



ESTIMATES COMMITTEE G

REPORT – 2002

1. INTRODUCTION

Estimates Committee G was appointed on 18 April 2002 to examine and report on the proposed expenditure set out in the Appropriation Bill 2002 for the organisational units within the portfolios of:

- the Minister for Primary Industries and Rural Communities; and
- the Minister for Tourism and Racing and Minister for Fair Trading.

The committee conducted a public hearing on Thursday, 18 July 2002 to take evidence from these Ministers and their respective officers.

For the purposes of examining the proposed expenditure for the organisational units allocated to it, the committee considered information obtained at the public hearing in conjunction with:

- budget papers and ministerial portfolio statements;
- written responses provided by ministers to questions on notice prior to the public hearing; and
- ministers' written answers to questions taken on notice at the public hearing.

Pursuant to leave granted by the committee, Ms Fiona Simpson MP, the member for Maroochydore and Mr Lawrence Springborg MP, the member for Southern Downs asked questions

at the committee's public hearing directed to the Minister for Tourism and Racing and Minister for Fair Trading.

The transcript of the committee's public hearing is available on the Hansard web page at:

<http://www.parliament.qld.gov.au>.

During the inquiry the committee examined a wide range of issues, including those which are listed in this report.

For details on these issues the committee directs readers to the volume of 'Additional information' accompanying this report. The additional information includes the ministers' answers to questions on notice asked before and during the public hearing, and the minutes of the committee's meetings.

2. DEPARTMENT OF PRIMARY INDUSTRIES AND RURAL COMMUNITIES

Introduction

The total appropriation for the Department of Primary Industries and Rural Communities for 2002-03 is \$258.415 million (2002: \$260.298 million).

The Ministerial Portfolio Summary for the Department provides the following output summary for 2002-03:

Output	Total Cost \$'000
Food and Fibre Science and Innovation	153,249
Market Access and Development	55,984
Rural Community Development	81,167
Fisheries	41,720
Policy Analysis and Industry Development	24,518

Source: State Budget 2002-03, Minister for Primary Industries and Rural Communities, Ministerial Portfolio Statements, 2002-03 Output Summary.

Issues considered by the committee

During the course of its inquiry the committee examined a range of issues, including:

- measures to address biosecurity risks, including Foot and Mouth Disease (FMD) preparedness
- continuation of the Red Imported Fire Ant eradication and control program
- funding for pest and disease eradication/control and biosecurity programs
- research into biopesticides and integrated pest management
- delivery of surveillance programs, including stock inspection services
- access to supported training under the FarmBis program
- the timber re-establishment and expansion program, and research and development in the timber plantation industry
- establishment of an Intensive Livestock Systems Unit
- projections for primary industries production in the food and fibre sectors
- research into the pharmaceutical potential of plant and animal products, and trade opportunities for Queensland nutraceutical and functional food industries
- technological developments in long range weather forecasting
- programs to support the Year of the Outback
- molecular diagnostic research in food and fibre industries
- establishment of the Queensland Biosecurity Council
- export market support and opportunities for Queensland beef
- the Northwatch early detection program
- measures to assist in rehabilitating the East Timorese agricultural sector
- fishery law compliance, including spanner crab quotas and licence fees
- issues relating to the Queensland Boating and Fisheries Patrol, including accommodation, and the purchase of a purpose built patrol vessel
- the Agaware program for young Queenslanders and the Women in Rural Industries Unit
- access to information through the Rural Lifestyles website and the DPI's call centre and libraries
- agriculture, forestry and fisheries projects for indigenous communities, including the establishment of the Cape York Fishing Company
- the rural futures strategy for South East Queensland
- issues relating to funding for the Drought Relief Assistance Scheme (DRAS)

- issues relating to the Queensland Rural Adjustment Authority (QRAA)
- concessional loans under the East Coast Trawl Fishery Restructure Assistance Scheme
- pest and disease eradication and control programs
- issues regarding out-sourced legal services, consultancies, departmental review/restructure and similar activities, and staffing and workplace health and safety matters
- issues concerning the aquaculture industry
- Bureau of Sugar Experiment Scheme (BSES) research funding
- the Moreton sugar cane crushing mill
- issues related to interstate certification assurance within the horticultural industry, including inspection charges and accreditation fees
- the RSPCA capital works program
- the Australian Sheep Industry Cooperative Research.

3. DEPARTMENT OF TOURISM, RACING AND FAIR TRADING

Introduction

The 2002-03 appropriation for the Department of Tourism, Racing and Fair Trading is \$85.316 million (2002: \$73.318 million).

The Ministerial Portfolio Summary for the Department provides the following output summary for 2002-03:

Output	Total Cost \$'000
Fair Trading Services	34,974
Liquor Industry Services	9,145
Racing Industry Services	7,321

Source: State Budget 2002-03, Minister for Tourism and Racing and Minister for Fair Trading, Ministerial Portfolio Statements, 2002-03 Output Summary.

Issues considered by the committee

During the course of its inquiry the committee examined a range of issues including:

- details of departmental payments for legal advice, and consultancies
- issues relating to the Queensland Thoroughbred Racing Board (QTRB) including corporate governance of the QTRB
- awareness training for industry control bodies regarding their statutory responsibilities
- current status of the Gympie Turf Club
- greyhound and harness racing code reviews
- costs associated with the post-privatisation of the TAB and funding to Queensland Racing from TAB Queensland Limited
- the Training Track Subsidy Scheme
- the deed of grant in trust racecourse policy
- the future ownership options for the Albion Park Raceway
- the Australian Country Racing Conference
- development of an Emergency Animal Disease Management Preparedness Plan for the racing industry and the role of the Racing Science Centre
- the Cross Border Betting Taskforce
- the transfer of the Willows Sporting Complex

- anti-marketeering laws and associated consumer protections, including the establishment of a Compliance and Investigations Unit
- security of credit card transactions in e-commerce
- regulation of debt collection agencies
- investigations of two-tiered property marketing schemes
- onerous mobile phone contracts and proposed national uniform or complementary legislation regarding unfair contractual provisions
- role and activities of the Consumer Safety Committee
- allegations of ‘dummy bidding’ at auctions and the auctions compliance monitoring program
- investigation and prosecution of fringe credit providers
- establishment of a Residential Services Accreditation Branch
- implementation of the accreditation scheme under the Residential Services (Accreditation) Act
- applications to the Property Agents and Motor Dealers Tribunal
- the maintenance of registered business names
- enforcement activities in relation to the sale of illegal publications, videos and video games
- funding for Tourism Queensland
- the ‘Make Time’ domestic tourism marketing campaign
- marketing and other assistance to support the establishment of Australian Airlines
- concessional loans to tourism operators
- response to address the impact of irukandji jellyfish on the tourism industry
- public liability insurance for tourism operators
- the Australian Tourism Exchange
- the Tourism Aviation Plan
- commitment to increase inbound tourism and legislative proposals for regulating the inbound tourism industry
- development of the National Visitor Safety Program
- the Backpacker Tourism Advisory Group
- Tourism Queensland’s submission on the Ten Year Plan for Tourism
- indigenous employment within the tourism industry
- funding for regional tourist organisations
- support to encourage the business events sector
- issues surrounding the ownership of liquor outlets by supermarket chains
- locally negotiated alcohol management plans
- noise regulation procedures
- initiatives aimed at minimising the adverse impact of alcohol abuse among indigenous communities including implementation of the Cape York plan

- the Liquor Licensing Division's schoolies week compliance operations, and enforcement and harm minimisation projects undertaken by the division.

4. RECOMMENDATION

The committee recommends that the proposed expenditures, as stated in the Appropriation Bill 2002, for the organisational units within the portfolios allocated to Estimates Committee G, be agreed to by the Legislative Assembly without amendment.

5. ACKNOWLEDGMENTS

The committee thanks the ministers and their departmental officers for their cooperation and assistance throughout the estimates process.

Tim Mulherin MP
Chair

25 July 2002

MEMBERSHIP

Mr Tim Mulherin MP, Chair
Mr Marc Rowell MP, Deputy Chair
Mr Lex Bell MP
Ms Liddy Clark MP
Mrs Peta-Kaye Croft MP
Mr Howard Hobbs MP
Mr Peter Lawlor MP

SECRETARIAT

Ms Meg Hoban, Research Director
Mr Zac Dadic, Research Officer
Ms Sandy Musch, Executive Assistant

RESERVATION STATEMENT

DEPARTMENT OF PRIMARY INDUSTRIES AND RURAL COMMUNITIES

The National Party Opposition holds reservations with a number of aspects of the 2002/2003 budget for the Department of Primary Industries.

Budgetary Position

There has been an overall budget increase for DPI of \$57.6 million for 2002/2003. However, this increase is largely driven by Rural Community and Development expenditure and specifically an increase in the moneys allocated to eradicating the Red Imported Fire Ant, the majority of which has been derived from the Commonwealth and other States. Accounting for inflation, there has been a decrease in real per capita expenditure for the Food and Fibre Sciences and Innovation and the Policy Analysis and Industry Development outputs. This latest cutback comes on top of the \$40 million cut that the Beattie Government made to DPI's research and development Institutes last year and the \$26.6 million cut to the DPI Budget in 1999/2000. The past growth in the economic contributions made by Primary Industries to Queensland is largely as a result of strong commodity prices and exports. The future of the Beattie Government to maintain its relative investment demonstrates a lack of commitment to consolidating gains made in the value of primary industries.

The continued withdrawal of DPI services and retreating from this commitment to the sector is viewed with concern.

EC Administration Costs

The 2002/2003 State Budget reveals that the Beattie Government is receiving as much money from administering the business support program under the Exceptional Circumstances (EC) Scheme as it is paying out in assistance, proof that the Beattie Government's contribution to the Exceptional Circumstances Scheme is negligible. During the Estimates Committee hearings it was

revealed that QRAA was paid \$1.3 million last year to process applications for assistance. However, the Ministerial Portfolio Statements also reveal that last year it only contributed \$1.2 million to the business support program under the EC Scheme and \$837,000 to other regional programs. The MPS also reveals that the State's funding for those regional programs will drop to just \$585,000 in the 2002/2003 budget period.

A proposal has been put forward by the Federal Government to reform the current EC scheme, maintaining its firm commitment, but seeking greater cooperation and responsibility from the State Government. Given the severity of drought conditions in Queensland, all farming groups have supported the proposed reforms. The Minister's refusal to support this proposal is irresponsible and indicative of the political posturing which has plagued the current scheme.

The Opposition does not support the Beattie Government's policy position on the EC scheme and views with concern the lack of financial commitment to drought and Exceptional Circumstances relief.

FarmBis

FarmBis and profits earned from loans provided by QRAA will now be used to pay for the farm training program after the Government withdrew its funding support. The intention of these loan schemes is to offer concessional or low interest loans to farmers for farm build-up, environmental and productivity improvements, but it is clear from the MPS that they are being used to raise money to pay for other schemes that the government should and has previously paid for itself.

This follows the Beattie Government's decision to alter the method by which interest rates are set, which has created a 1% margin between the interest rate at which QRAA borrows money from Treasury and the interest rate it charges farmers when it lends that money out. These loan schemes administered by the State Government

have failed and this is clear demonstration of the failure of this government's loans policy.

QRAA is clearly being used to prop up the government's bottom line and raise money to cover up its budget cuts to important programs like FarmBis.

Sugar Industry Crop Replanting and Establishment Scheme

The MPS refers to QRAA's implementation of the sugar industry crop replanting and establishment scheme that was launched in 2000 and provided only \$60,000 in loans to cane growers out of the \$10 million allocated by the State Government. In outlining the Government's \$20 million loan scheme in this year's State Budget, the Minister was unable to explain the reasoning for how this total figure was arrived at, indicating that "\$20 million is an indicative figure and if more people take up the loan more money will become available". There is approximately 100,000 hectares of land to be planted this year at an average cost of \$1,000 per hectare and a total cost of \$100 million. The Beattie Government has provided \$20 million in loans or just over \$3,076 for each of Queensland's 6,500 cane growers which is insufficient. Support will also be required for the application of fertiliser for returns of at least another \$100 million.

Given that the last scheme was poorly conceived and failed to assist growers, the Opposition has justifiable concerns over the eligibility criteria for this scheme and the ability of growers to access this funding. No long-term solutions have been provided for the sugar industry in the 2002/2003 budget that will ensure the future of all those rural communities dependent on this industry in Queensland.

The State Government has also established an interdepartmental working group to respond to the difficulties being experienced by the sugar industry and the Opposition will ensure that this committee reports to Parliament and we await its recommendations.

QRAA Fishing Loans

A \$10 million concessional loan scheme set up to help commercial fisherman remain viable after the introduction of the East Coast Trawl Management Plan has also proved to be ineffective. It was revealed prior to the Estimates Hearings that only two applications had been received, with loans of just \$57,164 approved under the Trawl Fishery Restructure Assistance Scheme. The Minister's comments in the Hearing that "there was a 100 per cent success rate" for this scheme is unfair to commercial fisherman who have been able to borrow only one-half of 1 % of the funding that the Beattie Government promised.

Black Sigatoka

Since the detection of the Red Imported Fire Ant in February 2001 the State Government has contributed approximately \$6 million in direct contributions to the eradication of this pest. An estimated 569 Full Time Equivalent Staff will be working specifically on the eradication of the fire ant. It has been revealed in mid season monitoring of selected sites that treatments have been only 80 % effective.

Black Sigatoka is close to being successfully cleared up, which is a tribute to the banana industry and its contribution of one-third of the total funding provided for the program. The State's contribution to the program ceased in mid-February 2002 and included approximately \$3.186 million in contributions (out of a total of \$12.7 million spanning the entire program) and an allocation of 70 departmental staff to deal with this outbreak over the course of the eradication campaign.

The funding and resources allocated to the eradication of Black Sigatoka in North Queensland was significantly less than the Beattie Government's contribution to the eradication of the Red Imported Fire Ant.

Conclusion

There were a number of issues raised during the Estimates Committee hearings for the DPI that were not appropriately clarified during the hearing and for that reason I cannot support the funding allocation as a whole. It is clear that the Minister, by decision of the Premier and Treasurer, has failed to provide any long-term solutions to the difficulties being experienced by the sugar industry in this budget. The use of QRAA's earnings to generate revenue to replace core budget allocations is a threat to the Government's future capacity to provide alternative financial support. Given the extraordinary burden being placed on the already under-funded department to provide services to primary industries in this State, I am not confident that the Government will be able to meet these existing challenges.

Marc Rowell MP

**Shadow Minister for Primary Industries
Shadow Minister for Northern Development
Member for Hinchinbrook**

25 July 2002

RESERVATION STATEMENT DEPARTMENT OF RACING

Acknowledging it is the Government's responsibility to apportion expenditure to programs within each portfolio, the National Party Opposition nevertheless holds reservations with aspects of the 2002/2003 budget for the Department of Racing.

Conduct of Estimates

The objective of the Estimates process is to allow Members of Parliament the opportunity to scrutinise the actions of Executive Government and the Public Service. I am of the opinion that the Minister for Racing hid behind this process, as she refused to answer legitimate questions, referred to in the MPS for 2002-2003. The selection process of the Queensland Thoroughbred Racing Board and other matters, as a consequence of the Minister's handling is currently the subject of a Crime and Misconduct Commission (CMC) inquiry. This has been a key issue within this portfolio and for the racing industry and as the Minister responsible, the Opposition had a legitimate right to scrutinise the decisions made with respect to the selection of the Board and these other matters.

If the estimates process is to work effectively and to its original intention, the relevant Minister and Department need to be prepared to respond to questions that relate to areas of the portfolio, rather than using the Standing Orders to hide behind.

Howard Hobbs MP

**Shadow Minister for Local Government and
Planning
Shadow Minister for Regional and Rural
Communities
Shadow Minister for Racing
Member for Warrego**

25 July 2002