

## ESTIMATES COMMITTEE F

Mrs J. M. Attwood (Chair)

Mr R. G. Hopper

Mrs L. D. Lavarch

Hon. K. R. Lingard

Mrs D. A. Reilly

Mr S. G. Rodgers

Dr D. J. H. Watson

### INNOVATION AND INFORMATION ECONOMY

#### IN ATTENDANCE

Hon. P. T. Lucas, Minister for Innovation and Information Economy

Mr S. Flavell, Director-General

Mr B. Klaassen, Executive Director, Corporate and Executive Services (Acting)

Mr A. Harris, Director, Policy and Strategic Coordination

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The committee commenced at 8.30 a.m.

**The CHAIR:** I declare this hearing of Estimates Committee F now open. On behalf of the committee, good morning, ladies and gentlemen, and welcome to the public hearing. Before we begin, I would like to introduce the committee. I am Julie Attwood, the member for Mount Ommaney and the chair of the committee. My fellow government committee members are Dianne Reilly, member for Mudgeeraba; Linda Lavarch, member for Kurwongbah; and Steve Rodgers, member for Burdekin. The non-government members are Kev Lingard, member for Beaudesert and deputy chair of the committee; David Watson, member for Moggill; and Ray Hopper, member for Darling Downs.

The committee will examine the proposed expenditure contained in the Appropriation Bill 2003 for the areas set out in the sessional orders. The organisational units will be examined in the following order: Energy, Innovation and Information Economy, Public Works and Housing, Families and Aboriginal and Torres Strait Islander Policy and Disability Services and Seniors. The committee will suspend proceedings for the following breaks: from 10.30 to 10.45 a.m. for morning tea, from 1.15 to 2 p.m. for lunch, and from 4 to 4.15 p.m. for afternoon tea.

I remind all those attending today that this hearing is 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, strangers—that is, the public—may be admitted to or excluded from the hearing at the pleasure of the committee. In relation to media coverage of today's hearing the committee has resolved that silent television film coverage will be allowed during the chair's opening statements and the opening statements of each minister. I ask that all mobile phones be switched off while in the chamber so as not to disturb the proceedings and that pagers be switched to silent mode.

The first item for consideration is the estimates of expenditure for the Innovation and Information Economy portfolio. The time allotted is two hours. I welcome the minister and his departmental officers. I remind the committee and the minister that the time limit for questions is one minute and that answers are to be no longer than three minutes. A single chime will sound to give a warning 15 seconds before the end of these time limits. A double chime will sound at the end of these time limits. An extension of time for answers may be given with the consent of the questioner.

The sessional orders require that at least half the time for questions at today's hearings is to be allotted to non-government members. For the benefit of Hansard, I ask departmental witnesses to identify themselves before they answer a question so that Hansard can record that information in the transcript.

I now declare the proposed expenditure for the Minister for Innovation and Information Economy open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, would you like to make an introductory statement?

**Mr LUCAS:** Thank you very much, Madam Chair. I thank you and your fellow committee members for the opportunity to be present today.

Just over two years ago I was sworn in as the minister for Australia's first portfolio of Innovation and Information Economy. In December last year I was delighted to take on the added task of minister with responsibility for energy. My portfolio is now playing a key role in shaping Queensland into the Smart State, providing the infrastructure and skills necessary to ensure that we lead Australia in the knowledge economy.

Under my portfolio emerging technologies, biotechnology, information technology and telecommunications are all being positioned to bring the benefits for all of us, from big industry to mums and dads and our next door neighbours. I am also working hard with our government owned corporations and the Office of Energy to make sure that our energy industry moves ahead and provides reliable, low-cost electricity to consumers which is diversified and sustainable into the future.

While my portfolio might seem high-tech at first glance, in reality it is ensuring that all of us have the tools to become better and smarter at what we do—from scientists conducting breakthrough research to farmers needing decent broadband speed to the elderly wanting to learn how to use email to a family wanting easy access to government services.

The biggest announcement to come out of my portfolio this year is undoubtedly the \$100 million Smart State budget package. This strategy will create new jobs and investment opportunities that will help keep Queensland at the forefront of science and technology innovation. It is also about investing in skills development for all Queenslanders, helping business through incubation strategies, forming strategic partnerships, developing existing industries, such as mining and sugar, and setting up a precinct for knowledge industries and community living.

Part of this strategy is an extra \$50 million to expand the successful Smart State Research Facilities Fund. To date we have funded 12 projects worth just over \$96 million. Projects have included the University of Southern Queensland's Centre of Excellence in Engineered Fibre Composites. Fibre composites have the potential to revolutionise the construction industry as the material is six times stronger than steel or concrete but only a fraction of the weight. Plus it is non-corrosive, non-magnetic, non-toxic and could be installed in much less time than other structures.

We will also be creating new research centres of excellence, for example the institute for ICT innovation out at Boggo Road, which will focus on e-health and e-security. On Monday the Premier and I announced the new \$800,000 Interactive Games Development Program, designed to further catapult games developers into the multi-billion dollar global industry.

In a nutshell, this new strategy is all about creating a sustainable Queensland economy that will benefit all sectors of the community. Speaking of which, our skilling programs are going full steam ahead to help community members get on board the knowledge economy train. We are providing the people of Queensland with opportunities to become skilled in computer and Internet use through programs such as the Community Skills Development Program and the ICT Skills Training and Role Models program.

CSDP has helped 95 organisations in communities of 10,000 or fewer with more than \$1 million since it started in 2000. Those benefiting from these projects have ranged from elderly grandfathers who have learned how to send emails to their family overseas to youth out at Richmond who have learned how to use a computer and build a web site. In addition, the i-STAR program has now provided more than \$630,000 in funding to 48 projects, with another round of recipients being announced today that will see a further 12 projects receive almost \$230,000.

These projects have benefited school students, particularly girls wanting to know more about information technology, through to young mothers wanting to get back into the work force but needing to get their computer skills up to speed. In the near future I will be opening applications for the Tech Survival Skills Program, which will continue the good work of the CSDP and i-STAR programs.

My portfolio has also provided older Queenslanders with a boost into the information age with \$80,000 to enable Queensland to run a connecting generation 3 strategy aimed at improving the ICT skills of Queenslanders aged 55 and over, which is becoming increasingly close for me, through self-sustaining computer clubs.

Ironically, some Queensland communities are being held back from setting forth into the knowledge economy because of a lack of basic communications in our regions. Thanks to the

federal government, some Queensland communities are still waiting for basic services such as adequate broadband speed and mobile phone coverage. But the Queensland government is sick of waiting for Canberra to fulfil its constitutional responsibility. So in a deal the Premier and I recently announced between the Queensland government, Telstra and Optus, we will achieve mobile phone coverage of black spots in rural and remote Queensland without costing Queensland taxpayers a cent. We are committing the state government's mobile phone business, worth \$18 million annually, to Optus and Telstra in exchange for the telcos undertaking to build up to 89 new mobile phone towers along Queensland highways. This deal will extend mobile coverage to communities such as Thargomindah, Dajarra, Mary Kathleen, Wujal Wujal and St Paul's on Moa Island in the Torres Strait, just to name a few. I have some remaining comments. I understand that my time has expired. I seek leave to have them incorporated.

Leave granted.

We had to step in and do a Federal Government job because the Commonwealth wasn't up to the task. It sold the first half of Telstra, got \$30 billion for it and didn't finish the job in terms of adequate telecommunications in the bush.

We've achieved a deal for up to 89 new towers—and we didn't have to sell off a public asset to do it.

In other areas of support ... we're giving our local businesses, especially our small to medium sized enterprises a helping hand through funding, support and good sound business advice from the Information Industries Bureau.

For example we have provided the e-Learning cluster with \$21,800 and officially launched the cluster's brand name e-Learn 153 at CeBit in Sydney. We provided \$50,000 and ongoing support to the e-Security cluster and \$10,000 to the Queensland Interactive Games Industry Cluster.

Our return on investment from these clusters has been impressive. For example our \$10,000 to the Queensland Interactive Games Industry Cluster has resulted in contracts with an estimated value of \$7 million—that is a 700:1 return on investment plus an extra 45 jobs.

I'm also pleased to tell you that our International Trade Show Assistance Program has now extended to the biotechnology sector, offering ICT and Biotech companies subsidies of up to \$5,000 to attend overseas tradeshows. Just last week I announced recipients from the latest round of funding and declared the next round open for applications.

But our commitment to smart industries doesn't end there.

Earlier this year the Premier announced that the Queensland Government's 10 year Bioindustries Strategy has leveraged investments worth more than \$540 million, with biotechnology proving to be one of the fastest growing sectors.

And just last month the Premier and I attended Bio2003 in Washington where we helped our biotechnology company's network and did some great deals for Queensland.

While there the Premier announced the opening of applications for the Smart Fellowships program and also announced the second BioStart recipient, Glykoz. Since then I have announced the third BioStart recipient ToxiTech from Townsville who I visited just last week.

And last week I also announced that the next round of funding for our Innovation Start-Up Scheme is open. To date ISUS has funded start-up companies with just over \$2 million.

Thanks to the program there are now 17 projects in the delivery phase and 19 are completed, for example, ToxiTech in Townsville has developed a world-first prototype test kit to identify paralytic shellfish poisoning toxins in water and seafood with the potential to save thousands of lives around the globe each year.

On the energy side of my portfolio there have been some exciting developments.

For example in February the \$500 million Townsville Power Station and Gas Delivery Project reached financial close enabling the project developers to proceed with the two year construction schedule to allow the commissioning of the power station by early 2005.

We also announced newly commissioned power stations at Millmerran, Tarong and Callide ensuring that the higher than expected load growth in Queensland was easily met and ensuring low electricity cost along with reliable supply.

As part and parcel of ensuring Queenslanders reliable electricity supply and lower prices, the Office of Energy and myself have contributed to market reforms through the National Electricity Market Ministers' Forum and Ministerial Council on Energy.

Queensland has traditionally had Australia's most efficient electricity sector and I will see that this reputation is continued well into the future by not supporting any recommendations made by the National Electricity Market Ministers that may be detrimental to our low prices and reliable supply.

This is just a snapshot of the great things being achieved through my portfolio of Innovation and Information Economy and the Office of Energy. I now welcome the opportunity to discuss with the Committee today the other results my agency has achieved as well as detailing my portfolio's future priorities.

**The CHAIR:** Thank you, Minister. The first round of questions is from the non-government members. I call the member for Moggill.

**Dr WATSON:** Minister, I refer to the reported widespread concern that chambers of commerce and their members have expressed regarding multiple payment by businesses of the

ambulance levy. I also refer to what I understand is the policy of Energex and Ergon to not cut off the supply of electricity until the amount outstanding is greater than \$50. If there is widespread evidence of non-payment of the \$22 per quarter electricity bill, will you direct Energex and Ergon to vary their \$50 grace amount and collect the debt before people reach the \$50 grace limit in the third quarter of this financial year?

**Mr LUCAS:** At the outset might I say that the policy in relation to the ambulance levy is something that is appropriately addressed to the Treasurer. The Office of State Revenue makes administrative decisions when it comes to the issue of the policies concerning the payment of ambulance levies and how they interact with electricity. The requirement is that the ambulance levy be paid first. That is not something I can comment on, because it is a matter for the Treasurer. Secondly, it is a matter that is existing policy.

I think suggestions that people will not pay their bills are a bit of a slight on our small business sector. I have found certainly in my experience, both professionally and now as a member of parliament, that the small business sector pays its bills. They are people who always pay their bills. They are more than happy to comply with the law. They are not people who are law-breakers. Frankly, I think to preface a question on the basis that people will refuse to pay bills is insulting to small business people. I do not think, frankly, it will happen.

**Dr WATSON:** I am asking you as one of the shareholding ministers and responsible for the actual conduct of Ergon and Energex. Under section 112(1) of the Community Ambulance Cover Bill, the commissioner for state revenue can direct the energy retailers to recover any amount of the levy outstanding. If the commissioner does not recognise the existing \$50 policy of Energex and Ergon, will you support the commissioner directing the companies to vary their policy immediately?

**Mr LUCAS:** Matters relating to the policy for collection are matters for the Treasurer.

**Dr WATSON:** Will you support that?

**Mr LUCAS:** Matters relating to the policy for collection are matters for the Treasurer. Ask the Treasurer.

**Dr WATSON:** I assume, then, from that answer that you will support whatever the commissioner for state revenue does?

**Mr LUCAS:** No, I will say it a third time. Matters relating to the policy for collection of the ambulance levy, its imposition, the nature in which it is imposed and exemptions are matters for the Treasurer.

**The CHAIR:** Please move on.

**Dr WATSON:** I will ask the next question, but I will finish with this one. If the commissioner does not so direct the companies to vary their policy, will you support the energy companies—in other words, will you support your energy companies—taking action in the first quarter of 2004, less than three months before the Premier says he wants the next election?

**Mr LUCAS:** The energy companies will comply with the requirements of the government in relation to the policy of the ambulance levy. That policy is set by the Treasurer.

**Dr WATSON:** This is a question of Energex and Ergon's policy of not pursuing debts until they get to a threshold of \$50. When people get to that threshold of \$50 in the first quarter of next year, will you support the energy companies carrying out their policy?

**Mr LUCAS:** I have said to you—I will repeat it again—that the energy companies will comply with the policies and the legislation, just like I imagine small business will and other consumers will. As I said to you before, you presuppose that small business people are people who do not obey the law. As I said to you before—I will repeat myself, given that you are keen to repeat yourself—it is my experience that small business owners are people who pay their bills and work hard and diligently.

**Dr WATSON:** I take it from that that you will support the energy companies doing what they want to do?

**Mr LUCAS:** I have already answered the question.

**Dr WATSON:** Let me move on to another question. I notice that in your answer to the question on notice with respect to cross-border leases you did not give any specifics. Consequently, I am going to ask a specific question. It is my understanding that both Powerlink and Ergon are discussing with the Queensland Treasury Corporation cross-border lease

transactions on the distribution and transmission assets for this financial year. I would like details of those transactions, including any expected net return to each of Powerlink and Ergon.

**Mr LUCAS:** First of all, if you want to ask a question about the Queensland Treasury Corporation you would ask the Treasurer. If you want to ask me about what discussions I have had or what I am aware of in relation to cross-border leasing, I would be more than happy to answer.

**Dr WATSON:** I will ask the question again. I understand that Powerlink and Ergon, both of which I understand fall within your portfolio, are undertaking discussions with Queensland Treasury and Queensland Treasury Corporation with respect to cross-border leases on their transmission and distribution assets. I would like details from the point of view of Ergon and Powerlink about what the expected returns are from those transactions.

**Mr LUCAS:** I am not aware of any cross-border leases currently under contemplation by any electricity GOCs. I will point out, however, that in 1996 and 1997 the Borbidge-Sheldon government, of which you were a part, undertook cross-border leasing in relation to both QR rolling stock and the Stanwell Power Station.

**Dr WATSON:** When you say you are not aware, I presume that also includes your policy unit not being aware of any such transactions.

**Mr LUCAS:** My director-general tells me that he is not aware, either.

**Dr WATSON:** I refer to December 2002 and, in particular, what I think industry are referring to as 'super Tuesday'—a day in which Energex is reported to have lost \$38.5 million on buying and retailing electricity and Ergon lost reportedly \$1.5 million with a net loss to the state of \$12 million. Can you confirm that this occurred? What action have you taken to ensure the same kind of phenomenon does not occur in the 2003-04 period?

**Mr LUCAS:** First of all, as you well know internal trading matters of GOCs are not matters that are subject to consideration by an estimates committee. Energy GOCs are government owned corporations and, with one exception, are Corporations Law companies with boards that are appointed to operate those businesses independently. However, I am happy to talk to you in general terms about the electricity market and the volatility involved in it.

Since Queensland joined the national electricity market, there has been a significant reduction in the wholesale price of electricity. However, when you are in a national market, there will be price fluctuations from time to time. There is also what is called price spikes, where the price of electricity can go as high as \$10,000 a megawatt hour. That is the limit. For the past few months, generally, on a daily basis, it has been between about \$16 a megawatt hour and \$25 a megawatt hour, with some exceptions.

What is happening at the present time is that it is a retailers' market. I would expect that our government owned corporation retailers will perform extremely well when it comes to their financial performance. At any time there are naturally times when generators do better than retailers when there are price spikes, and that is the nature of a competitive electricity market. What is important is the bottom line at the end of the financial year. I will get you Energex's figures in a second in terms of its expected performance at the end of the financial year.

Having said that, we do expect our government owned corporations, particularly the retailers, to adopt appropriate risk management strategies when it comes to their exposure to electricity price fluctuations. We expect them to appropriately manage their risk, but the difficulty is this: you cannot contract for all the load that an electricity retailer will have. There are a number of reasons why you cannot do that. First of all, you do not know what your load will be. If you contract for a certain load—a peak load, for example—that means you are paying for electricity that you would only use on a peak day and therefore it is not financially effective. In fact, it is quite foolish. Conversely, you do not want to be in a situation where you depend upon the spot price. Because while you might be doing very well on the spot price if you are looking at the last few months—

**The CHAIR:** Minister, your time has expired.

**Mr LUCAS:** Might I have an extension?

**Dr WATSON:** You can have an extension. Only one minute, though.

**Mr LUCAS:** At other times you do not do as well when the price peaks. Similarly, the generators will not want to contract an entire position of their generation to a retailer because they will have a unit outage and then they will have to buy the power from somewhere else. What we expect—and this is why we appoint boards to GOCs—from our government owned corporations,

Energex and Ergon, is for them to appropriately structure their risk portfolios to ensure that they are not exposed to undue price fluctuations, although that is essentially the nature of the market. At times when the price of electricity is very high, then generators tend to make a profit. To an extent, sometimes when the retailers are having a bad day the generators have a good day and vice versa.

**Dr WATSON:** I understand that. That is why I included in there my understanding that there was a net loss to the state in terms of extra money going to private power generators interstate—some \$12 million on that particular day. Is that not the case?

**Mr LUCAS:** Is that a question or a statement?

**Dr WATSON:** It is a question. Is that not the case? That was one of the reasons I raised the issue.

**Mr LUCAS:** The GOC sector this year, I think, will contribute about \$450 million in dividends to the Queensland budget. I could get you the exact expected figure if you like, but obviously it is a budgeted figure. There are times when you have a competitive market, which no doubt you strongly support, where retailers will do better than others. How would you possibly make a judgment about the performance of a retailer based on a particular day? That is a ridiculous method of assessing its performance. What you need to do is look at its performance over the year, because in a market of fluctuating prices, clearly there will be times when it advantages buyers and there will be times when it advantages sellers. So I do not think that is an appropriate assertion.

The appropriate issue is the extent to which they appropriately manage their risk. Energex has earned net profit after tax of approximately \$100 million for the past two years. It is a significant improvement on its previous performance and is reflective of a continuing positive trend. Its financial strength is evidenced by the fact that it has consistently maintained an investment grade stand-alone credit rating. The most recent public credit rating was AA by Fitch. Against this as well it has undertaken annual capital expenditure on its electricity network of approximately \$214 million in 2001-02, increasing to \$268 million in 2002-03, and it is forecasting to undertake \$258 million of capital expenditure on its electricity network in 2003-04. So that should give you an idea as to its relative financial performance.

**Dr WATSON:** I refer to the capital statement for 2003-04, where the budget allocation for Powerlink Queensland has a category titled 'other', which amounts to \$65,008,000 allocated to various statistical districts. First of all, I would like more information about what that \$65-odd million is comprised of. It is a rather large amount. Can I have a breakdown of that figure? In particular, could I have a breakdown by statistical divisions?

**Mr LUCAS:** Obviously, that is not something I can give you here, but I am happy to take that on notice. That is not a problem.

**Dr WATSON:** When you are doing that, can you also ensure that in the statistical divisions we know what the projects are. I do not expect minor works of a thousand dollars, but there must be some big chunks in that.

**Mr LUCAS:** Typically, Powerlink's projects tend to be pretty large ones. For the benefit of the record, I will go through a number of them but I will take on board your request. Remember also that there are various approval processes for Powerlink to undertake capital works. Therefore, it budgets for them in the anticipation that they will be approved, but there is a due process that has to be followed.

For example, under construction at the present time is the Blackwall to Greenbank to Belmont 275kV line. The member for Mudgeeraba would be pleased to note that the Maudsland to Molendinar 275kV line is currently under construction as well. That one is very important because the current load growth on the Gold Coast, which is enormous, needs to be satisfied by extra transmission capacity.

Other lines that are currently proposed include a Broadsound to Lilyvale 275kV line; a Millmerran to Middle Ridge 330kV line, about which I am more than happy to answer any questions if the member for Darling Downs, who lives up that way, would like to ask me some; a Kareeya to Innisfail replacement project; a Curzon Street to Tennyson substation 110kV line; a Maudsland to Molendinar deviation; a Blackwall to Greenbank 275kV line, Karalee deviation; a Belmont to Murarrie 275kV line; a Ross to Townsville gas turbine, including Yabulu south substation, part 132kV and part 275kV line, in which the member for Burdekin would be interested; a Ross to Townsville south 275kV and 132kV line; a Strathmore to Ross 275kV line; a

Nebo to Strathmore 275kV line; a Calvale to Larcom Creek 275kV line; a Larcom Creek to Gladstone 275kV line; a Springdale to Halys 500kV line; South Pine to Upper Kedron 110kV line, in which the member for Kurwongbah would be interested; and a Greenbank to Maudsland 275kV line.

That is some of the expenditure that Powerlink is undertaking at the present time. In relation to our transmission network, unlike Victoria, where power is essentially generated in the Latrobe Valley and it just goes up the road to Melbourne, Queensland has a very long and thin transmission network. We have not relied on overengineering in the past. We tend to build things when we need to rather than overcapitalising our network. For example, there is not a lot of power generated in north Queensland and transmission has to go all the way up to Innisfail.

**Dr WATSON:** While we are on the issue of capital expenditure and taking things on notice, maybe I will ask a couple of other quick questions before the time runs out. Can the minister advise the actual capital expenditure by Energex and Ergon in each statistical division for 2002-03, both expected and—

**Mr LUCAS:** Insofar as that is conveniently available, I will attempt to do that.

**Dr WATSON:** Then the same thing for the budget in 2003-04 by statistical divisions.

**Mr LUCAS:** Okay. I just want to say something about—

**Dr WATSON:** Can I ask one more question and if you want to take it—

**Mr LUCAS:** I want to take three minutes for each question you are asking. I think that is the way I am entitled to do it, is it not?

**Dr WATSON:** It is all part of the one question.

**Mr LUCAS:** No, we do not have multifaceted questions. We have questions and then we have the answers. You have asked me two questions. Can I have three minutes for two one-minute questions?

For starters, I just want to say this about capital expenditure. Our demand growth in Queensland is the highest in the national electricity market—about four to six per cent per year. That is compared to less than three per cent of the national electricity market. In fact, I am told this year for the first time Queensland's average demand exceeded Victoria's in summer electricity. Clearly, this is a growth state interestingly driven by two factors. One is continued economic growth—and we all know about that. The member for Kurwongbah, the member for Mudgeeraba and indeed the member for Beaudesert would be experiencing significant growth in their areas. The second factor is that increasingly people are buying airconditioners, and that is a major growth factor.

In relation to how our GOCs are responding to this, I have mentioned to you before the increase in Energex's capital expenditure. For example, Energex and Ergon will spend \$315 million and \$372 million respectively on network projects this financial year. This includes expenditure on line reinforcement, line extensions, new infrastructure and general projects. To give you an idea, I will tell you how big the Queensland grid is compared to other states. We are about six times the size of Victoria. Ergon has a number of times more single wire earth return lines as well.

**The CHAIR:** The time for non-government questions has expired. We move over to government questions.

The first question refers to the MPS where it mentions that a priority objective is to examine franchise tariff arrangements in the context of the competitive market environment. I understand that this is essentially the investigation of full retail contestability—FRC. Can you please tell me what the government's position on FRC is?

**Mr LUCAS:** I thank Madam Chair for that question. The member for Moggill and I met in a previous life when he was the Dean of the Faculty of Commerce and Economics at the University of Queensland and I was a student there.

**Dr WATSON:** When you used to accuse me of rampant executive power, if I remember.

**Mr LUCAS:** But it turned out that you were right on your view as to executive power.

**Dr WATSON:** Maturity does that to you.

**Mr LUCAS:** That is right—the benefit of maturity, hindsight and perspective. I do not claim to have any particular expertise simply because of studying in a part of that area, but I do not believe—just like when I was at university when we rejected mantras of extremes whether they be

the extreme left or the extreme right—that we ought to bow to the altar of competition just for the sake of it. What we need to do is to make sure that there is a genuine benefit for full retail contestability. We must consider the costs, benefits and goals and they must benefit the consumers and industry.

My department conducted an in-depth cost-benefit analysis of full retail competition in relation to the electricity industry. The simple matter of it is—and the member for Darling Downs would be interested in this, as would the member for Burdekin in particular—that in regional areas there would be enormous price rises. Let me give an example. An average electricity bill at the present time in Queensland is about \$740 a year. If we had full retail contestability, that would probably drop your bill by \$26 in south-east Queensland. What it would mean is that you would be paying \$2,400 in Cairns. Cairns is not the bush. In Townsville, it would be a little bit less than that because it is a little bit closer. What would happen—and it is an item of faith, the uniform tariff in Queensland—under rampant FRC would be that people in regional and rural Queensland would pay massively more. Indeed, people on the Darling Downs would pay more. That is not ever acceptable to this government—that we want to have a situation where people are discouraged from living regionally, particularly when it is in the interests of the state.

Furthermore, there was a very good article in the *Age* the other day—I will table it for the benefit of the committee—headed 'Electricity: the high cost of not making a choice' by Kenneth Davidson, one of their energy writers. It talks about what has actually happened—

**The CHAIR:** 15 seconds.

**Mr LUCAS:** What has actually happened in the national electricity market. The interesting thing is that Queensland's electricity prices, according to the Electricity Supply Association of Australia 2002-03, are the second lowest in the market. Can I have an extension, please?

**The CHAIR:** Yes, you can have an extension.

**Mr LUCAS:** So people in Cairns are paying the same amount as the people in Brisbane, but the people in Cairns are still paying the second lowest in the market; whereas the boffins who want FRC would have them paying \$2,400. We are not going to accept that. Indeed, Victoria is fifth at 12.21 cents a kilowatt hour; we are 10.12 cents. New South Wales is slightly less than ours at 9.22. As I indicated earlier, the point is that we have a very long and dispersed state. So prices are very good. In fact, since 1998 Queensland electricity prices have grown by 9.3 per cent, which is even less than the rate of CPI, which is 12.7.

Victoria and New South Wales started full retail contestability for the local person. four per cent of them in New South Wales have switched and nine per cent in Victoria—and it cost them \$150 million each. You would have been better off sending them a cheque and say, 'Look, here is your share of the \$150 million that would have otherwise cost us to gear up for FRC in the retail sector.' That is what I said to you. You have to apply an analysis to see whether these things are sensible.

We will review it again in 2004, as we are required to do. South Australia just embraced FRC, causing a 24.7 per cent increase in tariffs. I bet you the people in the local communities were absolutely thrilled about that! That is what FRC brought them.

The real economic benefits of the national electricity market are in the wholesale market. We have seen prices fall from \$60 a megawatt hour in Queensland in 1998 to \$37 in 2002-03. The price now averages \$23 a megawatt hour. This is low-cost power for Queensland businesses. It also means that the community service obligation is less. Therefore, that means that there is more money liberated from the budget to pay for schools, hospitals, police and nurses. As I said, we are required to conduct a further analysis of FRC.

**The CHAIR:** One more minute please, Minister, on that question. How much more time do you want?

**Mr LUCAS:** I will just finishing on this by showing a nice graph and I will provide a copy of this to the committee. This is what would happen under cost reflective pricing to people in Queensland, the bar being what the uniform tariff would be. As you can see there, south-west Queensland, remote; Mackay, remote; north-west Queensland, remote; far-north Queensland, coastal, far-north Queensland, remote; and the state average would go up to \$1,500. That is not acceptable to us.

**Mrs LAVARCH:** Minister, in earlier answers this morning you have already touched on energy market reform. This is certainly a most topical issue. I note that it has been identified as a key priority in the MPS. Could you please explain what Queensland's role has been in this area?

**Mr LUCAS:** I am pleased to say that Queensland has played a key role. The national electricity market is something that has been very important to the provision of cheaper and more reliable power. Incidentally, there are two interconnects between Queensland and New South Wales. One is the Queensland-New South Wales interconnect, which was described as Westlink—and we might have a bit of a discussion about Eastlink and Westlink if you want to talk about the blowing of capital money—and the other is the market network service provider link on the Gold Coast owned by Transenergie, Directlink.

What that has meant is that when Queensland is short of electricity, it can come up from New South Wales and, similarly, the other way. These days, the flow tends to be very much from Queensland to New South Wales. Of course, that means that prices tend to be more averaged in both places. There is less volatility. We talked about the issue of volatility before.

Since the national electricity market, as I have said our electricity prices have fallen \$60 a megawatt hour to \$37 in 2002-03. It is now averaging around \$23 this calendar year. The Parer report last year was as a result of a request from the Council of Australian Governments for a review of the energy markets. It had a very extensive look at the energy markets. Some of things that Parer concluded were correct and some of them were not. The other day, I was at a seminar and an observation was made about FRC. I am sorry to go on about FRC, but it matters to people. They said, 'It is an equity issue. Why should people who are wealthy get the benefit of a uniform tariff and not have to pay for price signals?' When the temperature goes up high they have all the air conditioners and the pool filters and that sort of stuff. That might be the fine, but who do you think are the people with the airconditioners who are going have to turn them off if you are having price reflective signals if you charge people more when there is a demand spike? It will be the pensioners, because, unlike the poor Lucas's who are well paid, they will not be able to pay more for that price spike. That is the nasty, dirty end of FRC as well that affects people, whether they be country or local.

We are very interested in the national electricity market because, frankly, we are the state with the load growth. Suggestions or implications from some people in the Commonwealth that we are not interested in it is quite bizarre. Since the national electricity market, of the \$5 billion investment nationally in new generation, \$3 billion has happened in Queensland. Some 70 per cent of it has been private sector. Queensland has had \$1 billion of the \$3 billion invested in transmission assets since 1998. Powerlink spends \$160 million per annum—40 per cent of the capital expenditure—on transmission in the national electricity market. Might I have an extension, Madam Chair?

**The CHAIR:** Yes.

**Mr LUCAS:** I have another graph to show you of the nature of the convergence in electricity prices since the national electricity market. You can see the various states out there and how close they are. The only real one that is a problem at the moment is South Australia because of a lack of an interconnection capacity, I might add. One of the issues in relation to the national electricity issues at the moment that we are not going to support is the abolition of the 13 per cent gas policy in Queensland. That is a very good environmental policy and an industry development policy. We might have a discussion about that later, because I know that the member for Burdekin is very keenly interested in industry development in north Queensland—and so he would be; you would expect him to be. That has played a key role not only in environmental issues but also in economic development in Queensland. We are not going to allow transmission responsibility to be transferred to some central body. Most of our transmission in Queensland is internal transmission. The issues that we have had in the past with that being approved has not been in relation to inability of government; it has been in relation to convoluted processes. There are some people in the national electricity market who think that you should plan transmission capacity on the basis that you should let the power go out, because that is a price signal. I do not think that is the kind of price signal that small business or consumers like. The way that they say there should be a price signal is, 'Well, if the power goes out, there has to be load shedding. If you want to pay more, we won't turn your power off, but those people who pay less get it turned off.' That is not the real world. We are not going to cop people from elsewhere telling us what to do with transmission internally to the state when it is of critical importance to us. What we say is that there are key priorities in relation to transmission.

**The CHAIR:** 15 seconds.

**Mr LUCAS:** There are key policies in relation to transmission arrangements. There needs to be more transparency when it comes to regulatory arrangements. The ministers need to have a policy oversight.

**Mr RODGERS:** Minister, I refer to your response to a question on the energy market reform. I believe that there was a ministerial council meeting recently, which had some significant outcomes. Could you please explain those?

**Mr LUCAS:** Yes, I am happy to explain those. It really does follow on well to the earlier points that I was making. At last month's meeting, the MCE agreed to a single national electricity energy regulator. Some people think that the ACCC should be the regulator. That is not the position of the Queensland government. The ACCC is a generic regulator. Indeed, I do not think in a number of areas in the past it has shown an adequate understanding of the importance of the energy industry. Some people say, 'Well, you don't want to have a specific regulator because of regulatory capture.' Can I say that the United Kingdom, who in a large part the Australian regulatory model is based upon, has an energy regulator, and the United States has an energy regulator, the Federal Energy Regulatory Commission. There is nothing funny or new in relation to specialist electricity or energy regulators. Queensland's position is that that is an important issue to streamline and improve the quality of regulation across energy markets.

The new regulator will have sector specific functions, as I said, and that will oversee transmission and enforcing wholesaling market rules. The ACCC will have its traditional role in relation to competition, as it has generally in relation to all corporations in Australia. There will be an Australian energy market commission responsible for consulting and approving real change. We support cooperative processes between the Commonwealth and the states and the territories to develop solutions. The challenge now is for governments to put the flesh on the bones. We strongly believe that input by industry will be crucial to the continued development of the model.

I want to be quite positive and say that I was delighted, and many people were surprised, that the Commonwealth and the states could get a fair degree of agreement when it came to the model. It is very important for the interests of the country and it is critical in the state interests. As I said before, we have load growth and we have economic growth. No-one should underestimate the importance that the Queensland government places on the reliability of the electricity investment.

I want to finish on this part when it comes to Commonwealth takeovers of regulation. Let us have a bit of a look at what the Commonwealth has done when it has taken over regulation in the past. You have the crowd that gave us HIH when it comes to insurance regulation. They did a great job there! They are the sole regulator there—the states do not get a look in. When it comes to telecommunications, we have One.Tel and essentially a near monopoly in Telstra. That is what you get from that sort of regulation. In aviation you had the Ansett mess. I do not think there is a lot that we can learn from the federal government when it comes to regulation of large corporations other than what not to do.

**Mrs REILLY:** You have covered energy market reform fairly broadly and also the relationship between the states and the Commonwealth. Are there any further reform issues that the Queensland government might be focusing its attention on in the near future?

**Mr LUCAS:** The honourable member would be very interested in transmission issues; as I indicated earlier, the Gold Coast is an area with a significant load increase. Powerlink is currently building the Maudsland to Molendinar power transmission line, which will significantly assist with powerline reliability and catering for demand growth on the Gold Coast. The one area that the MCE was not able to deal with at its last meeting was the issue of transmission. The reason it was not able to deal with that was that we were trying to get the national energy regulator model right. At our next meeting, which will be on 1 August, off the top of my head, we will be discussing transmission. Again, there is a fair bit of unanimity in terms of what is needed in relation to transmission.

The current arrangements for transmission are quite bizarre. We have two sorts of transmission providers in Australia—TNSPs and MNSPs. You will ask what they are and I will tell you what they are. A TNSP is a transmission network service provider. That is a regulated provider. In Queensland it would be Powerlink and in New South Wales it would be TransGrid. Those providers earn a regulated return for essentially monopoly assets.

There is also another smaller sort called an MNSP, a market network service provider. An example would be DirectLink, from New South Wales to Queensland through the Gold Coast. They rely on divergences in prices to turn on their switch. They will turn on their line when there is a difference in price between Queensland and New South Wales so that they can charge people a premium to send power over the line and take advantage of arbitrage. You would have learnt that at university.

**Dr WATSON:** The stock market works the same way.

**Mr LUCAS:** Yes, that is right. One of the real problems is that it is in the interests of the sector not to have divergences in prices between regions, but that is how market network service providers make their money. You might seek approval for regulated transmission, but it is in the interests of market network service providers to oppose it, because they want to have a separation in prices between different areas caused by a lack of transmission. Further, the current regulatory test does not really allow you to take into account price reductions from increasing generator competition when you have more transmission. That is ludicrous. The chief test at the present time is reliability. Reliability is important, too. But if transmission can actually make prices more competitive, that is good, not bad.

I will show you the Queensland electricity grid. I mentioned that we have invested a billion dollars since 1998. I will again provide you with a copy of it. We all know that the distance between Brisbane and Cairns is greater than the distance between Brisbane and Melbourne—only just, but it is still significant. We have to cover that with one transmission network. It is very important that we keep control of the 80 per cent of within-state transmission investment.

We want to have a coordinated national transmission plan and a process that supports interconnector development. Interconnection is a real issue. Under that process we would publish national transmission planning information, detail major national transmission flow paths and existing and future constraints and options to remove those constraints. If there is no market response to the requirements, the last-resort transmission plan would be a report to ministers for a please explain. If the reason is a problem of policy, there would be a call for ministers to change that. If other, then a transmission entity is not doing its job. If the interconnection investment passes a regulatory test, tenders would be called in the general sector to build that project.

This is very important to us. We do not want interconnector disasters like those in New South Wales and South Australia, which led to a delay in terms of the SNI, as it was called. That delay led to an average 25 per cent increase in prices and is currently being fought out in the courts. I said before that the inclination of people is to oppose those sorts of things because it is in their economic interests to oppose it. How is that in the interests of the country? We will very much be pursuing that agenda on the national stage.

**The CHAIR:** I note that the Commonwealth government is currently reviewing its mandatory renewable energy target, the MRET, and I have also noted recent support for clean coal technology. Each of these has a reduction of greenhouse gas emissions from the energy industry as a goal. It seems to me that greenhouse policy is a bit all over the place. I notice that page 2 of your MPS recognises sustainable energy as a key priority in 2003-04. What is your position on this important issue?

**Mr LUCAS:** Firstly, can I say that sustainable energy is very important both to Queensland and Australia. We need to very seriously address environmental issues when it comes to electricity generation and to encourage green energy as far as we can. The Parer review recommended that the Commonwealth scheme—the Mandatory Renewable Energy Target scheme—be discontinued. We disagree with it in that regard, because people in good faith—wind generators, co-generators and bagasse generators—have invested in clean energy projects. To abolish that would then send the wrong signal. You cannot confuse people when it comes to that market.

The Queensland government has said that we agree with Parer in the regard that emissions trading generally should be considered. I will talk about that also; you cannot just talk about the two per cent of MRET and ignore the 98 per cent of everything else. Some people seem to be focused just on MRET. As I said, we want to take a sensible approach. We think an MRET is important, but we think also that the remaining 98 per cent is important. We will be supporting a change from the current MRET situation of 9,500 gigawatt hour renewables by 2010 to what we call a real two per cent target of 14,400. But there must be a national approach and the energy sector is not the only sector that should be dealing with the matter.

To that extent, can I compliment the Queensland government and the Commonwealth government on the historic agreement to end wholesale tree clearing in Queensland, at a cost of some \$150 million. This makes good environmental sense for Queensland. But in terms of salination and those issues, it would also reduce greenhouse emissions by 20 to 25 million tonnes by 2010, which is three to four times the reduction under the MRET scheme. That is very important.

Let us talk about some of the other things that we think are important. Parer wants to abolish schemes such as the 13 per cent gas scheme. Importantly, the greenhouse performance of gas is very good. Together with the Townsville Power Station conversion from jet A1 to gas the 13 per cent scheme will save a million tonnes of CO<sub>2</sub> emissions over the first year and 20 million tonnes over its 15-year life. It also now means that there is gas to north Queensland. A pipeline is being built by Enertrade from Moranbah to Townsville. We were the first state in Australia to bring in a solar hot water rebate. Some 38 per cent of household hot water is solar. That is very important. We have 37 per cent of clean energy users in Queensland—25,000 customers. That is still only two per cent of the market. We have to do more. But we need to focus on clean coal as well. If I had more time, I would tell you about that.

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

**Dr WATSON:** I refer to page 3 of the June 2002 annual report of Stanwell Corporation, where it was stated that preliminary work commenced on the supply of services to the Stanwell Magnesium Project following a commitment from the Australian Magnesium Corporation Pty Ltd, AMC, to construct the project. I refer also to this year's capital statement, which shows that \$67,792,000 is budgeted to be spent on Stanwell Power Station works, including modifications for AMC, and I ask: how much was spent on the power station in 2002-03 for AMC, how much has been budgeted to be spent in 2003-04 and how much has been spent so far?

**Mr LUCAS:** Some of those exact details I may have to provide you with later, but can I say this: Stanwell entered into a range of commercial arrangements with AMC. They include a cost overrun facility for \$70 million, a working capital facility of \$8 million, an energy supply agreement and a water supply agreement. The details of the facilities are set out in the AMC prospectus. With the exception of the \$8 million working capital facility, which has been repaid, the remaining agreements were in operation. There may have been a slight change more recently.

The \$70 million overrun facility was intended to be a facility of last resort in the funding of project construction costs. The facility cannot be drawn on by AMC until it has fully drawn on its bank and equity funding, and this has not occurred. I will have my director-general confirm this, but it is my understanding that there is no exposure on Stanwell's part whatsoever in relation to AMC. Any work that it has undertaken has been either paid for or secured by appropriate guarantees. I am told that is correct.

**Dr WATSON:** My question was—

**Mr LUCAS:** I have not finished yet. I wanted to talk about coal generation, given that Stanwell is a coal generator. Stanwell generates power with coal. Coal underpins Queensland's economy. We exported 125 million tonnes of coal last year. Some 38 per cent of Queensland's export revenues were earned by coal, with \$561 million in royalties alone, putting aside all of the other money invested in regional Queensland from the coal industry. At least 80 per cent of our electricity in Queensland is generated by coal. The characteristics of Queensland coal are that it is cheap, it is low in ash, low in sulfur and high in calorific content. In terms of coal, it is pretty good stuff, particularly when you have a look at the greenhouse emission performance, say, of brown coal from a typical station such as Loy Yang—1,100 kilograms per megawatt hour. Millmerran uses black coal and its emissions are 780 kilograms per megawatt hour. Swanbank E, which uses closed-cycle gas, has emissions of less than 400.

We still have a long way to go in comparison to gas. In the past 40 years, thermal efficiency has improved from 28 per cent to 30 per cent, with Callide A and Swanbank A in the 1960s, to 38 per cent to 39 per cent for recent plants such as Millmerran and Tarong North. Thermal efficiency is improving all the time for the super-critical plants. Greenhouse emissions have fallen from about 1,000 to 1,200 kilograms per megawatt hour to around 800, the recent coal thermal efficiency equivalent of the old open-cycle gas. Those figures for Millmerran are approaching what you would have got from open-cycle gas in the old days, currently even; there is still open-cycle gas being generated in Australia.

We are certainly improving that. Last month, Australia signed the first international charter for the US carbon sequestration leadership forum. An officer of my department attended that very important forum. We have a lot of R&D happening in Queensland, with the Centre for Advanced Technologies, the CRC for Coal and Sustainable Development, CSIRO and the CRC for Greenhouse Gas Technologies. We are very much focused on the importance of that to the future of Queensland. Coal has a critical role. Therefore, we need to focus on clean coal technologies and continuing to improve the performance, not only for our own electricity industry but also in the interests of our export market.

That is important. I have had some very productive discussions with the Chief Scientist, Dr Batterham, from the Commonwealth. We are keen to work very closely with the Commonwealth. To be quite frank, if the Commonwealth is going to invest in clean coal, why would you not invest in clean black coal instead of clean brown coal? There is no export market for clean brown coal. They do not export it. That is going to be our focus. In the next 30 years or so, as people say, we will probably migrate to a hydrogen economy. That may very well be based on fuel cells in people's homes fired by natural gas.

**Dr WATSON:** Has Stanwell made any specific capital commitments such as for the forward purchase of transformers in preparing for AMC? If so, are any of those contracts still running?

**Mr LUCAS:** I will seek information on that. But as I said to you before, their position is fully secured. It is my understanding that there is no exposure on Stanwell's part to AMC.

**Dr WATSON:** If there are specific capital commitments, do they now have excess capacity given that AMC seems to be having some difficulty?

**Mr LUCAS:** The only way that you get excess capacity is if you build another generator. They have not built any more generators. A transformer does not give you capacity. A transformer only transforms power that is otherwise generated. There has been no addition to generating capacity from Stanwell on that basis. Queensland is a market where competitive price energy is critical to people and we are seen as a place where people internationally are very keen to come to work and locate industries. Let us look at the reasons why that is the case.

We have a government that is very keen to work with business. I will be frank about this: it is governments of either persuasion. There is little or no regulatory risk in Queensland. There is no sovereign risk. We are not going to knock people's property off them. That is a key attractant. We have a very skilled work force which is, in comparative terms, significantly less expensive than many other parts of the world. I think Queensland energy prices are about the third lowest in the world and it is generated on a very clean basis.

I said to you before that the prices of electricity in the wholesale market are quite low at the moment. That is a reflection of the fact that there is excess supply at the moment. The nature of power generation projects is that it is a sawtooth price path generally, because you build baseload power stations when there is an appropriate price signal for you to do that and that is when the price goes up a certain amount. As soon as that baseload comes on, of course that is a big whack to go straight on to the market and we go around the price path again. At the present time Millmerran has just come on recently as well as Tarong North, so prices are fairly low. My understanding of it, in summary, is to say that there is no exposure on Stanwell's part to any costs as a result of the AMC project. But I will seek any further information in relation to capital equipment.

**Dr WATSON:** Thank you. I refer to Stanwell's debt equity ratio which, when you compare it with CS Energy and Tarong, is very low. I also refer to suggestions the Treasurer made with respect to the special dividends from Energex and Ergon, and that was appropriate because of the gearing of Energex. Has Stanwell been approached by the government or, given that it appears it was spontaneous combustion with respect to Energex, is Stanwell itself considering repaying any equity to the government to get its gearing ratio similar to the other corporations?

**Mr LUCAS:** No. The answer is no, but we might have a bit of a talk about it because you guys seem to like to have a discussion about dividends and things like that. When the electricity industry went through its restructure in 1997-98—and I can remember it because it was one of the first budgets where I sat in here in parliament when Joan Sheldon was Treasurer—your government that you were a minister in took out \$850 million in equity from the electricity sector through capital restructuring—\$850 million. The then coalition Treasurer Sheldon said in her budget speech—

This continues a policy I initiated last year of obtaining better value for more effective and active management of the state's assets.

So, no, we are not going to be following your lead in the 1997-98 budget and be approaching Stanwell to take any money from them in relation to their debt equity situation.

**Dr WATSON:** I have a technical question. I refer to that \$70 million cost overrun facility and a commitment given to AMC which we now know, given what has happened to AMC, is not going to be called upon. But it was of course specified in the AMC prospectus last year filed with the ASIC. Why didn't Stanwell include the commitment in contingent liabilities in note 25 of the financial statements in its 2002 annual report?

**Mr LUCAS:** I will have to take that on notice.

**Dr WATSON:** I did not expect you to actually answer that one.

**Mr LUCAS:** No.

**Dr WATSON:** I think it was interesting to ask the question.

**Mr LUCAS:** I suppose these are things that you wile away when you are a professor of commerce.

**Dr WATSON:** Without wasting too much time, it is an interest of mine at the moment.

**Mr LUCAS:** You are interested in footnotes. I hope that you are not thinking of consigning yourself to being a footnote rather than someone involved.

**Dr WATSON:** Oh, well. You never know what might lay in the future! I refer to the land which I understand Enertrade holds now which was the disused Tennyson power station land. I recall that the coalition government retained Connell Wagner to advise on the usage of that land, which I understand they did give a report on. I also understand that this is one of a number of projects that the government wanted resolved four years ago. About 18 months ago I understand a further consultant's report was obtained by Enertrade. Did that report recommend disposing of the land? Given the relatively poor financial position of Enertrade, why is the land still being retained?

**Mr LUCAS:** As you are aware, Enertrade was set up for the purpose of managing a number of power purchase agreements and a number of assets chiefly no longer of use to the state such as the Howard Power Station outside Maryborough. I am told that Enertrade still is in possession of the site at Tennyson. I cannot comment on the report that you refer to because I have not seen it. There are a number of site issues that I am told are still being addressed, but I would expect that upon those being resolved Enertrade would dispose of it.

**Dr WATSON:** I refer to the Carpentaria Minerals Province and CS Energy's supply of electricity for that area. It basically comes out of Mica Creek. I understand that the price of power at the power station at Mica Creek is some 20 per cent higher than the competitive market price and this leads to mines such as the Western Metals gunpowder mine having exorbitantly high power costs and thus in competitive terms for minerals puts that mine at risk of closure with its consequent loss of jobs. Can you explain to me what CS Energy is doing to ensure that their power is competitive into that area?

**Mr LUCAS:** The first thing I will say is that the purpose of estimates committees is to examine the public account, and the public account is referred to in the appropriation bills that are before the committee and will form part of your report to the parliament. I preface it by saying that and therefore commercial prices that the generators negotiate with power providers is a matter for commercial negotiation between them. Can I make these observations about the Mica Creek power station: first of all, the Mount Isa area is not connected to the national grid and is therefore not part of the national electricity market. It is also reasonable to expect that, because of the nature of it, it would be more expensive to generate power there.

Also, it is important to note that there is load growth happening in Mount Isa, and indeed that is an issue that CS will have to address in the future when it comes to that. I have not been approached by anyone in the north-west minerals province in relation to energy prices that they are paid. That is, I suppose, in a sense not surprising because I do not negotiate them. We expect the GOCs to negotiate them, and indeed they operate in a competitive environment. I do not want to start knocking their heads together, but I am told that the prices for power in Mount Isa from Mica Creek have gone down significantly with the conversion of the station to gas generation. Of course, as you know, the state government facilitated the gas pipeline into Mount Isa. I will refer the issue that you raised on to CS Energy for their consideration.

**Dr WATSON:** Thanks very much. I have another specific question which I did not get to previously. What is the total number of substations and length of transmission network within the Brisbane and Moreton statistical divisions reported separately as of the end of last financial year?

**Mr LUCAS:** Would it surprise you if I gave you an answer?

**Dr WATSON:** I would be delighted if you gave me the answer.

**Mr LUCAS:** I do not know it immediately, so—

**Dr WATSON:** It was the third question I was hoping to get to previously.

**Mr LUCAS:** Clearly, that is a matter which refers to capital expenditure. I will take that on notice and within the bounds of what is reasonably available I will let you know that. I will just give

you some statistical information about our energy distribution and transmission network. I spoke about the Queensland and New South Wales interconnector before. That is a 950 megawatt link south and 750 north. Directlink is the unregulated link and is 180 megawatt both ways. The distribution network is just amazing. The system is 176,000 kilometres in wires. Energex has 41,000 kilometres and Ergon has 135,000 kilometres of which 60,000 kilometres is single wire earth return. There are 1.47 million power poles. Energex has 570,000 and Ergon 900,000. That is almost one power pole for every two and a half people in Queensland. That is just amazing. That is a significant size. Our franchise area in Queensland is about six times the size of Victoria. So they are some of the challenges that we have.

**The CHAIR:** Thank you, Minister. We will now move on to government questions again. We had a little bit of extra time for the government members last time, so I am giving the non-government members a little bit of extra time for Innovation and Information Economy. So the program from here is that from 9.42 to 10.05 it will be government questions on Innovation and Information Economy and from 10.05 to 10.30 it will be non-government questions on Innovation and Information Economy. Is that okay?

**Mr LUCAS:** No problem.

**The CHAIR:** Thanks very much for that. Minister, I noticed several references in the MPS to state government efforts to help improve phone services in regional areas. Despite telecommunications services being a Commonwealth government responsibility—for example, the Queensland telecommunications strategy on page 18—there has been a lot of discussion recently about the ongoing issues regarding the provision of telecommunications to these areas. I recall that late last year you went on a listening tour of western Queensland and only a month ago you announced a big win for Queensland with improved regional mobile coverage for Optus and Telstra. What did you find out on the tour? How does this information relate to the recent announcement of improved mobile coverage if at all?

**Mr LUCAS:** I thank the honourable member for the question. Yes, in December last year I did go on a listening trip to Mount Isa, Longreach, Winton, Charleville and Chinchilla to talk to people in remote Queensland about their experiences with telecommunications. The federal government has constitutional responsibility for telecommunications. The federal government has let them down, and it has let them down very badly. I spoke with people who really suffer from Third World standard telecommunications. I met a lady on a property with a digital radio concentrator service. The member for Darling Downs, whilst you would be too close to the big smoke to have a DRCS I would imagine, would know very well what people—

**Mr HOPPER:** Half the electorate is without mobile phone coverage.

**Mr LUCAS:** There you are. With the digital radio concentrator service she was getting 9.6 kilobits per second—9.6. Would anyone here put up with that? No, no way in the world. But what happened was that she had been billed nine times for an airline ticket because she kept on getting dropped out each time she tried to book it on the Internet. The mobile phone state of origin is one that Queensland always loses. We had a great performance at the last State of Origin match. I thought it was an absolute bottler. But this state of origin we lost. We have 76 per cent mobile phone coverage on our highways, while it is 82 per cent in New South Wales, and Victoria—which is not a decentralised state and is represented by Senator Alston—has 96 per cent coverage. I actually addressed the Senate inquiry into regional communications. I appeared at Caboolture before them personally and made a submission on behalf of the Queensland government. Senator Alston has ignored my correspondence about the issues. For the benefit of the committee, I will just give you an idea of the situation.

This map I am holding gives the committee an idea of Queensland's mobile phone coverage at the present time. You can see the massive gaps on the Flinders Highway where 49 per cent of the time you do not get coverage. That is not on. The federal government got \$30 billion from the sale of the first half of Telstra and it spent \$200 million in Queensland on telecommunications infrastructure and did half the job. Now they want to spend the other \$30 billion. All they want to spend on mobile telephones nationwide is \$16 million. They are going to spend \$181 million out of the \$30 billion.

They want to spend one per cent of the proceeds and expect a pat on the back and you guys in the National Party agreed to it. Imagine coming home and telling your family, 'I sold the car and I got a really good deal; I got one per cent of its value.' That is essentially what they have done. How can they possibly expect a pat on the back. None of the \$181 million coming from the sale of the second half of Telstra is for the cities. Hands up who in the city thinks they got a great

deal with telecommunications. We have people with pair gain lines. Could I have an extension of time?

**The CHAIR:** Yes.

**Mr LUCAS:** The Queensland government does not have responsibility for telephones, but we are a significant spender in that market. As a government we spend \$18 million a year on mobile telephones. We have a key role as a demand aggregator. So what we did was go out to the market and say, 'If we commit some of our mobile telephony expenditure, what will you do for us?' As a result, we have entered into an arrangement with Optus and Telstra to get up to 89 new towers, including coverage for the first time in places like Thargomindah and Dajarra. The Mayor of Dajarra spoke to me about their problems with the CDMA network. The member for Darling Downs would be very interested in this. I know the member for Moggill thinks that Moggill is west, but there is a lot more west than that. The western suburbs means the western suburbs of Brisbane.

**Dr WATSON:** Parts of my electorate do not get mobile coverage.

**Mr LUCAS:** Exactly, and you are allowing the federal government to sell Telstra and not address that issue. They will do anything in the country, but they have not looked after you and Michael Johnson in Ryan and Moggill. Communities like Wujal Wujal and St Pauls previously had no CDMA coverage. I will provide this map to the committee. This is the deal that we have with Optus and Telstra. That is a significant improvement. How much did that cost the Queensland taxpayers? Zero.

What I find really disappointing is that the federal government, first of all, will not spend any money from the Telstra sale on fixing the job. That is their ideological position. We disagree with that; they are wrong. That is the argument that we have had. What they will not even do is aggregate their demand for their own telecommunications spend. They spend an enormous amount of money on telecommunications in Canberra and other places. We spoke to them about doing that in their own departments. They will not even do it; it is too hard.

Premier Beattie can exercise leadership and knock department heads together in relation to mobile telephone spends. Why can Senator Alston and Mr Howard not do that? They seem very obsessed about what is happening overseas. What about doing something locally and aggregating their demand in Canberra and get us even more towers in Queensland? They will not do it and it is a disgrace.

**Mrs LAVARCH:** The Queensland government understands the importance, and certainly has been a big advocate, of companies investing in research and development. Is the government putting its money where its mouth is in this regard? Is the federal government helping out?

**Mr LUCAS:** I have always found the member for Kurwongbah a particularly keen believer in education and its value. Like me, I suppose the member for Kurwongbah was not born with a silver spoon in her mouth. In so far as education has been available to us, it has been a great opportunity.

I was going to say that you should look at the coat of arms behind you to see what Queensland's traditional industries are, but we have the British coat of arms behind us in the Legislative Council chamber. It has nothing to do with Queensland's traditional industry strengths. So I will not refer to that. You can picture for a second the Queensland coat of arms, which I think was promulgated in 1893, and think of the key areas of industry in Queensland then: sugar cane, mining, cattle, sheep, wheat. They are still key industries in Queensland. The real thing about biotechnology is that it can be a key driver of those industries as well as biomedical. Our tourism industry is now a major driver. Tourism is based on our natural beauty. Our natural beauty is, in part, based on our biodiversity. These are very important to us.

In the last five years the government has spent \$1.5 billion on R&D. Thanks to the money that we have spent, we now have the largest biotechnology research facility in Australia, the Institute of Molecular Bioscience at the Queensland bioscience precinct at the University of Queensland. We have the largest medical research institute in Australia, the Queensland Institute of Medical Research. We have the second largest games cluster in Australia with 40 per cent of the games market. We have the second largest e-security cluster in the world. We have one of the largest mining and metallurgy R&D efforts in the world at Mount Isa and Townsville and one of the largest concentrations of tropical marine scientists in the world based around Townsville.

What we have done in Queensland is try to identify what we see as key R&D priorities and also tried to align them with the Commonwealth's priority. The Commonwealth has identified a

number of key priorities for Australia. We think that, as far as possible—we might not agree on all of them—we should try to align them because that will be how they will be orientating their research spend. Our key priorities are: enabling technologies, environmentally sustainable Queensland, foods for the future, safeguarding Queensland, sustainable health and tropical futures. That came from the Queensland R&D strategies issues paper.

Our business spend on R&D has increased by 18 per cent between 1998-99 and 2000-01. That is a significant increase in business spend. We know that, unfortunately, all Australian business has been a traditional underspender on R&D. The Australian Industry Group recently said that many businesses in Australia spend more on their electricity bills than they do on R&D. There is still a lot of room for improvement there. Could I have an extension of time?

**The CHAIR:** Yes.

**Mr LUCAS:** What we have tried to do in Queensland is encourage further expenditure, co-investment by businesses in R&D programs. We worked very closely on our Cooperative Research Centre program and also the Smart State Research Facilities Program. I want to talk about the CRC because it is very important. CRCs are based on co-investment by industry, universities, institutions and governments. There are a lot of areas that I will refer you to that we have not done very well with when it comes to the Commonwealth. What we have tried to do with CRC programs is provide support to CRC proposals to give us an unfair advantage on the Commonwealth stage.

Some 54 out of the 74 CRCs in Australia are in Queensland. In the recent round in December last year Queensland actually beat the other states when it came to CRC funding. For the first time we got \$140 million in Queensland. Victoria and New South Wales each got about \$98 million. We did extremely well out of that. That is very good. If you have a look at Queensland's per capita expenditure on R&D we beat every other state. In real terms we are just behind New South Wales.

When you look at Commonwealth R&D expenditure we are the lowest in real terms. We should look at Tasmania and Victoria. This chart shows Queensland's position. The Commonwealth needs to lift its game when it comes to spending. They spend \$33 per head in Queensland and \$73 is the national average. They are short-changing us by about \$200 million a year. We are keen to work with the Commonwealth. I would rather deprive them of this argument I have about a lack of spend and get more money from them. We have to continually work closer with the Commonwealth. But everything does not begin and end in Melbourne. When you look at some of the announcements that the member for Moggill and I were involved with in the United States, you can see how well Queensland is doing. The future belongs to Queensland and we want to see the future spend there as well.

**Mr RODGERS:** I note there are several references in the MPS to science career education. One of the questions on notice tabled by this committee asks about programs to encourage more girls to study ICT courses. I understand there is currently a bit of concern regarding the declining numbers of secondary and tertiary students choosing ICT related subjects and courses, which obviously leads to a decrease in the number of experienced people in the ICT industry in the future. I have met with a lot of high school students in my electorate who, whilst not brilliant at English, geography and so on, are obviously whiz kids when it comes to using computers and computer graphics. Can you tell us what your department has been doing to encourage students like these to consider courses and careers in this area?

**Mr LUCAS:** I thank the honourable member for that question. I am really delighted to hear about kids in your electorate who see the benefits in a career in IT. Auran, a great Queensland software company, has a product called Trainz, which is better than Microsoft Trains, for anyone who is interested in buying a train simulator. I have one that I paid for and was having a go at the other night. These are the sorts of careers that we offer in Queensland for people who want to get into IT. Some 40 per cent of the Australian games industry staff are employed in Queensland. Some \$2.5 million a day is spent on games software in Australia. All of us parents would be horrified by that figure and how much it costs us, but it is wonderful in industry terms.

ICT underpins all jobs. Once upon a time you would not dream of going for a job without a driver's licence. Then not all of us were professional drivers. There were truckies and taxi drivers and so on, but most of us still needed a driver's licence to get by. Computer literacy is the driver's licence of the future. In the future if you are not computer literate it will be extremely difficult for you to survive in the business environment. It really is a major thing. We want to encourage students to take up careers in IT and science.

In the last two years, enrolments have been down in secondary computing. That is a bit of a concern to us. My department has undertaken a number of programs such as distributing the IT careers kit. You will see that the young woman on the front of it has pink hair. None of us have pink hair and that is because we are all too old to market these sorts of things to young people.

**Mrs REILLY:** Speak for yourself.

**Mr LUCAS:** I look forward to seeing you with pink hair. It is wonderful to have these products talk about the different career opportunities in IT. You might be a person who is a good communicator, a help desk person, a very technical person, a network engineer, someone who likes writing code, a software engineer. It offers all sorts of different careers. It offers careers that assist general industry. A lot of IT jobs are in general industry.

We have a number of programs like the i-STAR program which is designed to encourage women in particular, and other target groups, to increase their uptake of IT. We have funded a program such as E2E for ICT graduate programs. One of the things about IT people is that they are often not professional communicators. They might be brilliant computer people, but we want to get them up there, ready and waiting for the best jobs. The Smart Future web site also talks about all different sorts of careers in science. Can I have an extension of time?

**The CHAIR:** Yes.

**Mr LUCAS:** One of the things I want to talk about today is attracting younger children to science. I remember when we did a little bit of natural science at primary school. It was pretty boring because you would grow a bean in a jar. A child has an attention span of about five seconds. Mine is now 10. That is a bit short for watching a bean grow. What kids need to see is something more visual and enjoyable for them. We want to get kids into science early.

Many of us take our kids to sport on Saturday mornings. That is wonderful and I would never not urge people to do that. It is great stuff. What we also need to encourage is Saturday morning science. My department will be funding a pilot program for Saturday morning science for kids in primary school and lower secondary school. Parents are more than happy to pay \$5 or \$6 per game for soccer, football, cricket or tennis. There will be many parents out there who would be prepared to pay \$5 or \$6 for their child to be in a class of 15 or 20 kids doing fun science—just there to enjoy themselves.

The taxpayer has a lot of money tied up in assets at schools that sit idle on the weekends. There would be a lot of teachers or university lecturers out there who would be prepared to earn a little bit of extra money and would enjoy teaching young kids fun science. We think it is a great deal way of encouraging parental involvement. Parents are happy to pay for a bit of sport on Saturday; maybe they would like their kids to do a bit of science. My kids like both science and sport. Some kids like one or the other. That is an opportunity that we should not miss. I have been working very closely with the Education Minister, who is very keen on this as well. Might I have another extension?

**The CHAIR:** Yes.

**Mr LUCAS:** Just to give you an idea, students may do eight- to 10-week sessions for students aged seven to 10 years and 10 to 14. Sessions of about one to two hours could cater for up to 50 students and would cost participants \$3 to \$8, depending on the duration and content of the session. We would expect the sessions to be self-funding.

Our funding will go in at this pilot stage to pay for a coordinator. I was a volunteer in a legal service, as no doubt the member for Kurwongbah was, too. You always need a coordinator to keep things running. We are not expecting the teachers to be volunteers here, but where we think we can help is by assisting with the funding of a coordinator who can hire the teachers, do the bookings and so on. You do not have to do this in every school—there would not be that sort of demand—but this is a wonderful way to get our young students interested in science that is fun, that is relatively inexpensive to the budget and that creates the scientists for the future.

I am really proud of this. We think it will cost the government about \$150,000, with a 12-month time line from implementation to final evaluation. It would work in very well with existing programs that generally operate a bit higher up, like the Siemens Science Experience for year 10 students. The issue with science is to catch them early, when they really want to do it. With Dr Karl and so on, people are really interested these days. I think for a relatively modest amount of money you will be very surprised at the great benefits we will get for young Queenslanders.

**Mrs REILLY:** I have gained all my scientific education and knowledge from Dr Karl and Triple J. I am glad that you mentioned Dr Karl.

**Mr LUCAS:** You did not know the one about navel lint?

**Mrs REILLY:** No. Tell me later. Minister, as you would be aware—if you are not, I am sure I could make you aware if you come down and visit the Gold Coast soon with me—the Gold Coast is gaining a reputation as a hub for information and communication technology. You have shown a great interest in having a look at what is going on down there. I know that your department consulted firms in the region on the development of the Queensland government ICT portal. What else is the government doing to ensure that this growth continues, creating jobs and sustainability in the region? What services can the region's businesses access if they need support or advice?

**Mr LUCAS:** I thank the member for the question. The Gold Coast is an IT hub—very much a powerhouse. I am pleased to say that the Gold Coast council does work fairly closely with the state government. The Gold Coast council certainly does put its money where its mouth is. I give it credit for that.

I love going interstate. We talk about doing IT in Queensland. We were at an interstate conference at one point in time. It was a typically inclement Sydney or Melbourne day. I forget where we were. You talk to people about the IT you can do in Queensland and on the Gold Coast and you say, 'It's a pretty good place to live.' Increasingly high net worth individuals want to live in places where they are offered lifestyle.

The Information Industries Bureau supports, two to three days a week, a senior business adviser located in a Gold Coast City Council office. So we are working with the council to do that. We have a close working relationship with the local council and other departments. We sponsor key industry bodies such as the Gold Coast Regional IT Forum. It produced a very good promotional tool in relation to the Gold Coast. We were part of a joint delegation with the council to CeBIT in Sydney.

A number of companies on the Gold Coast are doing exciting things—Bond Wireless, Golden Orb Technologies. I launched Bond Wireless's product at CeBIT and we have been able to support it. E-women on the Gold Coast is a wonderfully proactive group of women involved in ICT. We have also had a number of successes in the ITSAP program funding to Gold Coast companies for trade promotions overseas—S&D Consulting, travelling to Taiwan and Alive Technologies for Medica 2003. Similarly with ISUS, we have PolyOptics and Headstart Technologies. There are programs such as Financing ICT Growth and Trade Show Savvy, pitching workshops and commercialisation workshops. We are all working very hard to support the Gold Coast and other regions.

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

**Dr WATSON:** On Tuesday, 24 June at the BIO 2003 conference—I must admit, I appreciated the opportunity of attending with you; and this is not a go at you, because I know that you had to leave early that morning to get to Wyoming—

**Mr LUCAS:** I had to get up at 4.30, I think.

**Dr WATSON:** Alison told me 3.30. It was early. There was a session run by the people from Weber Shandwick. They gave a presentation on US consumers' understanding of biotechnology. What it showed in part was that one in five consumers admit they had never heard of the word 'biotechnology' and four out of the five could not name a biotechnology company. I looked at what your consultancy has given us. Given the government's emphasis in the area, has there been any information gathered on exactly what Queenslanders understand by the terminology and by the issue?

**Mr LUCAS:** I think if there has been one enormous change or trend even in the short time I have been in the portfolio it is the awareness of people in Queensland as to biotechnology. I thank the honourable member for the work he did at BIO 2003. Last year the member for Robina and the current Leader of the Opposition were present. A number of premiers go. A number of ministers go. I think what is really good about Queensland, as well as our policies, is that you turn up at BIO 2003 and you can say to people who are investing from overseas, 'Here is the government. Here is the alternative government. We are interested in biotechnology no matter what happens in Queensland.' That sends a very strong and powerful message to people.

I refer to the impact of that on people in Queensland. I was at a function that Carl Feldbaum, the chair of BIO, was at. He was speaking with the Premier and me. He said—the Premier would not say this because the Premier is modest, but I will say it about the Premier—to a group of us, 'When people from other states in the United States want to work out how they should go about

promoting biotechnology, I say, "Go and talk to Peter Beattie." I was just flabbergasted that Carl Feldbaum, the chair of BIO, would specifically make that point. That says an enormous amount about the view of what is happening in Queensland and the way we have been determined.

I make the point, too, that Premier Borbidge was the first one who put money into the Institute for Molecular Bioscience at the University of Queensland. Then it was substantially improved by what Peter Beattie did. The big difference I noticed this year, when I came back from BIO, was how many people said to me, 'We saw what you were doing over there.' I do not think I have ever seen the level of media coverage that I saw as a result of BIO this year. The *Courier-Mail* in one of its editorials—I do not have it with me—spoke very much of the importance of science.

I still think we have a way to go in terms of having people understand the role of science for them. Biotechnology Australia, I understand, has conducted surveys which it shares with us in relation to public attitudes. Interestingly, for example in relation to GM, it shows that Queenslanders are more predisposed to the possibilities of GM than other states. I am more than happy to let you know in more detail about general attitudes towards science. Might I have an extension, please?

**Dr WATSON:** Yes.

**Mr LUCAS:** That is why, for example, I was talking about Science on Saturday. If you look at the media you see that people are very keen on issues such as health and policing. I understand that. We are all very keen on those issues. There are some things we should remember about science. For those who are interested in health, Professor Gordon and Julie Campbell from the University of Queensland have developed world-leading technology that will create artificial arteries. We know two members of parliament who have undergone a bypass recently—the Minister for Emergency Services and the member for Toowoomba North.

What happens currently when you undergo a bypass is that the doctors strip a vein out of your leg and it is put in your heart. It is very painful and there are only so many veins in your leg that you can strip out. What Julie and Gordon Campbell found was that by putting a tube in someone's stomach—just in their cavity—after some months it grows essentially an artery around it, or something that has the same characteristics. You can then put that in someone's heart. You have an unlimited supply of them and you do not have to take a vein out of someone's leg to use as an artery. That is what the Smart State does for health.

People are concerned about law and order issues. Ian Findlay at the University of Queensland Institute for Molecular Bioscience, is a world leader in single cell DNA processing. You used to need 130 or 150 cells. That is a major tool in relation to law enforcement. So it matters to people. Our challenge is to continually explain. That is why we spend so much time in schools.

We have invested very heavily in our biotechnology code of conduct. We are the only state in Australia so to do. As well as have the legislative regime, we underpin it with best practice. There are a number of publications we have participated in with the Commonwealth with respect to issues such as genetically modified foods and other questions and answers about biotechnology so that we can get people out there understanding those questions. I believe in providing information as much as possible.

**Dr WATSON:** Thanks, Minister. The reason I asked the question—you actually ended up touching on part of it—is that Roy Morgan International has done a survey of over 25,000 Australians which found that 55 per cent would not buy genetically modified food if they could help it. It seems to me that, for a state like Queensland and a country like Australia, that is a particularly important issue. It would actually help, in a bipartisan sense, to have some fairly solid information about how Queenslanders in particular, from our viewpoint, are actually considering this particular issue. I agree with you about the importance of biotechnology for the future, but there are some potentially disturbing trends that I think we need to understand.

**Mr LUCAS:** I thank the honourable member for the question. The issue about GM products is that, basically, if you want to buy them you ought be entitled to and if you do not want to buy them you ought be entitled to. As governments we should be about choice. We have never told farmers what they can and cannot grow. We do not say, 'You are going to grow cotton this week, you are going to grow canola and you are going to grow grapes.' We let farmers decide what they grow based on the market, the nature of the land and so on.

I think it is reasonable for people to expect that they ought have appropriate labelling of GM products—that is a matter, really, within the province of the Minister for Health—and also that

there ought to be reasonable demarcation and appropriate safe guidelines when it comes to GM products. That is why the Queensland government signed up to the federal-state regime with the Office of the Gene Technology Regulator. There will be people who do not want to have GM products. I do not want to convert people on the basis that they must have my view or other people's view. People need to have an informed view and then they can make up their own mind.

Do you know the interesting thing about the stem cell debate? I think it was the first time in Australia that people had actually gone to a significant effort to inform themselves of the position. Often when you talk to someone about a contentious issue they will have a very quick reaction to it which may or may not be on the basis of a lot of information. I think if you asked people, 'What is your view on stem cell research?', most of them would be able to articulate a logical and sound position on either side of the fence based upon having thought through the issues. I pay credit to the media for also being very detailed in their coverage of it. I thought the media coverage was very good. I thought that was a very good step forward for Australia in terms of actually having that detailed debate. We should not be afraid to have those sorts of debates.

I will provide this to the committee. I have here a publication that the Queensland government prepared in conjunction with Biotechnology Australia, funded by the federal government, on gene technology in agriculture. It is specifically designed to provide that sort of information to people, because we think it is important to provide information to people. Just so that no-one can accuse the government of trying to provide only its view, on the back are heaps of URLs, including to those groups that might not be particularly madly keen on issues of biotechnology. We think informed decision is important. I will provide that to the committee. We need to continue to continually educate people, and we will continue to do that. A lot of our policies will attract that thirst for science and a thirst for more information.

**Dr WATSON:** I refer to your media statement on 16 October last year in which you announced the Queensland government has proven its strong support to the biotechnology industry with a commitment in 1999 to a 10-year \$270 million bio-industry strategy to establish Queensland as the Asia-Pacific's biotechnology hub. I also refer to page 2 of your MPS in which you talked about a \$100 million Smart State strategy. Can you articulate those two statements? Can you provide a straightforward document or explanation as to which programs are included as part of the Smart State strategy, the amount allocated to each program from the \$270 million you have announced and the proposed time frame for the expenditure of each amount over the 10-year period?

**Mr LUCAS:** The first thing I should say is that the \$270 million that we spent is not part of the \$100 million Smart State strategy. So I am delighted that you have acknowledged that. Not only have we spent \$270 million in the past; we are going to spend another \$100 million. This is what happens when you have a Premier who is so committed to the future of this state. Terry Mackenroth is no pushover, I can assure you, but when you have a Premier and a Treasurer who have this real commitment it makes it somewhat easier in the budgetary framework.

To put it into perspective, the police budget is \$1 billion a year. I might provide the honourable member and the committee with a document we have prepared on future directions in our bio-industries that may be of interest to people, but we will go over it. Over the past five financial years we have committed more than \$1.5 billion in a science, research and innovation initiative to secure Queensland's position as a major player in the knowledge industries. We want to build on that with a comprehensive Smart State strategy of \$1 billion over four years. That strategy will incorporate a range of individual initiatives across a number of sectors of the knowledge economy to underpin Queensland's delivery of the Smart State vision.

Key areas of investment will include research, medical, cancer, biodiscovery and microtechnology. There is an additional \$50 million for the Smart State research facilities fund. Other key areas are tropical marine science, clean coal, e-health and e-security. The other day we announced a Boggo Road precinct. E-security and e-health are very important, particularly the opportunities for telehealth or remote health. Queensland Health is very strong there. Other areas of investment are supercomputing, business incubation skills, development, developing existing industries, strategic partnerships, knowledge industries and community living.

A number of initiatives have been announced already. It is a four-year plan, so a number of those initiatives are still to be announced and are still the subject of budgetary formulation. The strategy is very much focused on continuing to position us at the forefront of innovation and science. Some \$13.75 million is what we are putting into the ICT Centre of Excellence at Boggo Road. I think CSIRO is putting \$7.5 million into the health area. So we have been able to leverage some money off it. Things like intellectual property principles are important to the

Queensland government. We have a lot of IP tied up in government and often it sits on the shelf. Similarly, we have people who deal with government who—

**Dr WATSON:** I have a further question. When will we get a document which outlines program by program precisely how much you have spent on each program over the period and the forward estimates for the 10-year program that you announced in 1999? There is no document which enables anyone to put those together in a coordinated way. I am not talking about the budget documents, and I am not aware of that document. If you have a strategy and you want to prosecute that strategy, it would seem reasonable to me for people to ask precisely where is it going, how much has been spent, how much is intending to be spent and in which years.

**Mr LUCAS:** The budgetary process is part of that. We are not being coy about the money we are spending in terms of the future of science. If anything, we talk about it as much as we can. We are constantly doing that and we are announcing initiatives all the time. The good news is that there is an additional \$100 million over four years, and there are four funding periods in 2006 and 2007. Like any government programs, we will announce them from time to time. Like any government programs, they are subject to the budgetary process and questioning in estimates about their performance or otherwise. I would be happy to engage people in a debate about the relative merits of government expenditure in particular areas. That is what this process is about.

**Dr WATSON:** Obviously we are not going to get a document. I refer to page 5 of the MPS and departmental outputs. There are a number of sections, including the following—

Services, Infrastructure and Facilities to Queensland—Innovation and Information Economy to establish Queensland as a world-class centre for R&D, stimulate growth of emerging technologies (including ICT and biotechnology) and better community access to Government services.

I also refer to a rather controversial statement from a former executive editor of the *Harvard Business Review*, who argues this —

The opportunities for gaining IT-based advantages are already dwindling. Best practices are now quickly built into software or otherwise replicated. As for IT-spurred industry transformations, most of the ones that are going to happen have likely already happened or are in the process of happening.

What financial resources have you been allocating to stimulate the growth in ICT industries? Given what Nicholas Carr, the previous executive editor, said, do you think perhaps your ICT strategy may have already missed the boat?

**Mr LUCAS:** Certainly not. This guy sounds to me like one of those fellows who said, 'I estimate the entire world market for computers is 100 computers.'

**Dr WATSON:** It was five and it was by—

**Mr LUCAS:** Five, was it? To suggest that the ICT industry has peaked or that you ought not be worried about software or development is ludicrous. What we as a government understand is that we need to concentrate on what we are good at in our ICT sector. We are not going to be building pentium chips in Queensland. That is not the market in which we compete. What we have attempted to do is provide a level of support for our ICT industry generally and then have a look at areas where we have particular expertise.

To give you an example, we have three clusters that we have supported through the IIB, though the IIB helps all ICT industries in Queensland with its industry support and development. For example, we have our e-security cluster. We have the largest group of e-security professionals in Queensland outside of North America. It is a major industry. People are constantly saying one of the issues in their wanting to do business over the Internet is the level of security. I forget what the figure is, but it is some trillions of dollars a year that cyber security threats pose to businesses. That is a growth market.

I am trying to remember the name of the company which protects software to allow it to be sent over the Internet. It protects other people's software to send it overseas. There is an enormous market for e-security. There is DSTC with its wedge-tail project for the US Department of Defence. The thing about the ICT market is that it is so enormous that particular niches can satisfy enormous demands. We have our games cluster. I spoke about games before, so I will not speak about that again.

We also have e-learning cluster. Do you know why we are good at e-learning? Because we are a distance education state. We are a country with a culture which understands the importance of communicating with other countries. The United States is an English language country as well, but as you would know from your study over there it is often fairly insular in terms of its understanding of other countries. We are very good in Australia at doing that and therefore our English language resources tend to be better.

There is a massive legal drive now for online training. Once upon a time you could say, 'I did the course; I read the notes.' Whether you did or not no-one cared. Now you need some evidence for occupational health and safety reasons that someone has done a course. So there are key drivers. Let us look at some of the people we have supported through i.lab. Could I have an extension, please?

**Dr WATSON:** I have a couple of other questions I want to ask you.

**Mr LUCAS:** You do not want to hear it, fine.

**Dr WATSON:** No, I am interested but I am more interested in getting some answers here.

**Mr LUCAS:** I thought that was what I was doing. I was going to tell you about Omnix and the logistics chain, and Mincom being the largest mining software house in the world, about Tech One being the largest publicly owned software—

**Dr WATSON:** I am familiar with all that.

**Mr LUCAS:** Boeing: 1,100 staff in Queensland.

**Dr WATSON:** In answer to a question on notice with respect to consultancies, I would like more information on three of the consultancies. By 'more information' I mean the objectives, particularly the recommendations and the conclusions. Those three were Magic Pudding Pty Ltd.

**Mr LUCAS:** That is Peter Andrews, who is the chairman of the Biotechnology Advisory Council.

**Dr WATSON:** This is just an information gathering question for my own benefit. Morrison and Co. is listed on page 5 and Gibsons Digital Innovation is listed on page 3. I just want the objectives, the conclusions and recommendations.

**Mr LUCAS:** I can answer your question regarding Magic Pudding now. That is the consultancy company of Professor Peter Andrews, who is the chairman of our Biotechnology Advisory Council and former co-director of the Institute for Molecular Bioscience. He is one of the best science communicators that I have ever come across. He is also very prominent in terms of developing start-up companies such as Xenome, which has been extremely successful in Queensland. What we want him to do is to help us with our formulation of biotechnology policies. We think he does great work. The New Zealand government has had Professor Andrews working with it as well, such is the regard in which he is held there. What was the next company?

**Dr WATSON:** Morrison and Co. and Gibsons Digital Innovation.

**Mr LUCAS:** With regard to Morrison and Co., major contracts of GOCs are signed off by the shareholding ministers—that is, the Treasurer and me—because these contracts are worth many millions of dollars and many millions of dollars for a significant period in the future. So the state government is very keen to ensure that there is appropriate expert due diligence undertaken on those contracts. I can tell you how much your crowd cost us for the Oakey Power Station that operated for the equivalent of 8.8 hours over a 12 month period. The negative net present value of that is \$172 million. That is what your crowd got us. I do not want those sorts of things to happen.

**Dr WATSON:** Minister—

**Mr LUCAS:** I am answering the question. I am saving you having to get it later; I am giving it to you now.

What Morrison and Co. did was review the proposed commercial relationships between Aldoga and the GOCs in relation to the supply of electricity for their project. I have no intention of providing you with any details of it because it is commercial in confidence. Imagine what would happen if we had a discussion about the cost profile of our electricity GOCs or what they are paying for people. We would have everyone knocking on our door wanting to know things. Please rest assured that what it is designed to do is to make sure that the maximum value of the state assets are protected. Finally, on Gibsons Digital Innovation I will have to get back to you because I have run out of time.

**Dr WATSON:** Just one more question. I refer to your answer to question on notice No. 9, in which you state the government information technology condition section is providing the lead agency role with licensing compliance and auditing across government. I also refer to the Auditor-General's Report No. 10 tabled in June which indicated that he was concerned about poor security measures in government departments, and I ask: have any of these failings been associated with the whole of government software products your department has arranged?

**Mr LUCAS:** The answer to that is no, they have not. I think it is important to tell you some of the things that we have done in terms of whole of government security. I just have to go to my wallet for a second to show you something, if I can find it.

One of the real issues that we have as a government is to make sure that the information that we hold about people is secure. I am very proud of the work that my government technology people do when it comes to the importance of security of government computing networks. The whole of government software agreements really do not have anything to do with security. They are to do with the discounts we get as a result of buying in bulk and other support things. It gives us some added security and peace of mind because we know that we are not going to get prosecuted by Microsoft because we have unlicensed software or something like that. That is quite different to this.

For example, recently the government approved the adoption of a secure email service system using GovNet on a virtual private network. That is to ensure that secure transmission of that information takes place on a server to server basis. I will show you this by way of demonstration. I am happy to pass that over to you if you want to have a look at it. This is a smart card. It is not a real one but it is a demonstration of one. You will see the technology at the back of that. Ultimately it will go to secure person to person computing in Queensland. That will involve sticking this card into a computer and at the same time putting in an appropriate password. The Transport Minister I think indicated before some of the advantages of smart card technology as well. The card reader costs about \$15. They are not very expensive things to buy.

That is very important to us. I am pleased to say that the government, as a starter, has adopted a secure email system on a person to person basis for Cabinet documents. You guys probably do not like that but everyone else does. That is an added security—

**Dr WATSON:** I think I would have liked it.

**Mr LUCAS:** That will be very important to us. Also information of security standard 18, I will get back to you and provide you with some additional information in relation to that.

**The CHAIR:** Thank you, Minister. The time allotted for the consideration of the Estimates for the Innovation and Information Economy portfolio has expired. I thank the minister and portfolio officers for their attendance. The transcript of this part of the hearing will be available on the *Hansard* page of the parliament's Internet web site within two hours from now. The committee will take a break and resume the hearing at 10.45 a.m. with the Minister for Public Works and the Minister for Housing. Thank you.

Sitting suspended from 10.32 a.m. to 10.46 a.m.

**PUBLIC WORKS AND HOUSING****IN ATTENDANCE**

Hon. R. Schwarten, Minister for Public Works and Minister for Housing

**Department of Public Works**

Mr M. Grierson, Director-General

Mr G. May, Deputy Director-General

Mr K. Farr, Executive Director, Building Division

Mr L. Clarence, Group General Manager, Queensland Services Group; and General Manager, Q-Fleet

Mr W. Pashen, Assistant Director, Budget Division Finance and Information Technology

Mr T. Woodward, Director, Finance and Information Technology

Mr P. Teys, Project Manager, Suncorp Stadium Redevelopment

**Department of Housing**

Mrs L. Apelt, Director-General

Mr I. Fulton, General Manager, Housing Finance

Mr D. Short, Manager, Budget and Financial Reporting

Ms C. Mason, General Manager, Residential Tenancies Authority

Mr D. Lavercombe, General Manager, Property Portfolio Management

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**The CHAIR:** On behalf of the committee, good morning ladies and gentlemen and welcome to the public hearing. I would like to introduce the committee. I am Julie Attwood, the member for Mount Ommaney. Other members who are not present at the moment but will be here shortly are Linda Lavarch, the member for Kurwongbah; Steve Rodgers, the member for Burdekin; and Dianne Reilly, the member for Mudgeeraba. The non-government members are Kev Lingard, the member for Beaudesert and deputy chair of the committee; Ray Hopper, the member for Darling Downs; and David Watson, the member for Moggill, who is not present at the moment.

The sessional orders provide that the committee will examine the proposed expenditure contained in the Appropriation Bill 2003 for the following organisational units—Innovation and Information Economy, Public Works and Housing, and Families and Aboriginal and Torres Strait Islander Policy and Disability Services and Seniors. The committee will suspend proceedings for the following breaks—from 1.15 p.m. to 2.00 p.m. for lunch and from 4 p.m. to 4.15 p.m. for afternoon tea.

I remind all those attending today that this hearing is similar to parliament to the extent that the public cannot participate in the proceedings. In that regard I remind members of the public that in accordance with standing order 195 strangers—that is, the public—may be admitted to or excluded from the hearing at the pleasure of the committee. In relation to media coverage of today's hearing, the committee has resolved that silent television film coverage will be allowed during the chair's opening statements and the opening statements of the minister only. I ask that all mobile phones be switched off while in the chamber so as not to disturb the proceedings and that pagers be switched to silent mode.

The next item for consideration is the estimates of expenditure for the Public Works and Housing portfolio. The time allotted is two and a half hours. I welcome the minister and his departmental officers. I remind the committee and the minister that the time limit for questions is one minute and answers are to be no longer than three minutes. A single chime will sound to give a warning 15 seconds before the end of these time limits and a double chime will sound at the end of these time limits. An extension of time for answers may be given with the consent of the questioner. The sessional orders require that at least half the time for questions at today's hearing is to be allotted to non-government members. For the benefit of Hansard, I ask departmental witnesses to identify themselves before they answer a question so that Hansard can record that information in the transcript.

I now declare the proposed expenditure for the Minister for Public Works and the Minister for Housing open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, would you like to make a five-minute introductory statement?

**Mr SCHWARTEN:** Yes, I would. Thank you, Madam Chair. I am pleased to place the books before the committee. This is a great opportunity for the Department of Public Works, in my view, to showcase some of the outstanding work that it does for the people who pay the bills, the taxpayers of Queensland. This has been a very big year for this department with the icon project being the completion of the Suncorp Stadium, but that is not the only project that this department is involved in—everything from E10 in our government vehicles to providing furniture and fittings to schools when they burn down and Goprint, which provides your *Hansards* every morning that you turn up for parliament.

The reality is that it is a very diverse department and there have been some very exciting times for it. All of that does not happen by accident. It happens with a very dedicated team of public servants. I want to refer to a couple of those here if the committee will indulge me for a moment. First of all is Dale Gilbert. I draw attention to this magazine, *Contact*, which is an internal departmental publication. Dale Gilbert heads up our Built Environment Research Unit. He has been successful in getting a Queen's Birthday honour. There is also Les Clarence, who has achieved the highest possible award as a fleet manager in Australia. Gary May, sitting next to me, tells me that this will be his last estimates. He has put in a sterling effort. It is a department made up of very committed people and it is great to see at least a couple of those getting an award. I also congratulate Mal Grierson on the award that he received from the federal government earlier this year. I now declare it open.

**The CHAIR:** Thank you, Minister. The first round of questions is from non-government members. I call the member for Darling Downs.

**Mr HOPPER:** Minister, I refer to MPS section 1, page 12, and Public Works responsibility for managing construction of Suncorp Stadium. Minister, can you confirm that your director-general received advice from the project manager, Peter Teys, on the Thursday before the Newcastle Broncos clash at Suncorp Stadium that he should not grant practical completion for the project due to health and safety concerns? Why then did your director-general grant practical completion, placing the safety and potentially lives of patrons attending the stadium at risk?

**Mr SCHWARTEN:** No, I am not aware of that at all. It is the first time I have heard such an allegation. I am sure the director-general will say something about it.

**Mr Grierson:** I am happy for Peter Teys, the project manager, to come forward and answer that. I think what you are referring to are some fire certificates that had to be obtained before the first game. At that stage they had not been obtained. The necessary communication with the fire brigade took place with the operator and all the certificates were in place before that first game. There were no safety issues. I can assure you that I would not have accepted practical completion. I am happy for Mr Teys to come forward. That is the only thing I can think of that you could be referring to.

**The CHAIR:** Could you tell us your name before you start speaking?

**Mr Teys:** My name is Peter Teys. I am the project manager for Suncorp Stadium. The safety concerns before the opening specifically related to fire. At the end of the day, the fire brigade granted a partial practical completion that lasted for one week. Part of the condition of that approval was that fire brigade units had to be on standby and certain works had to be reassessed a week later, and they were.

**Mr HOPPER:** Minister, were employees of the Department of Public Works provided with an entire hospitality suite, including free food and alcohol, for the Newcastle Broncos clash? Was this hospitality provided free of charge by Ogden IFC?

**Mr SCHWARTEN:** I am not aware of that.

**Mr Grierson:** Yes, there was a suite that was not allocated to anybody at the end of the field. All of my officers were on duty that night. They were told to be at the stadium, so we had to have a base because all seats were sold. The operator gave us an unsold suite at the end of the stadium. The officers came in and out of there. There was some food provided by the operator. Nothing was charged to the taxpayer. We did not ask for food. The operator provided some sandwiches, drinks and what have you.

**Mr HOPPER:** Minister, who were the departmental employees who received this hospitality? Did they make the appropriate declaration regarding this hospitality?

**Mr Grierson:** I repeat: it was not hospitality. All officers were on duty. They had been notified weeks in advance that for the first match they were all to be there. I could list them for you. I can provide that list. It is the team that had been responsible for the project for the last two years. No, they did not declare anything because there was no hospitality provided.

**Mr HOPPER:** Minister, I refer to page 50 of section 1 of the MPS outlining the work of Project Services, in particular contract management. It was reported at the Cole royal commission hearings that the Queensland government supports union preference clauses in government construction contracts. What steps has the government taken to ensure that government sponsored contracts follow the principles of its own freedom of association legislation?

**Mr SCHWARTEN:** None of our contracts specify that there should be preference given to anybody. What you are alluding to is the kangaroo court set up by the federal government to square up with unions, which no doubt people like you would support. The reality is that it did not uncover any of the misbehaviour that people suggested. I make no apology whatsoever for trying to set about putting enterprise bargaining—which this government supports and which our own work force goes through—as the benchmark for contracts to be awarded. Of course, people from your side of politics believe in the law of the jungle in these matters. You do not believe in unions and you do not believe in people competing on the basis of evenness in terms of labour supply. That is the ideological difference between your side of politics and mine. I happen to believe that people should win contracts on the basis of their competence and how smart they are in terms of building rather than who can pay their workers less or treat them the shabbiest. Please ask me a lot more questions about the Cole royal commission.

**Mr HOPPER:** Again referring to Project Services contract management, I am well aware of the minister's often repeated excuse that non-payment of subcontractors on government jobs is the responsibility of principal contractors. In the gallery today we have the subbies who were part of building that wonderful new facility we have in Suncorp Stadium who will be very interested in the answer to this question. Why does the government continue to give contracts to principal contractors who are well known for ripping off subbies?

**Mr SCHWARTEN:** I dispute that for a start. You tell me the name of the contractors that rip subbies off. The second thing is: go outside of privilege here and repeat it and see how you get on. The reality is that there are always disputes between subcontractors and contractors. That has been the case since the day of the ark. I am told that even Noah had trouble with subcontractors not getting paid. The reality is that you expect government to intervene in a set of circumstances about which we have no control.

There is a former Minister for Public Works sitting right beside you who, in projects that he managed, would no doubt have had—and I know for a fact did—a similar situation. It is not an excuse. It is a fact of life. If you are too thick to understand that, that is not my problem. The reality is that people go into these contracts with their eyes open. There is an expectation that people will fulfil their duties in that regard and it is a matter for them to resolve. We have at all times, in regard to the matter you are concerned with, reminded the contractor concerned of their responsibility in that regard. We can do no more than that.

If you have any evidence whatsoever of illegal behaviour by any contractor in this state, then put it out here now and we will act upon it. I am not in the habit of giving out contracts. At the end of day, I do not let the contracts. They are done by professional means. They are not done like they were in the National Party days—on the basis of brown paper bags, with no process whatsoever. These are very professionally done and there is an expectation that people will behave accordingly. That is why we have a prequalification system. I do not know whether the director-general would like to add something to that.

**Mr Grierson:** I only add that the two main subcontractors that I assume you are referring to my officers have met with. I have met personally with the principals of those companies. I have explained the situation regarding our contract. I have explained the legal situations we currently are operating within. I have met with the joint venture for the stadium and expressed my concerns about the speedy resolution of these matters. As far as the department is concerned, the Minister is absolutely correct; within the legal bounds of our contract we have done everything we possibly can.

**Mr HOPPER:** Minister, you would have no problem whatsoever awarding more contracts to these companies?

**Mr SCHWARTEN:** You are listening to one side of the story. I guess the other lot have another side of the story. That is your right to do so. You make your judgments accordingly and you live by them. The fact of the matter is that you have produced no evidence here today to prove that the firm concerned has acted either immorally or illegally. If you have such evidence, put it on this table now or get it to me today. The reality is that I will take very seriously any misbehaviour by contractors. No government has done more than ours to try to weed out shoddy builders in this state. In fact, in the past five years I think there have been some 278 builders who have been banned for five years—the sort of people your mob used to turn a blind eye to. The reality is that the prequalification system was put in for that reason. I will not have any hesitation in knocking out of the ring, as we have done in the case of a company in Cairns, any companies for misbehaviour. It will happen, but the member has to have more evidence than just simply coming in here under privilege and saying that the company that built the stadium is a bunch of crooks. That is what you are basically saying. I challenge you to go outside this parliament and repeat that claim.

**Mr HOPPER:** I did not say that those companies were a bunch of crooks. The fact of the matter is that there is between \$20 million and \$40 million not being paid to subcontractors and we have to try to get that money for them.

**Mr SCHWARTEN:** How do you know that is the case? You have a figure that I do not know about. Our arrangement is with the joint venture to deliver that project. You are saying that subcontractors are owed between \$20 million and \$30 million. Where is your evidence? How have you gone through and satisfied yourself about that? Obviously, you are an expert in contract law and an expert in how matters are run on jobs and you are able to work out exactly how much is owed in this set of circumstances. Good on you! But if you have evidence that \$30 million or \$40 million has been unpaid and that can be proven before a court of law, put it on the table now.

**Mr HOPPER:** I did meet with the subcontractors involved.

**Mr SCHWARTEN:** Is that your evidence; the subcontractors told you they are owed \$30 million or \$40 million? Has that now become an established fact? Do you believe everything you are told?

**The CHAIR:** The member for Darling Downs should ask a question rather than make statements.

**Mr HOPPER:** Why has it not been made clear in the interests of transparency that Ogden IFC backcharged the joint venture \$1.5 million for work either not completed or not up to standard?

**Mr SCHWARTEN:** I have no knowledge of that.

**Mr Grierson:** I have no knowledge of \$1.5 million. I have knowledge that when the joint venture took over the stadium there were certain things that they did. Some extra cleaning was one item I am aware of, for which they have issued a charge because they believe the joint venture should have undertaken cleaning to that level themselves. To my knowledge, at the present time I think the figure is something like \$17,000 that my project manager has agreed the joint venture should pay for work that Ogden has done that the joint venture probably should have done in those last 24 hours. \$1.5 million is way out of any ballpark that I have even heard of.

**Mr SCHWARTEN:** Somebody probably told him that.

**Mr HOPPER:** I refer to non-government question on notice No. 10, which lists Watpac as having project specific prequalification. Why was this prequalification done on a project specific basis? What processes, if any, does Watpac have to go through to be considered on a prequalified basis for other government projects and what other government jobs is Watpac in line for?

**Mr Grierson:** I will start answering and I will bring forward my officer in charge of the PQC to specifically answer your question. Contractors are put on the PQC depending upon the size of the job that we believe they can undertake. Watpac, I believe—

**Mr SCHWARTEN:** Did it not do a building for former Minister Watson? They have done a fair bit of government owned work. It is a Queensland owned firm.

**Mr Grierson:** Watpac is regarded as one of our A-grade builders in Queensland. It built the Gabba, the 75 William Street Neville Bonner Building, the watch-house and is currently building the Mundingburra Police Station.

**Mr Farr:** Watpac has a range of companies that need to be linked together to comply with the financial criteria to be considered for government jobs so that the value of the assets are combined within their entity. That is the only qualification they have; the entity contracted with is the group of companies rather than the single contracting entity, to comply with the financial criteria. In relation to jobs they are considered for, they are considered for jobs the same as all the other major contractors are.

**Mr HOPPER:** Again referring to non-government question on notice No. 10, what was the bonus deal between the government and the joint venture for completing the job early?

**Mr SCHWARTEN:** It is interesting that you raise this issue, because the former minister and I were just talking about this very subject. We prefer to call them partnering arrangements whereby if savings can be made they should be shared between the government, that is, the taxpayer and the company concerned. I was just talking with the former minister who occupied the seat before I did, who is sitting next to you, and we were discussing savings made on a project that he was largely responsible for. So if you think that you have uncovered some big story here, I am sorry to disappoint you.

**Mr Grierson:** The original contract for the stadium—this is no different from when we go into partnership with any major contractor—has a provision for a savings clause. The savings clause for the stadium finished up being that 50 per cent of the savings would go to the government and 50 per cent of the savings would go to the joint venture after the first \$10.5 million of savings. The first \$10.5 million is 70 per cent to 30 per cent—70 per cent to the government and 30 per cent to the joint venture.

**Mr SCHWARTEN:** It encourages efficiency on the job.

**Mr HOPPER:** When paying out this bonus deal what test did you apply to the principal contractor to ensure they were acting in an ethical manner?

**Mr Grierson:** As the minister mentioned before in terms of prequalification, we assume all of our contractors act in an ethical manner.

**Mr SCHWARTEN:** Unless we have evidence to the contrary.

**Mr Grierson:** We have contractual recourse if we find that they do not. In this case we believe they have acted ethically. In terms of the conditions of the contract, I have not seen a building contract yet in my time that has a clause that says that you have to act ethically. I am not sure how you prove that someone has acted ethically. The conditions of the contract related to the specific treatment of the stadium, treatment of workplace health and safety and those sorts of things. The major condition was the completion of the project on time and on budget. They are the conditions that the contractor had to meet. The value management exercises that were undertaken jointly between ourselves and the joint venture identified savings. They are the savings that we always push our contractors to try and achieve, and that is why we have an incentive for them to achieve those rather than going in and spending the entire guaranteed construction sum.

**Mr HOPPER:** Do you have anything leased at the stadium?

**Mr SCHWARTEN:** From this department?

**Mr HOPPER:** I am just asking the question.

**Mr SCHWARTEN:** I can only answer for this department. There is nothing, as far as I am aware, that we have leased there. Do we have any machinery or anything else there?

**Mr Grierson:** We have no leased items that I am aware of, not this department.

**Mr HOPPER:** I refer to non-government question on notice No. 2, and specifically to the review of the use of telephones, on page 7, and the list of audits conducted by your internal audit unit. What prompted this review? Were there concerns about inappropriate use of telephones and, if so, has any disciplinary action been taken over such issues?

**Mr SCHWARTEN:** This is an operational matter and, in a second, I will refer it to the director-general. The director-general has advised me in the past that he is always looking at ways of getting more efficiencies. Mobile phone reviews are not new. People have grown up using mobile phones now. Just ask your children, if they have got a mobile phone, because I can tell you that they have found the most efficient way of using it, that is, they ring their parents and get their parents to ring them back. I am not sure that we can go to that level in the public service yet, but I am sure there are ways of getting efficiencies and I am sure that is what the director-general will be able to acquaint you with.

**Mr Grierson:** Yes, the minister is correct. It is a regular program we have. The internal audit director of my department reviews a whole range of areas each year in the department. It could be travel, motor vehicles or telephones. I asked her particularly to review the telephones because, as the minister has just commented, I saw an increasing number of mobile phones and I was looking at the costs for the mobile phones. I am aware that people find it very easy to have the mobile phone on their belt.

**Mr SCHWARTEN:** And you get the bill.

**Mr Grierson:** There are some unusual circumstances where somebody will divert calls to their mobile phone and, unfortunately, forget to take the divert off. All calls keep going to the mobile phone, which can be expensive. Yes, we undertook the review and, yes, there have been cutbacks in the use of mobile phones.

**The CHAIR:** The time for non-government questions has expired. On page 1-13 of the MPS there is mention of the department's involvement in the Boggo Road redevelopment. What role does the department have in this project?

**Mr SCHWARTEN:** One of the things that this department does very well is project management. We also have a lot of people with expertise in the area of putting together strategic plans and development planning. In terms of Boggo Road, that has been pretty well our involvement. Members would be aware that right back to the days of Russell Cooper something has been going to happen on that site. Something is going to happen on it now. As part of the planning, we have been able to identify three major uses for the site. Of course, the historic presence must be retained; there is a heritage factor. Putting on the Housing Minister's hat, I am eager to see some affordable housing in that area. We are looking at some 315 units of accommodation and we want about 20 per cent of them if we can get them. We are also looking at an IT section or a research and development section in there as well. It is quite a well integrated plan. The first stage of it has been that we have gone out for public consultation and we have ironed a few of the wrinkles out of it along the way. It will very much become a living plan over the next few years. It is intended to start some site works there early next year. The first stage of the final plan will be between now and Christmas. We have to look at the develop options, that is, whether the government goes in and develops it, borrows the money and, like we have done at Kelvin Grove, puts money in and recoups it later on and makes a profit. A joint venture with a developer is another option.

Obviously, the R&D side will pay its own way. We are not looking at going to the taxpayer to fund this. We are looking to develop it so that it can stand on its own merit. There are three options that we are looking at, and they are very much a part of the PPP principles. The latest master plan is displayed behind the committee.

**Mrs LAVARCH:** I have a question about the construction of the Suncorp Stadium. My question relates to dot point 2 on page 1-14 of the MPS under 'Future developments', which lists the completion of construction of the Suncorp Stadium redevelopment on behalf of the stadium redevelopment authority. Can you outline your department's full involvement with the construction of Suncorp Stadium?

**Mr SCHWARTEN:** The first role was that of the principal. The director-general became the principal of the project. We were then the project director and then the project manager, which meant that we were responsible for delivering that project in its entirety. We were set a figure of \$280 million—not a penny less—and our instruction was to bring that project in on time for that first game, which we did. It is the biggest project that the Department of Public Works has ever engaged in. It certainly had lots of challenges. It started off as an archaeological dig because the eastern stand, the McAuliffe Stand, was built over a graveyard, as you know as an historian yourself. There were a lot of sensitivities associated with the very start of that project. Of course we had to manage our neighbours, which happens to be a church, and they were very good neighbours and they were glad they had us as neighbours because we were able to paint the church and do all of the charitable things that we could to assist them along the way.

I think the project stands in testament as a feat of a building masterpiece. I note the opposition's attempt here this morning to undermine it, but it is an icon project out there that has gone over very well with the punters. If the best sort of criticism that you can ever get about it is that three people found a difficulty with public transport out of the 52,000 people who went there, it is a pretty amazing feat.

I want to congratulate the people in the Department of Public Works, especially Peter Teys, who lived over there basically for the whole time of the project and is still over there. Our

responsibilities do not finish until May next year. The people who worked on that project are to be thanked. It was a very difficult project to do. Certainly it is not without its criticism from subcontractors, but that is a reality. I encourage those people to sort that matter out amongst themselves as soon as possible. If we can render any legal assistance to them, we will do that, as we already have. But the reality is that none of that should detract from the fine job that has been done there and the excellent facility which the people of Queensland now have and the economic value that that will bring to this state.

**Mr RODGERS:** Minister, my question relates to Q-Fleet. On page 1-60 of the MPS there is a reference to Q-Fleet continuing new environmental initiatives. Can you please advise what new environmental programs or trials are planned for this financial year?

**Mr SCHWARTEN:** In terms of Q-Fleet, I have already mentioned Les Clarence. Unfortunately, Les is choosing to retire from us, but he goes with his head held high. One of the things that Q-Fleet has embraced is the fact that, as the biggest fleet of Australian owned motor cars in Australia, we carry a huge responsibility to ensure that the dent we make in our environment is as small as possible and the dent that we do make is repaired as much as we possibly can. Being part of Greenfleet we have been able to plant trees or buy trees as one way of doing that. We have been looking at the best form of vehicle we can get. We have already got the Toyota Prius and are trialling all sorts of technology, not to mention of course E10. We were the first fleet in Australia to compel the use of that, and I am happy to announce the day that the state government garage will offer E10.

We have also been able to do a deal with Caltex in Cairns to ensure that ethanol is available, and you as a sugar seat member would know the importance of ethanol to the sugar industry. I am pleased to see the federal government coming on board with this. But the reality is that we are the first fleet of cars to do that, and I would put E10 in every car in Q-Fleet—the 12,800 of them—if we could get service stations to sell it. We have a deal going at the moment with Neumann's over in the government garage. We have a deal going with Caltex in Cairns. We have 385 cars in the Cairns area. Accordingly, I have a little document here that members might like to take away with them.

The last thing we have done in terms of the environment is that we have sponsored the University of Central Queensland for \$312,000 over three years to research solar panels so that they can assist in the powering of vehicles. So we are doing anything that can be done in terms of the environment. I guess what it highlights is the things you can do while you still continue to have a car fleet under your own control. I will table those documents for the benefit of members.

**Mrs REILLY:** Minister, I am well aware of your own personal commitment to training apprentices. Can you outline the provisions as to what the department has done in the 2003-04 budget for the further training and development of apprentices?

**Mr SCHWARTEN:** The figure is 334 that we have at the moment. Since we have been in government there are some 970 apprentices who owe their future in the construction industry to our government. Having toured around the world in a variety of places, the director-general and I were in Europe last year. Whenever you mention the words 'government' and 'apprentices', people look at you like there is something wrong with you. They do not entertain the idea. As far as my research goes, we are the only government in the world to have 334 construction apprentices on our books. We are going to continue to do that. We are particularly interested now in school based apprentices. From where I sit I think that it makes a lot of sense to have kids exiting their school years with a level of training that puts them straight into a third year apprenticeship or the end of a second year one. Especially for those who are in Q-Build, they are coming into a guaranteed job from school.

The number of apprentices include 15 additional indigenous apprentices to be employed directly by Q-Build this year. Aside from what we are doing in the mainstream apprenticeships, we are also earmarking apprentices from indigenous communities. Some 86 per cent of those who started their time have completed it in the last year. That is a pretty high standard when in the private enterprise sector the failure rate is about half. About half who start their time do not finish it. So it says a lot about the way we train them. I congratulate Q-Build and Tony Waters in particular for his leadership of Q-Build in its focus on apprentices and the excellent training that it does.

**The CHAIR:** Minister, I refer you to page 1-11 of the MPS under the heading 'Output Performance' and in particular to the fact that your department contributed to the whole-of-

government response to the royal commission into the building and construction industry, and I ask if there have been any ramifications.

**Mr SCHWARTEN:** Yes, there have. As I said to the shadow minister before, I make no apologies for being the only minister in Australia dragged before the Cole royal commission. Clearly from day one it was set up as a political weapon to fire at the union movement and it did not unearth any carcasses as a result of it that I could see. But what has followed from it is that just last week the federal government made it very clear what their intentions are in this regard. In one particular project, the Australia Post project in Melbourne, there were a number of contractors in the mix and four of them were excluded from the tender list because they had EBAs with a union. I was supposedly acting inappropriately, according to them, because I was insisting on putting EBAs into it. Now they are saying that people who do have them will be excluded from the tender list.

What does that mean? That should send a shiver up the spine of every contractor in Queensland, because what it means is that if a contractor wants to organise their business around an enterprise bargaining arrangement, which is the fundamental instrument in Queensland in modern terms because it far surpasses the award structure, then they are going to be denied work on Commonwealth projects. But it gets worse than that. The Commonwealth is now saying that any federal money involved will have to be done in this way. So in other words what they are saying is that the kids of a certain school will go without an extra block because the state government, for example, was insisting on using a contractor that had a decent and appropriate industrial relations regime on their job.

It is quite a serious and unprecedented attack upon the states as far as I am concerned, let alone an attack upon businesses in telling them how they must organise their business. Indeed, it is an attempt to deunionise the whole construction work force of Australia. It is interesting to note that it has not carried any headlines in Queensland. I cannot understand why our local media is not interested in this, but they do not seem to be. Abbott is completely out of control with this. He is hell-bent, I suppose, on replacing Costello as the next Prime Minister option and he wants to show that he is bigger and bolder and braver than Costello. He is certainly showing that he is a bigger bastard than him, anyway.

**Mrs LAVARCH:** Minister, what is the extent and progress of the Department of Public Works' research initiative of improved thermal comfort mechanisms for schools?

**Mr SCHWARTEN:** Thank you for that question. You will be aware that in previous estimates I have spoken about the need for us to better research how we provide thermal comfort into our classrooms. Indeed, David Watson, when he was minister, had some interest in that field as well, as I understand it. The reality is that most of the Cooler Schools areas are west of the Great Divide. If we were to go about putting the systems that we have in every school in Queensland, you would want to build a couple more power stations almost. So it behoves us to try to find another system. Our Built Environment Research Unit and Dale Gilbert, whom I spoke about before, have come up with a system and we are trialling it in three locations—one in Brisbane, one in Rocky and one in Cairns—because they are the sorts of climates that it suits.

I am glad that one is in Rocky, I have to tell you, because if temperature was the judge it should be in the Cooler Schools area. I should say that it is in the Cooler Schools area, but it is one of the hottest places in Queensland during summer because of the Berserker Mountains. As I say, it behoves us to find another system, and I am anxious to have a look at these sorts of systems. It is a split system combining existing elemental technologies in a hybrid system, evaluating new developing thermal comfort. The air cooling company is Air Change. The Built Environment Research Unit chose the schools. One of them is at Yarrabah, by the way, an Aboriginal school, so it was not in Cairns.

**Mr RODGERS:** Minister, I note an article in last Saturday's *Courier-Mail* regarding the relocation of the La Boite Theatre. On page 1-17 of the MPS in note 5 there is reference made to this relocation of the theatre. What role did the Department of Public Works play in this?

**Mr SCHWARTEN:** I thought I had a copy of the article here, but I have not. I was pretty amazed to read a full-page story by a journalist by the name of Rodney Chester interviewing Sean Mee, the artist director at La Boite Theatre. I read the whole article and, surprise, surprise, the government does not get one mention. You would think that the La Boite Theatre was doing all of this when in fact the Department of Public Works has kicked in around \$2 million for the relocation of La Boite from opposite the stadium. They are actually in the Thomas Dixon building at the moment until they go over there.

This is actually probably one of the best kept secrets in Brisbane at the moment and it probably will remain that way if people like this journalist continue to write the way they do. Members of this committee and members of parliament would know that over the last three years we have been redeveloping the Kelvin Grove Village site—it was the Gona Barracks site. As a result, it is a housing issue. I intend to talk about it in the housing estimates later this afternoon.

I am amazed that this story about La Boite moving over there is written with absolute ignorance of the facts about the Queensland government's involvement in the project. This is no doubt a very exciting project which will marry together QUT's creative industries area and La Boite. It is a very sensible and smart thing to do. We have cooperated fully with La Boite. They had outgrown their premises and their parking was a particular problem. They were next to our stadium. Stadiums and theatres do not necessarily mix all that well. Some people sell us a bit short in that regard. I will talk about the urban bit later on.

**The CHAIR:** The time for questions from government members has expired. I call the member for Darling Downs.

**Mr HOPPER:** I refer to non-government question on notice No. 3 and your answer that separation payments totalling almost \$7 million were paid to Department of Public Works employees. Why did you need to write off almost four per cent of the staff of this department? Was it worth \$7 million of taxpayers' money?

**Mr SCHWARTEN:** Why did we need to do it? It would be no surprise—I think even you would have worked it out—that we had a voluntary redundancy package. People who felt that they no longer wanted to work for Public Works decided to go. Was it worth \$7 million to pay them out? Yes, it was. Those people were valued employees. I know that you would want to cut them off without a shilling, but the fact of the matter is that those people had certain entitlements and we gave them those entitlements in full.

**Mr HOPPER:** I refer to page 1-59 of the MPS outlining the operation of Q-Fleet. We all recently received an email regarding a seven per cent saving Q-Fleet had managed to negotiate for insurance costs which also resulted in an increase of \$250 or 50 per cent in excesses payable. Based on the accident figures you have previously provided for 2001-02 and assuming that most reported accidents attract a full excess, this would mean as much as \$700,000 in additional excess charges. I understand the excess charges are paid by either the department a car is leased to or individual public servants depending on the circumstances of the accident. Who are you cost shifting to? What is the average percentage split between departments and public servants in who bears the excesses?

**Mr SCHWARTEN:** What do you mean by cost shifting? There is no cost shifting. If people have it in their contract that they have private use of a vehicle—as indeed do ministers—then they pay the excess. That is not a cost shift. Is that what you are suggesting? I have no idea what you are on about. Try to answer that, Les.

**Mr Clarence:** The issue I think you are referring to is that on 1 July Q-Fleet put in place new arrangements with its insurer which led to a reduction in the insurance premium, but as part of those negotiations we agreed to an increase in the excess from \$500 to \$750. When Q-Fleet first started, people paid a general excess of around \$1,000. We decreased it to \$500. Over the last five years we have reduced the insurance premiums paid on the government fleet significantly.

We took this decision as part of an overall strategy to try to encourage our clients to reduce the number of accidents they have. What happens is that if there is a claim the client pays the excess, which was \$500 and is now \$750, and the insurer meets the cost above that. It is a standard insurance policy. At the same time, we have provided our clients, free of charge and part of our Driver Safety program, a 'Think Safe, Drive Safe' interactive CD Rom which is about teaching drivers to be safer in our cars and to keep out of accidents. Our overall aim is to reduce the number of accidents involving government vehicles.

**Mr HOPPER:** I refer the minister to page 1-60 of the MPS, the last dot point dealing with 'Think Safe, Drive Safe' program and ask: what percentage of public servants who may be required to drive a Q-Fleet car have taken part in this program?

**Mr Clarence:** I cannot give you an exact figure. Prior to our decision to provide this free of charge we had sold around 500 CDs to our clients. We cannot force agencies to have their drivers undertake driver safety, but we encourage them to do that because if they do undertake it and do reduce their accident rates they pay a lower insurance premium.

**Mr SCHWARTEN:** So it costs that agency less money, in other words. So the incentive is there.

**Mr HOPPER:** I refer to page 1-68 of the MPS, the section that covers Goprint. I note that the cost of reserve services cannot be fully recovered through the current pricing arrangements or be fully offset by revenue from Goprint's commercial activities. For 2002-03 a community services obligation was sourced for the budgeted shortfall. There are some industry concerns that Goprint will be allowed to compete in the open or commercial market, effectively becoming a government subsidised company, unfairly and unviably undercutting commercial operators. Will you guarantee that this will not be allowed to happen?

**Mr SCHWARTEN:** You, like everybody else who has sat in that chair, are transparent when it comes to this subject. What is behind what you just said is the privatisation of Goprint. I know that there are certain industry groups out there that have been trying to achieve that. They have been through my door. We have done whatever we can to try to work with them, but, at the end of the day, I will say this again. While I sit in this seat, Goprint will not be privatised. The people who work over there and provide the *Hansards* to you every time you sit in parliament deserve a bit more respect than the sort of undermining they cop from people like you. I will make sure they know, as I have done in previous years.

They have provided a budget for over 100 years that has never leaked and provided it on time. They have provided things like the Fitzgerald inquiry under lock and key. They are now finding a niche in markets where security is demanded. They have done joint ventures with private industry. I believe that they have a future in secure printery. Every year we get this same question from the person who sits there. Your advisers obviously think it is a smart thing to do. I can assure you, as I have assured the industry at every turn, it is our intention to continue to keep Goprint. We will always look at ways of making it more efficient, but the reality is that it does not go out and compete in the private market yet the private market wants to come in and compete for its work. In reality, it is there for our reserve services. If we can do more with it, we will. We have had a variety of programs through there, including VERs to trim the work force. But, at the end of day, I repeat: Goprint will stay there as long as I am the minister and as long as our government is in power.

**Mr HOPPER:** I refer to page 1-71 of the MPS and the Goprint output statement. I note that Goprint suffers a spoilage rate of 0.4 per cent of sales up from a target of only 0.1 per cent. Why is this rate so high? What is the cost to Goprint, its government clients and therefore the taxpayer?

**Mr SCHWARTEN:** He is undermining Goprint again.

**Mr Clarence:** Part of the reason for the spoilage rate at Goprint is that it is operating with very old equipment. We are going through a restructure of the organisation at present. We are looking to upgrade its equipment so that it can compete with the industry. There has been no new equipment put into Goprint in terms of printing now for about 12 years.

**Mr HOPPER:** How many early retirements were there through Goprint?

**Mr Clarence:** Thirty.

**Mr HOPPER:** I refer to page 1-3 of the MPS and the government's shared service initiative. As new arrangements aimed at savings are to apply from 1 July will the minister outline what the initiative will mean to the Department of Public Works? I note that many Public Works professionals in Finance, Human Resources, including payroll, and Corporate Systems Support were to transition to a shared service provider or a technology skills centre on 1 July. How many positions did this involve? Will the initiative involve any Public Works positions being withdrawn from rural or regional areas?

**Mr Grierson:** There were 174 positions that moved over to the shared services providers or the technology provider CorpTech. There were some in the regions. I cannot give you the numbers in the regions. We are providing guidance to our shared service providers on regional service delivery. The head of that unit is Jenny Moynihan who was our regional Q-Build director for North Queensland. She is heading up the unit to ensure that the services provided throughout regional Queensland stay there and are delivered as they should be. As far as the services are concerned, most of the 174 four officers are still in the department itself. They will transition physically when accommodation plans are made. But basically they will be undertaking the same services as they have been undertaking to date.

**Mr HOPPER:** I refer to page 1-13 of the MPS and the department's responsibilities regarding the disposal of the old Townsville Hospital site. Has a specific purpose or project been identified for this site and what controls will government apply to ensure that appropriate development takes place on the site to best suit the needs and preferences of the people of Townsville? Will the minister guarantee that the tender process will be open and transparent?

**Mr SCHWARTEN:** The last one first—yes, as they always are. This is a very difficult site. Obviously everybody who looks at it—and I am sure if you have been to Townsville recently and looked at that hospital site—says that it is a great site. I see Steve Rodgers nodding over there. The problem is that it has a hospital on it—a hospital with the heritage values too. It is not the golden goose that people think it is. Our role in that has been to manage that for the Department of Health.

**Mr Grierson:** We are project managing the disposal. In fact we do have a preferred developer for the site. The answer to your question about looking after the values of the site, we obviously have the legislative requirements for heritage listing. We will ensure that contamination is dealt with. The future use of the site is the responsibility of the Townsville city council. The preferred developer actually lodged a development plan and material change of use application with the Townsville city council on 21 March this year. That is being worked through with the council right now.

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

**Mrs REILLY:** On page 1-4 of the MPS it says that the department will continue to operate the Roma Street Parkland. I have not had a chance to see the parklands. Could you tell me what has been happening over there over the last year or so?

**Mr SCHWARTEN:** You have not been?

**Mrs REILLY:** I have been too busy in parliament and looking after my electorate. We have some great parklands in Mudgeeraba. I wondered whether you had officiated over any weddings?

**Mr SCHWARTEN:** One lunchtime we will take a stroll down there. Instead of battling the Pritikin diet at the lunch table we can wander down there. It is only a 10-minute walk, basically. The Roma Street Parkland, as far as I am concerned, is one of the most fantastic projects I have ever been associated with. When we took over government it was a disused rail yard. It was an eyesore. It had been a matter of some political debate in the previous government. We got on and we created a parkland there at a cost of \$72 million.

It has now become a great site for weddings. We have not had any funerals there yet, as far as I am aware. It is certainly a place that is used by garden enthusiasts. I have been up there a number of times and found people from all over the world who were admiring it. I went to some of the famous gardens in the world before we built it, and this one rivals them. There is no doubt about that whatsoever.

One problem we are coming up against, however, is that it is getting too popular. We are actually going to have to introduce a few rules there. We have just recently had to cordon off an area because people have been organising touch football games down there, boots and all. I have had complaints from a number of people who have been down there trying to enjoy a picnic with their little kids when there are all these great big blokes having a game of touch football—public servants some of them might be.

The fact is that we are going to have to take a bit of a tougher stand. No doubt these people will not like it, but it really is quite dangerous to have a parkland with people playing an organised sport like that. They go down there and they put down a couple of witches hats and they take over the whole park. It is amazing. It just shows the popularity of it, but it is not a sporting field.

We have some great future events. Anybody who saw the Queen's entry would know just how well that site works with a very large crowd. There were 13,000 there that day. It dealt with that crowd very comfortably. It is ideally set up for such an event. We have our Queensland Greats down there. There are a number of plaques. Ted Smout, Uncle Bob and a variety of other people have their dials down there in the concrete. It truly is a shame that you have not seen it. We will arrange for you to have a personal tour through it.

**The CHAIR:** Minister, could you advise what involvement the Department of Public Works had in the redevelopment of the Rockhampton Showgrounds for Beef Expo 2003 and also provide some details of the works involved?

**Mr SCHWARTEN:** Beef expos have been part of the local tourist economy of Rockhampton since 1987. They are an extremely well-run program. Mr Lingard has a very close connection with Rockhampton as well. He played football there and was a coach for Fitzroy for many years. He married a Rockhampton girl, too, if I am not mistaken.

The Rockhampton Showgrounds, the venue selected by the expos, were a disgrace. They were falling to pieces around their ears and the committee rightly complained about it. I was able to convince the Treasurer that we should expend \$8 million on redeveloping the site. That is now being done. It is in stage 1. They have about \$6 million there so far. Council put in \$2 million.

The redevelopment was managed by Project Services very well. Most of the work that is there is infrastructure-type work. They have created a very large pavilion which the council has named after me, which is very nice. The only trouble is that they put bulls in it. You can imagine what people say it is full of. They say it is like all politicians. It is novel what some people come up with.

It is a very good development. The last Beef Expo we had worked very well, with all the temporary buildings they brought in. They had a two-storey hotel that they brought in temporarily. That is the way events go these days. Rather than put up permanent infrastructure, you need all of the infrastructure in the ground that you can just plug into. I advise anybody who is interested to go to the next Beef Expo. It was a really top outfit. Hopefully next time parliament will not be sitting when it is on.

**Mrs LAVARCH:** What has the department been doing to support indigenous communities and indigenous employment in the regions?

**Mr SCHWARTEN:** Quite a bit. When I first became minister five years ago we embarked upon a program in all Aboriginal communities. The director-general created a special unit to encourage Aboriginal apprenticeships in communities themselves. That worked with reasonable success. We have now gone one step further. As I announced, 14 apprentices are placed within Q-Build. That is a target group. We have a reconciliation statement to that effect. They are carpenters, electricians and painters based at Thursday Island, Cairns, Townsville, Ayr, Charters Towers, Mount Isa, Rockhampton, Mackay, Bundaberg and Roma.

The other bit of good news is that the directors-general of both Housing and Public Works are the appointed champions on Palm Island. Mal might want to talk about the project that he and Linda are working on up there.

**Mr Grierson:** Whilst we do not like the word 'champion,'—we are more supporters of the island than champions—it is a program that the Premier introduced. Every director-general has a responsibility for an individual community. Linda Apelt, the DG of Housing, and I have Palm Island as a responsibility. It aims to work with the council and the community to ensure that the government's services are not fragmented and are delivered appropriately. Every opportunity is taken to ensure that agencies can work together to deliver services.

The sorts of things we have achieved to date are that we now have a helipad next to the hospital. We had to work with the electricity people to shift power poles. We had to work with Emergency Services and with the Health Department. We have worked with the Commonwealth Bank. There were some problems on the island. Some community elders spoke to us about the lack of cash on the island. We worked with the Commonwealth Bank and that matter has been addressed.

The army is on Palm Island today for exercises. I visited the army in Sydney and we have negotiated that they can assist us in the construction of a \$4 million PCYC. The army will do probably the slab work and some of the other construction work as part of their training program to help us get that project going. It is an exercise where we are working very much with the council and with the community.

**Mr SCHWARTEN:** We established a Q-Build depot on Palm Island.

**Mr Grierson:** We have done that, too. It is a very good program. We think we are achieving things.

**Mr RODGERS:** Minister, I understand that Old Government House has been vacated by the National Trust of Queensland and leased to the Queensland University of Technology. Could you please explain the current arrangements and their benefits?

**Mr SCHWARTEN:** There has been, right back to David's day, an attempt to find a more permanent home for the National Trust. It was domiciled up there and not particularly happy about being there, necessarily, because it was not really set up as the ultimate place it could work

from. The ongoing problem—it always has been with heritage buildings—is funding the maintenance. It had been over a period of years, like most heritage buildings, not funded to the level of maintenance that it should have been. That is just a fact of life. That is what happens if you do not have a tenant in a building that can pay enough rent to help maintain it.

We were able to negotiate a deal with the QUT. It actually took that building over on a peppercorn rental basis. We still own it. The people of the state still own it, but they are the custodians of it. It intends to spend over \$3 million on it, doing it up. In return, we have moved the National Trust down to the old DPI building—95 William Street. Dr Watson had some involvement in the refurbishment of that some time ago. Indeed, we have followed that on.

It is a win-win situation. We now have a very useful building for the university. It has its own sandstone, which universities like to get off on. I always point out that the university in Rockhampton, Central Queensland University, has the oldest sandstone because it now has the old court buildings in town. So it has the oldest sandstone in Queensland. QUT now has its own piece of sandstone. It has a very functional building as part of the environment there. The National Trust now has a very good, presentable premises. It is well located, not tucked up out of the road where no-one can see them. As I say, it is a win-win situation for both organisations and for government. We now have someone who will maintain that building and it will remain in public hands. It does not get much better than that.

**Mrs REILLY:** Minister, there are a number of multicultural groups currently housed at Yungaba. How will they be accommodated as a result of the government's sale of this property?

**Mr SCHWARTEN:** As you would be aware, as yet no money has changed hands on the sale of Yungaba. It is a conditional contract, and the developer has to get development approval through the Brisbane City Council before money changes hands. Assuming that happens, the deal is that the multicultural groups that have had a home down at Yungaba will be entitled to the use of two floors in the new building that is being created. The title of the new building—the two floors—will be vested in the Department of Public Works for a peppercorn and we will fit them out. The circumstances for the multicultural groups will be far improved upon what they have now.

There was some consternation—understandably so—that those groups may have found themselves homeless, as it were. That certainly was never our intention. The circumstances that they will have, should this deal proceed, are far better than they formerly would have had. They are all very happy about the new circumstances. I stress that it is a conditional contract—conditional upon approval being granted by the Brisbane City Council to develop it.

**The CHAIR:** The time allotted for the consideration of the estimates for the Department of Public Works has expired. We will now move on to the Department of Housing.

**The CHAIR:** We will now move to the Department of Housing. The first round of questions is from non-government members.

**Mr HOPPER:** Minister, I refer to the output statement for Aboriginal and Torres Strait Islander housing on page 2-15 of the MPS. I recently had the privilege of visiting several Torres Strait islands and was amazed by what the people and successive governments have achieved in housing. I note a small shortfall in the estimated actual for output revenue with a state contribution to Aboriginal and Torres Strait Islander housing and a longer shortfall in grants and other contributions. I understand the note about delays and that there is a commitment that carryover money will not result in decreases of grants. What is the carryover amount for the northern islands, and will the minister provide a guarantee that that money will be carried over?

**Mr SCHWARTEN:** The figure is \$11 million, but I will get Linda Apelt, the director-general, to give you the details.

**Mrs Apelt:** The carryover amount for the deed of grant in trust five-year program is about \$11 million. Those funds will be carried over, but they will still be guaranteed allocations to the communities that have them allocated.

**Mr SCHWARTEN:** In other words, they will not be taken from them at the end of next financial year. I know they are concerned about that, Ray, and that is obviously what they raised with you. They are worried that, if they cannot get the money spent, they will lose it. That will not be the case.

**Mr HOPPER:** That is their exact concern.

**Mr SCHWARTEN:** I can guarantee you that is not the case. We understand that you cannot bring in projects on time on those islands for a variety of reasons and that they simply cannot spend the money on time. No-one will be persecuted because of that.

**Mr HOPPER:** Thank you very much for that, Minister. I note that on page 2-4 of the MPS the fourth dot point includes \$500,000 for emergency responses to caravan parks and boarding house closures in Queensland. Given the impact of new and much needed boarding house regulation and accreditation, are you satisfied that half a million dollars is enough? Why has the Queensland government chosen an ad hoc response based largely on already overstretched services given that when New South Wales went through a similar process they implemented a coordinated response worth \$66 million?

**Mr SCHWARTEN:** I am unaware of what they did in New South Wales and I do not much care what they did. They have a bigger problem than we will ever have. The truth is that to suggest that we have not taken a coordinated approach is simply not the case. The reality is that in any situation where a caravan park has closed we have a whole-of-government approach to it. We have recently exercised that in Ipswich. On the Gold Coast, as the member for Mudgeeraba would know, we have word that a certain closure will occur in two years. We have been able to put in place a series of events and coordinate housing for people. It is the same in Cairns. Also in Charters Towers recently with the existing resources we have been able to do that.

What you point out is a very pertinent point that I have to live with every day. Someone should tell the federal government that there is no alternative to this level of accommodation. If you look at this you can see what is happening. The Commonwealth government is putting its store on that. It is saying, 'You do not need capital funding any more. We are going to cut that out.' That is fine, but the reality is that all those people who are entitled to rent assistance in the area which you are talking about cannot access rent assistance because they cannot access a boarding house or a caravan. They are closing down.

Someone suggested to me the other day that we should buy caravan parks. We did that. We own the Monte Carlo Caravan Park, which is a community housing project. We are having to put money in to help the people who live there bring their caravans up to standard for the Brisbane City Council. If we were to go and buy caravan parks, we would buy them at what people are selling them for, and they are not selling them for caravan parks; they are selling them for the land value. So we certainly will not be going down that path.

The \$500,000 that you refer to is for that project, but in fact there is an extra \$15.5 million in the budget this year to assist with crisis accommodation. Linda, do you want to add something to that?

**Mrs Apelt:** In addition to the emergency response funds, which are for emergency white goods and relocation costs for residents, the government has a grants program under the residential services industry legislation, which is a \$350 grant per resident for health and safety improvements. There is also a loan program which is capped at four per cent.

**Mr HOPPER:** Minister, I turn now to the Housing Industry Trade Training program, the HITT program. How do you justify the recent 50 per cent funding reduction, a sum of \$3 million, to the highly affected HITT program run by group training providers in Queensland? The program has delivered quality tradespeople from the ground up to the construction industry through public housing projects for years. This is traditionally a trade area that demands highly skilled people. We are currently experiencing an acute skills shortage that will continue to impact for some time. Group training companies and their apprentices have received awards in the industry as recognition of the success of these programs. How do you justify stripping this program of \$3 million and reducing the intake of apprentices in this way? It sure does not sound like a Smart State move to me.

**Mr SCHWARTEN:** The reality is that I do not need convincing about group apprenticeships. We have trained over 1,000 of them in five years—more than any other government before us. But there is one thing that they require to do that, and that is houses. What is the area that we have had cutbacks in from the federal government? Houses. You cannot train them on thin air. In the majority of our projects we are now training our apprentices from Q-Build on them, and we have copped a bit of criticism for that.

Where we possibly can, we will use the just over 300 starts that we have got this year for that purpose, but the reality is the graph that I showed you before. The federal government is saying to us, 'In the long term we want you out of construction.' There is no secret. You have not uncovered something here, because I have had group training schemes over the years work on this. I am a very strong participant in the local Capricornia group training scheme in Rockhampton. So I am well aware of the problem. You are dead right that it is not very smart, but you had better tell your federal colleagues it is not very smart to take money out of capital investment in housing.

This is one of the side effects of it. We still have a 10 per cent training policy on all our projects as well. But that was a good program; there is no doubt about it. We were rattling up a lot of houses, but we are not doing that any more.

**Mr HOPPER:** Minister, there have been some problems with the administration of HITT. What measures did your department take in 2002-03 to ensure that apprentices claimed under this program really exist? Is your department aware of or involved in any moves to recover moneys fraudulently claimed under this program?

**Mr SCHWARTEN:** You are talking about SCRGAL, which was raised in parliament. We have referred that to the Auditor-General. We have also referred it to the CMC, which as I understand it has referred it back to Linda. We will wait to see what the Auditor-General has to say about it. The Fraud Squad has also been notified.

Just a minute ago—and rightly so—you were praising the efforts that these groups go to. At the end of the day, we are a housing department. I do not want the people from Housing spending all their time checking up to see whether group apprenticeship schemes are doing what they are supposed to be doing. If we start doing that, we might as well give the game away. We rely on people to act in good faith, and I am confident that the majority of them do.

The woman who made the complaint amazed me. She was a party to it. She did not have anything to say about it then. If she had picked up the phone and had rung Linda or me, we would have done something about it. In terms of putting on an army of Housing police or apprentice police officers, there are other agencies that deal with training in Queensland. We do not. It was a by-product of housing. It made good sense to use the maximum number of apprentices on every house that we built, and that is what we did. In terms of having apprenticeship police attached to the Department of Housing, that will not happen. I do not know whether you want to add anything to that, Linda.

**Mrs Apelt:** We have tightened up a number of our approval procedures for payments, and we now do not make payments until statutory declarations have been signed to certify that moneys have been allocated and used for the appropriate purposes.

**Mr SCHWARTEN:** I reckon it is a shame we have to do that, as most of them are honourable organisations.

**Mr HOPPER:** Minister, I refer to page 2-2 of the MPS and your commitment to the Commonwealth-State Housing Agreement. As the minister is well aware, the federal government has chosen to deliver some of its housing assistance through rental assistance—which you showed us before—which assists far more Queenslanders than public housing ever can.

**Mr SCHWARTEN:** That is Amanda Vanstone's line. Go on.

**Mr HOPPER:** It is time to stop passing the buck and be responsible for the shortcomings of your own department. Minister, I ask you: what are you going to do to ensure that those who most need public housing have access to it?

**Mr SCHWARTEN:** The short answer to that is we are going to do every single thing that we can. But if you have swallowed that nonsense that is coming from the federal government about more Queenslanders getting a better deal, that is absolute garbage. Go to Gladstone and see Liz Cunningham. Get her to point out to you the people who are entitled to rent assistance who cannot get housing. There are heaps and heaps of them.

The reality is that rent assistance does not work. It does not work in Vaughan Johnson's electorate, I can tell you, and that is why he wrote to Senator Vanstone about it. If you honestly think that rent assistance gives more Queenslanders a chance, then I am sorry, my friend, but you are very misguided. The reality is that there is no rental market west of the Great Divide. There is none up in the Cape, where you have just been. It is not a matter of passing the buck; it is a matter of facing reality. We are \$300 million worse off than we were. In terms of what we as a state now spend, they are the figures there. That is the budget that I started with. That is the budget that we now have. It is 330 and 528.

If you honestly believe that we can continue to pick up the shortfall from the Commonwealth, that is just not the case. The fact is that we will do everything we can. We have the Brisbane Housing Company. We are always looking for private partnerships. We have bought houses at Amberley and shifted them to Gladstone to try to fix up the rural problem. There is only an extent to which we can go. But if you seriously believe that the people of this state can pick up what the Commonwealth—you talked about cost shifting before; this is cost shifting at its best, my friend—you cannot take that money out of the capital, funding that we used to have, and expect

it to be topped up by the state taxpayers. Where do you suggest we get the money from? Which services? You are crook on the ambulance levy. Should we have a levy for affordable housing in this state? Is that what you are suggesting? Should we put it on car registration or something like that? Of course, we will not. But the reality is that that is what the guts of your question is about. Until such time as you stop swallowing that nonsense that they are dishing out from Canberra, saying that more people are going to get rent assistance; it is simply not true. There are people lying in the streets of Brisbane who are entitled to rent assistance and they cannot get it.

**Mr HOPPER:** I refer to page 5, section 2, and note that you plan to commence 300 new dwellings in 2003-04. How many public housing dwellings do you plan to dispose of in the same period?

**Mr SCHWARTEN:** Linda can answer that.

**Mrs Apelt:** We have not actually set a sales target in terms of the number of the dwellings, but we have set a sales target in terms of revenue and that is \$30 million.

**Mr SCHWARTEN:** I know the political point you are trying to make. We have another chart here somewhere. The reality is that we have been selling off houses. I do not make any apology for that, because as much as anything else it is part of the realignment of stocks that we have. We have places that consume paint quicker than a dipsomaniac consumes grog. The reality is that we cannot continue to have old stock that costs a lot of money to maintain in areas where people do not want to live. So we have to sell them. Inala is one of the cases in point which you brought up last year. That is basically what is happening.

You do not have to be Einstein to work out what is going to continue to happen. If you are getting less capital funding, of course, the number of houses are going to go down. I took a personal decision when I first became minister that we would do what we could to do something about the paucity of the accommodation that we had. Yes, we could build more houses this year and let these houses that we have run into the ground. Previous governments have done that and current governments elsewhere in Australia are still doing it. This graph shows you the upgrading that we are doing on the current accommodation. Yes, that is at the expense of building new accommodation and, yes, it does involve the sale of others to do it. But what we need to have is a proper and finite number of public housing units in Queensland that are in good condition and provide for the needs of the people concerned.

What we do not need is houses in places where people do not want to live or that no longer suit the needs of people, especially given that between six and seven out of 10 of every group of people that we look after are either old or have special needs. We have to move our stock accordingly.

**Mr HOPPER:** Minister, of those 300 new dwellings, are any of those seniors units?

**Mr SCHWARTEN:** They would be. We will give you the whole break-up of them. That is not a problem. We just do not have it here. We should have.

**Mr HOPPER:** Minister, your recent answer to a question on notice regarding waiting lists for seniors units showed that the Gold Coast is by far the worst off. Are any of the dwellings to be built or purchased seniors units on the Gold Coast?

**Mr SCHWARTEN:** I would say they would be. I would back that in. The ones that I have opened recently down there are of an excellent standard. Coming back to what I was saying before, why would you not put your name down on a waiting list at the Gold Coast? It is a great place to live and it has a very high seniors accommodation. I know that when Ray Connor was a minister he had this big project of buying up at the Gold Coast. All that happened was the waiting list got bigger. People came out of Kev's electorate or wherever and said, 'I'm going to put my name down at the Gold Coast.' There has never been a time when the Gold Coast has not been the highest in the state. So you have to be careful of interpreting waiting lists as being the only indicator of homelessness or potential homelessness. In my view, they are not the best benchmark to use. There are others that you can use, but they are one just the same.

The reality is that we have to try to do it equitably around the state. There are people in my electorate who want to live in seniors accommodation, there are people in Linda Lavarch's electorate, in Steve's electorate and indeed in your own electorate who want that. We have try to do that as fairly and as equitably as we can.

**Mr HOPPER:** Minister, referring again to page 7 of the Housing response to the audit question on notice, will the Minister advise the department why the Minister needed to apologise over the incident in Maryborough which needed investigations? I note that the findings were that,

overall, the Maryborough Client Service centre complied with the privacy requirements. Did the audit find that there were privacy breaches in the case investigated?

**Mrs Apelt:** There was an audit of the Maryborough client service centre as part of the rolling program of audits of all client service outlets across the state. At that particular centre there were some issues in terms of the way the petty cash was secured. It was not considered to be a major issue in the eyes of auditor; nevertheless, there were recommendations accordingly. Management took those recommendations on board and action has been taken.

**Mr SCHWARTEN:** What was that about an apology? That I made an apology about it? I do not think so. I did not even know about it.

**Mr HOPPER:** Minister, referring to page 9 of the Housing answer to non-government questions on notice No. 2, has RTA or the audit identified an annual dollar amount for bond fraud? What strategies does the RTA employ to address bond fraud?

**Mr SCHWARTEN:** You are referring to a particular incident that is some years old and has been tackled as far as I am aware. Carolyn Mason knows all the details of it.

**Ms Mason:** The internal auditors have identified that the level of bond fraud over the time has resulted from one ex-employee. The amount involved was something like \$30,000. The internal auditors were very satisfied with the processes that we have in place to not have occurrences again. Considering that we have \$227 million held in bonds, \$30,000 was seen as a very small proportion of that.

**Mr SCHWARTEN:** It was \$30,000 too much; nevertheless, it was uncovered by an audit system. Also, it has been reported in the *Courier-Mail* and the woman's in the paper for it. That is the end of that whole sorry business.

**Mr HOPPER:** Minister, I refer to page 4, section 2, of the MPS and the government's shared services initiative. As new arrangements aimed at savings are to apply from 1 July, will the minister outline what the initiative will mean for the Department of Housing. Will there be jobs withdrawn from the department and will any of these jobs be lost from rural and regional areas?

**Mr SCHWARTEN:** Linda is best placed to answer that.

**Mrs Apelt:** As part of the shared services initiative, 46 staff have transferred from the Department of Housing to Corporate Solutions Queensland and 40.2 staff have transferred to CorpTech. This will not mean any difference to the service provided to the Department of Housing. Services will be secured from these staff through a service level agreement.

**Mr HOPPER:** Minister, I refer to non-government question on notice No. 5. I should take this opportunity to thank the Minister, and also particularly the departmental officers, who have worked so hard on the estimates process for the very thorough answers to my questions on notice.

In regard to non-government question on notice No. 5, I am seeking clarification about the processes surrounding the disposal of public housing homes. Do the real estate agents who handle these sales work on commission, giving them extra incentives to get the best return from the department, or are they working on a flat fee-for-service basis?

**Mr Lavercombe:** Real estate agents are appointed by Project Services who manage the sale process for the department. They are paid on the basis of a commission for selling properties, as they would if they were selling a house for somebody in the private sector. Some properties are auctioned. It depends on the preferred method of sale in the particular locality. The actual amount of fee that a real agent might provide is up to them and they can put in an expression of interest to the department which might not reflect the normal fee.

**Mr SCHWARTEN:** A number of them have been auctioned in the inner part of Brisbane over the last couple of years, although we put a stop to that in the 14-kilometre ring zone.

**Mr HOPPER:** You are saying it is exactly the same as anywhere else.

**Mr Lavercombe:** Yes, a similar process.

**Mr SCHWARTEN:** As if you were going to sell it. You get the best option you can.

**Mr HOPPER:** Minister, I refer to non-government question on notice No. 7 and your indication that the Department of Housing spent \$64,000 through the University of Queensland on a research project to investigate factors associated with how public housing tenancies are sustained. Minister, what was the answer to the \$64,000 question and what outcomes and recommendation resulted from that project?

**Mr SCHWARTEN:** I will get Linda to answer it, but I want to say at the outset that I have gone to a number of ministerial meetings with other states. The thing that I am always astonished at is their lack of research. The reason that Queensland did very well out of the GST is that we have a terrific group of public servants here who are well equipped with research and who have strong links into the universities here. I never, ever belittle the research arm of this department. The sort of research that I am given is the best in Australia.

**Mrs Apelt:** This research project was commissioned from the University of Queensland to provide the department with evidence of how we can sustain the tenancies for an increasing number of tenancies with mental health issues and also particular disability and behavioural issues. While the department has access to a lot of anecdotal information about how to best manage these tenancies, we felt that we needed some strong evidence in order to redesign rental policies, allocation policies and general housing management policies.

**Mr SCHWARTEN:** It was like a research basis for making the policies.

**Mrs Apelt:** In particular, how to better coordinate our services with that of Disability Services and also the health services. The report is still being worked through by the department with the university, but when it is completed it will be released for public knowledge.

**Mr HOPPER:** Minister, I refer to page 11, section 2, of the MPS regarding Aboriginal and Torres Strait Islander housing. During my recent visit to the Torres Strait Islands, the people of Bamaga were telling me about their desire to own their own home and land. The garden competitions up there are absolutely wonderful. That is an example of how a sense of pride and ownership can be put into the whole community. I appreciate there are restrictions with deeds of grant in trust titles, but is there anything that can be done to help these people in the town of Bamaga own their own home and land?

**Mr SCHWARTEN:** I thank you for that question because it is a very important one and one that certainly has been raised with me at a number of places. I am sure that when Kev was up there as a school principal it was an issue that would have been raised at that time. There have been a number of attempts over the years—Bob Katter made one of them—to try to find a way through home ownership in these communities. Unfortunately, that was in Kowanyama and it failed. That was not through his fault, but it failed because the circumstances were too difficult. What you ended up with was people owning the house and not the land that the house sat on so it deteriorated.

We have commissioned the ACC to look at a methodology for doing this. We are now working DNR as well and Judy Spence's department to try to come up with a product. One of the problems is, firstly, how you value the property. What is the market value of a place? You have seen them. They are worth \$400,000 and \$500,000. But are they worth that on the market? What happens to the property after it is sold? Would somebody go up there and buy it from these people? It is a very complex web but one that we have done a lot of work on with the ACC. I would like to be able to tell you that we have the silver bullet solution and that it is going to happen tomorrow, but unfortunately that is not the case. It is not through a lack of trying, but we are certainly well advanced down the path of trying to find some method that protects the interests of all people concerned, both the taxpayers who paid for it in the first place, the people who end up being the tenants and the rights of the community as a whole in that regard. I have to tell you that it is not an easy road.

**Mr HOPPER:** With respect to Aboriginal and Torres Strait Islander housing, I am concerned that some islands are far behind others in the wonderful advances in housing made by communities with the support of successive governments. What will your government do to assist communities such as Darnley Island to catch up and move ahead with other communities?

**Mr SCHWARTEN:** The reality is that the program I instituted—I cannot speak about what happened prior to my time—a \$175.5 million five-year program, was allocated throughout those DOGIT communities on the basis of their need. It was to satisfy 80 per cent of need at that time. Each of those communities was provided with projects that were able to withstand scrutiny. It is public knowledge. Everybody knows who is getting what. I have not been to one community yet that has not said to me, 'Such and such a community is getting 19 houses and we are only getting nine.' A formula is used for it. It is like everything you do in that there will be some people who will not be satisfied by that.

I have satisfied myself that the criteria used have been fair. In common with you, I have been into all of those places and heard those complaints first-hand. I can understand it, because the living conditions are intolerable in those places and we are trying to do something about it. I

am hopeful that we will be able to get the Commonwealth government on side with that, because at the moment we are spending roughly four times the amount of money that the Commonwealth is on it. But it is a very good program. I can understand people complaining that they have not got it.

**Mr HOPPER:** Finally, there is additional pressure on public housing on the islands simply because, as those islands are being done up, they are becoming nicer and the young people do not want to live in Cairns anymore, they want to come home. A few of the councils up there expressed to us that that was a big concern. Their population is growing. What plan do you have in place to counteract this situation when it occurs in the future?

**Mr SCHWARTEN:** It is not only on housing, it is also on the water supplies and all of the other infrastructure they have. I have been to a number of islands where the population is expected to grow by 30 per cent to 40 per cent if everybody comes home from wherever they live all over Queensland. The reality is that we do not have the financial resources. I am interested in seeing whether or not the Commonwealth will recognise that there are certain parts of this state where there are no private rental possibilities at all. This is a position of last resort to me—to retreat to that position. But I do not think they can argue with this. I think the Commonwealth is starting to listen to us. We secured \$2.5 million the last time an allocation was made. We are prepared to do our bit, but we need the help of the Commonwealth to do it as well. At the moment, as I said, it is putting \$20 million into the program and we are putting in about \$68 million.

**The CHAIR:** That completes the non-government questions for the Housing portfolio.

**Mr RODGERS:** The output statement on page 2-19 of the MPS shows that the cost of administering community housing appears to have increased. Can you please explain why?

**Mr SCHWARTEN:** Interestingly, that was the subject of a *Courier-Mail* article some time ago. I think the Community Housing Coalition had a bit to say about it and was somewhat critical—surprise, surprise. It is a pretty good indicator of the sort of stress in the rental field. It is best illustrated by an example in my own electorate. One community house—a three-bedroom home which was available for rent for families escaping family violence—in the previous year had 13 people through it. Last year it had eight through it. If you actually divide the number of tenants assisted into the overall budget for last year, you see that it costed more to look after those tenants than it did in the previous year. It is a bit of a nonsensical statistic but in reality it shows that people are staying in this accommodation longer. Do you know why they are staying there? Because there is nowhere for them to go! If it is an indicator of anything, it is some sort of an indicator that it is costing more to look after fewer people; they are staying in the accommodation for a lot longer. At the end of the day, it is an indicator that the low-cost rental market is slowly but surely and in some cases rapidly disappearing off the face of the earth. That area of market failure is again a reason why the Commonwealth government needs to look at its obsession with rent assistance.

**Mrs REILLY:** You have touched on changing demographics in Queensland. An opposition member touched on it earlier when he spoke about the demand from seniors for housing on the Gold Coast. For his benefit and that of other members, I need to make the point that it is not only seniors but whole families in my electorate who have been facing homelessness. A family of eight with six children recently had to move from Mudgeeraba to north Queensland. Anyone who thinks you can get affordable housing even with two parents working for a family of eight on the Gold Coast for under \$1,000 a week is flying with the fairies. Can you elaborate further on how we are realigning to keep pace with the changing demographics and these changing needs in housing?

**Mr SCHWARTEN:** I think that family moved into the electorate of the honourable member for Burdekin. To some extent, that is something that I have been encouraging. There are areas in the state where people do not want to live and we do have vacancies in those places. We probably have a couple in the member's electorate. For some reason, people would rather live on the Gold Coast or live in the member's electorate or mine.

**Mrs REILLY:** I can understand that.

**Mr SCHWARTEN:** I cannot. The reality is that we have not been just sitting in the corner moaning about the fact that the federal government will not come to the party. That will not get us anywhere. The fact is that we looked at all of the alternatives, and we are continuing to do so, for how we may get some private provision of housing in that regard. A number of developers are interested in it. I have said previously that we need a national summit. The other day I noticed that the HIA talked about the taxation cost associated with housing. I note that point. But I think

one of the things that the federal government really needs to look at is the issue of negative gearing.

The way I look at it—I am not an accountant; David is not here, he might be able to correct me on this—in terms of negative gearing, people are more encouraged into the top end of the market than the lower end. I am not one of those people who say that the federal government, the state government or the local authorities should abolish that form of taxation. To say that is just irresponsible. The reality is that some of the things that we are trying to get into the market are going to the wrong end of the market. It has got to be a worry to anybody who is investing if wages are going up by 3.5 per cent a year and houses are going up by 20 per cent. At some time or other it has to collapse.

The Brisbane Housing Company is a good example of our thinking outside the square. It is unique in Australia. We put in \$50 million and the councils put in \$10 million. We are developing the Urban Village. The *Courier-Mail* obviously thinks that we had nothing to do with it. I determined to buy that site driving past it one day with Lindsay Marshal. We intend to get 200 units of affordable housing out of there as part of the development we are doing. The Department of Housing is good at development. The department has a lot of experience and very competent people in that regard. A joint venture with QUT such as that one was certainly the way to go.

**The CHAIR:** In reference to non-government questions 4 and 5 on notice, I note that land sales in Inala are only slightly less than land and house sales. Firstly, can you please explain this and—

**Mr SCHWARTEN:** You ask harder questions than he does.

**The CHAIR:** That is what we are here for. Secondly, does the revenue raised through these sales go to Treasury as part of consolidated revenue?

**Mr SCHWARTEN:** The last bit I can answer straight off: no, it does not. It comes straight back into the Department of Housing. You would be aware that there has been a lot of publicity about this. A mob calling itself Butterfly has no doubt been knocking on your door lately. The Democrats are the latest to write to me about this whole issue. Henry Palaszczuk tells me that houses have now made the \$200,000 mark in Inala. When I became minister—again, it is a shame that David was gone, because he was the minister who kicked off the renewal in Inala—you could not give away a house there. We went into an arrangement with developers there. We have gone into a different arrangement, but the same sort of arrangement, and we are now seeing some benefit. One of the common criticisms is that we sold a block of land for \$10,000 and now they are up to \$34,000. Their argument is, 'You sold it at \$10,000. The developer got them for \$34,000.' \$74,000 was the figure. There are a couple of things missing. The first is that there was a deal to try to increase the popularity of the area and to have some consequent impact upon the suburb to get some private market in there. So there was an incentive to do that. The houses had no-one to live in them, anyway, and were worth nothing at that stage. The other point is that when we sell a house to a tenant it is sold in good order. In other words, the upgrades and so on that occur that the developer would have to do, anyway, are completed. Was there anything else I missed?

**Mrs Apelt:** Under the scheme at Inala the private sector partner takes the risk in terms of spending money—\$70,000 per property—to bring the property up to standard prior to sale. That lifts risk from the government and puts it on the private sector partner. Certainly, that has paid off in that the sales have gone according to schedule.

**Mr SCHWARTEN:** There were 701 dwellings sold for \$56 million. That is not bad.

**Mrs LAVARCH:** My question is in relation to the MPS for the Residential Tenancies Authority. I refer to page 4-4 of the MPS regarding the implementation of the amendments of the Residential Tenancies Act 1994 to regulate the listing of personal information on tenancy databases. What is the RTA doing to ensure that the rental sector is aware of these amendments and particularly those on tenancy database listings?

**Mr SCHWARTEN:** This is certainly one of your obsessions. The genesis of this whole thing was in this very room.

**Mrs LAVARCH:** Two years ago from this date.

**Mr SCHWARTEN:** In reality, if I never achieve anything else in my political life, this is one of the things that I am very proud of, and you should be, too. Di was also on the committee. Who else was on it? I forget now.

**Mrs LAVARCH:** The member for Ipswich, the member for Broadwater, the member for Burleigh, the member for Southport, the member for Clayfield and the member for Cairns.

**Mr SCHWARTEN:** Anyway, they have done an excellent job on this and I want to thank Carolyn Mason and the people down at the RTA for all the hard work that they did on this. This was not easy stuff, as you know, and it was not without its opponents, although I will say that the REIQ and a variety of other groups have now come on board with it. The RTA has had excellent seminar sessions around Queensland. They kicked it off in God's own country, Rockhampton, which I praise you, Carolyn, for in having the insight to do that. Eleven of them have been held so far I think. There are scheduled to be 19 of them throughout the state. What they are is a question and answer type information service. The local members are involved in it. I was quite pleased with the number of people who turned up in Rocky. About 60 or 70 people turned up there from a broad cross-section of the housing industry and from real estate agencies.

**Mrs LAVARCH:** It is Pine Rivers on Monday.

**Mr SCHWARTEN:** It is certainly something that was overdue to be done, and I hope other states pick it up. I thank the opposition for their support of it in the parliament. It was something that we were determined to do, and having the opposition on side was good. I cannot believe that we have had a situation where even good tenants were discriminated against and put on black lists in this state. I just cannot believe that that situation has been allowed to get to the extent that it has, and I again thank you for your efforts in that regard.

**Mr RODGERS:** Minister, I refer to the Community Renewal Program. I have heard the opposition claim that the Community Renewal Program has had a shortfall of \$21.1 million as against an election commitment that was promised of \$36.9 million. Can you please clarify this issue for the committee?

**Mr SCHWARTEN:** He is not the only one who has ever done it. Every single person who has ever sat there before has made the same mistake, and that is that there is confusion. I think the confusion comes from urban renewal and community renewal. Urban renewal is a completely capital works focused program. Community renewal is a mixture of capital and recurrent type expenditure. For example, one of the programs that we helped establish was the east-west bus route down in Logan that links Logan with Springwood. That took about two years to get off the ground. Why did it take two years? Because you had the Department of Transport who had a view of the world. You had the council who had a view of the world. You had the local people who had a view of the world and at the end of the day it took a fair bit of working at a local level to get something that worked. Now you have a bus service that is actually working and paying its way. So the end product justified the two years. So it is not a question of just running off and writing out a cheque and saying, 'Off we go and tart up a few houses.' There is much more to community renewal than that. Linda, you might like to talk about your role in community renewal, for example, at Palm Island, which is one of the centres where we had it.

**Mrs Apelt:** As the minister has just mentioned, Palm Island has been identified as a community renewal precinct. We have a program there that is a combination of capital works and also recurrent funding. The program has been put together by members of the island informed by a vision plan that was developed by islanders. As the director-general for Public Works mentioned in the previous part of the hearing, already we have been able to facilitate significant expenditure of those funds. The major project, however, is the construction of a youth centre that will provide a lot of services for young people in particular on the island that they do not have at the moment but other people actually take for granted. So the Community Renewal Program has been very well received on Palm Island and is already showing results.

**Mr SCHWARTEN:** It is a bottom up rather than a top down program.

**Mrs REILLY:** Minister, we have talked a little bit about encouraging private industry to invest in the supply of affordable housing. You mentioned earlier that there has been some interest from developers. Can you advise of the initiatives that the Department of Housing is taking to achieve this outcome?

**Mr SCHWARTEN:** In case you have not noticed it, my hobbyhorse for the moment is the Kelvin Grove one behind you there, so I will talk about that again. I think that it really epitomises just what a Housing Department can actually achieve without constantly having to go out and look for other sources of funds. We can harness the excellent talent that we have in the department to produce something like that. I am pleased to say today that the first of the private lots of residential accommodation will go on the market, and I have some details about them here. Lot 12 is 1,738 square metres. The plot ratio of one to five allows the development with a GFA of

2,607 square metres to be mixed with development opportunities over five storeys. I would encourage you to come out and have a look at this development, members. It is a classic example I suppose in some shape or form of a PPP.

The joint venture exists between the Department of Housing and QUT. QUT wanted it as a creative industries precinct. The La Boite Theatre, which I have already talked about this morning, has moved down there with our help. I well remember the day I drove past it with Lindsay Marshall. I said, 'What's that place there?' He said, 'That's Gona Barracks.' I had never heard of the place. He said, 'It's for sale.' I said, 'We should buy it.' So talk about policy on the run; that was policy in the car. When I came back and discussed it with Linda and we worked it out, the things that the government brought to the table made that happen because there were certain other packages of land there, both private and publicly owned. There were some contamination issues. It was just too hard for a developer to go in there and we would not have ended up with this eco-development that we have and indeed 200 units of affordable housing that will represent the profit that Housing will make out of this project. So it is a very exciting project that has already won an urban award. It has won two awards, actually. It won a RAPI award—

**Mrs Apelt:** It is five awards.

**Mr SCHWARTEN:** Five, is it? I have only heard of two. But I really invite you to come and have a look at it. It is a shame that the *Courier-Mail* reporter just limited it to that, as I referred to earlier in terms of La Boite. What the QUT has done there with using some of those old heritage buildings as part of their development is very good, too. But we are up for about \$26 million in it so far. We will get that money back plus. We will not be saying that too loud because there are other people who want to get their hands on it. We have talked about that before.

**The CHAIR:** That concludes the government's questions and the examination of the estimates of the Public Works and Housing portfolio. I thank the minister and portfolio officers for their attendance.

**Mr SCHWARTEN:** Thank you. My throat was about to give out anyway. I thank you for your consideration.

Sitting suspended from 12.52 p.m. to 2.00 p.m.

**FAMILIES, ABORIGINAL AND TORRES STRAIT ISLANDER POLICY AND DISABILITY SERVICES**

**IN ATTENDANCE**

Hon. J. C. Spence, Minister for Families and Minister for Aboriginal and Torres Strait Islander Policy and Minister for Disability Services and Minister for Seniors

**Department of Families**

Mr F. J. Peach, Director-General

Mr S. Armitage, Deputy Director-General

Ms C. Taylor, Director, Child Protection Branch

Mr C. Callioni, Executive Director, Corporate and Executive Services (Acting)

**Department of Aboriginal and Torres Strait Islander Policy**

Mr F. Rockett, Director-General

Mr B. Swan, Assistant Director-General, Corporate and Executive Services

Ms B. Kill, Assistant Director-General, Disability Services Queensland

Mr M. Tolhurst, Assistant Director-General, Aboriginal and Torres Strait Islander Policy

**Disability Services Queensland**

Mr F. Rockett, Director-General

Mr B. Swan, Assistant Director-General, Corporate and Executive Services

Mr E. Klatt, Director, Finance and Administration

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**The CHAIR:** On behalf of the committee, good afternoon, ladies and gentlemen. Welcome to the public hearing. I would like to introduce the committee. I am Julie Attwood, the member for Mount Ommaney and chair of the committee. My fellow committee members are Linda Lavarch, member for Kurwongbah; Steve Rodgers, member for Burdekin; and Dianne Reilly, member for Mudgeeraba. The non-government members are Kev Lingard, member for Beaudesert and deputy chair of the committee; Ray Hopper, member for Darling Downs and David Watson, member for Moggill. With the committee's leave, the member for Gregory, Mr Vaughan Johnson, and the member for Keppel, Mr Vince Lester, will be joining the committee for part of the hearing relating to Families and Aboriginal and Torres Strait Islander Policy.

The sessional orders provide that the committee will examine the proposed expenditure contained in the Appropriation Bill 2003 for the following organisational units: Innovation and Information Economy, Public Works and Housing, Families and Aboriginal and Torres Strait Islander Policy and Disability Services and Seniors.

I remind all those attending today that this hearing is similar to parliament to the extent that the public cannot participate in the proceedings. In that regard I remind members of the public that, in accordance with standing order 195, strangers—that is, the public—may be admitted to or excluded from the hearing at the pleasure of the committee. The committee has resolved that silent television film coverage will be allowed during the opening statements by the chair and the minister only. I ask that all mobile phones be switched off while in the chamber so as not to disturb the proceedings and that pagers be switched to silent mode.

The time allotted for the portfolios of Families, Aboriginal and Torres Strait Islander Policy and Disability Services and Seniors is three hours. I welcome the minister and her departmental officers. The examination will begin with the Department of Families, from 2 p.m. to 3 p.m., followed by Aboriginal and Torres Strait Islander Policy from 3 p.m. to 4 p.m. The committee will suspend proceedings for a break from 4 p.m. to 4.15 p.m. and then will resume with Disability Services from 4.15 p.m. to 5.15 p.m.

I remind the committee and the minister that the time limit for questions is one minute and answers are to be no longer than three minutes. A single chime will sound to give a warning 15 seconds before the end of these time limits. A double chime will sound at the end of these time

limits. An extension of time for answers may be given with the consent of the questioner. The sessional orders require that at least half the time for questions at the hearing is to be allotted to non-government members. For the benefit of Hansard, I ask departmental witnesses to identify themselves before they answer a question so that Hansard can record that information in the transcript.

I now declare the proposed expenditure for the Minister for Families and Minister for Aboriginal and Torres Strait Islander Policy and Minister for Disability Services and Minister for Seniors open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, would you like to make an introductory statement?

**Ms SPENCE:** I would, thank you, Madam Chair and committee. In the past two years this government has invested almost half a billion dollars for our human services—money that is committed to rebuilding our social capital, money committed to improving the lives of some of our most vulnerable and marginalised people. It is a significant achievement in tight budgetary times, and it is an achievement that recognises that for too long governments in Queensland have ignored the disadvantaged, the vulnerable and those least able to speak on their own behalf.

As a minister in a Labor government I am proud of that achievement. I am proud that we are committed to building a system that works far better than it has in the past and that we are building a system that is capable of adapting to the constant change in our communities and the issues that change is throwing up. We are building a system that can protect children, can protect the vulnerable and can protect the disadvantaged.

Last year I sat here and outlined the record budget I delivered for the Department of Families—\$188 million over four years particularly targeting early intervention and prevention. These strategies included in the package are seen by our government as essential. Early identification and action to address issues before families reach crisis stages produce more effective outcomes and avoid costly, more intensive, longer-term intervention which often is not as effective. This year we delivered a second instalment of \$42 million.

Also this year it gives me great pleasure to sit here and outline the record budget for Disability Services Queensland. It includes \$290.5 million over four years for Queenslanders with a disability and their families. The funding injection and Future Directions for Disability Services lay out our plan for the continued reform of the disability sector. We went to an election with a commitment to provide \$60.8 million increased funding in this term. We have exceeded that in Disability Services by more than \$42 million.

The \$290.5 million increase over the next four years to improve services and support for Queenslanders with a disability covers expenditure such as indexation, capital grants and the delivery of disability services. \$200 million will focus on three key areas over the next four years: an extra \$62.5 million to increase services to young people and adults with a disability; an extra \$54.5 million to strengthen families; and an extra \$83 million to improve viability, quality and accountability of services.

The estimated budgetary expenditure for DSQ this year is \$384.9 million. This budget provides for a total estimated increase of \$46.8 million in state funding. That is a 20 per cent increase in the state government's contribution to the disability budget in this last year.

In terms of the Department of Aboriginal and Torres Strait Islander Policy, this budget supports the government's commitment to improving the lives of indigenous Queenslanders. The Beattie government has already started working with indigenous communities to tackle alcohol abuse and violence. It is taking on the challenge to reform the community governance legislation so that it better meets the needs of indigenous communities.

Budgeted expenditure for the department for this year is \$99.9 million in operating revenue and \$18 million in equity which, when combined, is an increase of 8.8 per cent on last year's published budget. We have included money for funding for reparation payments. We have included funding for our reform agenda under Meeting Challenges, Making Choices.

The results of the consultation on the green paper, Making Choices About Community Governance, will also be collated in the next year and considered before moving to a white paper setting out the government's preferred legislative model for reforming indigenous community governance.

These budgets are good budgets for the people of Queensland. They are an important investment in developing our social capital and, frankly, they are areas that for too long have

been ignored by successive governments. We have tackled the tough issues. We are working to complete a massive reform agenda covering families, disability services and indigenous services. It is an agenda I am determined to complete.

**The CHAIR:** Thank you, Minister. The first round of questions will be from non-government members.

**Mr LESTER:** Good afternoon, Minister and everybody. As the MPS repeats consistently, disability services in Queensland are very much reliant on the work of what is called informal carers, who care for relatives, friends or partners on an unpaid or volunteer basis. Given that the 1998 figures show there were more than 60,000 Queensland carers over the age of 64, therefore going into the area of seniors, what specific provision have you made to assist older carers and obviously the people they care for?

**Ms SPENCE:** Part of your question relates to the disability budget. This is the hour devoted to the Department of Families budget. I will answer the question in the context of the Department of Families. It is actually Disability Services Queensland that has put out the carers legislation policy. I am happy to answer that.

**Mr LESTER:** The reason I have done this is that there is such limited time. I have tried to put the two issues into one, to be fair. That is really what it is about.

**Ms SPENCE:** I am happy to answer it. Disability Services Queensland has been given the responsibility to develop the carers recognition policy. It might well have sat with other departments. Obviously the Department of Families has an interest in this policy and also particularly the Department of Health has an interest in this policy, as a number of other agencies do. We are going out, as we speak, with consultation on that carers recognition policy. I believe that about 15 consultations have already been held in the month of July throughout the state.

We will take the results of those consultations on board before we ultimately come out with our carers recognition policy, which I expect will be released on Carers Day. I think it is in September. I know from the briefings I have had from the department that people are very pleased that we are the first Queensland government to have gone out and developed such a policy. It has not existed in this state before. It is something I am very keen to see progressed.

**Mr LINGARD:** Minister, if you were the mother of a young family living on Stephens Island, where would you buy milk and general groceries necessary to feed your family?

**Ms SPENCE:** That question actually probably more properly relates to the Department of Aboriginal and Torres Strait Islander Policy, but I am happy to answer that in the Department of Families hour allotted. The Island Board of Industries, which is an organisation run by a board established by the government, made the decision earlier this year to close the store on Stephens Island. Stephens Island has a population, I think, of about 60 people.

The store there was running at a loss that equated to \$50 per person per week. That was the kind of loss that store was making. Because the loss could not be turned around—most of that loss could be attributed to goods being removed from the store without payment—the board made the decision to close the store on Stephens Island. I do not have any part in making those decisions. That was purely a board decision.

I understand that the people of Stephens Island, to more properly answer your question, are now getting their food mostly from Cairns. IBIS offered to take orders and have their food delivered from their store on Thursday Island. The people of Stephens Island decided not to take up the IBIS offer and instead they put in a weekly order to a supermarket in Cairns and the food gets delivered to the island. I know that in some exceptional circumstances a number of people from Stephens Island go to the nearby island for emergency food, but that is a long distance. From my understanding, the deliveries from Cairns on a weekly basis are working very well.

**Mr LINGARD:** I asked you on 27 March in parliament whether you as the Minister for Families would fix the situation. Now, 15 weeks later, there is absolutely no way any family on Stephens Island can buy a bottle of milk or any groceries. The EFTPOS is not working and there is nothing coming in from Coles. You said that you would do it by 2 May and absolutely nothing has been done. I ask again: what have you as the Minister for Families, in charge of looking after young families, done for a family on Stephens Island that wants to buy groceries?

**Ms SPENCE:** As I just responded to you, my understanding is that the bulk ordering of groceries from Cairns by the people from Stephens Island is working very well. Stephens Island is a remote location in Queensland. There are other remote islands in the Torres Strait and indeed

in other parts of Queensland that get their groceries in a similar fashion; that is, by putting in bulk orders to Cairns or Townsville or another major regional centre on a weekly basis.

So it would be wrong for you to create the impression that there is a crisis on Stephens Island. There is no crisis. I have been receiving regular reports from that island. I understand that the delivery, as I said, on a regular basis from Cairns is working very well.

**Mr LINGARD:** Minister, have you ever been on Stephens Island?

**Ms SPENCE:** I am not sure. I think I have. I would have to check up on that. I have been to most of the islands in the Torres Strait.

**Mr LINGARD:** Minister, you have not been on Stephens Island.

**Ms SPENCE:** Okay, I have not.

**Mr LINGARD:** You have not been on Stephens Island. You have criticised shadow ministers previously who have not gone to Aboriginal settlements. Yet you sit here after five years and you have never been to Stephens Island. I can tell you that within the last few hours there have been no groceries going into Stephens Island. Yet I asked you on 27 March and Rocky Stephens, the chairman, asked you and you have done absolutely nothing.

**Ms SPENCE:** It is not true to say that I have done nothing to respond to this situation. I do not have the authority to tell IBIS to continue to keep the store open on Stephens Island. It is an independent board that has been charged with making the commercial decisions that are necessary to make the organisation operate in a commercial fashion.

They have had to make a number of tough decisions in the last 12 months since this new board was appointed. Some of those decisions have included reducing the staffing levels, moving the head office from Thursday Island to Cairns and another of the difficult decisions they had to make was to decide to close a very, very unprofitable store that was partly contributing to the very poor financial position of the whole organisation.

**Mr LINGARD:** Let me tell you what you said in parliament. You said—

... the store is the only source of food. So it is important that the government does everything it can to ensure that the people of the Torres Strait have access to food, clothing and other essential items through the successful running of these stores.

Yet you sit here today and try to indicate that you have been to the island when you have never been to the island.

**Ms SPENCE:** I think that is very offensive. I said I did not know whether I had been to Stephens Island. That is exactly what I said. I have been to many of the islands in the Torres Strait and I was not aware whether I had been to Stephens Island.

I think it is an extraordinary thing that we have gone through nearly 20 minutes of opposition questions on the Department of Families, I have been asked one question so far on Disabilities Services Queensland and now we have all of these questions on an issue that more properly concerns the Department of Aboriginal and Torres Strait Islander Policy and has nothing at all to do with the Department of Families.

I have just got my briefs on this issue. We do not have any departmental representatives here from the Department of Aboriginal and Torres Strait Islander Policy. I am happy to continue to talk about IBIS. I have just received the brief.

**Mr LINGARD:** I am not talking about IBIS, I am talking about you as the Minister for Families—

**Ms SPENCE:** We are, actually.

**Mr LINGARD:**—who is to look after young children in Queensland. If you want to separate a black child in the Torres Strait and say that that only comes under Islander policy, that is okay. This is my next question—

**The CHAIR:** I ask the member for Beaudesert to ask a question rather than make a statement. You have actually already asked the minister that question several times in several different ways. I suggest that you move on to a Families question.

**Mr LINGARD:** My Families question is: what is the use of going on and talking about protection services when you cannot even look after a child in the Torres Strait Islands and provide them with a shop? It is a simple business. The store is there.

**The CHAIR:** I remind the member for Beaudesert that he must not make a statement, that he must ask a question.

**Mr LINGARD:** What is the use of us going on to any further Families issues if you cannot look after a child on Stephens Island?

**Ms SPENCE:** I would say to the member for Beaudesert that you have a very, very poor understanding of the role and responsibility of the Department of Families, which has been reflected in your questions here today. The Department of Families has a number of programs. We look after the children in care primarily or when children come to our attention as a result of the child protection system. We look after juveniles who are sentenced under orders. That does not make me personally responsible for every single child in Queensland.

I find it very personally offensive that you are suggesting that I do not care about Torres Strait Islander children. Of course I do. Of course I am very aware of the situation in Stephens Island. Those decisions, as I said, were difficult decisions made by an independent board. They were well explained to the people of Stephens Island months and months before that store closed. Alternative arrangements have been made so that food is delivered to those islanders. As far as I am aware—and I do get briefed on this on a regular basis—those food deliveries are occurring regularly and satisfactorily.

**Mr LINGARD:** I find it unbelievable to think that we can sit here—

**The CHAIR:** I ask the member for Beaudesert to move on to the next question.

**Mr LINGARD:** My next question is based on the same fact. Minister, I find it unbelievable to think that you can promise the parliament you would do something, you can promise the Islanders that you would do something—

**The CHAIR:** The member for Beaudesert!

**Mr LINGARD:**—yet you have done absolutely nothing.

**The CHAIR:** Order! The member for Beaudesert! You are making a speech. You are making a statement. You are not asking a question. I ask you to move on to the next question or I will have to adjourn the committee.

**Mr LINGARD:** I refer to MPS 1-6 which reveals that not one new staff member will be provided for in any section of the Queensland Department of Families this year. Will additional staff be provided to staff your snap audit teams announced in yesterday's *Courier-Mail*, or will existing staff be reassigned? Will you be receiving extra money from Treasury for this initiative, or will you be cutting back in other areas?

**Ms SPENCE:** Let us talk about staffing. I am pleased that the member has finally decided to ask a question on the Department of Families' budget. In 1996 when the member for Beaudesert was a minister there were 260 staff in the Department of Families. This year we are predicting 490 staff in the Department of Families and obviously we are very proud of the increase in our staffing over the last five years of the Beattie government. I am talking about full-time equivalents working in the child protection area at the moment and you are talking about the staffing of one particular output activity.

We are very proud of the fact that we have increased the staff during the last five years, but we are not limited to the numbers that we publish in this MPS statement. For example, the department put on an additional 30 staff at Easter time to help us clear the backlog. I said last year that it was one of our intentions to stop workload management this year. I can formally tell the committee that workload management finished on 30 June this year. One of the ways that we were able to complete workload management and clear our backlog was to put on an additional 30 staff for a short period. We believe that those 30 staff will stay on—and we have budgeted for that—for another six months to help us with a number of projects that we are conducting in the department.

While these are the published figures, we are not limiting ourselves to these figures, and we will put on additional staff as they are required. You are talking about the issue of the reviews that was mentioned in the *Courier-Mail*. The additional 30 staff that we have put on are assisting us with those review teams.

**Mr LINGARD:** Once again I remind the minister that I asked her about the fact that the budget does not refer to one new staff member being appointed. Once again, she has gone back five years and talked about something else. I have another question. Minister, notwithstanding the increase in funding for foster care services, can you advise the committee why the response to the department's own client survey, reported in the Productivity Commissioner's February 2003 report, revealed that 49.5 per cent of young people, 71 per cent

of parents and 51.8 per cent of carers were dissatisfied with the service received in the previous 12 months? Can you explain why that occurred?

**Ms SPENCE:** Can you just read that question again?

**Mr LINGARD:** I am talking about the Productivity Commission report and I am saying that 49.5 per cent of young people, 71.7 per cent of parents and 51.8 per cent of carers said they were dissatisfied. What is the reason for those figures?

**Ms SPENCE:** The first thing I would say is that this is the first ever survey we have done of this nature, the first time we have ever surveyed young people in care, their parents and foster carers. So we do not have any other data to compare it with. I do not find it extraordinary that 41 per cent of our young people in care are dissatisfied with their current situation. These are children, most of whom would rather be with their natural parents, who have been through horrific lives and are not necessarily comfortable with their current placement. I do not find 41 per cent an extraordinary figure.

I do not find it extraordinary that 70 per cent of natural parents are not happy, either. Most people who have their children removed from them by the department are resentful and do not acknowledge that the government had a right to remove their children. There is obviously 30 per cent there who do acknowledge that they are not doing the right job in parenting their children and there are some natural parents who are quite grateful to see their children placed in a safer environment. I do not think that we want to get too upset by those kinds of statistics, particularly when we do not actually have anything else to compare them with.

**Mr LINGARD:** Except that the comment was about carers.

**The CHAIR:** The member is reminded that he must not make statements but he must ask a question.

**Mr LINGARD:** My statement is that you have not answered the question, but let me go on. The Productivity Commission report that I referred to also reported that in 2001-02 in relation to cases where abuse had been confirmed in Queensland 10.4 per cent of children were abused again within three months and 24.8 per cent within 12 months. This, along with South Australia, is the worst in Australia. Why is your department producing such figures?

**Ms SPENCE:** You are quoting figures that are basically three years old now. We acknowledged at the time that those figures could be improved. We believe we have improved those figures. We do not have figures on that today, do we? I will just get the director-general to finish that answer.

**Mr Peach:** We have started to collect figures from July this year in relation to a number of outcome measures so that we can be very publicly and openly accountable for improvements over time. One of those sets of data that we will be collecting from now on is resubstantiation figures after three, six and 12 months. Each area office will be reporting on that on a monthly basis and we will be looking at benchmarking that and moving towards getting significant improvements in those figures over time. I think the history of the organisation has been one where the data that has been collected has largely been input based and relating to the amount of work that has been done. We are committed to getting much more outcomes focused in the future. We will be focusing very much on the sorts of issues that you raise.

**Mr LINGARD:** Let me refer to the Productivity Commission report again. Queensland had the highest—

**The CHAIR:** Your time for questions has expired. I will have to move on to government questions. I refer the Minister to MPS 1-1 and note that this budget delivers the second instalment of the Queensland Families: Future Directions \$188 million funding package. I note that the Future Directions package outlined a new direction and new initiatives. What has been the impact of Future Directions and assistance that has been provided for Queensland families?

**Ms SPENCE:** I have to say it is refreshing to get a question about this year's budget and about the Department of Families. We were just calculating that the data from that particular Productivity Commission that the member for Beaudesert was asking me about was collected from the Department of Families out of figures that we supplied the Productivity Commission in about July 2000. So he is talking about figures that are three years old. It is fantastic to be talking about a budget that we are delivering right now in the year 2003.

As has been mentioned, last year we delivered a record budget for the Department of Families in recognition that this was an area that had been underfunded by successive

governments for a long time and an area in which we had to improve our performance. The second instalment of \$42 million of that \$188 million funding package is being delivered this year.

I am pleased to say that, with the new funding last year, the department progressed very rapidly with funding 31 non-government organisations—a total of \$10.5 million—to conduct 12 month trials across the state in four particular initiatives that I would like to talk about today. These initiatives include prevention and early intervention trials. There were 21 trials in this particular area. Some of these trials included the establishment of family support centres for Aboriginal and Torres Strait Islander families, responsive placement options for young people and short-term respite trials. We have the data already from those non-government organisations about how many people have been assisted in the last 12 months as a result of these trials. For example, under 21 prevention and early intervention trials 614 primary clients have been referred to the trials, of whom 564 have been provided with assistance, and 946 family members of the primary clients have also been referred.

That very detailed information has been collected from the non-government organisations which are participating in these trials. We said to the organisations when we started this project that they would be 12-month trials and that they would undergo extensive evaluation at the end of 12 months before we made the decision whether to continue to fund them on a recurrent basis. What we are doing at the moment is going through an extensive process of evaluating the success of these trials and that is why we have this kind of detailed information: to make sure that our money is being well spent.

**Mrs LAVARCH:** Minister, my question is in relation to the early intervention services output performance statement. In particular, on page 1-13 the second dot point refers to Project Axis recommendations. I was wondering whether you could explain what strategies are in place to raise the public awareness of child abuse.

**Ms SPENCE:** I thank the member for the question. Project Axis, which was a project undertaken by the Queensland Police Service and the Queensland Crime Commission, delivered its two-volume report in the year 2000 and the government has been slowly responding to all of its recommendations. The first part of our department's involvement included a half a million dollar campaign to deliver an i-care package to the Queensland Police Service and also our families services offices and some non-government workers to ensure that they were able to identify victims of child sexual abuse and also assist those victims.

The next stage of that project from our point of view was educating the community. In May this year I talked in parliament about a specifically designed Families magazine that was sent to Queenslanders. Half a million copies were sent out specifically on child sexual abuse. This morning I launched the next phase of the campaign, which is an extensive television, radio and billboard advertising campaign, with the theme 'Things you need to know' and I have some of the items of that campaign here.

The campaign is designed to alert parents to the incidence of child sexual abuse and give parents information about how to protect their children—in the first instance, how to prevent abuse; secondly, how to identify child sexual abuse—there is quite a number of behavioural and physical characteristics that one should be looking for to see if a child has been sexually abused—and, thirdly, to give parents information about how that abuse should be reported and what kind of assistance will be available for counselling if abuse does occur.

We believe it is very important to arm the community with this kind of information. I think for too long the issue of child sexual abuse is one that we have not talked about openly in the community and we have to start doing that. We have to start getting parents to more actively think about this issue and talk to their children about this issue. We also have to make sure that children openly disclose to parents and other adults if something has occurred to them. I think it is a very important campaign and it will be running for the next six months. All in all, the government has invested \$1 million into this educational and advertising campaign to alert the community to child sexual abuse.

**Mr RODGERS:** I refer the minister to page 1-14 of the MPS and note that the state government is working to reduce the social isolation suffered by many older Queenslanders. Can the minister outline how the state government is tackling this issue and what results she anticipates from this?

**Ms SPENCE:** The department's seniors interest unit branch has commenced the management of a cross-government project to reduce the social isolation of older people. Last year, funding of \$565,000 was allocated for this year and next year. Some \$465,000 has been

contributed by the Queensland government and the rest of the money is being contributed by the Commonwealth Department of Veterans' Affairs. The project aims to build the evidence base for policy development and community funding by identifying leading practice models in the reduction of social isolation for older people.

Some of these projects are being undertaken by non-government organisations throughout the state. Other projects are more actively being undertaken by the government itself. For example, the coordination of Seniors Week activities, we think, is very important in reducing social isolation. We devote \$60,000 a year to give to organisations throughout the state to encourage them to run community activities throughout Seniors Week. We actively support organisations such as OPSO—Older People Speak Out. The aim of that organisation is to educate the media about positive reporting about seniors issues. We know if we have a positive view of ageing, then it will make us live longer. So we are doing a lot to focus on reducing social isolation.

We know that most Queensland seniors are healthy and active and are participating in the community. When we are talking about social isolation, I think we have to be very careful because most seniors do not feel socially isolated. They are not; they are out there volunteering, going to the theatre and participating very fully in community life. However, we are aware there is a small minority who are isolated because of their age and the fact that they are living alone and they are the ones we are focusing on through this particular project.

**Mrs REILLY:** Minister, I note in the MPS that the state government has introduced legislation to provide greater protection for people against domestic violence. Could you please explain the strategies that are in place to combat domestic violence?

**Ms SPENCE:** I am pleased that you ask that question because I do want to point out that there is an error in the MPS. It should read that there are 16,600 estimated domestic violence orders predicted for this year, not 15,500. The estimation of 16,600 protection orders is not based on the increase that we are expecting under the new legislation.

As you would be aware, the new domestic violence legislation took effect on 10 March this year and it is impossible for us to predict at this point in time what effect that new legislation will have on the number of protection orders that are taken out. We do know from observing the introduction of this kind of legislation in other states that it has been taken up quite enthusiastically by the new groups which are protected. So we are expecting that there will be some increases as a result of this new legislation.

The government is well aware that the new legislation will require resourcing. Last year we provided triennial funding of \$7 million to 82 services throughout the state to help them respond to the implications of the new legislation. I will give you a few examples of the organisations that we funded. We are giving an extra \$912,000 for child witness counselling. We have allocated over half a million dollars for counselling and support for victims; \$348,000 for perpetrator programs; \$633,000 for court support services; over \$3 million for regional domestic violence services; over \$1 million for the statewide telephone counselling and support service; nearly half a million dollars for statewide research, education and evaluation; \$35,000 for Domestic Violence Prevention Week; and \$162,000 for mixed services for both victims and perpetrators.

We have seen about a seven per cent increase in the number of domestic violence orders in the last two years, which is what we are basing the 16,600 estimate on. However, that increase might even be higher this year as a result of that new legislation. It will be something that we will be monitoring.

**The CHAIR:** I refer the minister to page 1-23 of the MPS and note the introduction of video conferencing in youth detention centres. Can the minister explain how this will help Aboriginal and Torres Strait Islander communities maintain contact with young people in detention centres?

**Ms SPENCE:** Yes. The video conferencing was installed in the Brisbane Youth Detention Centre in November last year as part of the networking the nation strategy, and it was installed in the Cleveland Youth Detention Centre, Townsville, in December last year. The purpose of this video conferencing is to enable rural and regional families who have members in youth detention centres to have regular contact with their young person who is in detention. We know because we have only two youth detention centres in the state that their families will more likely live outside the area that could be reasonably serviced by that youth detention services, which makes these video conferencing facilities very important.

The Forde inquiry emphasised the importance of young people in detention maintaining contact with members of their family. They are more likely to have better outcomes if they can

have that regular contact. So these new video conferencing facilities are a very important strategy in the rehabilitation of these young people.

**Mrs LAVARCH:** Minister, I refer you to page 1-22 of the MPS and note that \$7.2 million was allocated to increasing payments to foster carers. Can you outline what other actions the state government is taking to help foster carers?

**Ms SPENCE:** In recognition of the significantly greater costs associated with caring for adolescents, there has been a six per cent increase in the standard of care allowance to foster carers for children and young people aged over 11 years since January this year. This initiative has an annual implication of \$800,000. In addition, the proportion of carers looking after children and young people with complex needs who are able to access additional financial support has been doubled from 10 per cent to 20 per cent, and this initiative involves an allocation of an additional \$1.5 million. These two components are paid in allowance form to carers. A companion plan involves the allocation of \$1.5 million into the children with disabilities in care program.

The McHugh report, which was released in 2002 about the costs of providing foster care, and also a report prepared by the Australian Foster Care Association highlights the high cost of caring for children and young people. While we have increased the allowances that we give to foster carers in the last 12 months, I still do want to emphasise that we regard fostering as a voluntary activity and the allowance that we give carers is really an allowance to help them pay for the costs of the children. It is certainly not payment for the work that they do. All foster carers see themselves as volunteers.

Although there has been some negative media attention on foster carers and the fostering system in the press lately, the reality is that 97 per cent of the children who come into care will be placed with a foster parent. That situation is no different in Queensland than any other state. We have stresses in our fostering system, which is why we have been actively out there recruiting, particularly in the last 12 months, and successfully recruiting more foster carers.

It is a tough job looking after some of the children who come into care. I think it is important that we remember that these people are the backbone of our child protection system, not only in Queensland but in other states of Australia. We will do all we can to support them in terms of allowances in assisting them to look after these children.

**Mr RODGERS:** Minister, there are couples out in the community that are unable to have children and quite often look to adopt children. I refer you to MPS 1-23 and note that the Intercountry Adoption Unit was established to help Queenslanders seek to adopt a child from overseas. Can the minister outline how this new unit is progressing?

**Ms SPENCE:** I can, because the Intercountry Adoption Unit was established in June last year. It was my initiative to establish it because I had received a lot of complaints from people who were on the waiting list for intercountry adoption. Their complaint was that the department was not processing their files speedily enough. We went and talked to them and as a result of those discussions a separate Intercountry Adoption Unit was formed. We went to the intercountry adoption community and said that we would set ourselves a target of finalising at least 100 files a year.

I would like to publicly thank and acknowledge the terrific work that the department has undertaken in the last 12 months—the first 12 months of this new department. They have exceeded that expectation. They actually processed 103 files last year, which is far in excess of anything that they had ever achieved before. The situation is that many of these families might wait a long time for a child because the host country will take a long time making decisions. What we need to do is make sure that their files are over there. At least they are then in place for that decision to be made. I am very proud of the fact that we have been able to meet our target in getting those files sent overseas.

We are also doing a much better job of communicating with the intercountry adoption community. There are regular newsletters sent out to the community. There are regular training sessions and there are regular consultation sessions with the intercountry adoption community. I now regularly receive positive feedback from that community.

Finally, I would like to say that the big news is that 63 children were placed with adoptive families in Queensland last year from an overseas country. That compares very favourably with 33 children in the year before. We have almost doubled the number of children who are coming in from overseas because we have a separate unit who are producing some terrific results.

**The CHAIR:** This section for government questions has expired. I call the member for Beaudesert.

**Mr LINGARD:** The Productivity Commission report I have been referring to is February 2003 so, yes, they refer to the previous 12 months. Minister, during last year's estimates committee hearings you spent a lot of time explaining how workload management lists were not accurate and were misleading, especially when they showed horrendous overdue waiting lists. Not surprisingly, those damning workload lists are no longer with us this year. They have been scrapped as a performance measure in the MPS. Can you inform the committee about what progress has been made on the Resource Allocation Model Project, which I understand has recently undergone a name change to Staffing Allocation Model. How much consultation has been conducted with the QPSU and when will it be implemented?

**Ms SPENCE:** There are about four parts to that question. I will endeavour to answer as much as I can in the allotted time. The first issue that you refer to is the change in our outputs in the MPS. You are quite right; we have changed those outputs. If you are concerned about any particular area that we are not reporting on in the MPS you can be assured that we are reporting on that area through our Information Gateway which I launched in September last year. A lot of information that was currently only available once a year in this MPS is now regularly available on the Information Gateway which is updated every three months. In terms of resource allocation, the director-general is happy to talk about that.

**Mr Peach:** The history in relation to this issue is that when the Brooke Brennan ombudsman's report was brought down 12 to 18 months ago, one of the recommendations was that we should look at the staffing allocation in the Gold Coast area office. Historically there had not been a transparent process for allocating staff but there was a historical basis to the way in which staff were allocated to area offices. At that time we had introduced a workload process to allocate staff but it was really a process that was adapted for that purpose. It was not as effective as we would have liked.

The review that was undertaken as a result of the ombudsman's report indicated that the methodology was, shall I say, acceptable, but it was not a scientific methodology that was a stand-alone methodology. It was actually a process adapted from another process and used to help allocate staff but it still required a number of subjective judgments about pressures around the state. We have commissioned a project which is under way at the moment to develop a much more scientifically based process to allocate staff to our area offices. A proposition has been developed. That proposition is currently under consultation. That consultation process is intended to engage departmental staff, including people in the front line, regional directors and the union, because we want to make sure that if we are going to move to a process like that that it is transparent, well understood, which is a problem with the older methodology, and acceptable to everyone. That consultation process should be completed in the next six to eight weeks. It would then go to our executive management committee and we will make a decision whether to accept that methodology or not. If it is accepted, Madam Chair, we would not presume to introduce it prior to July 1 next year.

**Mr LINGARD:** Minister, once again that was promised for 7 July this year and, as has been explained, it has not come up. Similarly, at the estimates last year you promised \$12 million to upgrade the department's computer system. At that time you promised that a new computer system—

**The CHAIR:** You are making a statement again. Please ask a question.

**Mr LINGARD:** You promised that the new computer system would solve all the woes of the child protection waiting list. The department still, from what I believe, has not got this brand new computer equipment which you promised last year.

**The CHAIR:** Please ask the question, member.

**Mr LINGARD:** Why not?

**Ms SPENCE:** In terms of the resource allocation model, as the director-general explained, I think it is much more important that we formulate a model that everyone believes is fair and accurate rather than try to conform to some arbitrary date. I think you have been given a very good explanation of the kind of work that has gone into formulating this very complicated model. I am very pleased that the department is not rushing into it but making sure that they get it right before they introduce it.

In terms of the IT system, you are quite right in identifying that we allocated \$12 million over four years to develop a new integrated client management system. As I think I spent some time explaining last year, one of the problems for our Family Services officers is that the computer program that they currently have is so user unfriendly that our officers are often slow to enter information. That is one of the reasons why we have had a backlog of work in the past. In terms of the roll-out of the \$12 million new integrated client management system, I might ask the director-general to explain how that is progressing.

**Mr Peach:** Mr Lingard, the work that has been done over the last 12 months since last June has been to develop the concept for the system. A request for information went to industry in June. We will go to a request for an offer from industry in late September/October. Then, as soon as we can make a decision on a supplier, we will get to the testing stage as quickly as we can early next year, with the hope of implementing towards the end of next year. It is a massive project, though, and one which will sit with the department for the next decade. It is absolutely essential that we do get that right and do not rush it.

**The CHAIR:** The time for non-government questions has expired. I call the member for Mudgeeraba.

**Mrs REILLY:** Can I refer the minister to page 1-17 of the MPS where I note the establishment of a child protection think tank. Can I ask the minister to outline what this think tank has achieved?

**Ms SPENCE:** The think tank has been given the responsibility of identifying innovative strategies to deal with urgent matters to do with the child protection system. They have been asked to respond to increasing levels of child protection notification. They have been asked to provide advice about the strategic directions and priorities for child protection over the next decade. To date they have provided two reports to the director-general. I might ask the director-general to comment on their reports.

**Mr Peach:** Thank you, Minister. The original think tank report, the interim report, significantly recommended that workload management be ceased and that a wider range of responses to notifications be developed by the organisation. That has been done and we have ceased workload management, as the minister indicated, and we are now committed to making sure that all notifications are dealt with. That has now been the case for some time.

Secondly, we are trialling, in 25 of our area offices, what we are calling the differential response process so that as well as having a response which investigates and assesses notifications where there is intent to do harm or difficult things that are pseudocriminal or even criminal. We are also in the process of developing through these trials a helping response. Many of the notifications that we receive are in relation to families that are really struggling and need help. The previous response was far too forensic and did not provide the flexibility to respond in a helping way to those families. That process is well under development in those trials at the present time. Those are the two most significant things out of the interim think tank.

The second report, which is yet to be endorsed by our executive management committee and then forwarded to the minister, will be dealt with in the next few weeks and then sent to the minister for her consideration. That report takes a more strategic and longer-term view of what might be done to the child protection system to improve it.

**The CHAIR:** The time allotted for the consideration of the estimates for the Department of Families has expired. We will now move on to the Department of Aboriginal and Torres Strait Islander Policy. The minister will have to change her advisers.

**The CHAIR:** I call the member for Gregory.

**Ms SPENCE:** Could I introduce the people sitting at the table? I neglected to do that last time. On my right is Mr Frank Rockett, the Director-General of the Department of Aboriginal and Torres Strait Islander Policy; Mr Mike Tolhurst, who is the Assistant Director-General; on my left, Mr Evan Klatt, who is the director of the department's Finance and Administration Branch; and Brad Swan, who is the Assistant Director-General of the department's Corporate and Executive Services.

**Mr JOHNSON:** Will you confirm that DATSIP has appointed Mr Gary Johns to write its integrated policy?

**Ms SPENCE:** I understand that Gary Johns has been given some contract work by the department to help with some policy writing. He has certainly not been employed as a full-time,

part-time or even casual employee. He has been given some work on a consultancy basis to help with some policy writing.

**Mr JOHNSON:** Only in a consultancy role?

**Ms SPENCE:** That is right.

**Mr JOHNSON:** In relation to the policies put in place last year to combat the problems of drinking and alcohol abuse in Aboriginal and Torres Strait Islander communities, as you and everybody else would be well aware, there has been a flow-over into places such as Cairns, Townsville and Mount Isa because of the restrictions on alcohol. What measures has your department put into place to fix the problems that will arise in those major centres?

**Ms SPENCE:** The reality is that alcohol management plans have been progressed in 10 communities so far. They have been concluded in the following communities: Aurukun, Napranum, Lockhart River, Wujal Wujal, Kowanyama, Doomadgee, Palm Island, Woorabinda, Cherbourg, Mornington Island and Pormpuraaw. There are another nine communities. Ten of the 19 communities have completed their plans. Although the plans have been completed and submitted to government—and I have a copy of them all—they have not all been implemented to date. They have to go through Governor in Council before they are implemented. About half of those communities have their plans in place.

In your question you referred to an exodus from communities where the tough new alcohol restrictions are taking place to regional centres. I have heard a lot about this. I am not convinced that it is actually happening. The people of Cairns believe that there is going to be a big exodus from the Cape once all of these plans take effect. That may be the case. But at the moment the only plan that we have really observed in the Cape for an extended period now is Aurukun, which has been going since 1 January.

There is no evidence that people from Aurukun have moved to Cairns as a result of these tough new alcohol restrictions, nor is there any evidence that people have left Doomadgee for Mount Isa. However, we are still prepared to concede that that may be one of the results of the alcohol restrictions, particularly when every community has adopted these tough new restrictions. We will be monitoring the regional centres to see whether this occurs. Certainly, we hear anecdotal information that people have left Palm Island for Townsville because the pub on Palm Island is still closed because of financial issues. But drinkers regularly leave Palm Island for Townsville, anyway. It is too early for us to talk about figures. We are going to be monitoring that situation and, certainly, we have homelessness policies in place in each of those three regional centres to deal with what might become an increase in homeless and alcohol affected people.

**Mr JOHNSON:** You mentioned that 10 out of 19 of those communities have implemented the new policy. Out of those 10 communities—let us talk about the 10, not the 19—what education and recreational programs in conjunction with health initiatives have been implemented?

**Ms SPENCE:** As I said, there are 10 communities that have completed the plans, but they have not necessarily introduced the new alcohol restrictions. Not all of these communities have had their restrictions endorsed through the cabinet, or Governor in Council, process.

**Mr JOHNSON:** When do you think that might happen?

**Ms SPENCE:** That will all happen in the next few weeks. There is a roll-out plan. In terms of the other part of your question, that is, recreational and leisure activities, while I am prepared to look at each community on a case-by-case basis, I do not necessarily concede that we need to introduce more funding for recreational facilities just because we are reducing alcohol consumption in the communities. Let us not forget that many of these communities have schools where only a third of the children go to school. They have TAFE colleges where very few people attend courses. I think we ought to be saying to these communities, 'Yes, if you stop using grog, you need to explore what you are going to do with your life.' I think we ought to be encouraging training and employment opportunities rather than recreational officers in these communities.

**Mr JOHNSON:** I would have thought that would be part of the program, anyway, that is, encouraging these people to better themselves.

**Ms SPENCE:** It is.

**Mr JOHNSON:** You start with education, health and recreation. It is all part of the make-up of the child.

**Ms SPENCE:** I am happy to debate these issues with you. I know, for example, that one community with fewer than 1,000 people is saying that they want a recreation officer. This community does have a big sporting facility that has been provided by government. When you think about it, in the electorate of Mount Gravatt that I represent—and it has 27,000-plus people—we do not have a paid recreation officer. I suspect many members sitting in front of me today would say the same thing. I do not think we want to be trading one thing for the other. I do not think we want to be saying that they need a paid recreation officer just because the level of alcohol being consumed in that community is being reduced. But what I do acknowledge is that we need a process for making sure that people in this community see that there are other options for employment and for training and we are prepared to sit down and negotiate—and we have been sitting down at the negotiation table—with these communities and talk about what the government can do to assist the process.

**Mr JOHNSON:** In relation to these 10 communities, what changes have been put in place with respect to the management practices of those communities now that this new management strategy has been implemented? Are the same personnel running the communities or have outside personnel gone in there to make sure that the operation is run cleanly?

**Ms SPENCE:** I think you are referring to the management practices of the pub.

**Mr JOHNSON:** Yes.

**Ms SPENCE:** The first stage in the process was, of course, to get the community justice groups established, get them to do an alcohol management plan, with the government to sign off on that plan and then assist the community to introduce it. The second stage—and we have not got to this stage yet—is to transfer the licences of the hotels from the councils to a liquor board established on that community. We have not actually got to stage 2 yet. Where the alcohol management plans have been introduced, the councils are still the holders of the licences and the same management team is in charge of the hotel. But from my information, where the new alcohol management plans are working, the management of the hotel is falling into line with the new regulations. They are being assisted by the Liquor Licensing officers. I have not heard that there have been any problems in the management of the hotels abiding by the tough new regulations.

**Mr JOHNSON:** Are you happy with the number of Liquor Licensing officers we have in the cape and gulf regions and do you believe that this policy, with the existing number of officers, is now working satisfactorily?

**Ms SPENCE:** They are not under my departmental control.

**Mr JOHNSON:** I realise that, but your department is still administering the policy.

**Ms SPENCE:** I am getting feedback about those Liquor Licensing officers on a regular basis. I know that a number of new indigenous Liquor Licensing officers have been recruited by the Department of Tourism, Sport and Racing over the past 12 months and that they are being worked very hard in the Cape and elsewhere in Queensland as a result of these alcohol management plans, not only through the work they are doing in the Aboriginal communities but also through the work they are now being required to do with other licensed premises outside the communities in the regional centres who might be affected by these tough new alcohol controls. Yes, this is ground-breaking stuff for government, for the communities and for the Liquor Licensing officers. There have been a few teething problems. I think we are all learning from the experience. I do not think anyone has been critical of the number of Liquor Licensing officers. It has probably been more in terms of how effectively they have undertaken consultation with neighbouring community taverns.

**Mr JOHNSON:** No doubt you would have read the comments in the *Sunday Mail* last week in relation to cruelty to animals on Palm Island. Given that the multifaceted social problems faced by remote indigenous communities, which are a major factor, make this more than a simple primary industries or criminal issue, what will you do to assist the Palm Island community to overcome this problem?

**Ms SPENCE:** I have this very detailed brief here on this issue that talks about what the Department of Primary Industries has been doing to look into the welfare of the horses on Palm Island, and they have certainly been active there. It also talks about what the army is doing on Palm Island and the fact that our officers have been involved in assisting the veterinarian who is working with the army.

**Mr JOHNSON:** So, in other words, your department is working with DPI to rectify the problem?

**Ms SPENCE:** DPI and also the veterinarian from the army who is involved in the problem. But if you want my personal view—and seeing as you have asked the question I am happy to give it—I come from an animal-loving family. I have a son at the moment who is studying to be a vet. I do not abide by animal cruelty in any form and I do not accept that there are any cultural reasons for animal cruelty. I think that we need to be applying the same laws about animal cruelty to indigenous and non-indigenous Queenslanders.

**Mr JOHNSON:** Absolutely.

**Ms SPENCE:** There is one set of rules as far as I am concerned.

**Mr JOHNSON:** Thank you, Minister. I refer to page 2-5 of the MPS and the indication that the operational budget of \$99.9 million plus equity injections of \$18 million for reparation repayments makes an increase of 8.8 per cent over last year's budget. I understand that last year's total budget was \$108 million of which \$2 million was for reparations. Isn't it true that there is a clear decrease in the operations budget setting aside reparation payments?

**Ms SPENCE:** The issue is that last year's budget contained \$10 million to finish the underpayment of wages process—

**Mr JOHNSON:** How much do you say? \$10 million?

**Ms SPENCE:** In last year's budget there was \$10 million of that. This year's budget has the equity injection. I have been through this with our accountant, and I am going to pass it over to him because I think that he can better explain how the figures are presented than I can. What I want to say in plain terms is that last year we had \$10 million in the budget for the underpayment of wages. This year we have \$18 million as an equity injection for the welfare fund wages and savings issue, \$2 million of which is going to be spent this year. I will pass it over to our finance director.

**Mr Klatt:** The budget for DATSIP for 2002-03 included \$10 million for under-award wages, as the minister mentioned. That program was completed during 2002-03, so that brings the base budget down to a lower level. There is also funding in 2002-03 for infrastructure projects. That money is provided year to year as we need it. So there would be a slight reduction because of the progress of infrastructure projects.

**Mr JOHNSON:** Thank you, Mr Klatt. Minister, in relation to the document I have here—and you may not have it here—the Queensland government's *Smart State: improving our lives*, it states that, in terms of compensation for non-payment of award wages, between 1999 and 2002 the government approved \$55.8 million in the admin claims process to pay compensation to eligible indigenous people who had suffered discrimination by non-payment of award wages between 1975 and 1986. Minister, how many people have been recompensed? How much has been paid out to these people in that period? Do you have any idea?

**Ms SPENCE:** Absolutely. Just bear with me, because I have a lot of figures and I am just trying to give you the best one or the ones that you are really looking for.

**Mr JOHNSON:** We are getting a lot of questions on this from these people.

**Ms SPENCE:** Sure. We began the process in 1999. We closed the books on 31 January, so people who wanted to make a claim had to do it by 31 January this year. That does not mean that we have finished paying out all the eligible people. We are still going through the process, even though it has closed now, of determining who is eligible and who is not. From 1999 to 30 April, which is the most recent figures I have, 5,693 claims had been assessed as eligible. The total compensation paid under the scheme to those claimants was \$39.9 million. Since 30 April another 54 claimants have been paid. A further 103 claimants potentially with a bill of \$700,000 are still to be paid pending finalisation of relevant documentation. It is anticipated that all outstanding payments will be made by 31 December this year.

**Mr JOHNSON:** Minister, you said that the books were closed off on 31 January this year. Bearing in mind that a lot of these people would be illiterate—going back to those years a lot of those people did not have the education that we fortunately have—unless they have somebody to speak for them, wouldn't that be a pretty tough stand to take in terms of closing the books off on 31 January? Would they be shut right out or not? What opportunities do they have now to be able to take advantage of the process?

**Ms SPENCE:** Basically, those people had over three years to put in a claim form for the underpayment of wages. We are not talking about the welfare fund and wages and savings; we are talking about the underpayment of wages issue. I hope we are not confusing the issue.

**Mr JOHNSON:** No, we are not.

**Ms SPENCE:** So they did have three years to find out about this process and fill in the form. During that three years we have sent teams of people throughout Queensland to publicise what we were doing. We have also advertised throughout the media in Queensland. I have done an enormous amount of publicity myself and I know other people have as well not only in Queensland but also throughout Australia seeking potential claimants. I believe that the Queensland government has done all it could in good faith to make people aware of this particular process, but at the end of the day we did have to draw the line and say—

**Mr JOHNSON:** Bearing in mind, Minister, that these people are very shy, retiring type people and you know yourself that they do not come forward like we do. They need that extra help, and that is why I am making the point about the 31 January issue.

**Ms SPENCE:** We engaged FAIRA, the Federation of Aboriginal and Islander Research and Action, to do this process for us. They mostly had teams of Aboriginal people and on every team there was a lawyer to clearly explain to people what the process was. They travelled extensively to every community in Queensland. We had separate teams of people, because FAIRA did not do the Torres Strait, in the Torres Strait. We have even had claimants who are living in New Guinea. The Torres Strait people would not accept any money or be part of the process until we resolved the issue of New Guinea claimants. I think in the last three years or so we have done an enormous amount of work—all that could be reasonably expected—to inform any potential eligible claimant of the process.

**The CHAIR:** The minister's time has expired and the time for questions from non-government members has expired as well. The first question I was going to ask has been adequately covered by the member for Gregory, so I will move on to the member for Kurwongbah.

**Mrs LAVARCH:** Minister, I refer you to page 2-2 of the MPS and note that the state government has listed the curbing of alcohol abuse and associated violence in indigenous communities as a priority under the Meeting Challenges, Making Choices program. Can the minister explain what impact these reforms are having on indigenous communities?

**Ms SPENCE:** I thank the member for the question. As the member for Gregory said, one of the impacts that people were concerned about was the exodus from the communities of the drinkers to other regional centres in Queensland. As I said, I do not think there has been a lot of evidence of that occurring yet. But what we do have are some very good early indications, particularly from Aurukun, that the new alcohol reforms are meeting with a great deal of success and we are measuring that success on a number of levels. We have seen a 29 per cent reduction in the number of overall presentations for injury at the local health centre there. We have seen a 74 per cent reduction in the number of presentations that were alcohol related to the health centre. The percentage of all injuries that were alcohol related has reduced from 53 per cent to 19.6 per cent and we have seen a 55 per cent reduction in the number of presentations due to assault. So we are measuring these things at the local hospital on a regular basis.

We have also seen very good statistics come out of the school in terms of the number of students who are now attending school every day. We have got good information from the Queensland Police Service that the level of violence in the community has been reduced. So we are obviously very optimistic that those kinds of very positive indicators will be duplicated in other communities as they really start adopting their tough new alcohol plans. I have to say that we talked about those 10 communities who have endorsed their plans. We have to remember that these are not government imposed plans. It is the people in the community who have really turned their attention to this problem and formulated their own plans.

We have heard about the tough Aurukun plan because it was the first one, but just about every other one of those nine communities has recommended to us an alcohol management plan that is as tough as the one that is being adopted on Aurukun. Mornington Island has been the most recent community that has given us their alcohol management plan. I have to say, as anyone who has visited Mornington Island would know, that it is probably one of the most serious communities in this state or even in this country in terms of alcohol abuse and in terms of the level of violence. The Mornington Island community have decided to stop bring-ins and takeaways. They have decided to reduce the strength of the alcohol being sold in the tavern. They have decided to severely reduce the hours of opening of their tavern, and their plan that

they are recommending is going to be as tough as Aurukun's. If we can see these kinds of statistics in places like Mornington Island, Doomadgee and those other communities, then we really are going to be making a difference.

**Mr RODGERS:** Minister, I realise that you have addressed a lot of these issues on alcohol management plans, but I just want you to elaborate a little more on the alcohol management plans planned to be introduced into the nine indigenous communities. Can the minister explain why the government is determined to implement these plans and what advice would you give to those who plan to ignore those new alcohol restrictions?

**Ms SPENCE:** I think we had to encourage the communities to adopt these plans because obviously the level of violence had reached such a point that we could no longer say that we should not be involved. As I have said on a number of occasions, these are very tough issues that these communities are facing with the support of the government and we ought to congratulate those in the communities who are doing this kind of tough decision making. There is one community in Queensland that is strenuously fighting us against this plan, and that is the Bamaga community, which for 12 months now has been threatening to take us to court. They have been threatening to get their own legal advice to take us to court to prove that what we are attempting here is illegal. I see in the paper today they are yet again making the same threats. I have been to that community, addressed them and told them that we have very good legal advice that enables us to take the action that we are taking. As I said, their 12 months of threats has not led to any action on their part.

Anyone who has been to that part of the world would be aware that Doomadgee is part of the NPA five communities in the top of the cape that are all only two minutes away from each other. In those five communities we are going to have to see the same kind of alcohol management plan. It is no good if one community's pub has different opening hours to another community and one is allowing bring-ins and one is not. We are going to have to see Bamaga sit down with the other four communities and coordinate their alcohol management plans. Anyone who knows the history and the operations of these five communities know how difficult that is going to be. It is certainly going to be necessary if we are going to see any sense in these alcohol management plans in those five communities.

I would say to the people who decide to ignore the restrictions that the communities are imposing that the penalties that we have introduced for breaching the law is harsh. For the first offence we are looking at penalties of \$37,500. For the second offence we are looking at penalties of \$52,500, or six months imprisonment, and for the third offence, \$75,000, or 18 months imprisonment. When we collectively passed these laws in parliament in Townsville last year I think we were signalling to these communities that we wanted to assist them and we wanted to crack down on any infringements against these alcohol management plans.

**Mrs REILLY:** On a different note, I note DATSIP's proposed indigenous economic development agreement and I wonder if you could outline what is being done to support economic development for indigenous people in Queensland?

**Ms SPENCE:** Cabinet approved the release of the draft economic development agreement on 2 June this year and consultation on this agreement began in July and will continue until September this year. We anticipate that the finalised agreement will take place later this year. This is obviously a key agreement under our 10-year partnership. The Department of State Development is the lead agency in this project and DATSIP's role in the working group is to provide a consistent and culturally appropriate policy position to the Department of State Development.

An amount of \$400,000 under the Community Development Program has been allocated to support 10 indigenous business enterprise projects in the last 12 months. Some examples include \$89,000 for the development of silviculture projects in Injinoo and New Mapoon, \$31,000 for market gardens in Yarrabah and Babinda, \$9,500 to purchase stud cattle at Wujal Wujal, \$75,000 to re-establish the Wujal Wujal store, \$20,000 for a portable mobile sawmill and \$7,500 for the Cook Shire Council to undertake a feasibility study for a mobile feral pig abattoir.

Because we are on the ground and talking to indigenous communities on a daily basis, the Department of Aboriginal and Torres Strait Islander Policy really acts as a conduit between those communities and the Department of State Development to promote their projects and to make sure that they have access to government funding, particularly for some of the smaller projects that communities would like to get up and running.

**The CHAIR:** I refer the minister to MPS page 2-3 and note that under the Community Governance Improvement Strategy support is being provided to councils. Can the minister outline what type of training is being planned under this strategy, who in the communities is this training being directed at and how will this improve the current situation?

**Ms SPENCE:** The Community Governance Improvement Strategy commenced in June this year. We are spending \$10,000 to support various types of training. We are undertaking councillor training. It is a non-accredited training program designed with a closest fit to competency standards. Basically, we are aiming our training at councillors and also the council clerks or CEOs. I think it is no secret that the Aboriginal councils more particularly than the Torres Strait Islander councils underperform on various indices. The Auditor-General certainly tells us that every year when he does his report. We certainly have not seen an increase in the performance of many councils over a long period. So this strategy is aimed at producing better accountability to those community leaders. It is certainly something that the council themselves have been asking us to do for them.

**Mrs LAVARCH:** In a question from the member for Gregory earlier you spoke about the reparation of the wages issue in the Aborigines welfare fund and associated accounts. I note in the MPS on page 2-3 that the resolution of the outstanding issues around the control of indigenous wages, labour and savings is a major focus for the department. You gave some facts and figures there, but I was wondering if you could outline why it is important to address past injustices and promote reconciliation for the Aboriginal community?

**Ms SPENCE:** I am happy now to give you some figures on this issue because the figures I gave to the member for Gregory were actually about the underpayment of wages issue. I am happy to give you some figures on how we are going with the welfare fund and the wages and savings issue. We are talking about two separate programs, two separate issues.

As you would all be aware, the government went out and made a \$55.5 million offer to indigenous Queenslanders to try to resolve this particular issue. Expressions of interest in that offer commenced in February this year. We estimate that there are potentially about 20,000 Aboriginal and Torres Strait Islander people who are alive today who may have had their wages and savings controlled by a previous Queensland government. This process only started in February this year. As of 15 July 4,506 claims have been received. We have assessed that 701 claims are eligible and 16 claimants so far have been paid a total of \$64,000. We said when we went out with this offer that it was likely to take three years to pay people. We said that we would make elderly or sick people a priority when assessing their claims and making the first payments, and that is what we are doing.

I have said already that 701 of those 4,506 claims have been deemed eligible. A total of 247 claims have been assessed as ineligible—159 because we cannot locate any records which show that their wages or savings were controlled by government and 88 because they were born after the eligibility date of 31 December 1956. So as with the underpayment of award wages process, quite a number of people claim who are going to be deemed ineligible, and that happened through that process as well. It is going to be the same through this particular process. That is something that the department deals with. Obviously those who are assessed as ineligible are disappointed by that. Our officers who do this on a daily basis are very skilled at explaining the process and why people have been deemed ineligible.

**Mr RODGERS:** There is a lot of talk in the community about the community justice groups and their role. I refer the minister to MPS page 2-15 and note that you have increased the budget for community justice groups. Can the minister explain the function of the community justice groups and the assistance provided to them by the government?

**Ms SPENCE:** We certainly have increased the budget for community justice groups over the last two years in recognition of the important role that we are expecting them to play in the communities. Community justice groups began in the early 1990s. I think the first one was established in Queensland in about 1994 on Palm Island. I understand they came directly as a result of the recommendations from the Aboriginal deaths in custody report. Over the years the department has continued to support them.

Because of the change in the legislation last year they now have some statutory responsibilities. Certainly the most important responsibility we have given them in the last 12 months is the formulation of this alcohol management plan. We have put aside \$2 million to support those groups. We know that they need more training. Certainly we are providing that training to enable them to meet their statutory responsibilities. I want to point out though that we

are funding 33 of these groups throughout Queensland and not all groups are located in discrete DOGIT communities. We do have community justice groups operating in our regional centres. For example, the group in Mackay is very active, as they are in other regional centres throughout Queensland.

One of the things that the community justice groups have done increasingly over the last couple of years is attend Magistrates Courts and offer advice to magistrates about the sentencing options for indigenous people who come before the courts. A lot of the community justice groups are also actively out there supervising court-based orders, particularly for juveniles. I praise the work of many of those groups. We know that we have to continue providing them with more training and more support. The department is focused on doing that in the next 12 months.

**Mrs REILLY:** Following on from that, I note in the review of output performance one of the achievements is an increased budget for diversionary centres. Could you please outline where these diversionary centres are located and the functions and the sorts of services they provide?

**Ms SPENCE:** We have diversionary centres in Brisbane, Rockhampton, Townsville, Cairns and Mount Isa. So we have five diversionary centres throughout the state. They were also a recommendation from the Aboriginal deaths in custody report. I think we have to remember that the diversionary centres are meant to be a place that divert people from watch-houses. A lot of the diversionary centres also operate with a watch-house cell visitor program. They provide caring support and protection to intoxicated Aboriginal and Torres Strait Islander people.

I visited each of the five diversionary centres in the state—sometimes more than once—and I asked whether they take non-indigenous people and they all said yes, they do. Quite a number of their clients are non-indigenous people. Although they were funded initially out of that deaths in custody report—and they are still funded out of our department—certainly a lot of their clientele are non-indigenous people.

I think that most of them are operating very, very successfully and most of them—and we keep these statistics—do operate significantly to full capacity. We have increased the budget in the last 12 months in recognition of the increased role that those diversionary centres are performing. A lot of them have gone beyond their original purpose in just providing a bed for an intoxicated person at night. As I said, they are operating as counselling and referral services as well. I think that we should be supporting that where they are doing that very well. That is why we have been pleased to increase their budget for those particular purposes.

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

**Mr JOHNSON:** Minister, on page 2-4 of the MPS it indicates that partnerships between Aboriginal and Torres Strait Islander people and the government is the way forward. Following the wholesale resignation of your ATSI advisory board earlier this year, what mechanisms are you using for ongoing linkages and input from Aboriginal and Torres Strait Islander communities?

**Ms SPENCE:** There is a nice figure on a table here that talks about the number of consultations undertaken by the department in the last 12 months and what we are aiming for in the next 12 months. The point I would like to make is that the way this department operates and has started operating in the last 12 months is really quite different from anything that has occurred in the past. For a start, we are now conducting negotiation tables in many communities throughout Queensland, not only in the discrete DOGIT communities but also in Aboriginal communities out west, in your electorate, and in urban centres such as Rockhampton or Townsville.

We are now following a philosophy that it is important to consult indigenous people on the ground at a very local level. That is being undertaken like never before—not only on issues like alcohol management plans and law and order issues but also on other issues such as economic development or land issues or, for example, the economic development agreement that we are going out to consult on now. We are seeing a lot of local consultation.

That does not mean to say that I do not see a place for a high-level strategic body such as the Aboriginal and Torres Strait Islander Advisory Board represented. However, I do think we have to be a bit more creative about how we consult with the indigenous community in the future. We are certainly waiting for the results of the Commonwealth government's decisions on the future of ATSIC before we make a decision about the level of consultation we want to use ATSIC for in the future. This is something that will be considered by cabinet in the next couple of months, though.

**Mr JOHNSON:** In other words, the board has not been replaced?

**Ms SPENCE:** Not at this stage. I would also say that we are carefully considering what we are going to do before replacing that kind of board again.

**Mr JOHNSON:** How much did the board cost to operate last year, Minister?

**Ms SPENCE:** The budgetary allocation for the board last year was \$573,000.

**Mr JOHNSON:** Minister, I refer to the answer to a non-government question on notice in which you indicated that your department has undertaken a high-level review of the financial and governance arrangements for Aboriginal councils and Islander boards. What were the alternative courses of action that were suggested by this review and what action will you take to address this action and ensure that funds are best used to assist the Aboriginal and Torres Strait Islander communities?

**Ms SPENCE:** I would just like to clarify what you are talking about. Is that the review of the Community Services Act?

**Mr JOHNSON:** Yes.

**Ms SPENCE:** What was the question, then?

**Mr JOHNSON:** I refer to non-government question on notice No. 3, in answer to which you indicate that your department has undertaken a high-level review of the financial and governance arrangement for Aboriginal councils and Islander boards. What were the alternative courses of action that were suggested by this review and what action will you take to address this action and ensure that funds are best used to assist the people of Aboriginal and Torres Strait Islander communities?

**Ms SPENCE:** I am just trying to find the sentence in this question on notice that you are referring to.

**Mr JOHNSON:** Do you want to take it on notice, Minister?

**Ms SPENCE:** I am happy to take that on notice. The question I am looking at is about internal audits. I will take it on notice.

**Mr JOHNSON:** Thank you, Minister. Minister, can you tell the committee how much funding has been allocated in this year's budget for therapeutic and counselling services for sexually and physically abused indigenous children?

**Ms SPENCE:** That is not something that would come out of the DATSIP budget. That would come out of the Families budget. There is a line, I think, in the Families MPS that talks about how much of the budget is allocated to indigenous children. If you look at it, you will find that about 20 per cent of our child protection budget—if you look at any measure of the budget—actually goes into indigenous children.

**Mr JOHNSON:** Thank you. Minister, I refer to non-government question on notice No. 3 regarding activities of the internal audit branch. The original answer we received to this question indicated that eight matters had not been disclosed as disclosure of findings could reasonably be expected to prejudice the effectiveness of the implementation. We later received a replacement response to this question omitting reference to these matters. Have any of these matters been referred to the CMC? What is the general nature of the matters?

**Ms SPENCE:** I cannot answer that one. I will have to refer that on.

**Mr Swan:** There are a number of matters that were still in progress that are part of the normal audit program of the internal audit branch. Those investigations, as would be the program of audit, are still not complete and are expected to be completed in the next financial year and would come forward as a completed audit program, if that is what the member is referring to.

**Mr JOHNSON:** So there are no outstanding matters that the general public should know about?

**Mr Swan:** The department has an internal audit program. That program is approved by the audit committee and a range of normal audit matters are undertaken throughout the year. A number of those have been completed. A number are still in progress and will be completed within the next financial year. When they are completed within the next financial year, the findings of those audits will be implemented by the department.

**Mr JOHNSON:** So none of them have been referred to the CMC? Is that what you are saying?

**Mr Swan:** It depends what you are referring to. If it refers to what is the audit program and the audit program which is in progress, those will be completed. I am not quite sure what you are referring to.

**The CHAIR:** The time for questions from non-government members has expired. Minister, I refer you to page 2-9 of the MPS which talks about the government's champions program. Can you explain this program?

**Ms SPENCE:** Can I finally answer the question from the member for Gregory? I am informed that you do have in answer to the question on notice the results of those internal audits in DATSIP and none of them were referred to the CMC. The eight you are talking about are audits that are in progress. Of course, we cannot determine what might occur as a result of those particular audits. I hope that does fully answer your question.

In terms of government champions, this is a new initiative. I think we have done a good job and will continue to work very hard in addressing the problems of alcoholism and violence in the communities. We have got the very important paper out on the reform of the Community Services Act to reform the local councils.

One of the things the communities have talked to us about is the fact that they expect governments to be more responsive and to act in a more coordinated fashion. The community champions project is about directors-general taking responsibility for a discrete Aboriginal community in Queensland. I am pleased to say that all directors-general who have taken on the responsibility of being government champions have visited their communities at least once and further visits are planned for this year.

I have had some very positive feedback from both the directors-general and the communities themselves about this particular concept now that it is in full swing. For example, the director-general of Education, who is the champion for Aurukun, has been there to lead at the negotiation table in that community. We have the directors-general of Public Works and Housing, who both have taken on the community of Palm Island and I know have made some visits there and are attempting to resolve longstanding issues about the ferry that goes to Palm Island, some issues concerning Telecom and other Commonwealth government issues.

Because our directors-general obviously have a good knowledge of government processes, not only at a state level but also at a federal level, I think they are enjoying the challenge of taking on some of the tough issues that are of concern to the communities. I might ask the director-general if he wants to add anything.

**Mr Rockett:** The community that I have been allocated is Doomadgee. I work with Doomadgee with Rachel Hunter, who is the Public Service Commissioner. I have visited there twice and will be returning in two weeks time.

One of the issues for Doomadgee is that it has brought down an alcohol management plan. Both Rachel Hunter and I will be at a negotiating table with members of the council, the community justice group and all groups within the community to design programs that will ensure the alcohol management program will be successful in Doomadgee.

There are other strategic issues that they have asked us to deal with, for example the management of the housing program and the rental arrears program that they are not managing very well. They are requesting that we look at alternative measures for those sorts of things. There are a number of issues that the community would like us as directors-general to assist them with in terms of getting better government service delivery to that community.

**Mrs LAVARCH:** Minister, the MPS refers to the Indigenous Community Volunteers program. I understand that this is a new program. Can you explain how it operates?

**Ms SPENCE:** It is a new program. It is not a program that has been initiated by the state government. It is a program that the state government has been asked to contribute some money towards. We are contributing \$40,000 to support this program. Mr Joseph Elu, who will be well known to many people around this table because he is the chair at Seisia and also the chair of the IBIS board, is the leader of the Indigenous Community Volunteers program, which has been established by the Commonwealth government.

They send professionals into communities around Australia. They have been doing this for some time. They go to a community, ascertain their need and see if they can find a professional person to go in and assist that community on a voluntary basis for a period of time. The projects are being matched now. They are looking at finding someone to go into Palm Island for three months to set up a takeaway shop. They are looking for a horticulturalist to go into Seisia for three

months to get a business program up. They are looking at the Badjuballa Aboriginal Corporation in Cardwell to try to get a business manager to go to that community to advise them for 12 weeks on primary production. They are the kinds of projects. It is not just the discrete Aboriginal and Torres Strait Islander communities.

I think there are a lot of people in Australia—retired people, for example—who would like to go and give some time to assist Aboriginal communities, and that is what this indigenous community volunteer program is about. Some \$40,000 in the total context of our budget is a small amount of money. We are putting in \$20,000 of the \$40,000. The Department of the Premier and Cabinet, Queensland Health, the Department of Primary Industries and the Department of State Development are each contributing \$5,000. I think it will be a program that we should watch in the future because it will certainly bring benefits to Aboriginal and Torres Strait Islander communities in Queensland.

**The CHAIR:** The time allotted for the consideration of the estimates for the Department of Aboriginal and Torres Strait Islander Policy has expired. We will take a break for afternoon tea and resume at 4.15 for Disability Services.

Sitting suspended from 4.01 p.m. to 4.15 p.m.

**The CHAIR:** I now declare the committee's hearing open. The first round of questions is from non-government members.

**Mr LINGARD:** Minister, your Ministerial Portfolio Statement continually refers to increases from previous years as a means of vindicating your present position. Quite obviously, the Commonwealth government funds 100 per cent of the employment costs in disability services and it funds most of the advocacy costs. In states such as Victoria the state funds 85 per cent of accommodation, respite and day services, but in Queensland the state funds only 68 per cent of the costs. You also have the lowest spending per capita of all states. Minister, when are you going to stop blaming previous governments and admit that the ALP has been in power for 12 of the last 14 years and has had plenty of time to implement funding programs?

**Ms SPENCE:** Rather than blaming previous governments, the Beattie government has committed more funding to disability services than any government in this state's history. I have to say to Mr Lingard that he does not have a record that anyone would consider acceptable under his government or under previous National Party governments.

No government is more committed to funding disabilities than the Beattie Labor government. The fact that we have increased the budget by 20 per cent in one year is an extraordinary contribution at a state level and one which the sector acknowledges is extraordinary and is very pleased with. I have talked to advocacy groups, non-government organisations in the disability sector and people with a disability themselves who have praised and congratulated the government and are very grateful for the fact that we have delivered this enormous funding commitment to disabilities over the next four years. So I sit here today very proud of this government for acknowledging that disability is an area that has been under-resourced for a long time.

Everyone knows that we are starting from a low base. That is no big revelation in this state. Queensland has always underfunded disability, but this new funding injection will go some way to bringing us up to the national average and will certainly make a difference to the lives of many people with disabilities in the state over the next four years.

**Mr LINGARD:** But, Minister, you are funding only 68 per cent of the costs in Queensland for accommodation, respite and day care when other states are funding around 85 per cent. Queensland has many young people with disabilities in aged care and nursing homes unable to get decent accommodation. I remind you that you also have the lowest spending per capita of any state. Obviously if this state did what other states do many young people would be accommodated. Why do you not do this?

**Ms SPENCE:** We are below the national average. There is no secret in that. Queensland has always been below the national average in terms of its funding on disability. There is no revelation here today. What you might want to focus on is the fact that over the life of the next Commonwealth-State-Territory Disability Agreement—seeing as you want to talk about the Commonwealth's contribution and the state's contribution—the Commonwealth government has put forward an additional \$125 million for five years to be spread out amongst all the states in Australia. Its growth funding commitment over the next five years is 3.8 per cent. Over the next five years our growth funding commitment at a state level equals 11.7 per cent. Yes, we are starting from a low base. Yes, we have traditionally spent below the national average. But

because of the huge funding injection this year and our commitment for the next four years we are outperforming the Commonwealth in our commitment and spending on disability.

I have to say to the member for Beaudesert and to all opposition members that you have done nothing to lobby your counterparts in the Commonwealth government to get them to improve their commitment to funding disability in Queensland and all the states of Australia. I have spoken about this issue in parliament on at least five occasions. I have written to the responsible Commonwealth minister, Senator Vanstone, on about seven occasions. I think the Premier of Queensland has written to the Prime Minister about this issue on three occasions.

I do not believe there is one member of the coalition who has written or made any representations at a national level about this disgraceful commitment by the federal government in terms of its commitment to funding disabilities for the next five years. It would have been helpful for people with disabilities in this state if you had acknowledged that the money the Commonwealth was putting on the table was insufficient and that it could do better.

The fact is that we have signed the CSTDA now. There was no way in the world we could convince Amanda Vanstone and the Commonwealth government to put more money into the next agreement. This \$125 million for five years for the whole of Australia is the only kind of increase that people with a disability have to look forward to from this federal government.

**Mr LINGARD:** I refer to page 3-9 of the MPS and funds for the Resident Support Program to provide personal care and lifestyle support services to people with a disability living in private hostels, boarding houses and aged rental premises. What funds has your department set aside specifically to relocate people with disabilities affected by closures resulting from the much needed regulation and accreditation of boarding houses that began to take effect from 1 July this year? How does your funding compare to the \$66 million package New South Wales delivered when it went through a similar process?

**Ms SPENCE:** We have not set aside money specifically to relocate people with a disability from boarding houses. We have set money aside specifically to relocate people who are currently in institutions to live in the community. However, it is this government which last year established for the first time the hostels and boarding house Resident Support Program. Before this we had no involvement of people with disabilities who were living in hostels and boarding houses. So last year for the first time we started a program to give these people some support. Last year I announced \$1.6 million in recurrent funding for that Resident Support Program. In addition, Queensland Health is contributing a further \$550,000 to that program. On 8 April this year I announced further funding of \$1.2 million to the successful agencies under this program and we have allocated money in this year's budget to continue the program.

I have visited these hostels and boarding houses where the program is operating. What the program does is basically provide some day services for people with disabilities who are living in this accommodation and for the first time puts these people in contact with our department and with government services. Many of these people have not had those government services in the past.

I think we have to remember that there have been instances, certainly in the last couple of years while I have been minister, where people have left government accommodation to live in hostels and boarding houses. People who we have been supporting in our houses or people who have been supported in NGOs have left to live in hostels and boarding houses because they are free to live where they want. It is certainly an issue which we want to continue to monitor, and those people will receive assistance if they are in a boarding house and cannot find alternative accommodation. We will certainly assist them to provide alternative accommodation in the community if closures mean that they are left homeless.

**Mr LINGARD:** Minister, this morning the media in Bribie Island are talking about an issue which will be in the papers tomorrow. They are saying that CARE Independent Living on Dolphin Drive at Bribie Island has 17 people with disabilities in a centre which is supposed to be approved for only seven. Disability Services is still referring and taking people there. Why does Disability Services still take people to a place that obviously is not registered correctly, that the council disagrees with and that the police disagree with and yet still we find Disability Services, which is your department, approaching CARE Independent Living to place people with disabilities?

**Ms SPENCE:** In June this year a number of former and current staff of this service—CARE Independent Living service on Bribie Island—made contact with the department to raise allegations of abuse of both adults and children with a disability in care. The allegations were

wide-ranging and included allegations of significant physical abuse of people with disabilities and inappropriate use of medication as a form of chemical restraint.

DSQ has been working very closely with the Adult Guardian on these allegations of abuse. The Adult Guardian is currently conducting an investigation into the allegations raised as they relate to people with disability in this accommodation, and we are told the investigation will take approximately six weeks to complete. To ensure the safety and wellbeing of the people with disabilities in this particular service, we have written to the board of management of the service telling the board that we expect it to replace its management team. We offered funding to cover the cost of the replacement staff of four managers.

The board took our advice and subsequently stood down four managers and has replaced those managers with interim management. We are working with the management committee to finalise a reform plan for the service that will include an overhaul of its management structure, services and policies. This will be reviewed pending the outcome of the investigation by the Adult Guardian. Implementation of a reform plan will take approximately six months. DSQ will be negotiating a new service agreement with CARE, Bribie Island, which will include the implementation of the reform plan.

**Mr LINGARD:** Do you think it is still appropriate that your own department is placing people at this centre?

**Ms SPENCE:** We do not have the information here at our disposal at this point. Do you want to answer that, Frank?

**Mr Rockett:** We do not have any information at this stage that we are continuing to refer people. That is something that we will take up and investigate whether that has happened. My understanding is that we are not continuing to refer people, but the negotiations with the board of CARE were that it had a choice to stand down the four managers whom the allegations were made against. Otherwise we would have had to have made other provisions for those clients who were there. It agreed to work cooperatively with Disability Services Queensland and has stood down the managers whom the allegations were made against. That being the case, and having replaced those managers, we felt then that the environment was appropriate for services still to be provided to that organisation. My understanding is that no people are being referred to this place, but we will have a look at that.

**Mr LINGARD:** Thank you. I accept your comment, but I would think once it appears in the media tomorrow—which it is going to—the Department of Families would act swiftly to try to resolve the situation.

Minister, there are people like Wendy from the Gold Coast who have many complaints about the Families Department in the way Disability funding is distributed and used. Wendy says that I can use her name. She says that she cannot contact you and none of her calls are returned. Why cannot people contact you or your senior advisers to outline their concerns about the department?

**Ms SPENCE:** As of February this year I personally had seen over 290 individuals and community organisations just through the community cabinet process alone, that is, going out to visit Queenslanders once a month on a Sunday and talking to people. Anyone who wants to see me through the community cabinet process can do so. Indeed, over a two-year period I had personally seen 290 delegations—more than any other minister in this government. I suspect that kind of process provides a level of communication with Queenslanders that is unprecedented in this state's history. That is one of reasons why we have the community cabinet process.

I would encourage people like Wendy to come along when we have community cabinets on the Gold Coast. I think we have had three or four over the last couple of years and we will probably continue to have them in the next 12 months. I understand that people like Wendy have complaints about the bureaucracy from time to time. That is understandable. That is why we have, I think, a well-managed and comprehensive complaint management system in our department. There are three full-time staff who work on this complaint management system. It commenced in January 2001 and since its inception there have been 294 complaints. While not everyone is going to be able to pick up the phone and talk to the minister whenever they wish, there certainly are a lot of ways that ordinary Queenslanders can talk to me. There is a well-managed complaint system operating within Disability Services Queensland to make sure that people have their complaints and issues taken very seriously and see the recommendations as a result of those complaints.

**Mr LINGARD:** One of the other criticisms that I get is from former staff who have never been able to outline their complaints. I know in your portfolio statements you talk about \$33,427 on consultancy services for training and employment patterns to look at problems within the department. I am sure that you would agree that conducting exit interviews with staff would be a useful and inexpensive means of gaining information. Why do you not conduct exit interviews with staff, who are obviously disenchanted and are leaving your department? Why do you allocate \$33,000 to look at the problems and you will not take exit statements?

**Ms SPENCE:** The employment separation rate in Disability Services Queensland sits at about eight per cent, which is similar to the level it has sat at in previous years. It is higher than the Public Service average, but it maintains at a fairly consistent level at about eight per cent. I do not know why we do not take exit statements. I am not the HR person. Would you like to answer that?

**Mr Rockett:** Yes. Mr Lingard, DSQ does not formally have a procedure that we take exit statements from people. Informally, when people exit the department they normally give a reason to their supervisor. I have not been made aware of numbers of people who are leaving because they are dissatisfied with their working conditions. We do it informally, but we do not have any formal procedures.

**Ms SPENCE:** Does any Public Service department do it?

**Mr Rockett:** I am not too sure.

**Ms SPENCE:** I do not know if any other department does it. It is certainly something we can look into.

**Mr Rockett:** I am not aware of any other agency that conducts formal exit interviews with people.

**The CHAIR:** The time for non-government questions has expired. I call the member for Mudgeeraba.

**Mrs REILLY:** Minister, in the MPS at page 3-5 it refers to the policy statement Future Directions for Disability Services. Can you explain to the committee how the initiatives in this statement will deliver better outcomes for Queenslanders with a disability, their families, carers and service providers over the next four years?

**Ms SPENCE:** Certainly. As I said before, the budget commitment that has been made by this government this year has been received very positively by people with disability and their representatives in this state. It is the first time that any government has ever made a long-term funding commitment or planning in this area. That is one of the things that this sector has been asking for for some time. They were very appreciative of the four-year funding commitment, which we hope has locked future Queensland governments into that commitment for the next four years. That was a positive as far as they were concerned.

They were also very appreciative not just of the budget but also of the release of the future direction policy statement, which really did outline our direction in so many areas in the next four years. This policy statement and, indeed, the budget expenditure was not put together overnight by myself or even just the bureaucrats in the department, but was a result of the 12-month funding reform strategy. I know that the member for Mudgeeraba, who asked the question, was very involved in that funding reform strategy, as was the member for Kurwongbah. They would well appreciate the level of work that went into consultation with people with disability throughout Queensland—the very good issues and papers that went out over the last 12 months.

For the first time Queenslanders had explained to them clearly issues such as the need, the level of disability, the types of disability, how our money was spent and what kind of need we predicted in the future. That process was very valuable. The feedback we got from the community was very valuable and helped us convince Treasury this year of the need for this big budgetary expenditure. It also helped us plan how we might spend this money in the future years. As I said, not only has the feedback been positive about the quantum but it has also been very positive about the direction that we have signalled for Disability funding and programs into the future.

I would like to put on record my appreciation to the member for Mudgeeraba and particularly the member for Kurwongbah for their participation in that funding reform project. I know that all members of the Labor caucus have been very interested in Disability funding and regularly come to briefings that we hold on this issue. I think that we have seen an unprecedented interest in this area by government members.

**The CHAIR:** Minister, the MPS at page 3-4 shows that the estimated budget expenditure for Disability Services Queensland in 2003-04 will be \$384.9 million excluding capital. How does this figure compare with commitment made in the Labor party's pre-election policy document titled in part 'Building on our foundations of reform'?

**Ms SPENCE:** This expenditure represents \$49 million more than the \$60.8 million that we promised in our last election policy. I think that, this year, we have continued to build upon the Beattie government's record spending to redress historic underfunding in this sector. A lot of the money is going to address unmet need for many people in Queensland. I think that we also need to remember that a significant amount of this money—40 per cent of it—is also going to go into the viability of non-government organisations throughout the state. Sixty per cent of DSQ's budget immediately goes to fund non-government organisations. What we have been hearing in the last 12 months—and we heard it through the funding reform project—is that those organisations are struggling. Their capacity to fundraise has diminished over the last decade and is unlikely to improve into the future. Certainly, the increases in insurance premiums have hit this sector very hard in the last 12 months. The demand on their services continues to increase. So for all of those reasons large and small organisations have suffered from viability issues.

A lot of the organisations in the past have responded to their viability problems by reducing services. That is not something that we wanted them to do, although obviously we have to acknowledge their need to do so when they are experiencing viability problems. So 40 per cent of this new money is going to go into addressing those viability problems.

At the same time I think it is important that, as we put more government money into non-government organisations, we have some role in monitoring the quality of those organisations and the services that they provide. The funding reform project certainly told us that people expected us to play a more active role in quality assurance. That is something that the department will be focusing on in the next 12 months. Indeed, we have allocated some funds for quality assurance. In the remaining minute I might ask Bette Kill to talk about that project.

**Ms Kill:** The budget provides for an additional \$1 million for the quality assurance program. The quality assurance system includes a quality framework which identified the need for a quality assurance system and a process for implementing continuous quality improvement within the Disability sector. The framework requires that the quality assurance system and quality improvement strategies include processes to ensure meaningful participation by people with a disability.

In 2002-03, the regional trials of the proposed quality assurance system were completed. The results of the trials will be used in the design and implementation of the quality assurance system. The quality assurance system was trialled against 14 proposed standards which were developed from the Commonwealth government's national standards for disability. The trials further refined these standards. Performance indicators for each standard continued to be simplified. While the regional trials have been successful, there has not been sufficiently timely progress to allow implementation of quality enhancement strategies, of quality practice awards, innovation seeding grants, and a mentoring and expertise exchange strategy.

It is proposed that future training for service providers will be an avenue to deliver quality practice awards and mentoring and expertise exchange systems. It is also proposed to provide Innovation awards through financial assistance towards improvements identified in the audit program. The implementation of the quality framework has been identified as a priority in Future Directions for Disability Services.

**Mrs LAVARCH:** With your indulgence, may I take this opportunity, Minister, to put on record my thankyou to you for allowing my input into the funding reform project. I know that the member for Mudgeeraba and other members of the caucus have had that opportunity to have some input into the project. I give all credit to Bette Kill and the team.

**Ms SPENCE:** Thank you. They do deserve credit.

**Mrs LAVARCH:** Minister, I wanted to come back to the Commonwealth-State Disability Agreement. In an earlier answer to a question asked by the member for Beaudesert you advised the committee that Queensland has now signed the Commonwealth-state agreement. I was wondering whether you could advise the committee on the attitude of the Commonwealth during those negotiations given that the agreement actually expired last year. Also, how hard was it for you, on behalf of the state, to sign that agreement?

**Ms SPENCE:** I think I said before that I had written to Amanda Vanstone five times. I have the brief in front of me now. I have written to Senator Vanstone 10 times. The Premier has written

to the Prime Minister four times on this issue. State and territory ministers have had numerous teleconferences and personal meetings—six times—to resolve this issue. It has certainly been long and protracted. From the states' point of view, state ministers have worked very hard on this issue and we are disappointed that at the end of the day we were forced to sign the agreement and we were not able to convince the Commonwealth government to put more money into it.

The first time we discussed this was at the minister's meeting in Melbourne in June last year. As a result of that meeting and the pressure from the state ministers we actually got \$125 million out of the Commonwealth. Before that it was not going to put any growth funding into the next agreement. The \$125 million came out of that ministerial conference. But after that we were unable to help them put more money into the disability agreement. I am aware that many people throughout Australia are disappointed.

However, in terms of Queensland it is good news for people with disability that the state government can find a 20 per cent increase in one budgetary cycle. We are very optimistic that the new money that the state has been able to find will certainly make significant improvements in the lives of people with disability in the state. Now that we have signed the multilateral and the bilateral agreements with the Commonwealth there are still a number of issues that we are discussing with the Commonwealth. The process is not complete. I might ask Betty to talk about those other issues that we continue to talk to the Commonwealth about.

**Ms Kill:** There are a number of issues that we continue to discuss with the Commonwealth. There are five policy priorities that we are in discussion with them about: strengthening mainstream and generic services for people with a disability, strengthening across government linkages, strengthening individuals and families, improving long-term strategies to respond to and manage demand for specialist services, and approved accountability, performance reporting and quality.

**Mr RODGERS:** Page 3-4 of the MPS refers to regional disability councils. Can the minister explain the role of these councils and how they are contributing to making local communities more accessible to people with disability, their families and their carers?

**Ms SPENCE:** There are at present nine regional disability councils throughout Queensland. They were set up as part of a Beattie government election commitment. These councils—and I meet most of them as I travel around Queensland—have a very small budget. They operate on about \$10,000 each. But they are doing remarkable work in their local communities. Recently, I hosted a lunch at Parliament House for all of the chairs of the councils when they were meeting in Brisbane and had the opportunity to hear about some of the work that they are doing.

I think the strength of these councils is that they are operating at a grassroots level in the community. They are the people who are in touch very closely and work very closely with local governments and can put pressure on local governments to improve things such as disability access to public toilets or disability access along public footpaths. They work at the grassroots level, where government departments simply do not fit in. They also host seminars at a local level. They put local people in touch with government agencies that can provide them with assistance. The strength of these disability councils is that they are identifying local issues much better than any of us can and they are identifying local solutions to those particular problems and they know who to contact in their local community to help them resolve particular problems.

These councils are now in their third year of operation. A recent review of the councils has revealed that they are delivering real improvements to the lives of people with a disability and their families. As you have asked the question, I would like to put on the public record my appreciation for all of those people who serve on these regional disability councils. As I said, they get only \$10,000. People are not being paid to serve on these councils. I know many individuals drive long distances to attend council meetings. They do this in their own time and they work very hard, unpaid, at a local level to deliver the kind of problem solving that we are seeing from these councils. I acknowledge their fine contribution to people with disability in the state.

**Mrs REILLY:** I was going to ask a question about viability issues in services, but I think you have adequately covered that. If you are happy, I will go on to another train of thought. On page 3-10 of the MPS there is a reference to the Basil Stafford Centre. Would you be able to detail what commitments have been given to parents and friends of current residents at the centre regarding their future accommodation and support options?

**Ms SPENCE:** I welcome the opportunity to clarify my position on the future accommodation and support for the current residents of the Basil Stafford Centre. At the end of 2002, I met with the parents and friends association of the centre and gave an undertaking that people who wish

to stay on at the Basil Stafford site will be able to do so. I gave a clear commitment that those families would be consulted about the future regarding the site and certainly the future regarding the replacement houses that we will build on that site.

There are 22 people remaining on the Basil Stafford site. There were 116 people there when the deinstitutionalisation process began and there are 22 people remaining. We think that about 14 people will remain on the site. That is the indication that we have. However, recent discussions with some of the families—and we conduct these discussions on an ongoing basis—might lead us to believe that fewer than 14 people will ultimately remain on the site.

Last year I also directed a DSQ to appoint a senior project manager to administer the site. I did this to better facilitate liaison with residents and their families, to provide increased monitoring and support to the staff, and to have a more coordinated planning process around the future of the residents who are on that site. As well as this, the government is at present finalising a whole-of-government plan for the Wacol properties, which include the Basil Stafford site. We are talking about Basil Stafford, which is about 22 hectares, a very large site. We are talking about land next to Basil Stafford that is owned by Queensland Health and also land owned by Corrective Services. We are talking about a large amount of government land which does require some whole-of-government planning.

The Department of Public Works has been charged with the responsibility of developing a strategic plan, and we expect that that will be completed somewhere near the end of August. The government will then consider during this process its future requirements for land use in the Wacol area and the future use of the Basil Stafford site. I reiterate the fact this government has promised, and will keep its promise, of making sure that the 14 or so residents who wish to remain on the Basil Stafford site will be reaccommodated in the future on that site.

**The CHAIR:** We will move now to non-government members.

**Mr LINGARD:** Disability permits are issued for a period of five years, but obviously some people who have short-term disability do not need them for five years. The continual use of these permits means that many genuine disabled people are unable to use the convenient parking areas. Will the minister look at a system of controlling these permits much more closely?

**Ms SPENCE:** I have nothing to do with those permits. That lies with the Department of Transport. You really need to direct that question to the Department of Transport.

**Mr LINGARD:** The Children's Commissioner has said that Queensland does not shape up well with other states in terms of relative care. Why after five years on the job and criticisms like this do you still have to have a summit to look at ways of resolving the problem? I say that because the whole budget is full of plans to have summits and inquiries.

**Ms SPENCE:** I think I have been quite good humoured about this this afternoon. I came here with an hour allocated to the Department of Families and had the responsible department officers here from the Department of Families. I sat down to 20 minutes of opposition questions. The first one was actually about Disability Services Queensland. The remaining questions were about the department of Aboriginal and Torres Strait Islander Policy. I answered those despite not having the briefs in front of me nor the appropriate public servants in the room to consult about those questions. Now, we have finally got to Disability Services Queensland, having done Families and DATSIP, and now you are referring back to a question that more appropriately refers to the Department of Families and that really has nothing to do with Disability Services Queensland.

**Mr LINGARD:** I refer to page 3-15 of the MPS and your establishment of an interdepartmental committee to develop a carers policy. Why have you downgraded this initiative from your election promise of a carers recognition act?

**Ms SPENCE:** We are still committed to developing carers legislation. There is no state in Australia that has any carers legislation. What we are committing ourselves to is really a ground-breaking step. For this reason, it is proposed that we will develop the carers recognition policy before we move into the legislative response. So, yes, it is still our intention to develop legislation around carers recognition. But we believe that it is important to develop the policy first. We have been consulting on this policy. Some 12 public meetings were held in June and July this year all over Queensland. We have had focus groups of carers from Aboriginal and Torres Strait Islander and culturally and linguistically diverse communities. The final public consultation on the draft public policy was held on 3 July this year and we expect to launch the Queensland government carer policy in October this year during Carers Week. As I said, we believe that it was important to develop a policy for the first time before we move into the legislative response to the carers issues.

**Mr LINGARD:** I refer to non-government question on notice No. 1. Your response indicated that seven employees of Disability Services Queensland are on fully paid leave while the subject of a disciplinary investigation. Two of these matters have been ongoing for more than six months and two of them for between one and six months, with the remaining three being much more recent matters of less than one month. What is the nature of all of these matters?

**Ms SPENCE:** I am just trying to see. We are talking about the seven, aren't we?

**Mr LINGARD:** Yes.

**Ms SPENCE:** Seven employees were suspended with full salary during the last financial year with five of these staff currently remaining on suspension. One employee was suspended for two weeks due to allegations of inappropriate treatment of a client. One employee was suspended for two months due to allegations of misappropriating client funds. Two employees were suspended for four months due to allegations of assaulting a client. One employee was suspended for five months due to allegations of breaches of code of conduct. One employee was suspended for seven months due to allegations of inappropriate behaviour towards a client and one employee was suspended for 12 months due to allegations of assaulting a client.

**Mr LINGARD:** I noted your comment previously about the overlap of some departments, but this question is similar. Representatives from Disability Services have been appointed to the ADD-ADHD steering committee in June 2000. What has this budget done for people with ADD-ADHD?

**Ms SPENCE:** I am happy to answer that one in this context. Could you just repeat the question, though?

**Mr LINGARD:** People from Disability Services, like my previous question, are appointed to a committee to look at ADD and ADHD. What has this budget done for ADD-ADHD?

**Ms SPENCE:** No, I think that is a very fair question from Disability Services Queensland's point of view. The committee that you are referring to was put together. It was a whole-of-government committee to formulate the government's response to the report entitled *ADHD: impact and implications for Queensland*, which was a report done by a lecturer at the University of Queensland. The government's response to that report has been finalised. It is available on the Department of Families's web site. I think it has been available for a number of months now, because I certainly released it some months ago. Queensland's position on ADHD is that we do not see it as a disability, and the government's response clearly indicates that position. There is no jurisdiction in Australia that acknowledges ADHD as a disability. I think if you read the government's response it also states that there is just about no jurisdiction in the Western world that acknowledges ADHD as a disability.

I know that it is a contentious issue. The reason we do not see this disorder as a disability is that the category of a disability is something that is lifelong. So once someone is labelled as having a disability, we acknowledge that it is a lifelong disorder. We do not acknowledge at this stage that ADHD is a lifelong disorder. Thinking about this, we are labelling children and young children two or three years old as having lifelong disorders. If you start labelling them as having a disability, you are saying to that child, to that family and to the community that that is something that the person is going to have for their lifetime. I do not think that there is medical agreement on that yet, so that is why we collectively do not accept it as a disability.

**Mr LINGARD:** As I travel in north Queensland the comment about autism comes up continually and the early recognition of autism not being done enough. I notice in your reports also there is continual reference to autism. Do you regard autism as a disability or is it part of Health?

**Ms SPENCE:** No, we certainly do recognise autism as a disability. In fact, last year we provided in excess of \$2.2 million to non-government organisations to provide services to people who have autism. Earlier this year when we were at a community cabinet in Mount Ommaney I announced a new half million dollar respite service that is going somewhere in the Mount Ommaney electorate.

**The CHAIR:** Corinda.

**Ms SPENCE:** Yes, Corinda. The respite services successful tenderer was Autism Queensland and it will be providing respite to people who have autism in the Brisbane region and surrounds. So, yes, autism is acknowledged as a disability and significant funds are given to people with autism in this state.

**The CHAIR:** The time for non-government questions has expired. Minister, I am aware that Disability Services Queensland has a highly successful Family Support Program. Can you explain how this program has assisted Queensland families to date and what it will deliver in 2003-04?

**Ms SPENCE:** The Family Support Program is a success story of the Beattie government. It began in 1999 primarily to support families who are at risk of relinquishing the care of their children to the state. The Family Support Program along with the local area coordination program has been reviewed independently and received very positive feedback as a result of the reviews. This more than justifies the \$6 million increased funding that we are giving the program this year. So we are putting significant new funds into the Family Support Program this year. What the program has shown is that it is very flexible and is able to provide for the needs of families who have children with a disability. That is why I have announced this year that we are going to extend the program to people with disabilities who are above 18 years of age.

The reality is that there are many adults with disabilities in Queensland who live at home with ageing parents who have never received any support from the state. They have never received respite; they have never received day services. It is about time that we had a program which could give them some support, some respite and some assistance. That is why I am very pleased to be able to put some more money into this program and extend it also to adults with a disability in this state. The funding round for the Family Support Program will commence in August this year and applications will close in September and families will be notified of the success of their application by December this year. In the last year 487 families have been supported on a recurrent basis through this program and in excess of 1,600 additional families have been supported with one-off funding supports. Last year it had a budget of \$10.2 million and of course we are adding money to that budget this year.

**The CHAIR:** That is excellent news.

**Mrs LAVARCH:** Minister, with reference to the Adult Lifestyle Support Program, can you explain what supports will be available through this program in this financial year?

**Ms SPENCE:** The Adult Lifestyle Support Program is one of the major funding programs in the department. Last year I sat here at estimates and announced that we had an additional \$4 million to add to that Adult Lifestyle Support Program. We were able to fund an additional 100 people with recurrent funding out of that \$4 million. I just want to give you a breakdown on how those 100 packages were allocated. Some 25 people who were in the high band received packages of between \$50,000 and \$90,000. So the average cost of a high band person with a disability is about \$73,000 per annum. Some 56 medium band packages were allocated, and so the medium band packages are between \$20,000 and \$50,000 and the average cost of those is about \$34,000. Some 19 low band packages were allocated and that is up to \$20,000, and the average cost of those packages is \$13,000. This year we have allocated an additional \$5.5 million to the adult lifestyle support packages.

It is very difficult for us and impossible for us at this stage to know how many packages that is going to mean, because it will depend on how many packages we allocate in those high, medium or low bands. There is an application process and that is assessed each year. We all know that there are many people on our register of need who are waiting and desirous of receiving one of these adult lifestyle support packages. That is why it is good to be able to put an additional \$5.5 million into this area this year, but the reality is that a lot of people will be disappointed and will not receive a package. We do have to remember that a lot of those people, nevertheless, are receiving significant services from non-government organisations and many of those people receive respite from government and non-government providers. I am pleased that we have been able to find some additional money for these adult lifestyle support packages this year. The consultation from the funding reform project certainly told us that there are many people who are supportive of this individualised funding because it gives people the opportunity to direct their own future and determine what kind of services they want to choose to support them with accommodation and respite.

**Mr RODGERS:** Minister, there are a large number of students in the Burdekin who have disabilities. The MPS at page 3-9 refers to young school leavers with disabilities who have high support needs. Can you explain what support will be available to assist this group in transitioning from school this financial year?

**Ms SPENCE:** This particular program, the Post-School Services Program, provides assistance to young school leavers to participate and contribute in family life and in community activities. The future direction adds an additional \$2.6 million to the program this year and we

believe that will enable us to assist an additional 160 young school leavers. We have certainly delivered on this commitment. By 2002-03 \$17 million had been allocated to this program, so we are doing better than that this year with this additional funding.

I am pleased to inform the committee that I have approved some changes to the program in the last financial year to ensure continuity and surety of the ongoing supports. The need for more certainty of service provision had been raised through the funding reform project. The Post-School Services Program originally consisted of two programs. They were called Moving Ahead and Options Plus. So what we have done now is combined those two programs into one which means that people can be assured of that ongoing support for a longer period than they had when they had to apply for one program and then apply for the other program.

**Mrs REILLY:** I bring you around to thinking about the proposed review of the Disability Services Act 1992. It is a kind of favourite topic of mine. I have a bit of a history with that act involving the development of that act. Could you provide the committee with details of the project in that review, especially the ways in which people with a disability and their families can have input into it, particularly those from the Gold Coast?

**Ms SPENCE:** I am not surprised that the member for Mudgeeraba wants to ask about this issue, because I know that she is in contact with members from the sector and people who have disabilities who are keen to see this act reviewed. One of the things said to us was that the funding reform project was done at record pace, and that was required because we wanted to get our information together to put before the budget review committee to put in our budget bid this year. So there were good reasons why we had to rush that particular project. Despite the pace, I think that we did it very well. People did say to me that they did not want us to rush the review of the Disability Services Act. They did not see any need for a rush. They wanted us to consult properly with the community on that particular act.

I am pleased to inform the committee that we have undertaken a number of consultations already about nine issues papers that cover four major themes—coverage of the act, safety, accountability and monitoring—and other reform processes. We have a reference group that is comprised of people with disability, family members and service providers. We intend to conduct 22 public meetings and 12 focus group meetings. We have started, but they will continue over the next couple of months. I can tell the member for Mudgeeraba that the next one on the Gold Coast is scheduled for 5 August and there is one scheduled for Beenleigh on 8 August. Once we have done that and analysed the consultation feedback—because of course people can provide us feedback in written form or via the Internet—we will then review the results of all of that consultation and respond with another issues paper. So there is certainly a well planned process involved in reviewing this act. People with disability in this sector are well aware of how we plan to roll out the consultation and undertake the review of this act.

**Mrs REILLY:** We might even see the member of Beaudesert at one of those.

**The CHAIR:** That concludes the questions from the government side. The time allotted for the consideration of the estimates for the Families and Aboriginal and Torres Strait Islander Policy and Disability Services and Seniors portfolio has expired. Thank you, Minister, and advisers for your attendance.

**Ms SPENCE:** Thank you.

**The CHAIR:** Thanks to the research staff for their preliminary work to the hearing. I would like to thank the Hansard staff who have covered this hearing today. The transcript of this part of the hearing will be available on the Hansard page of the parliament's Internet web site within two hours from now. Thanks also to the parliamentary attendants who are with us here today. That concludes the committee's consideration of the matters referred to it by the parliament. I declare the public hearing closed.

The committee adjourned at 5.15 p.m.