues to provide support to the Queensland racing industry and particularly to Queensland country racing. My department is a major sponsor of the Australian Country Racing Conference 2002, which is to be held in Cairns from 6 to 8 August 2002. I will be attending the conference; I will be closing it. The Cairns Jockey Club will host the conference and topics that will be discussed at the conference include: worldwide trends in racing, risk management, planning and insurance, country racing and the TAB, benefits of sharing facilities and equipment, and cost-efficient means of providing training facilities. Guest speakers at the conference will include Sir James Hardy, BRL Hardy Pty Ltd; Sir Sydney Williams, who is a real icon in the Cairns area being patron and ex-President of the Cairns amateurs; John Schreck, Director of Racing, Hong Kong Jockey Club; and Andrew Harding, CEO of the Australian Racing Board. It is anticipated that this national conference will provide the opportunity for the racing industry to recognise, accept and plan for how to operate in a commercially competitive environment and capitalise on the great tradition and infrastructure of the Australian racing industry.

I am aware that there have been some media reports regarding the rationalisation of country race clubs. These reports do not acknowledge that the vast majority of country race clubs are run on voluntary labour and trade very successfully. There is no reason for these clubs to worry too much about impending closure. As a government, we certainly support the Queensland country racing industry. I am looking forward to this conference, because it is very timely, given the challenges that are facing the racing industry right across the state, particularly some of the more medium-sized clubs. We certainly do support country racing. As I said before, I grew up with it. I went to the Kilcoy races only a couple of weeks ago and had a great afternoon. By helping to sponsor this conference we are giving them some financial aid through the training track subsidy scheme. We have given them a voice in the management of the Queensland thoroughbred racing industry through the Queensland Regional Racing Council, which has been received very well right throughout country racing across the state.

**Mrs CROFT:** The Racing Science Centre is a major part of the department's service provision to the Queensland racing industry. Can you tell the committee what role it plays in the industry and what the future holds for this valuable resource?

**Mrs ROSE:** The Racing Science Centre is an integral part of the Queensland racing industry. Its establishment after a period of crisis in the industry during the 1980s helped to restore public confidence. As a government, we consider it central to a well run and credible industry. The staff of the Racing Science Centre are to be commended for achieving accreditation with the National Association of Testing Authorities to 17025 standard. This reflects the high standard of procedures and practices maintained in the laboratory.

In addition, two chemistry staff members became professional members of the Association of Official Racing Chemists by examination. A total of six staff are now Association of Official Racing Chemists professional members. The RSC also achieved quality accreditation as an International Olympic Equestrian Federation approved laboratory, which is a real credit to it. The integrity management and testing processes developed by the Racing Science Centre have increasingly become infused into the processes and procedures followed by racing officials.

The ongoing development and supervision of industry personnel and related integrity management procedures has required a considerable expansion of the range and nature of services provided from the Racing Science Centre. In recent years there has also been an increasing number of inquiries for Racing Science Centre services. These collectively indicate the potential for a commercial approach to the provision of such services. It really is a fascinating place. I went out there and had quite an extensive tour around. The work it is doing is amazing. It has international recognition as a science centre. That is something of which we can be incredibly proud in Queensland.

**The CHAIR:** The committee has resolved that the period of questioning in the area of Racing will conclude at 2.20 p.m. The time now being 2.20 p.m., the committee will move to the area of Fair Trading. The committee has given leave under sessional orders for the member for Southern Downs, Mr Lawrence Springborg, to participate in the hearing today. I welcome the member for Southern Downs and I call on him to put his first question to the minister.

**Mr SPRINGBORG:** I thank the committee for granting me leave to appear and ask the minister in her capacity as Minister for Fair Trading some questions. I note that, whilst your department's web site outlines a number of consumer protection mechanisms, for which I commend you, there is one area where I believe there is a significant deficiency with regard to consumer protection. Also, going through the Ministerial Portfolio Statements, in relation to future developments, could you give an indication of whether it is your intention this year to bring in any code of practice or any legislative provisions that will regulate debt collection agencies in this state?

**Mrs ROSE:** Thank you for that question and for the recognition of the work that we do in consumer protection. As an example, I cite Collection House, a debt collection agency. In the last three years, the Office of Fair Trading has received nine complaints against Collection House. Five complaints were received in 2001, one in 2000 and three in 1999. The nature of the complaints reported against Collection House include forcing consumers to pay again for debts that had already been finalised, making illegal statements about the state of debts and consumer rights, encouraging people to borrow money to repay the debts and then referring the debtors to finance brokers, taking legal action in courts in other states which forces consumers to pay so as to avoid potentially high legal costs, and hounding people after the expiration of the six-year statute of limitations in relation to collecting debts. All of those complaints have now been resolved.

Responsibility for the regulation of the range of dubious practices falls across a number of agencies, including fair trading authorities, ASIC, the ACCC, state and territory legal practitioner boards, industry ombudsman offices and Attorneys-General departments. The state consumer commissioners agreed that Victoria and New South Wales fair trading authorities and ASIC would form a working party to gather information on complaints relating to debt collection and to report on recommendations. Each state and territory will provide information to the inquiry.

Further to Collection House, no action was initiated against Collection House as there was insufficient evidence to substantiate a breach of legislation administered by the Office of Fair Trading and satisfactory explanations were provided by the company. A report has been prepared by the Consumer Credit Legal Service in Victoria outlining the problems experienced with outsourced debt collection, as I said, and it is on the agenda for the Standing Committee of Officials of Consumers Affairs. The working party is now looking at it.

**Mr SPRINGBORG:** I note that your colleague in Victoria, Consumer Affairs Minister Christine Campbell, indicated on 14 July that a set of guidelines would be developed for debt collection agencies. Obviously, they are moving down this line and there is some awareness on your part about it. Can we have a commitment from you that in the forthcoming budget year there will be the implementation of such a code in Queensland? I note that you have complaints that have been referred to you. But the issue at the moment is that you have to resolve them by mediation. As I understand it, you do not have a full range of powers or a capacity that would come from such a code that may be backed legislatively. I would like to know what your intention would be if you saw the need for legislation or regulation this year.

**Mrs ROSE:** It is difficult to give a commitment to having something in the budget for it, because it is at the stage now, as I said, where we are looking at this in a national context. Victoria has done a lot of work, as you said. We are very keen to try to resolve all of these sorts of consumer issues and provide protection for people. We are doing so much work at the moment. It is not something that we are ignoring, it is something that we are working on. There is a code of conduct for commercial agents under the Property Agents and Motor Dealers Act, so there is something there to cover them. Certainly, we will be doing our bit at this national working party level to make sure that it does get a good hearing from Queensland's perspective. I will certainly look at it.

**Mr SPRINGBORG:** You have our encouragement and very strong support as you move down that road, because we believe it is something that needs to be done. It complements the range of other consumer protection provisions that you have put through and there is some deficiency at the moment. I turn to another area of consumer protection that we have been very much involved in over the past year or so, and there has been a fair degree of concentration on this in the media. I refer to the issue of two-tiered property marketing. There are legislative provisions under the Property Agents and Motor Dealers Act and also consequent amendments designed to crack down on the unscrupulous activities of these people. Can you inform the committee of how many two-tiered property marketers have been successfully prosecuted in Queensland since the introduction of the new laws?



**Mrs ROSE:** Since it became obvious that two-tiered marketing had once again reared its head, the government, the Office of Fair Trading and I have been determined to do everything in our power to stamp it out. Queensland is a good and safe place to invest, if you use some commonsense and follow the advice we provide to consumers. By getting independent legal advice and an independent valuation you are able to be protected. As you have already acknowledged, what we have done in Queensland is ground breaking. We are the only jurisdiction that has taken on these people. But let us not kid ourselves, either; these investigations and subsequent prosecutions are very complex. The marketeers we are chasing have established networks of interrelated companies and clandestine business relationships to camouflage their involvement in this trade.

Our investigators are unravelling these webs of deceit now. So whilst you can never say with 100 per cent confidence that it has been wiped out completely, anecdotally we know that we have had a massive and immediate impact on their trade. As I have said before, the allure of easy money and ill-gotten gains will always tempt some to emerge in another guise. If and when they do, we will be waiting for them with the full force of our legislation and we will use every weapon in our arsenal to destroy them. We have the best legislation in the country. I have spoken to my colleagues in the other states and encouraged them to follow Queensland's lead. Our legislation is tough. I make no apology for that. The proof is in the fact that it is working.

I will remind committee members of what is in the legislation, namely, fines of up to a quarter of a million dollars for each and every person involved in a marketeering arrangement—that includes runners, advisers, valuers, solicitors and real estate agents—for each and every breach; powers of search and seizure; powers of public examination without privilege against self-incrimination; blunt large-print warning statements on all residential property contracts; cooling-off periods for all residential property contracts; disclosure of all parties benefiting from a sale and all relationships between parties to whom a purchaser is referred, with heavy fines for non-disclosure and access to the claims fund for consumers.

**Mr SPRINGBORG:** I note what the minister has said. The minister has been able to rely upon our complete support in what she has done to date. I refer her to page 1821 of *Hansard* and to a comment she made on 18 June. She stated—

We have run the two-tiered property marketeers who have so damaged the state's reputation out of town and are pursuing them into the courts.

That is fine rhetoric. However, although we have these tough new laws in Queensland, I want to know how many people, since these laws have come into being, have been successfully prosecuted and convicted in the courts in Queensland that deal with these matters? That is a real indication of the deterrent aspect of these laws.

**Mrs ROSE:** The problem is that there is only one in there at the moment. The Strategic Compliance and Enforcement Unit is currently conducting a number of major investigations into the marketeering activities of the most prominent marketeers and their related activities, which is part of my answer I gave you on notice. The reality is that it takes months and months of investigation to uncover the numbers of people involved. Given the lengths that they go to to get money out of people, it is a matter of the investigators trying to untangle the web. It will take time. It is worth pointing out that the single marketeering action recently lodged with the Federal Court by the ACCC was preceded by a lengthy investigation of approximately 14 months. This action is not directed to securing prosecution of a marketeer, but rather to secure precedent for consumer redress. In addition, the recent successes in prosecuting loan sharks took more than two years. It takes time.

Our investigators have to not only, as I said, make sure that they untangle the web of deceit and the lengths that these people go to but also make sure that they have enough evidence for a prosecution. Comments were made in the Gold Coast *Bulletin* in June, and I will quote from that because it was talking about the impact of the new legislation. As you know, the image of the Gold Coast has suffered from two-tiered marketeering practices. I will just quote from the Gold Coast *Bulletin* of 8 June. It says—

Buyers wooed into buying Gold Coast property through telemarketing, seminars and free trips to the Gold Coast—a practice tagged marketeering—are virtually absent.

Marketeers had for eight years been the dominant sellers of new Gold Coast property, piling up sales worth hundreds of millions of dollars.

They sold thousands of new properties and many developers would have been out of business without them.

Valuer Terry Lacey of Herron Todd White says that today the market is being dominated by owner occupiers and traditional investors.

**Mr SPRINGBORG:** I have a further question on this point, because it is an extremely serious issue and one of the more important things the department is dealing with. I note that the minister talks about the difficulties of prosecutions and actual investigations, but a statement has been made in *Hansard* which gives the impression that these people have been run out of town. However, we are not able to indicate that we have had any successful prosecutions yet, and that may come to pass. Over the last few weeks there was also a major matter brought by your department against a number of people involved in this type of activity where the initial court appearance failed as a consequence of comments made by the judge and lack of preparedness. Is it true—and I think that there were up to 16 or 17 people involved—then that there are not enough resources in your department to handle this and that we do not have enough senior people who are actually dealing with these matters to be able to take it through? If these matters fail that is going to send a signal out there to these marketeers that they can get away with it.

**Mrs ROSE:** They have already got the signal that, no, they cannot get away with it. They have already acknowledged that they can no longer work in Queensland and made no secret of the fact that they have now moved into other states, which is an issue now for New South Wales and Victoria. As I said before, it is very hard to give a 100 per cent guarantee that marketeering practices are not going to occur. You are right; I have made very strong statements because I feel very passionately about getting these people out of this state. They have ripped off hundreds of thousands of dollars out of Queensland and Aussie battlers, and they deserve to be run out of this state. We have brought in very strong and powerful laws. But, as I said, it takes time to build the case against them. You referred to the Snee case. Firstly, you talked about resources. We have put additional resources into the compliance unit. I have been impressed with the work that it has done. I believe that we have some very good people in that unit. We have got 15 staff in that unit now. You have to remember that they have only been there a few months. We have 15 staff working just on marketeering.

You raised the Snee case, and I think it is important for the record that I run through that. The Office of Fair Trading obtained and executed a number of search warrants in January and April 2002 on various marketeers alleged to have been involved in the Snee matter. The entities concerned were a property developer, financial broker, licensed real estate agent, conveyancing lawyer, developer's solicitor and marketing company. Fair Trading formed the view that the evidence obtained through its investigation was sufficient to lodge a complaint with the tribunal against 16 respondents. The matters were set down for hearing on 20 June. A tribunal directions hearing was held on 23 May 2002. Counsel on behalf of several of the individual respondents argued that Fair Trading's complaint was deficient in that it did not sufficiently clearly specify the conduct which constituted the grounds for the complaint in relation to each respondent and requested the application be dismissed. The tribunal refused the request by counsel for the Office of Fair Trading to amend the complaint and dismissed the complaint. Costs were also awarded to the respondents. Fair Trading is currently examining alternative options in relation to this matter. The Fair Trading office is also seeking advice from counsel and from Crown Law.

**Mr SPRINGBORG:** I have one further question on this matter, and I am happy to put some of it on notice to the minister. I take it then that 15 people work in the unit. You referred to some other figures earlier on with regard to the numbers of matters being investigated and potentially prosecuted. Would we be able to have access to as much of that information as you might be able to provide? As I said, I am happy to put on notice the numbers of complaints and the numbers of matters being investigated and the stage at which they are proceeding.

**Mrs ROSE:** I thank you for your interest in that. If I can get some figures for you now I will. But I think it is important that members of the committee do understand the sorts of complaints that we do get and the sort of work that this unit does, because I think it is important for people to understand. In November 2001 the Strategic Compliance and Enforcement Unit received a complaint from consumer advocate and solicitor Tim O'Dwyer in relation to Paul and Helen Snee, whom I referred to in my previous answer. In July 2001 the couple had been telemarketed. They had attended an investment seminar and had been qualified by an in-home consultant as owner occupiers of their own home and therefore suitable potential investors in relation to the purchase of a negatively geared investment property in Queensland. The couple subsequently flew to the Gold Coast and on 6 October 2001 were further qualified by a finance broker as suitable applicants for a loan of \$189,000. They were shown a few properties by an estate agent and contracted to buy a house at Coomera the same day for \$189,000.

The couple used the legal firm recommended by the finance broker for the conveyancing. The couple later discovered that the house they had contracted to buy was legally incapable of

being sold to them. It was still owned by another Victorian couple who had bought the property earlier in the year. The registered proprietors were completely unaware of the purported sale. The developer had no authority to sell the property to anyone. The developer did not sign the October contract of sale and the property was later valued at \$150,000 by an independent valuer. This is just one sad case that we see time and time again. In 2001-02 147 claims were received concerning the activities of marketeers. Some 134 of these claims to the value of approximately \$8.7 million have been lodged while the claimants of the remaining 13 claims have not yet specified the value of their loss. Marketeering claims range between \$30,000 and \$130,000 and average approximately \$76,000. Eight marketeering claims to the value of \$856,828 have been decided by the tribunal. All of these claims are in relation to National Asset Planning Pty Ltd and its director Christopher Bilborough and relate to a variety of different heads of damage.

**The CHAIR:** Thank you, Minister. The time allocated for questions by non-government members has expired.

**Mr SPRINGBORG:** Mr Chairman, is it possible just to get a copy of that note or just the data in it?

**Mrs ROSE:** We will get you a formal response.

**Mrs CROFT:** Minister, I doubt whether I am the only member of parliament here who has encountered constituents in financial trouble because of mobile phone contracts. Young people in particular are vulnerable to sales pitches that seem to promise a free phone but in fact lock them into long and very expensive contracts. Often the telco can alter basic terms of these contracts at will to the detriment of the consumer. Consumers are also left to pay out the balance of contracts even if the phone has been lost or damaged. Minister, can you inform the committee of any plans you have to deal with onerous contracts such as those in the mobile phone market?

**Mrs ROSE:** I thank the honourable member for her question because it gives me an opportunity to talk about a major proposal that I will be placing before my colleagues at the Ministerial Council on Consumer Affairs meeting in Adelaide next month. My proposal is for a national uniform or at least complementary legislation to provide that consumers are not bound by unfair contractual provisions. These are provisions that lead to an imbalance of power between the contracting parties such as disproportionate penalty provisions or provision inflexibility binding the consumer while allowing the trader to alter conditions at will.

The legislation would define unfair conditions in general terms. Fair trading authorities in each state could have the power to seek a court order forbidding use of specific standard terms considered to be unfair or accept undertakings in lieu of court proceedings. Consumers could also seek the declaration of a court that a particular provision was unfair. Legislation along the lines I propose has been operating in the UK for several years very successfully. I am also pleased to report that the Australian Consumers Association supports what I am proposing. As a mother of young adults myself, I see how vulnerable young people are to being ripped off. Part of the problem comes from their poor understanding of their own needs and patterns of consumption. They get into long-term contracts and then find it expensive or impossible to get out of them or to change to something more suitable. Nowhere is this clearer than with mobile phones.

Figures recently released show Queensland leading the nation in youth bankruptcies, with mobile phones the biggest single factor. This is despite the excellent consumer education programs run by OFT targeted at young Queenslanders, such as the *Psst!* booklet currently being distributed to all final year school students. Approximately 45 per cent of young people aged between 14 and 24 years currently own a mobile phone and telcos expect this figure to increase by a further 10 per cent over the next two years. According to a study undertaken by the Communications Law Centre, approximately 25 per cent of young people with mobile phones experience financial difficulties in paying their mobile phone bills. In the year 2000-01 the Office of Fair Trading in Queensland received 213 complaints concerning mobile phones, and this rose by nine per cent to 233 in 2001-02. Consumers report that they find it difficult to make sensible consumer decisions in a highly competitive and constantly changing mobile phone sales environment. Complex pricing and unfair and inflexible contractual arrangements are reported to Fair Trading officers, the ACCC and the Telecommunications Industry Ombudsman.

**Mrs CROFT:** One of the most valuable jobs undertaken by the Office of Fair Trading is to ensure that only safe products are available for sale. Minister, can you detail for the committee some of the strategies and projects undertaken by the Office of Fair Trading in pursuit of consumer safety objectives?

**Mrs ROSE:** The Office of Fair Trading uses a number of strategies to ensure consumers have access to the safest possible products as well as ensuring business understands the importance of supplying safe products. These strategies include providing advice and information to consumers and traders, developing and maintaining uniform product safety legislative standards, and conducting safety audits of new and second-hand products. During 2001-02 there were a number of projects undertaken to meet these objectives. The Consumer Safety Committee was re-established. The committee will play an important role in terms of the strategic development of consumer safety policy and will provide high-level community input into the work undertaken by the Office of Fair Trading. As with previous years, education resources were provided to businesspeople to assist them in complying with mandatory safety standards. A number of safety standards compliance guides are now available via OFT's web site.

Enforcement activity was increased during the year. Approximately 250 retail premises were inspected to ensure compliance with the mandatory safety and information standards. Although the level of compliance was high—and Queensland businesses need to be commended for this—there are pockets of failures, mainly in the discount retail sector. Various discount outlets were found to sell a range of toy guns that were shown to be unsafe. An order was given for these to be removed from the marketplace. It was absolutely amazing. I saw these guns, and we did a test in my office. We had a cardboard box set up—like really, really thick. We then had some nails. We put the nails and screws into the gun—this toy—and I fired it. It just went straight through the box from a range of about two feet—absolutely unbelievable. So through the Office of Fair Trading we issued an order for them to be removed from the marketplace together with ensuring the media activity. This action has seen those unsafe projectile toys all but removed from the marketplace entirely.

It never ceases to amaze me, some of the ideas that people come up with. I do not know if you saw recently—even though it was not classified as unsafe, which was a frustration on our part because it was difficult to do anything about it—there were these pens that looked like a syringe. Some of them even had red ink in them. I never saw the red ink ones. Imagine if kids are playing with them and they see a real syringe in a park and they feel safe handling a pen in the shape of a syringe. It is just completely irresponsible for anybody to produce something that looked like that. But as I said, it was a difficulty for us. We were in a bit of a bind because it was not classified as unsafe. It was just completely irresponsible. But I am going to bring that up at the MCCA, too.

**Mr LAWLOR:** There has been a lot of talk in the media about so-called dummy bidding at auctions, artificially inflating the prices paid by consumers. If this is happening, it would seem on the face of it to be an improper practice that should be stamped out and the perpetrators prosecuted. What action have you taken to investigate media allegations? Is dummy bidding going on? And would compulsory registration of bidders solve that problem?

**Mrs ROSE:** It is very important to get one point straight, that is, that there is little evidence—other than press speculation—to support the notion that dummy bidding is rampant or common in Queensland. It is clear that two auction issues are often confused: dummy bids and bids made by the auctioneer on behalf of the vendor. Historically it has been common practice for auctioneers to bid on behalf of their vendors. Bids made on behalf of the vendor are made to stimulate competition and bidding and to preserve the vendor's right to sell only when a predetermined reserve price has been reached. In contrast, dummy bids may be received by the auctioneer in order simply to stimulate the price. This could be from a person associated with the auctioneer or by the auctioneer pretending to receive a fictitious bid. This is commonly known as bouncing bids off the wall. Once the reserve price has been reached, the highest bidder at the fall of the hammer becomes the buyer of the lot at auction. An auctioneer who engages in dummy or vendor bidding once the reserve price has been reached places himself or herself at risk if the auction concludes on that bid. In such a case the auctioneer would become accountable to the vendor for the sale. It is unlikely that an auctioneer would be willing to be placed at that risk in order to secure a few more dollars commission.

This government has legislated to facilitate fair outcomes at auctions and underpinned this with an active compliance monitoring program. Section 32 of the Property Agents and Motor Dealers (Auctioneering Practice Code of Conduct) Regulation 2001 requires auctioneers to use their best endeavours to register all bidders at auction and to keep a record of the bidders' names and addresses until the auctioneer's appointment as auctioneer ends. Any failure by auctioneers to register bidders and to maintain the register may lead to disciplinary action against the auctioneers, with penalties ranging from reprimands and fines to suspension or cancellation of

licences. However, some bidders refuse to sign the register for the purpose of maintaining their confidentiality.

For the period 1 July 2001 to 30 June 2002 only two complaints were received by the Office of Fair Trading about dummy bidding at auction. Following investigation of these matters, no evidence was found to warrant further investigation. Based on a number of proactive checks of auctions, there is no evidence to suggest that dummy bidding is occurring or that there is any significant non-compliance by auctioneers of the requirement to register bidders.

**Mr LAWLOR:** Minister, on ABC television last week I saw a program about how criminals were using credit provision to gain power over borrowers to build their criminal networks. I read in the Queensland press that such activities are not confined to TV shows but have indeed sprung up in this state. Can the minister inform the committee what action you have taken to stamp out loan sharking? Can you also inform the committee whether these efforts have led to any successes?

**Mrs ROSE:** In March 1999 the Office of Fair Trading launched an investigation into fringe credit providers in Queensland. It was reported that a number of loan sharks were engaged in the practice of lending small amounts of money at extremely high interest rates to borrowers who cannot obtain finance from mainstream lenders. It was also reported that these loan sharks were using unlawful methods such as violence and threats to extract repayments.

The Office of Fair Trading commenced legal action in the Supreme Court of Queensland in June 1999 against 12 loan sharks. Injunctions were obtained to freeze the assets of a number of the loan sharks. Approximately 110 borrowers who obtained loans from some of these credit providers have indicated their willingness to assist the investigation. Affidavits have been obtained from 105 borrowers so far. The first court action against three of the loan sharks was determined in the Supreme Court on 1 February 2002. The matter was settled prior to trial, with the court ordering Wenton Australia Pty Ltd, Anthony James Clifford Eddleston and Wendy Michelle Eddleston to cease indefinitely the practice of providing consumer credit in Queensland or from otherwise being connected or associated with such a business. The court also ordered that moneys amounting to \$68,000 presently held in the trust account of Price Roobottom Solicitors be paid to the Crown Solicitor for distribution. The sum of \$14,665 will go to affected consumers, \$28,000 to the trust account of the Eddlestons' solicitor, Stephens and Tozer, and the remainder of the Consumer Credit Fund administered by the Office of Fair Trading.

A second trial concerning alleged breaches of the Consumer Credit Code commenced in the Supreme Court on 29 April 2002 against Timothy John Ward and Shark Financial Services Pty Ltd—quite an appropriate name. Justice Ambrose handed down his decision on 14 June 2002 and imposed penalties of \$140,000 in relation to Timothy John Ward and \$130,000 in relation to Shark Financial Services Pty Ltd and Timothy John Ward. These penalties are to be paid into the Consumer Credit Fund administered by the Office of Fair Trading. The court also awarded costs to the department and ordered that Timothy John Ward and Shark Financial Services Pty Ltd be prohibited from providing consumer credit in Queensland permanently. Further trials are to continue. The total legal cost for all actions is expected to be in the vicinity of \$200,000, which will be paid from the Consumer Credit Fund.

**Mr LAWLOR:** Minister, one of the great achievements of the Labor government has been to enact new laws to protect the rights and interests of residents in the residential services industry—boarding houses, aged pensioner units and supported accommodation hostels. Some concern has been expressed in the media and by sections of the industry that compliance with accommodation, food and service standards will be costly and will force premises to close, throwing residents out into the street. Can the minister inform the committee what resources have been committed to implement and administer this new legislation? Are these additional new resources or have they been diverted from other areas?

**Mrs ROSE:** Legislation to regulate private sector supported accommodation—hostels, boarding houses and aged pensioner rental accommodation—was enacted on 10 May 2002. The Residential Services (Accreditation) Act establishes minimum standards and living conditions for residents in the residential services industry by providing for a mandatory registration and accreditation scheme. Outcomes sought through the regulation are improved industry standards and better living conditions for residents.

Recurrent funding has been provided to establish a dedicated Residential Services Accreditation Branch in the Office of Fair Trading. Approved funding for 2002-03 is \$800,000, which will increase to \$950,000 in 2003-04 and \$1.08 million annually thereafter. This new service

area is being established as I speak, ready for the commencement of the legislation in August 2002. Key outputs from this new initiative will include registration and accreditation of residential services, investigation of complaints about substandard facilities and non-compliant operators and enforcement action where necessary.

Registration requirements address high-risk issues such as fire safety, building safety and the criminal histories of operators and staff. The accreditation process will supplement existing building and health standards with new standards for business management and service delivery for residents in areas such as medication management and the management of residents' financial affairs. Standards for registration and accreditation will be established through a regulation which will also set out the associated fees and charges for activities and applications for registration and accreditation.

My department is presently undertaking community consultation through a regulatory impact statement for the proposed regulation to the Residential Services (Accreditation) Act. Introduction of the legislation will be staggered across the industry sectors over four years in order to minimise the risk of closures and to target the highest risk premises first. Interdepartmental closure protocols are now being developed. This will ensure that clear procedures exist for relevant line agencies when responding to the housing and support needs of residents as a consequence of closures within the industry. My department will continue to work with stakeholder groups to successfully implement the legislation throughout the next four years.

**Ms LIDDY CLARK:** Minister, you raised the issue of the possible closures of residential services premises under the new Residential Services (Accreditation) Act. Can you expand on that issue? What measures have been and will be taken to avoid closures, to assist operators to comply with the new legislation and to deal with unavoidable closures?

**Mrs ROSE:** I want to reiterate that this act is about improving the lives of residents and promoting fair trading in the residential services industry. Under the legislation residential service providers will be required to meet minimum safety and suitability standards for their buildings and demonstrate operating procedures which ensure that residents are free from abuse and neglect and treated with dignity. Services not meeting these basic standards pose serious and unacceptable risks and harm to residents, and it is appropriate that the government takes action to deal with these premises. In developing this legislation every effort has been made to balance the need to provide necessary protection for residents whilst ensuring that the expectations on the industry are reasonable and achievable.

I acknowledge that there will be costs to industry and that some service providers will find those costs prohibitive and they may be forced to close. However, a range of significant measures has been established to minimise potential costs and the likelihood of closures. These include the staged introduction of the legislation. Industry operators will have between 12 months and two years from commencement of the legislation to ensure that their premises comply with the minimum building standards for registration. Operators will have a further period of one to three years in which to apply for accreditation. These time frames give service providers ample notice and time to bring their buildings and services up to the standards required. Mandatory building standards will be presented as a performance based code which will allow service providers to put forward alternative solutions to meet building standards. This will allow flexibility in how the standards are applied.

Conditional registration of residential services may be granted to existing residential services where premises do not fully meet the required building standards but are considered safe and comply with most of the standards. Financial assistance will be available to eligible service providers through an affordable loan scheme to be administered by the Department of Housing.

The impacts arising from the implementation of the accreditation scheme on industry and residents will be closely monitored by my department, by the Department of Housing and by a cross-government coordination group that will take over from the hostel industry task force. Whilst the financial impact of compliance with the legislation has not been overlooked, I recognise that some service providers may not wish to meet the new standards and will decide to close their facilities once the regulatory system is in place. Such decisions may be based on the potential for capital gain on a property, the cost of compliance with the proposed standards or a reluctance to invest in upgrading a property if it is going to be redeveloped for a different purpose.

Sitting suspended from 3.00 p.m. to 3.16 p.m.

**The CHAIR:** The committee will now consider the area of Tourism. In accordance with the sessional orders, the committee has given leave for the member for Maroochydhore, Miss Fiona Simpson, to participate in the hearing this afternoon. I welcome the member for Maroochydhore.

**Miss SIMPSON:** Thank you very much, Mr Chairman. Thank you, Minister and staff. Minister, I refer you to your statement in a media release of April this year that \$525,000 in concessional loans had been approved out of a \$10 million rescue plan for the tourism industry but that there were more to be processed. Can you confirm, as per the Primary Industries MPS, that this \$500,000 figure is in fact the total amount taken up by operators—in other words, that only five per cent of the total funds made available were actually taken up by tourism operators? Can you confirm that only 11 operators in the entire state took up your so-called highly successful rescue package, despite this being one of the worst times the industry has faced with September 11 and the collapse of Ansett?

**Mrs ROSE:** I thank the member for the question. I suppose it depends on how you look at it, but one could take that as an indication that the industry recovered pretty quickly and far more quickly than we expected. If there is one thing that has always impressed me about the tourism industry it is its resilience. In my opening remarks I said that we were really heading for a bumper tourism year. All of our forward figures from last year for 2002 were excellent. Unfortunately, no-one could have predicted the double whammy of the September 11 terrorist attacks and the collapse of Ansett. Those combined effects, particularly because Traveland folded after Ansett, had a profound impact on the industry. There is no doubt about that. We did come up with a tourism rescue plan that we believed was very effective, and the industry is now looking confidently to the future. Within weeks of the September 11 events and the collapse of Ansett we provided an additional \$1 million to TQ for the Make Time marketing campaign.

**Miss SIMPSON:** Could you please provide the detail in regard to the take-up? Recently you indicated that there was only a five per cent take-up and that only 11 operators had taken it up. What guidelines have you applied to these loans and why have you not provided more specific detail as to why there has been such a very poor take-up rate, given that the industry still has had quite a rough time, particularly in a number of the regions?

**Mrs ROSE:** They have had a rough time—or some of them have—but, as I said, I think the fact that not many have been taking up the offer is an indication that the industry got back on its feet fairly quickly. You asked a question on notice. You should know from my response that the loan scheme is administered through the Minister for Primary Industries and Rural Communities because it falls under the Queensland Rural Adjustment Authority. The number of loan applications is dictated by the number of people who feel that they are in a position to apply for those loans.

**Miss SIMPSON:** Minister, from your answer I take it there has not been much change, then, in regard to the take-up rate since that last stated figure. What direct involvement and guidance have you as Tourism Minister had in this scheme and what have been the guidelines?

**Mrs ROSE:** I will ask Stephen Gregg to run through the guidelines. In response to the first part of your question as to whether there has been any change with the number of people wanting to take it up, the answer is no. We allocated \$10 million for low-interest loans. So far we have approved 11 loans totalling \$520,000, as I indicated in my answer. The tourism assistance package hotline established by the Department of State Development provided operators with ready access to advice. There was a hotline number. The hotline number received over 250 inquiries. People were given information as to their eligibility and how they could apply.

We also established the Tourism and Related Industries Immediate Response Group and the industry consultative group to monitor industry conditions and to develop response options. We approached financial institutions to encourage them to consider offering temporary relief for business borrowers directly affected by those recent events. Both St George Bank and the ANZ Banking Group have expressed their support for this initiative. We ran a number of other programs. I will run through those, but you specifically asked about the guidelines.

**Mr GREGG:** I cannot speak in exact detail about the loans, but I was part of the tourism industry response group and a wide section of industry was involved in the consultative group. As the minister has outlined, the response in relation to these loans was part of a whole package. Some were about loans. Some were about general assistance. Some referred to assisting industry with marketing, which we did through the Make Time campaign and the other initiatives we put in place at that time.

After September 11 the industry was able to realign its marketing and certainly did very well from the domestic market as we re-established cash flows for the industry. The industry working group is now looking at the different industry support programs. As part of the Growing Tourism initiative, which is managed by our department, we will be looking in future to have a response for future situations but also have industry support programs that are more aligned to the needs of the tourism industry. I think the main thing that came out of all of the work was that most of the operators were getting very good support from their own financial institutions through this time.

**Miss SIMPSON:** In asking my next question, I refer to question on notice No. 4 and in particular industry cooperative support funding. I note that in this year's budget there will be an estimated \$2 million drop in cooperative funding to be provided by private industry. I ask: is this an indication of how tough things are in the tourism industry in Queensland? In light of this reduction in funding from private industry, would this not indicate a critical need for an increase rather than a decrease in government funding to marketing for Tourism Queensland?

**Mrs ROSE:** There has not been any decrease in funding for marketing for Tourism Queensland. In addition—

**Miss SIMPSON:** Not according to your question on notice, though. There was clearly an indication of a drop—

**The CHAIR:** The member for Maroochydore, will you allow the minister to answer the question. If you interject, I will take that as the next question and allow the minister another three minutes to answer.

**Mrs ROSE:** As I said before, with funding for Tourism Queensland, you have base funding and then, of course, you have special purpose funding or additional funding that we provide for campaigns like the Make Time campaign, the rescue package that we contributed to post-September 11. If we need to come up with additional money for a special purpose, then we do that. But that runs out. What people need to understand, and the industry does understand, is that you have your base funding, but you cannot expect that then, if you get special grant funding—like the funding that has been made available for the Australian Airlines campaign—to be built into the base funding. So there has been no decrease in the base funding.

But in addition to the information that I have provided to you on your question on notice, together with the cooperative support for Queensland's tourism operators, we spent around \$38.4 million on tourism marketing in 2001-02. This was up substantially on the budgeted \$32.4 million. We exceeded our budget because of one-off special initiative funding provided to Tourism Queensland. This included \$1 million in special initiative funding provided in September. This funding generated the \$3.3 million Make Time campaign—and Make Time generated an unprecedented level of cooperative support from industry operating in uncertain times—and \$2 million in Goodwill Games funding provided after the finalisation of last year's estimates and that was used for the Where Else But Queensland brand campaigns in the Sydney, Melbourne and Brisbane markets in the lead-up to and during the Goodwill Games.

These were one-off special purpose grants. They have now finished and that is why it needs to be made very clear that when these special purpose grants are made available, when this one-off special initiative funding is made available, they are very targeted but they are only grants, or they are only one-off special initiatives; they do not then get built into the base funding. It is quite separate. So there is no decline in marketing expenditure. We simply exceeded our expectations last year because of the special purpose grants, because it was an exceptional year as far as the tourism industry went.

**Miss SIMPSON:** I refer again to question on notice No. 4. The fact is that, according to your answer, there will be less money for marketing in 2002-03 than there was in the previous financial year. The industry is, in fact, still experiencing very difficult times. I note that base funding for marketing for Tourism Queensland will drop by \$2 million, that there will also be a \$2 million drop in special initiative funding and that the industry support for marketing will also drop by a further \$2 million for the coming year, which is an indication of the times that the industry is facing. I ask again: why are you cutting marketing funding, given that there is a need to promote the state and provide assistance? Will this 15 per cent drop in funding force Tourism Queensland to reprioritise its marketing focus, effectively taking the focus away from some regions because the money is simply not there?

**Mrs ROSE:** I think that it is very important to understand how the marketing funding mix is made up and to again try to explain how funding for marketing is determined. We have a cooperative marketing program through the government, which assists industry with domestic and



international marketing. It allows the industry to leverage from Tourism Queensland considerable media buying power. For every dollar that is spent by Tourism Queensland on cooperative marketing, it is matched by \$3 from industry. Therefore, from a \$1 million investment by the government, \$4 million is spent marketing Queensland. So it is \$1 million from the government, it is \$3 million from the industry, which gives you the \$4 million.

**Miss SIMPSON:** But are you saying that there is no need for any increase in special initiatives in the future?

**Mrs ROSE:** We will provide the special initiative funding or the one-off grant funding when it is required, the same as we reacted immediately post-September 11, post-Ansett collapse. We reacted and responded immediately as a government with the Make Time campaign, with a number of cooperative campaigns where the additional money was made available. That is why it is so important to remember that the base funding is quite separate from the special purpose funding. You can see by our record that when we have needed to put the extra money in, we have done so and it has been made readily available.

Just to get back to my point: the amount of money that we put in as a government, we get an excellent return on that investment for the government and for all Queenslanders. Last year, Tourism Queensland generated \$11.5 million in cooperative marketing with around 350 cooperative partners. I want to make it very clear again that this year Tourism Queensland's base funding is a record \$39.5 million. That is the highest level in the corporation's 24-year history. While the total 2002-03 budget shows a decrease of \$2 million, that is simply because of the changes in special funding.

I said it at last year's estimates hearing and I will say it again this year. Special one-off funding is exactly that: it is special funding for a one-off purpose. The 2001-02 budget has special funding for one-off events like \$2 million for the marketing campaign for the Goodwill Games and \$1 million for the Make Time campaign to help the industry following the collapse of Ansett and the terrorist attacks of September 11.

**Miss SIMPSON:** I refer to your statement in the estimates hearing last year where you stated that legislation dealing with shonky inbound tourist operators would be in place by June this year. In March we reminded you that this deadline was due to pass. So you announced a new deadline date of August this year. Since this legislation has still not appeared on the notice paper and it is now almost the end of July, can we expect yet another announcement that this deadline has been delayed yet again?

**Mrs ROSE:** I thank the member for the question, because this is a very important issue, as the member correctly states. It is an issue that I feel very, very strongly about and it has certainly been a priority of mine since I was appointed Tourism Minister. I am very proud that, as a state, we have led the way. I raised it at the tourism ministers council meeting and was able to convince my state colleagues and the federal minister of the need to take action against the minority of people who have tarnished the hard-won reputation of our inbound industry. I can now report that Queensland's proposal for regulation of the inbound industry is almost complete. Once again, we have led the way and the others will follow us. The conduct of rogue tour operators and tour guides has been an issue, particularly on the Gold Coast, which is my home and which is why I have become—

**Miss SIMPSON:** So what deadline are we now looking at?

**The CHAIR:** The member for Maroochydore, is that your next question?

**Mrs ROSE:** Sorry, I am coming to it. Particularly on the Gold Coast and in Cairns and in Sydney for some time, I put the issue on the agenda at my first tourism ministers council meeting in Darwin in mid-2000. The council endorsed development of a tourism export code of conduct to address the issue. The code has been developed under the direction of a joint industry and government steering committee.

I said at the time the national code would be needed to give teeth and Queensland would, if necessary, go it alone with state legislation. The rogues will be put out of business under a proposal I will soon take to Cabinet. It is being put together and I will be taking it to Cabinet soon. Legislation to regulate inbound tourism will enhance the reputation of Queensland's \$14 billion a year tourism industry. The proposed new laws will require all inbound tour operators to be registered and will introduce offences for inbound tour operators and tour guides who act in an unconscionable manner towards tourists. Inbound tourism injects billions of dollars a year into our economy, as well as contributing significantly to job creation, small business, export earnings and regional development. Extensive industry consultation revealed a number of problems related to

services provided by inbound tour operators and tour guides which led to my proposal for new legislation. The Tourism Ministers Council endorsed my proposal to clean up the industry. Key concerns involved heavily controlled shopping tours and exclusive secret commission shopping arrangements with certain retailers. Visitors on these tours commonly speak little English and, therefore, are vulnerable to practices which prevent them from shopping around. I will be taking a submission to Cabinet very shortly.

**Miss SIMPSON:** I note that you still did not provide a time frame as to when that would be through the parliament, given that previously you said it would be in June this year.

**Mrs ROSE:** Yes.

**Miss SIMPSON:** Asking my next question, I refer to the MPS 2-4 and in particular to future developments, of which developing an integrated tourism industry disaster response plan is amongst them. I also refer to the current disaster facing the tourism industry in regard to the irukandji jellyfish. Why have you repeatedly refused to commit funds for research into the deadly irukandji jellyfish when the stinger is responsible for the deaths of at least two overseas tourists in Queensland, and why has the Queensland government not followed the federal coalition government's example of allocating actual dollars to research on this deadly stinger?

**Mrs ROSE:** The stinger season we experienced earlier this year was more severe than previous, with the impact of irukandji felt as far south as the Whitsundays. Given the severity of the irukandji impact, we acted quickly to develop a whole-of-government approach to consider issues such as public awareness, education, research and development, and physical barriers. Tourism Queensland took the initiative to coordinate a whole of Queensland government response to address the impact of the irukandji jellyfish. The first step in this process involved a meeting of key Queensland government agencies on 8 May. Three key actions arose from this meeting. Firstly, CRC Reef agreed to coordinate the preparation of a paper on the current knowledge and actions on the irukandji jellyfish, which will collate the knowledge and understanding of all experts in the field and will, thus, be critical in informing future actions. Secondly, two working groups have been formed to progress future actions. Both working groups will use the paper on the current knowledge and action on the irukandji jellyfish to develop detailed action plans. One working group will address research into the irukandji jellyfish syndrome. Research is vital if we are to adequately address this syndrome, and I am fully supportive of the research being undertaken. In fact, Queensland has some foremost experts in the field at James Cook University and Surf Lifesaving Queensland and these experts will be part of the processes we will establish. The Premier is also supportive of further research and has written to the Prime Minister seeking additional research funding.

**Miss SIMPSON:** Well, how much money is the state going to put in, and when?

**Mrs ROSE:** Seeking additional research funding through the National Health and Medical Research Council program. You mentioned before how much money we are putting in. As you know, the core business of Tourism Queensland is marketing and promoting Queensland.

**Miss SIMPSON:** But as lead minister—

**Mrs ROSE:** But we do not through our department put money directly into research. The working groups, Fiona, have sourced some funding, the people who are on the working group, and at the moment, until they come back with their recommendations, we do not actually know what needs to be funded. That is a decision that is not going to be made by Tourism Queensland; it will be made by the working group.

**Miss SIMPSON:** I refer to MPS page 2-4 and the insurance liability task force report, which states in its executive summary that this issue will impact on the viability of tourism operators who have already been hit hard by the economic downturn following the events of September 11 and the collapse of Ansett. The Victorian government has entered into a partnership between an insurance broker and the Victorian Tourism Operators Association in order to ensure the survival of the state's adventure tourism sector. I ask, given your government's insurance task force has not even touched on the crisis among tourism operators, we now know that your \$10 million so-called rescue package is a flop. Why have you done nothing to assist the industry that you are supposed to represent?

**Mrs ROSE:** I am sure all members of this committee have heard of operators who have closed their businesses because they simply cannot afford the increases in their public liability insurance premiums. The issue is not just causing problems to Queensland tourism operators; it is widespread. Both state and Commonwealth governments have recognised public liability insurance as a major problem. While some states may have thrown a few million dollars into

funds to assist adventure tourism operators, this money is just not going to go very far, particularly in the multimillion dollar world of insurance.

In Queensland, we are about developing viable long-term solutions for businesses impacted by rising premiums, including the adventure tourism sector. Sure, the outcomes may take a little longer to get up and running, but I am confident that they will be better and more sustainable. The Queensland Tourism Industry Council, with assistance from the Queensland government, is currently developing a group purchasing scheme for the tourism industry. So we are working on it, and while the scheme is still in the very early stages of development, it may be accessible to adventure tourism operators.

The government has three other key measures aimed at reducing premiums. These include a tort reform package to limit claims and court costs. This package of reforms is part of the Personal Injuries Proceedings Act. Reforms include changes to court proceedings, limits on claims and awards for costs, excluding jury trials for personal injuries proceedings and restricting no win, no fee lawyer advertising. A group purchasing scheme for community not-for-profit organisations is being coordinated by Queensland Treasury. Queensland Treasury is currently in the process of commissioning a broker to manage the scheme and is planning to have the scheme introduced by 1 September 2002. The development of appropriate risk management materials for community organisations and small business is being coordinated by the Department of the Premier and Cabinet. The Queensland government's solutions to this issue have been developed by a Public Liability Task Force formed in December 2001, with input from the legal profession, the insurance industry and the community. Cabinet endorsed the task force's interim recommendations on 18 February. Tourism Queensland is also working with the Commonwealth to progress potential solutions at a national level. In this regard, proposed amendments to the Trade Practices Act introduced to federal parliament will assist adventure tourism operators. Operators are currently prevented from relying on waivers individuals may sign, waiving their contractual right to sue when undertaking risky recreational activity. The amendments will mean waivers will be worth the paper that they are written on.

**Mr BELL:** I refer to your answer to pre-hearing question on notice No. 5 where, in part, you said that base funding for Tourism Queensland has increased from \$39.397 million in 2001-02 to \$39.518 million in 2002-03. On that basis, I have two issues. First, have I missed something? I could not find the base figures in the MPS. Were they there? Secondly, does the minister agree that that increase, which is very minor, does not keep pace with inflation?

**Mrs ROSE:** My understanding is that the base figure does not show up: it is only the total number.

**Mr BELL:** Does the minister agree that the \$39.397 million to \$39.518 million does not keep pace with inflation?

**Mrs ROSE:** My advice is that no department determines its budget on inflationary increases; they just absorb it. We will provide the member for Surfers Paradise with a little more information on that.

**The CHAIR:** The time for questioning by non-government members on this line has expired.

**Mr LAWLOR:** I refer to the record budget provided to Tourism Queensland again this year. In an attempt to ensure the facts surrounding Tourism Queensland funding are established up-front, how much money is actually provided to Tourism Queensland?

**Mrs ROSE:** I have already partly answered this question. This year, Tourism Queensland's base funding is a record \$39.5 million, the highest level in the corporation's 24-year history. On top of that, we did have special funding for a major Asian marketing campaign to coincide with the take-off of Australian Airlines in an ongoing commitment to business events, taking government funding to \$43.4 million. I said it at last year's estimates hearing and I will say it again today: special one-off funding is exactly that—special funding for a one-off purpose. We do not know what is around the corner for the tourism industry in the next six months. No-one could have predicted at the end of last year what we were going to face. No-one can predict what will happen in the next six months. The 2001-02 budget had special funding for one-off events. I will not go into the detail I did before, but with the Goodwill Games there was the Make Time campaign. It was also the final year of the \$8 million four-year program of support for conventions funding. This budget continues to prove the Beattie government's commitment to tourism. We are committing \$34.5 million to marketing through Tourism Queensland. This includes the government's direct contribution of \$24.7 million and industry's cooperative support amounting to \$9.8 million. We have allocated additional funds to Tourism Queensland for the next three years for marketing

associated with the launch of Australian Airlines. We have concentrated most of our marketing support in the first year to provide a significant injection into the marketplace during the airline's early days. Industry is right behind the campaign.

Cooperative support from industry will boost the campaign's value by approximately 20 per cent in the first year alone. With a total cost of a conservative \$16 million over three years, this will be the biggest and most sustained marketing campaign in which Queensland has ever been involved in the Asian market. As well as TQ and the Queensland government, other contributors to the campaign will be Australian Airlines, Australian Tourism Commission, Cairns Port Authority, Gold Coast Airport Limited, Tourism Tropical North Queensland and the Gold Coast Tourism Bureau. The government's support will help Australian Airlines achieve its aim of creating over 350 jobs in four years and inject approximately \$500 million a year into the Cairns economy. It is just such great news. It is something that we are really excited about. We are also committed to continuing funding for the six Queensland convention bureaus, and that is worth \$7.5 million over the next four years or \$1.875 million per annum. This will take our contribution over eight years to \$15.5 million for this lucrative and rapidly growing industry segment.

**Mr LAWLOR:** I refer to page 2-3 of the MPS and to the extensive media coverage generated by the Australian Tourism Exchange. What is Australian Tourism Exchange? Why was this event so important for the Queensland tourism industry?

**Mrs ROSE:** Brisbane hosted the Australian Tourism Exchange this year for the second time. ATE is the biggest tourism trade event in the southern hemisphere, and this year's ATE was declared the best ever. The real value of ATE lies in the long-term business it generates for tourism. More business is done in the nine days of ATE than at any other time of the year. Queensland emerged from the 2002 Australian Tourism Exchange as the hot Australian destination. We will bask in ATE glory for years to come. ATE 2002 was declared the best ever. When one considers the difficulties the tourism industry has faced in the past 12 months, this year was the most important yet. We had the most operators represented of all the states, and that presence was a big positive for us. Queensland was noticed, and interest from the Asian markets was so strong that demand was outweighing capacity. However, operators are sending tourists here any way they can, even if it means they have to do some sidetrips. This demand augurs well for the launch of Australian Airlines in October and for any further negotiations with airlines for increased capacity out of those markets. The quality of buyers was impressive. We are so lucky to have such loyal international partners.

Through all the ups and downs of the past year, so many important buyers have stuck by us and continued to sell Queensland as the fantastic destination that it is. The pre-ATE famils were a great success. We took journalists to the outback for the first time as part of ATE. The post-ATE famils were just as successful. The buyers will be taking their own unforgettable experiences with them, and these memories will be converted into tourism business for us. More tourism business is written during those nine days of the ATE than at any other time of the year. That is just amazing. The buyers who were here for ATE bring in more than 2 million visitors, almost half the number of international visitors to Australia each year. That is how important the show is. The business written will translate into 10s of thousands of tourists and billions of tourism dollars for Queensland over coming years. ATE also provided an immediate injection of an estimated \$10 million into the Brisbane economy. I said it publicly after ATE and I would like to say again just how amazing the Brisbane people were. Anybody involved in the tourism industry—all the accommodation providers, the taxi drivers, the restaurants—were so welcoming to all of the ATE delegates. The feedback we have from the delegates on the reception they received from Brisbane was absolutely fantastic. Next year, it will probably be a little bit sad for delegates because they have to go to Victoria for ATE. I just do not think Victoria can do it as well as us.

**Mr LAWLOR:** On page 2-3 of the MPS there is mention of a marketing campaign in conjunction with Australian Airlines and key industry partners in international markets. I know the minister has already briefly touched on this, but how is Queensland tourism assisting Australian Airlines, and what international marketing strategies are being put into place?

**Mrs ROSE:** When Australian Airlines kicks off on 27 October, it will do so with the knowledge that the Queensland government is firmly behind it. Part of the package of incentives offered to Australian Airlines by the Queensland government, along with payroll tax relief, includes marketing assistance over three years. Queensland will roll out a multimillion-dollar marketing campaign. At a conservative \$16 million, it will be the biggest and most sustained campaign in which Queensland has been involved in Asia. We have concentrated our marketing support in the first year on providing a significant injection into the marketplace during the airlines's early days. Industry is

right behind the campaign, and cooperative support from industry will boost the campaign's value by approximately 20 per cent in the first year alone.

Tourism Queensland and its partners in the campaign are the Australian Tourism Commission, Australian Airlines, Tourism Tropical North Queensland, the Gold Coast Tourism Bureau, Gold Coast Airport Limited and the Cairns Port Authority. Campaigns will run in Japan, Hong Kong, mainland China, Singapore and Taiwan, with the details being finalised by Tourism Queensland and industry partners as I speak.

Key activities will include cooperative advertising initiatives, wholesale brochure content commitment, public relations activities, including prelaunch functions, use of celebrities, airport functions, media decision makers, trade media and consumer media, and destination seminars and training for travel agents and wholesalers. The Queensland government's support will help Australian Airlines achieve its aim of creating over 350 jobs in four years. It will also, as I said before, inject approximately half a million dollars a year into the Cairns economy, with an estimated 350,000 passengers expected to arrive each year. I am sure all members of the committee will agree with me that Australian Airlines was a big coup for Queensland and a very worthy investment by this government. But we have only secured Australian Airlines because we have been proactive and because we are a proactive government.

After Qantas announced its intention to develop a low-cost international subsidiary in 2001, Tourism Queensland set to work developing a detailed business case for Australian Airlines with a focus on bringing aviation and economic benefits to Queensland. After reviewing the business case, Australian Airlines announced on 11 December last year that it would base its operations in Cairns, operating from Cairns to six Asian destinations. Specifically, Australian Airlines will operate to Osaka, Nagoya and Fukuoka in Japan, as well as Singapore, Taipei and Hong Kong. This equates to 26 international services per week into Cairns and over 7,000 seats. It is good stuff.

**Ms LIDDY CLARK:** I refer the minister to page 2-4 of the Ministerial Portfolio Statements, which refer to the Tourism Aviation Plan, and I ask: what actions will be undertaken to develop domestic and international air services?

**Mrs ROSE:** International and domestic airline access to Queensland destinations is vital to growing the tourism industry in Queensland. I thank the member for her question. If we are to cash in on the expectation that international visitor numbers to Australia will double by 2010, we have to plan ahead to ensure that those tourists can get seats on planes flying here. While the existing Queensland Aviation Plan provides a framework for government agencies to formulate action plans, the government considers it timely to restate its strategic policy framework and plan of action for the development of tourism aviation.

My department, in consultation with other relevant agencies and stakeholders, is currently finalising a commercial and tourism aviation plan. The plan, which is being developed in consultation with key aviation industry stakeholders, will provide a broad strategic direction for driving future airline route development opportunities in Queensland. The key focus of the plan is to encourage international and national airlines to introduce newer expanded services and improve airline access to key regional destinations throughout the state. The plan is due to be considered by government in August.

The Airline Route Development Task Force, which is co-chaired by my department and the Department of State Development, has also played a key role in retaining and proactively seeking new domestic and international aviation services into and out of Queensland. The major successes have been luring Virgin Blue to base itself in Queensland and convincing Qantas to set up the operational base for its leisure carrier Australian Airlines in Cairns. We were also able to work with Qantas and Virgin Blue in the wake of the Ansett collapse to bolster regional services quickly to plug the gaps left by Ansett. Virgin Blue has been a massive success. It has delivered far more for Queensland in terms of jobs and services than we ever anticipated. The winners have been tourism and tourists. Virgin Blue continues to offer cheap fares, as does Qantas, so air travel to and from Queensland is again affordable.

Australian Airlines, when it takes off on 27 October, will provide the biggest single boost ever to international tourism in this state. It will bring 350,000 international visitors into Cairns, with link flights to the Gold Coast. But we have not stopped there. Government agencies have also been working with international airlines on expanding current services or introducing new services to Queensland. During a tourism mission to Asia late last year, I presented detailed business plans to Japan Airlines and China Southern Airlines. We have also been working closely with Air New Zealand and its low-cost subsidiary Freedom. That work paid handsome dividends last week when

the Air New Zealand Group announced a major expansion of its services into Queensland. Just to show how cooperative we are, my son and his girlfriend flew on Air New Zealand to New Zealand yesterday for a couple of weeks holiday.

**Ms LIDDY CLARK:** Further to that question—and I am still on page 2-4 of the Ministerial Portfolio Statements—what are the destination positioning blueprints and how will these boost inbound tourism to Queensland from Europe, Singapore, Hong Kong, Taiwan and Korea?

**Mrs ROSE:** I thank the member for the question. I know she is aware that this is a huge industry for Queensland. It employs more than 150,000 Queenslanders and generates \$2.4 billion annually as an export earner, which accounts for 11 per cent of total Queensland exports overseas. We recognise the importance of tourism. It is a key plank of the government's export trade strategy released last year. To grow the inbound tourism sector and to generate additional export earnings Tourism Queensland undertakes tourism marketing initiatives to assist operators to export their products internationally. As international competition for outbound travel continues to intensify and Queensland's market becomes more mature, consumer needs are becoming more discrete. Tourism Queensland must therefore ensure that the Queensland industry has a clear understanding of which destinations are best able to deliver a desirable and competitive experience. Furthermore, for each targeted consumer segment we must understand which destination attributes and products are most closely aligned to their respective needs and motivations.

One tool Tourism Queensland has developed to assist operators in Queensland's key long- and short-haul markets are the destination positioning blueprints. Tourism Queensland conducted extensive research to gain an understanding of consumer motivations. This research will serve to provide focus and consistency in terms of how destinations are portrayed in the marketplace. In addition, the research undertaken will give operators a clear understanding of products that best suit Queensland's international markets and specific segments of each market. Research undertaken to complete each destination positioning blueprint includes detailed opportunity assessment, which involves a review of existing secondary research, identifying market segments and conducting a detailed analysis, matching destination images with identified market segments, developing marketing slogans for each destination and conducting focus groups with the appropriate audience for each target segment. The blueprints provide a snapshot of the destination's ability to service the consumer needs/aspirations according to the market segments.

The first blueprint for the Japanese market was launched in October 2000. The Japan blueprint focuses on the primary destinations of tropical north Queensland, the Whitsundays and the Gold Coast in terms of their relevance to the full key market segments—new 50s, experienced female travellers, honeymooners and families.

**Ms LIDDY CLARK:** We might as well continue that, Minister. I now go to page 2-1 of the MPS which refers to increasing visitor numbers. What is Tourism Queensland doing to increase inbound tourism from China?

**Mrs ROSE:** China—the sleeping giant of Asian tourism is awakening. China is Australia's fastest-growing inbound market. With a population of more than 1.2 billion people, the potential for Queensland to benefit is enormous. Travel is considered very prestigious in China, and Queensland and Australia are very desirable destinations. The most popular Queensland destinations for the Chinese are the Gold Coast, Brisbane and tropical north Queensland. Tourism Queensland has been working in this market for a decade so there is a relatively high awareness of Queensland compared with other destinations. The most promising segments are in incentive travel and the student market. More than 2,500 students arrived in Queensland from Hong Kong during July.

Australia was one of the first western nations to achieve approved destination status in China, which means residents of Beijing, Shanghai and Jiangsu Province can travel to this country relatively easily. The Chinese National Tourism Administration is gradually extending travel privileges to residents of other parts of China. More than 100 ADS agents are coming online over the next 12 months. The Chinese government is actively encouraging consumption by increasing civil servants' wages, providing consumption credits and legislating for longer holidays. Although Queensland has experienced double digit growth from the Chinese market in recent years, the best is yet to come.

Tourism Queensland will be making a bigger commitment to this growing market over the coming year. In 1999 9.2 million Chinese travelled overseas. In the year to June 2000, the Bureau of Tourism Research recorded a 13.5 per cent increase in the number of Chinese visiting

Queensland. The number of Chinese visitors to Australia grew at an average annual rate of 32 per cent between 1989 and 1999. According to the Tourism Forecasting Council, the rapid growth will continue with the number of Chinese visitors reaching more than one million by 2010.

The concept of incentive travel is gradually taking hold in China. Queensland hosted 1,500 Chinese Amway employees last year and 450 pharmaceutical workers toured the Gold Coast after holding their annual general meeting in Sydney. Tourism Queensland organised a seminar last year to introduce the incentive travel concept to local and joint venture organisations. Around 160 corporations attended. TQ is also working with China's huge insurance and computer companies to promote this state as an incentive destination. We are working with the Queensland Investment and Trade Office to promote Queensland's educational and tourist facilities for study tours. As with many overseas markets, one of the most pressing issues is air access in the wake of the Ansett collapse. We need direct services into Brisbane and Cairns because we are relying on domestic services to bring the Chinese up from Sydney.

**Mrs CROFT:** I refer to page 2-3 dot point four of the MPS where it is indicated that the government conducted a \$3.3 million Make Time campaign to boost the tourism industry following the Ansett collapse. Why was this necessary? Could you explain the outcomes that were achieved?

**Mrs ROSE:** I thank the member for the question. Domestic marketing is the linchpin of Queensland's tourism industry with 80 per cent of our tourism business generated through domestic tourism. Last year on top of a \$1 million funding boost for domestic and international marketing we reacted swiftly following the Ansett collapse and events of September 11 to provide an additional \$1 million for domestic marketing to protect Queensland tourism from the subsequent downturn in business. This was allocated to the successful Make Time campaign, which was valued at \$3.3 million. The Make Time message aimed to connect with the general community mood of value reassessment and focused on the important things of life following the events of September last year.

The campaign was stunningly successful. It provided an immediate boost to a tourism industry suffering post September 11 and the Ansett collapse. Anecdotal evidence indicated at least 80 per cent to 85 per cent of operators involved reported a very positive increase in bookings. Some 100 per cent of operators surveyed from tropical north Queensland indicated they would participate again. Gold Coast operators attributed the record Christmas season to their ability to access the Make Time campaign. Queensland's campaign was out in the marketplace at least three weeks before any other state campaign. This forward thinking by the Beattie government and Tourism Queensland ensured Queensland was top of mind for Australians looking to plan holidays or change existing trips. Popular destinations such as the Gold and Sunshine Coasts reported immediate increases in drive tourism and there is no doubt the campaign helped minimise the impact of the events of September on Queensland.

The benefits were felt right across the state. At the conclusion of the Make Time campaign, Tourism Queensland had published the equivalent of 320 full-page, full-colour advertisements across 28 newspapers covering 2,560 individual advertisements. I was impressed with the way our tourism industry pulled together to overcome the difficulties of limited air access and a reluctance by people to travel. Operators showed a willingness to work in partnership with Tourism Queensland to ensure the message was out there and was relevant. It was a smart campaign that let the public know Queensland was open for business. The government and Tourism Queensland worked hand in hand with the airlines to redirect flights and introduce new flights. This ensured access issues were solved as quickly as possible. Strategic marketing was put in place once those new flights were in the air to ensure the public was aware of them. The preference particularly domestically for Queensland as a holiday destination has risen considerably since the campaign, further proof of its success.

**Mrs CROFT:** Thank you, Minister. I refer now to page 2-4 dot point eight of the MPS that mentions Tourism Queensland assisting in regional development. What support is being given to encourage the business events sector?

**Mrs ROSE:** I thank the member for the question. The Queensland government's commitment to the tourism industry has never been stronger than now. The Beattie government has promoted tourism on the national and international stage. We have identified industry sectors with growth potential and backed this with funding. The business events sector—that is, conventions, exhibitions, meetings and incentives—has grown dramatically in recent years and continues to chart rapid growth. The government has built and owns magnificent convention centres in Brisbane and Cairns and a third government owned facility is currently under

construction on the Gold Coast. This latest venture is a \$118 million investment by our government in Gold Coast tourism.

Business events were worth an estimated \$1.6 billion—that is \$1.6 billion—to Queensland last year. That is big business in anyone's language. More than one million delegates visited Queensland last year to participate in around 7,000 meetings or conferences and stayed for a total of 4.9 million days. This does not even include the days spent here on pre- and post-event touring. The average size of these 7,000-odd meetings was about 150 delegates and nearly 80 per cent of the delegate expenditure in Queensland was by people attending national and international events. What is really exciting is that delegate expenditure is increasing at an average rate of 17 per cent. Business delegate days have grown an average 13 per cent per annum over the four years to June, far exceeding the target of 6.2 per cent. It is estimated this growth has led to an increase of about 5,956 jobs in Queensland.

Special purpose funding of \$8 million over four years to the state's six convention bureaus expired on 30 June, but I am happy to report that our government's support has been extended for another four years. The Beattie government will allocate \$7.5 million over four years or almost \$1.9 million a year to the bureaus on the Gold and Sunshine Coasts, in Brisbane, the Whitsundays, Townsville and Cairns for marketing. This will take our total contribution to the bureaus to \$15.5 million over eight years. Proposed convention bureau funding for 2002-03 is as follows: Gold Coast, \$528,931; Brisbane, \$376,023; Sunshine Coast, \$366,659; tropical north Queensland, \$257,266; Townsville, \$176,269; and the Whitsundays, \$169,852.

**Mrs CROFT:** I refer to page 2-2 of the MPS at dot point 8 where the development of the National Visitor Safety Program is mentioned. What is this program, who is involved, and why was it necessary?

**Mrs ROSE:** Safety is an increasingly important deciding factor for international tourists, and maintaining Queensland's reputation as one of the world's safest destinations is something that I am passionate about. Visitor safety incidents can have significant direct and indirect impacts on the tourism industry. Tourist injuries or fatalities not only impact on enjoyment of the holiday experience but also make dramatic media stories that have the potential to damage Australia's reputation as a safe travel destination.

Queensland has led the way in the area of visitor safety with the National Visitor Safety Program. Tourism Queensland led a national working group on this issue, and I had the pleasure of launching this program at the Tourism Futures conference at Couran Cove in April. This national program addresses the full key areas of beach and water safety, which includes marine stingers, road safety, bush safety and outback safety.

The key short-term initiatives of the program are an in-transit safety tips for visitors video and an accompanying multilingual booklet. I have been extremely pleased with the support received from industry, with 17 international airlines to date that are willing to air our video on all incoming flights to Australia. The Queensland Bus Industry Council has also supported the screening of the video in Queensland coaches. Negotiations are also under way with other state and territory coach organisations, peak industry associations and Queensland Rail to have the video screened extensively through other mediums.

**The CHAIR:** The committee has resolved that the period of questioning in the area of Tourism will conclude at 4.17 p.m. The time now being 4.17 p.m., the committee will move to the area of Liquor Services. I call on the member for Maroochydore.

**Miss SIMPSON:** Minister, I refer you to page 1-16 of the Ministerial Portfolio Statements in regard to safe liquor industry practices, and I ask: is your government currently considering any legislative changes allowing for the sale of alcohol in supermarkets? If not, does the minister support the current proliferation of bottle shop outlets owned by the major supermarkets?

**Mrs ROSE:** On 1 July 2001 significant amendments were made to the Liquor Act 1992. Those amendments followed a lengthy review of the Liquor Act under the national competition policy principles. Extensive consultation was undertaken at that time. The amendments to the act resulted in the relaxation of the rules governing restaurants and other on-premise licences, lifting of barriers to market entry by removing premiums and allowances to clubs to enable them to better service the needs of their members.

However, perhaps a most significant review decision was to maintain the status quo in Queensland in relation to the takeaway liquor market. This was by far the most sensitive issue addressed, and my government was not convinced that the sale of liquor from supermarket shelves was in the public interest. The government accepted the review panel's recommendations



that the hotel specialist provider model of takeaway liquor service should be maintained in Queensland. It was considered that this model was appropriate to ensure that the potential harms caused through the sale of takeaway liquor were adequately managed. The government also accepted review panel argument that the economic and social impact of supermarkets entering the market, particularly in rural and regional areas of the state, would be damaging. The review report also indicated that Queensland consumers were not disadvantaged in terms of access to or the price of liquor relative to their interstate counterparts. As a result of the continuation of the status quo, Coles, through its Liquorland group, and Woolworths have entered the liquor industry through purchasing hotels and running detached bottle shops.

This government is not about restricting ownership of hotels, and if supermarket chains or any other interests wish to enter the industry in this fashion they are welcome to do so. However, what the legislation has maintained is a restriction to ensure that liquor is not treated like any other grocery item and that it remains off the supermarket shelves. Overall the decisions that were taken by my government represent an appropriate balance between regulatory restrictions and the public interest. The Liquor Act Amendment Bill, which commenced on 1 July 2001, has been generally welcomed by all sectors of the industry. The amendments will ensure that Queensland's liquor industry can continue to develop under the most contemporary liquor laws in the country but within a socially responsible context.

You have talked about the proliferation of bottle shops. If you will give me just a few seconds more I will tell you that of the hotels and bottle shops that are operated by Coles and Woolworths, Woolworths have 26 hotels and 40 associated detached bottle shops. Coles Liquorland has 17 hotels and 35 associated detached bottle shops. But when somebody applies for a licence they then go through an application process whereby public notices have to be made available. They also have to have the approval of the council—or rather no objections from council—and no objections from police.

**Miss SIMPSON:** Are you concerned, though, that by default there has been this fairly aggressive push by the supermarkets into this area and that there is quite a deal of concern that what the supermarkets are looking to do is put bottle shops right next to supermarkets and that essentially there is going to be a stronger promotion? There is a lot of community concern about that. It is happening by default though, is it not? On the one hand you are saying that it was blocked under the legislation, but by default the supermarkets really are aggressively moving into bottle shop ownership right next to the supermarkets in many cases.

**Mrs ROSE:** As I said before, we are not in the practice of preventing anybody, regardless of who they are, from obtaining a general licence or an application for a detached bottle shop as long as they comply with the guidelines that are set down by liquor licensing. I can ask Michael to run through some of those issues that we take into account. The chief executive officer of the department is the one who approves general licence applications and bottle shop applications. I will ask Michael to run through some of the detail of the criteria that they need to meet before they are approved.

**Mr TOLHURST:** As to the number of hotels in respect of both Coles and the Woolworths chain, what they have actually purchased are pre-existing hotels which had pre-existing detached bottle shops. So in respect to any further applications for new licences or, as a consequence, further detached bottle shops, they have to go through exactly the same application process as any other applicant. In those particular cases there is a requirement for public advertising. There is a requirement for notification to the local government authority and to seek advice from the Police Service in that area. So the processes they would have to go through to establish new detached bottle shops or new general licences are no different from any other person or group that wants to move into the marketplace of the liquor industry in Queensland. I think that the consistent thing is that the act has tried to maintain a level playing field for all players. If they want to compete in terms of packaged liquor, they are required to compete in exactly the same way. It does not matter where they have come from or what their background is.

**Miss SIMPSON:** Minister, I refer you to page 18 of the MPS. Under Future Developments it is noted that the service will continue the development and use of locally negotiated alcohol management plans in regional and metropolitan areas across the state to effectively address liquor related issues. Could you please advise where these plans have been developed and applied? How successful have the plans been, particularly in Mount Isa? How much funding has been allocated to the development and implementation of each plan? Will plans be developed as a matter of urgency for other places, particularly Cairns?

**Mrs ROSE:** I thank the member for the question, because this is a very important issue. Over the past 12 months the Liquor Licensing Division has taken action to overcome community concern over incidents arising from the operation of licensed premises or as a consequence of the behaviour of patrons coming from such venues. Most recently this has involved restrictions being applied at four Caxton Street venues and controls also being introduced into Mount Isa to assist in resolving liquor related community concerns. Such action is only taken after widespread consultation and negotiation with relevant parties including licensees, police, local residents, council representatives and business interests in the area.

Since the recent public announcement of the trial in Mount Isa of new liquor restrictions to address community concerns about alcohol related problems in the Mount Isa CBD, it has been suggested that this trial model could be used in other areas of the state. Both Cairns and Townsville have been suggested as likely additional locations. The member has mentioned particularly Cairns.

In Cairns, community concern has been raised over homeless indigenous persons under the influence of alcohol who have caused disruption in city streets and public parks. The director-general of my department and the executive director of Liquor Licensing have had discussions with DATSIP, Queensland police and the Cairns City Council. As part of the state government's response DATSIP has appointed project officers to develop strategies to address homelessness in Cairns, Townsville and Mount Isa.

Cairns has a population of approximately 124,000 people and has 237 licensed premises. These 237 licensed premises and the public spaces in Cairns where alcohol could possibly be consumed are more widely dispersed when compared with Mount Isa. Therefore, whilst the Mount Isa model could have some features that should assist in tackling public drunkenness in Cairns, we should work with all stakeholders such as the local authorities, police and DATSIP to ensure that an appropriate workable model is used in Cairns, because they are two very different situations, unfortunately.

The division has found, through the consultation process and through negotiation, that that approach is an effective method of clearly identifying all of the local community issues involving the operation of licensed premises and also gathering information on practical options to overcome concerns.

**Miss SIMPSON:** Minister, I refer you to page 17 of the Ministerial Portfolio Statements. It refers to new applications for licences and variations to existing licences. In relation to ongoing problems with noise between entertainment venues and residential developments in areas such as the Valley and the South Bank precinct, when will the government amend legislation to do more than just take into account these issues, such as first occupancy? When will you make first occupancy the defining legal consideration in investigating noise complaints?

**Mrs ROSE:** I thank the member for the question. Following recent media interest regarding noise complaints in Fortitude Valley the division has met with stakeholders, including representatives from QMUSIC and the Brisbane City Council, to discuss noise regulation procedures under the Liquor Act 1992. The purpose of these meetings was to identify key issues for consideration by the division in dealing with noise from licensed venues.

The agreed issues for further consideration are: the number of complaints necessary to substantiate the need for a noise investigation—an increase to three complaints from one complaint has been proposed; a possible increase in allowable noise levels for entertainment venues; possible simplification of noise measurement procedures; and the concept of a Fortitude Valley entertainment precinct. Broadly, the precinct would be a specific zone in the Valley where musical entertainment and associated activities are afforded special recognition, such as flexible noise regulations. Defining the special zone would be a function of the Brisbane City Council. Whilst the concept of a Fortitude Valley entertainment precinct has been raised, there are practical problems in implementing this system, both from the council viewpoint and from the viewpoint of ensuring effective compliance by the Liquor Licensing Division.

The discussions with stakeholders have been productive in reaching agreement on the issues for further consideration; however, all stakeholders have been advised by the Liquor Licensing Division that implementation of any resultant legislative change cannot be guaranteed during 2002. Stakeholders have also been informed that the division's approach will take into consideration statewide noise regulation and not only Fortitude Valley noise related issues.

My department is continuing the process of consultation with QMUSIC, the Brisbane City Council and other stakeholders before any recommended changes are proposed. Senior officers

from the division most recently met with QMUSIC and other industry representatives, including the Queensland Hotels Association and Clubs Queensland, on 12 July. At that meeting it was agreed to prepare a project plan to enable wider consultation to be carried out on existing noise regulation procedures under the Liquor Act 1992. A further meeting is scheduled within eight weeks to progress consideration of these issues.

First occupancy is an issue being examined as part of this review process. I am a strong supporter of the ongoing development and growth of the live music industry in Fortitude Valley and elsewhere throughout Queensland. I am actually meeting with QMUSIC representatives in the week after next and I will be discussing that with them.

**The CHAIR:** The time for questioning by non-government members has expired.

**Ms LIDDY CLARK:** Minister, I note from the Ministerial Portfolio Statements that the department is undertaking several initiatives aimed at minimising the effects of liquor among indigenous Queenslanders. What are these initiatives and how have they specifically targeted indigenous people?

**Mrs ROSE:** I thank the member for the question. The government provided funding to the Liquor Licensing Division of \$2.2 million over four years, commencing on 1 July 2000, to establish the liquor licensing office's indigenous communities program. The funding provided for the establishment of the following additional positions: a senior coordinator in Brisbane and licensing officers based in Cairns, two officers; Mount Isa, one officer; Townsville, one officer; and Rockhampton, one officer. The role of these staff is to provide for a more effective and culturally appropriate liquor licensing advisory, liaison and regulatory service to both remote and urban indigenous communities throughout the state to minimise the adverse impact of alcohol abuse.

The division has liaised with the Aboriginal and Torres Islander Advisory Board on how best to address urban indigenous issues and whether the location of some of the licensing officers employed under the program were appropriate to deal with those issues. Following the Cape York Justice Study and discussions with the advisory board, it has been decided that the Townsville position will be transferred to Cairns so that that officer could assist in the Cape York Justice Study recommendations roll-out and subsequent enforcement program.

The Liquor Licensing Division has also coordinated a radio campaign with the national indigenous radio service to run for 12 months, with a particular focus on the 2002 Australian Football League season. The national Aboriginal radio service has the exclusive broadcast rights for the AFL and broadcasts to 122 indigenous community radio stations across Australia, as well as another 120 mainstream non-indigenous community stations. It has extensive coverage throughout Cape York where Australian Rules is the most popular football code. The division had previously run the 'No more. It's the law' responsible service and consumption advertisements targeting indigenous communities in 1999-2000, using former Broncos star Steve Renouf.

In 2000-01 the division introduced a second component to the campaign focusing on raising awareness of the sly grog issue and promoting the 1800 sly grog hotline. The current radio campaign advertisements have been based on the 'No more. It's the law' theme and have a series of messages relating to the undesirable effects of excessive drinking at football games, the consequences for families and communities of binge drinking, the illegality and harm of sly grog, the availability of the sly grog hotline and its opportunities for anonymous reporting.

**Mr LAWLOR:** The MPS lists several stakeholder groups that the Liquor Licensing Division works with. Given the recent publicity over problems associated with licensed venues, can you give an example of how the division is working with the community to ensure the best possible outcomes?

**Mrs ROSE:** I thank the member for the question. The Liquor Licensing Division focuses on trying to produce appropriate results for each community. Situations can arise of problems between licensed premises and the local community. The Liquor Licensing Division works hard to ensure a settlement that is agreeable for both the licensee and the community.

A recent example of this was when concerns were raised by residents of the Caxton Street-Petrie Terrace area over the behaviour of people frequenting nearby licensed premises, particularly in the early morning hours. There are four licensed premises in the area that trade until 5 a.m. The approvals for 5 a.m. trading are subject to a six-monthly renewal process and have provided an effective opportunity to address the concerns being raised.

The Queensland Police Service advise that they had responded to 217 incidents in the Caxton Street area that had occurred between midnight and 7 a.m. in the first quarter to 31

March 2002. These incidents included a number of serious assaults. The Petrie Terrace Residents Action Group has been the principal complainant. Liquor Licensing Division officers met with residents between March and May 2002 to discuss concerns and possible action. Meetings were also held with representatives of the four late trading licensed premises.

As a result of the issues raised regarding the Caxton Street precinct, additional conditions have been applied to the liquor licences of the four premises. As one premise does not have footpath dining, 13 specific conditions have been negotiated for endorsement on that premise's liquor licence. For the remaining three premises, 17 conditions have been tailored to deal with concerns over patron behaviour and alcohol consumption in the early morning trading periods. The conditions also address concerns over patron behaviour on the footpath dining areas of these premises.

In addition to the conditions dealing with appropriate management practices and responsible service of alcohol procedures, these premises are now subject to a 3 a.m. lockout whereby people leaving a venue after that time will be prevented from re-entering the premises or any other venue in the area. This lockout arrangement has been in place voluntarily in other locations throughout the state for a number of years and it has contributed to removing patrons from the area more rapidly with a consequent reduction in noise and alcohol related street concerns. To further assist local residents, 5 a.m. closing was limited to Friday and Saturday trading periods from 1 July 2002. During other days of the week, Caxton Street premises close at either 2 a.m. or 3 a.m., depending on their licence type.

The extended trading hours restrictions and applicable management conditions will be in place until 30 September 2002, which is in line with the six-monthly renewal procedure under the Liquor Act 1992. This plan will need to outline procedures to deal with a range of alcohol related issues, such as ensuring the orderly dispersal of patrons, containment of noise, controls over maximum patron numbers and adherence to patrons' safety, and intoxication level requirements in the premises as well as on the footpath areas.

**Mrs CROFT:** I understand that the division undertakes harm minimisation programs. With the annual schoolies operations being a major undertaking for the Liquor Licensing Division, what were the results of last year's schoolies operations? What plans have been put in place for this year?

**Mrs ROSE:** I thank the member for the question. Schoolies operations will again be conducted in 2002. Planning has already commenced with major stakeholders, including the Gold Coast City Council, the Queensland Police Service and Break Free Travel, the major tourist operator for the event.

As in past years, information sessions will be held with licensees on the Gold Coast and individual visits will be made to licensees on the Sunshine Coast. Licensing officers will contact secondary schools on the Gold Coast and selected secondary schools in Brisbane and offer information sessions to year 12 students on responsibilities under the Liquor Act 1992, including offences and penalties. I am pleased that many school students last year were able to enjoy their traditional schoolies break in a safe and harm-free environment.

A meeting was convened in early November 2001 by officers of the Liquor Licensing Division with licensees, police, council representatives, security personnel and accommodation providers on the Gold Coast to discuss problems that had arisen in previous schoolies celebrations. On the Sunshine Coast, these issues were addressed with individual licensees and nominees. Licensee packages were delivered to bottle shop premises on the Gold Coast and the Sunshine Coast, which contained ID checking guides, confiscation reports, IDs and other material to assist licensees. The cooperation of venue operators and security staff during 2001 schoolies celebrations was again outstanding and those persons should be congratulated on their approach to this issue.

Compliance operations by the division were conducted during the schoolies period and focused mainly on the two key areas, being the Sunshine Coast and the Gold Coast. The 2001 operations detected a total of 183 under-age persons compared to 253 in 2001. One hundred and thirty-three were males and 50 were females. Most offenders received an on-the-spot fine of \$225. However, 14 persons detected who were aged 16 were referred to the Juvenile Aid Bureau. There were 99 from Queensland, compared to 100 in 2000; 71 from New South Wales, compared to 104 in 2000; and 13 from Victoria, compared to 43 in 2000. These offences were detected whilst carrying out 886 visits to licensed premises statewide compared to 890 in 2000.

Unlike schoolies 2000, fraudulently obtained duplicate drivers licences were not the concern during schoolies 2001. The main issue during 2001 was the number of adults who were detected supplying liquor to under-age persons. These persons, usually 18- or 19-year-old young adults, primarily were detected supplying liquor to minors outside bottle shops where they had legitimately purchased the liquor.

**The CHAIR:** Thank you. The time allocated for the consideration of the estimates for the portfolio of Tourism, Racing and Fair Trading has expired. I would like to thank you and your portfolio officers for their attendance here today. I would like to also remind you and your departmental officials that the transcript of this part of the hearing will be available on the Hansard Internet quick access web site within two hours from now.

I would also like to thank, on behalf of the deputy chair, Marc Rowell and the rest of the committee, the Hansard staff, the timekeepers and the parliamentary attendants in making sure that this hearing today went smoothly. That concludes the committee's consideration of the matters referred to it by parliament on 18 April 2002. I declare this public hearing closed.

**Mrs ROSE:** With your indulgence for half a minute, I would like to thank you, I would like to thank all members—government and non-government members—of the committee and I would sincerely like to thank all of my departmental staff and also my personal staff. I extend thanks to David Williams, the CEO of the department; to Stephen Gregg, the CEO of Tourism Queensland; to Matt Miller, the Fair Trading Commissioner; to Michael Tolhurst, the Executive Director of Liquor Licensing; to Bob Mason, Executive Director of Racing—to all of their teams who have done an absolutely outstanding job of making sure that I have all of my briefs—and also to Liz Dickens, who is the Manager of Corporate Development and Communication. I am not quite sure how she is going to sleep tonight without thinking about estimates briefs! I would like to sincerely thank all of my departmental team and my top guns, as I call them, for the fantastic job that they have done and also my personal staff—every single one of them—who have done an outstanding job over the past few weeks of getting all of my briefings together.

**The CHAIR:** Thank you.

The committee adjourned at 4.46 p.m.