

TUESDAY, 13 JULY 2004

ESTIMATES COMMITTEE A—LEGISLATIVE ASSEMBLY

Estimates Committee A Members

Ms R.G. Nolan (Chair)
Hon. N.I. Cunningham
Mr R.G. Hopper
Ms C.T. Male
Mr M.F. McArdle
Mr L.J. Springborg
Mr C.A. Wallace

In Attendance

Hon. R.K. Hollis, Speaker
Mr N. Laurie, The Clerk
Mr M. Hickey, Director, Corporate and House Services
Ms K. Newton, Deputy Clerk and Clerk of Committees (Acting)
Mr C. Atkinson, Manager, Financial and Administrative Services

The committee commenced at 8.27 a.m.

The CHAIR: I declare the meeting of Estimates Committee A open. I welcome Mr Speaker, public officials and members of the public who are in attendance today. The committee will examine the proposed expenditure contained in the Appropriation (Parliament) Bill 2004 and the Appropriation Bill 2004 for the areas as set out in the sessional orders.

The organisational units will be examined in the following order: Legislative Assembly; Queensland Audit Office; Ombudsman; Crime and Misconduct Commission; Commissioner for Children and Young People; Public Service Commissioner; Department of the Premier and Cabinet; Treasury Department; Office of Urban Management; Sport and Recreation Queensland and the Queensland Academy of Sport; Department of Public Works, including the Racing Directorate; and the Department of Housing.

The committee will suspend proceedings for the following breaks. There will be a 15-minute break from 10.45 until 11, lunch will be from 1 until 2, and there will be a 15-minute break from 5 until quarter past 5.

I remind members of the committee and Mr Speaker that the time limit for questions is one minute and answers are to be no longer than three minutes. A 15-second warning will be given at the expiration of these time limits. An extension of time may be given with the consent of the questioner. The sessional orders require that at least half the time is to be allotted to non-government members. I ask departmental witnesses when they are called to identify themselves before they answer a question so that Hansard can record that information in the transcript.

In the event that those attending here are not aware, I point out that the proceedings are 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 the hearing, the committee has resolved that television and sound broadcast be allowed for the chair's opening comments and the introductory statements of Mr Speaker and each minister. I also ask that all mobile phones be switched off.

I declare the proposed expenditure for the Legislative Assembly and Parliamentary Service to be open for examination. The question before the chair is—

That the proposed expenditure be agreed to.

Mr Speaker, would you like to make a brief introductory statement or do you wish to proceed straight to questions?

Mr SPEAKER: A statement, thanks, Madam Chair.

The CHAIR: If you could please keep the statement brief.

Mr SPEAKER: The 2004-05 budget estimates for the parliament are the seventh for which I am directly responsible, and I feel privileged to appear before the committee today. I appear today in my role as the person charged with responsibility for preparing the budget for the parliament and supervising the management of the Parliamentary Service.

As committee members would be aware, the Appropriation (Parliament) Bill seeks to provide funding for salaries and allowances for members of the Legislative Assembly and funding for the Parliamentary Service, which provides administrative and support services to the Assembly.

The total appropriation sought for parliament 2004-05 is \$58.221 million, which is an increase of approximately 3.6 per cent over last year's appropriation. The increase is required primarily to meet enterprise bargaining salary increases for staff and salary increases for members.

Since becoming Speaker I have delivered improvements in five key areas: parliamentary buildings, members' access to information technology, the quality of electorate office support, the promotion of community awareness of the parliament, and the performance of the Parliamentary Service.

Parliamentary buildings have improved through programs such as the Annexe refurbishment and the Parliament House stonework program. In the year just completed there have been significant improvements in security and access at the front entrance to the Annexe, as well as the refurbishment of the conference and media facilities on level 5 of the Annexe. Members' access to information technology has been dramatically improved through the provision of Internet, email and other office tools and more recently the provision of laptop computers to each and every member.

Electorate office support has been significantly enhanced following the introduction of the assistant electorate officer initiative and the introduction of improved office accommodation and equipment. Community awareness of the parliament has been raised through a number of initiatives, including the introduction of weekend tours—that is, Saturdays and Sundays—and the holding of a number of special exhibitions, the relocation of portraits, increased participation in Queensland Week through the Parliament House open day, audio broadcasting of the parliament over the Internet, the regional sitting of parliament in north Queensland and the youth parliament program. Finally, there have been a number of management and operational reforms that have improved the performance and opportunities for staff at Parliament House.

In this budget I will continue to build on those achievements. Precinct security and safety will be enhanced through a number of projects, including the redevelopment of the loading dock and the upgrade to the Parliament House emergency evacuation systems. Airconditioning systems and infrastructure will also be upgraded. Access to the parliament's Internet site will also be improved to better address the needs of clients and the wider community, while the pilot programs for electronic petitioning and audio broadcast of the parliament will continue and be refined. In April 2005 the Queensland Parliament will host the Third Commonwealth Parliamentary Association Youth Parliament, with international participants from a number of Commonwealth countries attending.

As always, I would like to thank the Premier and the Treasurer. Throughout the 2004-05 budget development process, discussions concerning funding for the parliament have been conducted in a positive and very cooperative manner, with appropriate recognition of the principles underpinning the separate appropriation bill currently before the parliament. I wish the committee well in its deliberations and look forward to any constructive comments it may have.

The CHAIR: Thank you, Mr Speaker. I call the Leader of the Opposition with the first question for the Speaker.

Mr SPRINGBORG: Thank you very much, Madam Chair, and Mr Speaker. Mr Speaker, I refer to your answer to question from non-government members No. 3 regarding the number of assets and the value of assets which have been written off in the last financial year. I commend you, Mr Speaker, on the security upgrades around Parliament House, but it does concern me that there has been \$12,649 worth of silverware and cutlery disappear over the last 12 months. Is there any indication of how much of that silverware and cutlery may have been actually stolen?

Mr SPEAKER: There isn't. The only thing I can say in that respect is that teaspoons have a habit of not being available sometimes. There isn't any indication of any actual theft going on. It does say in my answer to your question that we do have a distinct problem. When you have a huge number of functions, which we are doing now, and they are in varied areas then the stocktake process becomes a little more difficult because it is a moving feast. Even during that time it is very difficult to ascertain where each item of cutlery or silverware is. Some seven or eight years ago, as you would be aware, there were very few functions and most of that silverware and cutlery was kept in two places, which was the

Strangers and the Members. As you know, in the cafeteria it is mostly stainless steel. It is not silverware. The difficulty now is that we have a number of function areas where we do have catering. I think we have to improve on that, but I don't think there is any indication that there is a large-scale theft going on as far as the assets of this parliament are concerned. The only other way I can do it is put everybody through a metal detector on the way out, and I think that would be a fairly difficult thing to do.

Mr SPRINGBORG: I do hope that with subsequent stocktakes these items do turn up, but it does concern me that this value of silverware and cutlery has disappeared. I do believe that we need to be more diligent in trying to address that, because the problem of souveniring has been an issue around here. Souveniring is actually theft. As we have more functions that are going to be conducted here—I welcome that, because I think it is important to open the place up—we need to make sure that it is impressed upon people when they walk into this place that souveniring is theft and you just cannot walk out with stuff. I have had people say to me in the past, 'I have a teaspoon from Parliament House.' Well, that's theft.

Mr SPEAKER: I agree with you. This is one of the very good things about the estimates process: it brings to light some of these areas where you have to take further action. We have taken further actions in other areas of security, as you know. This will be another area we will look at, and I hope that next year when I appear before this committee I can give you a much better answer.

Mr SPRINGBORG: Further to that, Mr Speaker, have you got any personal views about what you may be able to do, considering that we are having more functions, to actually advise people on the way into this place, maybe by the way of signage, that it is not acceptable to take gear out of here?

Mr SPEAKER: The Clerk has just informed me that it is another area that we are looking at at the moment, to have non-branded items that will naturally not be as attractive to people wishing to souvenir. We will certainly be looking into that. I am thankful for your question and I hope that next year you will see a huge improvement.

Mr SPRINGBORG: The problem with non-branded items is—

Mr SPEAKER: It is not as glamorous.

Mr SPRINGBORG: It is not as glamorous. It is not necessarily a glamour issue; it is a prestige issue as well. People come to Parliament House to have a function because there is something about the people's parliament and they want to be able to enjoy dining with the equipment we actually have here—the silverware and so on. To go towards non-branded silverware and cutlery may be some part of a solution, but I do not think it necessarily addresses all of the issues. I just encourage you to look at other areas.

Mr SPEAKER: I am very happy to do so, and hopefully next year we will be able to give a better result.

Mr SPRINGBORG: My next question relates to the issue of harassment and bullying. Can you advise this committee, during 2003-04, of any electorate officers or Parliament House staff who were subject of any consideration in relation to any complaint about bullying, harassment, discrimination or like activity? If so, what was the outcome of that complaint?

Mr SPEAKER: I think it has been fairly public knowledge there have been some allegations, but I think for me to comment at a public forum would be wrong. I am very happy to provide to the committee in camera information on one particular case which I think you are referring to. I do not think the public forum is the place to air people's private business. I am very happy to provide that, but I don't think this is the forum in which I should be providing that.

Mr SPRINGBORG: Madam Chair, just before I go any further, I have just been advised that the sound system is not working in the parliament.

Mr SPEAKER: Is it not working?

Mr SPRINGBORG: It is not working, so no-one else can actually hear what is going on.

Mr SPEAKER: I have just been assured it is okay.

Mr SPRINGBORG: I have just heard that people sitting up in their rooms—the media and other people—actually attempting to listen to what is going on here are unable to hear.

Mr SPEAKER: It has now been fixed.

Mr SPRINGBORG: Okay. So there have been some incidents but you are not able to talk specifically?

Mr SPEAKER: I am offering you the opportunity to hear in camera, but I do not think that any private person's matters in respect of anything to do with their personal, work and financial situations should be a thing for a public forum. As I say, I am not hiding anything. I am quite happy to come and talk to the committee with any further information you require.

Mr SPRINGBORG: I do not necessarily expect you to outline the name of the individual or anything. I was just wanting to have an indication of the number of particular complaints that have been

received over the last 12 months where there may be some substantiation. There are complaints and there are—

Mr SPEAKER: I will ask the Clerk to answer that. He would tell me if there were a number. I have not seen a number anywhere.

Mr Laurie: I did not catch the first part of your question entirely, but I think you used the word 'harassment'.

Mr SPRINGBORG: Bullying, harassment, discrimination or like activity.

Mr Laurie: There is none in the last year that I know of that fall within that definition at all, that have been of a formal nature to the Parliamentary Service. I will certainly ensure that there is a check to ensure that what I am saying is correct. If there is any variance I will notify the committee.

Mr SPRINGBORG: The Clerk has indicated that he is unaware of any in the last 12 months, but there may have been ones in the previous year where the matters may not have been resolved until this financial year with regard to that person's resignation or retirement from this place. Was any person in the past year paid any additional incentive to resign, retire or otherwise leave employment as an electorate officer or an officer of this parliament?

Mr SPEAKER: Again, I am very happy to answer that in camera. By me answering in a public forum I would be identifying that person. I know what you are talking about because I rang you about that particular issue. I think this is the wrong forum. I am sorry if you think I am hiding anything, because I am not. I am willing to give you all of the information, but I do not think the public forum is the place for it.

Mr SPRINGBORG: There is no sense labouring that point. Regarding the use of the parliament's facilities for filming or similar purposes, which I think is a great idea—that has happened in the last year and before that—what revenues has the parliament actually got for that? Do we request revenues?

Mr SPEAKER: We actually recover costs. We do not let them do it at no cost. For instance, when the Lindy Chamberlain story was filmed in this actual chamber they wanted the lights removed and some other things that were the responsibility of our Public Works Department staff. They removed them and we charged them. We charge them for security. We charge them for anything that is a cost to the parliament. I agree with you: it is a wonderful thing to do to support our film industry. It is supporting jobs. At the end of the day, I think it is a really good thing for this open parliament that I have promoted for the last six or seven years.

Mr SPRINGBORG: So basically you work on a cost recovery basis?

Mr SPEAKER: Yes. We do not charge them so we make a profit. It is cost recovery, and we are very happy to have them here to support the industry.

Mr SPRINGBORG: You have had, no doubt, some more approaches to utilise the facility for the coming year for films?

Mr SPEAKER: Yes.

Mr SPRINGBORG: Can you indicate the number of approaches we have had?

Mr SPEAKER: We have one at the moment currently on the books, and ABC want to film one within the next two weeks, I think. It is a regular thing now because they now know they can film in one of the most prestigious buildings here in Brisbane, and we encourage that.

Mr SPRINGBORG: Is that documentary style?

Mr SPEAKER: The Lindy Chamberlain story?

Mr SPRINGBORG: No, the one that—

Mr SPEAKER: The next one is a documentary, yes.

Mr SPRINGBORG: Mr Speaker, on page 17, notes 2 and 3, it refers to the increase in electorate office costs. Could you outline to the committee what this increased expenditure is—

Mr SPEAKER: That is the EB award.

Mr SPRINGBORG: That is all EB, is it?

Mr SPEAKER: Yes. They got 3.6 per cent, and that is the cost of that EB. You will find under that I think the costs of the members' rise, which was also somewhere near half a million dollars—\$465,000—and then on top of that CPI increases for members' allowances which came to another \$150,000, from memory. These are all costs which are unavoidable for the parliament. We recover them immediately from Treasury. Treasury always responds to that so it does not have an effect on the delivery of services to members from the parliament.

Mr SPRINGBORG: So notes 2 and 3 only apply to the increase in EB; no other electorate office cost?

Mr SPEAKER: No. I was doing this all from memory. On page 17 there is an increase in employee costs. We also had an increase in electorate office costs which was for stores and stationery. There has been a huge increase. The reason for that is that we now have two electorate officers. When you have two electorate officers, it creates even more work in electorate offices and we have noticed quite a large increase in the cost of stationery and stores over the last year. So that is why we have to seek increases in that area.

Mr SPRINGBORG: So we are talking about the five electorates that have the two electorate offices?

Mr SPEAKER: No, we are talking about electorate stationery costs.

Mr SPRINGBORG: Sorry, you are talking about the two electorate officers.

Mr SPEAKER: Stationery costs overall. In all electorate offices there has been an increase because of the fact we have now two electorate officers rather than one. It has made a huge difference to the use of stationery, which is obviously going to happen, and we recovered that also.

If I can just enlarge on what we have done in the parliament, we have come in on budget for every single year that I have been Speaker. The reason we come in on budget is that we keep a very close watch on expenditure, and when we have an expenditure item that is unavoidable we go and ask for that money. We do not hang back. We try to cover those costs because I think the worst thing that could happen is for your parliament to be underfunded. That is what I fight for every year to make sure we have adequate funds so that we can continue to service the members as we should.

Mr SPRINGBORG: I appreciate that, Mr Speaker, and I commend you for that. Making sure that nexus between the parliament and the executive government is preserved by convention I think is extremely important. Members need the resources to do their job. How long have we had those additional electorate officers?

Mr SPEAKER: Nearly two years now. It started in 2001-02. So it is three years now.

Mr SPRINGBORG: So the increase this year has been a bit more significant—

Mr SPEAKER: It has been coming up the whole time.

Mr SPRINGBORG: So it has been a gradual increase?

Mr SPEAKER: Yes. I think a lot of people are using their electorate offices in different ways these days. To get somebody new into the office I think we all take time before we find that role that they are going to carry out. I think all these things have an effect, but it has been a gradual increase over that time. I think it is starting to level out now. It looks reasonably good, but do not forget that when you and I came to this parliament you could never get anything like coloured paper. Now every office can get coloured paper, and these things are all added costs to what we do.

The whole thing is about servicing members so they can do their job adequately. That is why stationery and stores go up, because the days are gone where we had a rigid, 'You can have two pens and four pencils.' We now let people order and we ask them to order in a responsible manner but for your needs rather than what we decide your needs are. I think that is when you get an increase because we do it that way. I am going to continue that way because I think it is really important that members can service their electorates.

Mr SPRINGBORG: I appreciate that.

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

Ms MALE: I note that the refurbished conference and media rooms on level 5 of the Parliamentary Annexe have recently been officially named the Dandiir and Undumbi rooms. Can you please explain the significance of and history behind these names?

Mr SPEAKER: The history of naming them was a thought that followed on from the LCARC report into the *Hands on parliament* report which talked about indigenous participation in this place. As you know, there is a batik on the reconciliation wall. I extended that to the reconciliation gallery because we had a number of items around the parliament which I thought should be displayed there, and we also got that wonderful Wave Hill painting donated to us on loan for as long as we want, which is a magnificent painting and a lot of history in it.

As you know, we then called it the reconciliation gallery, which I think is a good name for it, and linked to that is the north Queensland gallery, which some of the north Queenslanders here today would be quite appreciative of. Then we had two rooms—and I think there is nothing worse than some of the rooms in this place being called conference rooms, media rooms, function rooms A and B—which I thought would be appropriate to have named. When I was doing this, I thought we should have a look at what we can do to extend the reconciliation factor in this parliament. So we invited the Yagera people and the Turrbul people to submit names for those two rooms, which they did. I am really happy with the response. We had a meeting of some 15 to 20 elders of the indigenous community here in Brisbane, and they decided on these two names. Dandiir means the action of meeting or coming together, which is

the name for the media room, and Undumbi is the gathering of the Aboriginal clans from the Moreton Bay coastal area. So they both have great significance to the communities.

We had a wonderful opening ceremony. We had some 60 or 70 people turn up for a smoking ceremony. So all those evil things from the old conference room which used to be the parliament have been blown away now so we have none of those evil things left any more, and we now have a room which indicates the desire of this parliament—not just the Speaker and the staff—to make sure our indigenous people are not only represented but also feel very much part of the parliament.

After that we had a wonderful youth group who made their debut in their dance, and their name is the Koorana dancers from the Ipswich area. They gave a wonderful exhibition for their debut and it was here at parliament. So I am sure those young people will remember that experience probably for the rest of their lives.

The CHAIR: They were very good.

Mr SPEAKER: It is a great solution to naming rooms, and we will be going further with hopefully some Aboriginal art in the Undumbi room so that it will indicate our desire for the reconciliation process to continue in this state.

Mrs NITA CUNNINGHAM: Mr Speaker, I note in an answer to a question on notice that you commented on the success of electronic petitions, and I understand that the e-petition system recently developed by the Queensland Parliamentary Service will soon be used by another parliament within Australia. Could you please advise the committee in relation to that matter?

Mr SPEAKER: It is another success story for our IT people in this parliament. Can I just say on that, the Manager of IT, Mike Coburn, is attending in a very short time the inaugural meeting of the Australian parliaments IT services. He will be talking to them about two things. One is e-petitions which has now been adopted by Tasmania using our process, which I think is quite a coup, and another at a meeting of speakers and presiding officers last week other people expressed their interest in that matter as well. So this is a first in Queensland. Many people, particularly in rural areas, have expressed their support for it because they can be part of a petition to let their members know and let the parliament know what their feelings are without having to travel 50 kilometres into town. So it is a really good function of the parliament to bring everybody in. Again, part of an open parliament is the fact that people now wherever they live can be part of the petitioning process.

The other system that Michael will be talking about when he goes down to Melbourne for this conference is the Constituent Management System, which replaced the Electsys. We older members would probably all remember Electsys and its failures as far as some of the things we needed to do to track constituents. This CMS is probably the best thing that has happened in every electorate office. It is something which now gives people a good picture of their constituency. It gives them the ability to write to different groups of people. It does everything that we really want, and I think again it is a first. That was devised and constructed in our own IT service unit in Brisbane. So I think they deserve a pat on the back. They do a wonderful job with IT, and I think this has been one of the improved things we have done.

A lot of this started with the creation of STAG, and the honourable Leader of the Opposition was on that group. I am thinking of forming that again so we can look further into the future to see what other initiatives we can come up with. Part of the reason for the introduction of laptops was that of STAG because we saw the need, and it was members expressing that need, of where we needed to improve so we could do the very best job for our constituents and for the parliament.

Mr SPRINGBORG: Madam Chair, I have to raise a point here. I do not want to ask a question but the media have been raising some issues and I am also concerned: we do not have a direct radio feed out of here. This committee functions in a very constructed way. We have particular time frames. It can be recorded by the media, there is no doubt about it, from a radio feed. We are supposed to be operating in a modern technology age and I do not think we are operating properly at this moment.

Mr SPEAKER: I thought it was, I am sorry.

Mr SPRINGBORG: There is some concern out there. The estimates process is about ensuring a scrutiny beyond this place.

Mr SPEAKER: I could not agree with you more.

Mr SPRINGBORG: Perhaps we should adjourn until it is fixed.

The CHAIR: As we know, it is being worked on now. I propose that we finish the Speaker's questions and perhaps we discuss then adjourning before we start with the next department.

Mr SPEAKER: I will make sure that is provided within a very short time. We will also provide the media access straightaway to Hansard. We want to make sure that this is recorded.

Mr WALLACE: On the issue of IT, I notice in an answer to a question on notice that you comment on the success of laptop computers that were given to members, and thank you very much for that.

Could you please advise the committee of the long-term benefits you see accruing out of the provision of this equipment?

Mr SPEAKER: There are a couple of things. Firstly, laptops give members access to Internet and email wherever he or she may be, and that is of No. 1 importance. It keeps them in touch with not only their constituents but also their electorate offices and also parliamentary services. So in that respect a member can be contacted and have information wherever they may be. That is the good part about it, but there is another area which caused me a lot of concern in the early stages when we were talking about computers and PCs. When I became Speaker, members did not have access to any computer. There were no PCs. They did not have access to a computer in their office apart from using somebody else's or using one in the parliament here.

So the first thing we did was to put PCs in the Parliamentary Annexe office with a set-top box and gave them a start to work out what they were doing. There was a cost factor involved as well. Those computers were sitting there for 300 days a year not being used. That is crazy. Now we have provision of an instrument which you can take anywhere, use anywhere, which links up with parliamentary services and electorate offices so you can work from wherever you are. They will also be replaced at the beginning of every parliament. We have set that in train so that every time we have an election that will be time for a change over of laptops. Everybody in the future will have a new laptop at the commencement of each parliament, which is also a very important thing.

You might notice in your SPS the sum of some \$300,000 which was set aside in 2001-02. We made savings in the running of this parliament so that each three years we would have a sum of money so we can replace PCs for members. That has never gone out of the SPS. It has remained in there but gone from recurrent into capital so that each year we know without going cap in hand to the CBRC that we will have money to change those computers, and I think that is a really important role of what we are doing now. We are looking the whole time to the future so we have a 10-year capital works plan which we are developing the whole time. We know what we are doing so that members can be assured as time goes on they are going to have the appropriate equipment.

The CHAIR: Thank you, Mr Speaker. It is 9 o'clock and the time for questioning the Speaker has concluded. The committee might adjourn briefly to get some advice as to where we are at with the sound issue.

Sitting suspended from 9 a.m. to 9.05 a.m.

ESTIMATES COMMITTEE A—PREMIER AND CABINET, AND AGENCIES

In Attendance

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

Queensland Audit Office

Mr L. Scanlan, Auditor-General

Ombudsman

Mr D. Bevan, Ombudsman and Information Commissioner

Crime and Misconduct Commission

Mr B. Butler SC, Chairperson

Department of the Premier and Cabinet

Dr L. Keliher, Director-General

Mr N. Elliott, Director, Financial Management

Ms F. Parker, Director, Planning and Performance (Acting)

Commission for Children and Young People

Mr B. Salmon, Commissioner (Acting)

Office of the Public Service Commissioner

Mr G. O'Farrell, Public Service Commissioner (Acting)

The CHAIR: I am advised that we now have our sound issues resolved so we will move on to the next portfolio, which relates to the Premier and Minister for Trade. I welcome the Premier, his advisers and relevant public officials. I remind members of the committee and the Premier that the time limit for questions is one minute and answers are to be no longer than three minutes. A 15-second warning will be given at the expiration of these time limits. An extension of time may be given with the consent of the questioner. The sessional orders require that at least half the time is to be allotted to non-government members. I ask departmental witnesses who may be called up to identify themselves before they answer a question so that Hansard can record that information in the transcript.

I declare the proposed expenditure for the Premier and Minister for Trade to be open for examination. The question before the chair is—

That the proposed expenditure be agreed to.

Premier, would you like to make a brief introductory statement before we begin?

Mr BEATTIE: I would, Madam Chair, and thank you for having me.

I said on election night in February this year that I was determined that my government would continue to build a new Queensland where innovation, education and the Smart State strategies we are committed to will be enunciated and they will go to building the jobs of not just today but tomorrow. I can say that the Smart State strategies snowball is, in fact, rolling. If you have a look at the six years since my government has been in office you can see the results.

Last year was a year where our considered economic management delivered well for us to continue our reforms to keep building a better Queensland. In fact, what we find is that people all over Australia and abroad are waking up to Queensland's limitless potential as a fantastic place to live, work, invest and obviously do trade and business. So let us talk about the Smart State outcomes.

Queensland's golden era of job creation continues, with trend unemployment rates sinking to 5.8 per cent. We now have the lowest unemployment level since July 1981. Of the 10,300 jobs created nationally in June, more than half—5,500—were here in the Smart State. Over the past 12 months we have created 73,800 jobs, or 32 per cent of the 230,400 total jobs created in Australia. Our Breaking the Unemployment Cycle hit the 70,000 jobs mark, putting it on track to reach its new target of 100,000 by June 2007.

Our engine room reputation is further cemented, knowing Queensland truly is the low-tax state. It is expected that this year Queenslanders will pay \$442 less in taxes than the Australian average. Treasury has calculated that the tax burden per capita will in fact decline by \$71 per person in 2004-05. This shows that we are fighting for Queenslanders and for jobs. For example, my government's push for a national 10 per cent ethanol blend is not just about jobs in the sugar industry; it is about a smart approach to renewable energy and a wise use of resources. I look forward to being part of the ethanol roadshow being worked up for mid to late August.

Industries that barely existed here six years ago are now employing thousands of people, and traditional industries are benefiting from Smart State initiatives. Our trade, just like our job creation, has

greatly improved. Our economy is now broader, stronger and on a more confident footing, as highlighted by the \$2.3 billion surplus. The key indicators of the success of the Smart State strategies, especially in trade, include these. Exports have grown by 24 per cent over the past six years and now earn \$30 billion and account for almost a quarter of Queensland's economy. High and medium-high technology manufactured exports grew by more than 50 per cent to \$1.2 billion between 1997-98 and 2001-02. Queensland education exports grew by 56.8 per cent between 1999-2000 and 2002-03 to \$801 million.

Matching these trade successes from my portfolio, business research and development spending has increased by about 50 per cent since 1997-98. Information and communication technologies employment grew by a quarter between 1998 and 2003, employment in the electronic games industry has grown by 30 per cent in the past two years, and Queensland's bioindustries employ 1,800 to 2,000 people and are targeted to employ 10,000 people by 2025.

Economically the state is the engine room of Australia. There are a lot of other interesting and exciting things happening. In terms of tourism, I am delighted to tell the committee that today I will be travelling to Sydney to meet with Robert Hill to officially accept the HMAS *Brisbane*, which will be sunk off the Sunshine Coast and will become a diving magnet not just for Queensland but for Australia. We expect about 25,000 tourists to dive off it or visit the Sunshine Coast in Queensland as part of that attraction. That will happen as quickly as it possibly can.

In terms of accountability, today at 12 o'clock an auction will take place of 162 items held by the Public Trustee at Nudgee Road, Northgate. These are gifts that have been given to ministers—gifts that have been given to myself and some of my predecessors—including, the Leader of the Opposition will be delighted to know, a bottle of wine made from grapes that he and I stomped out at Stanthorpe. I have decided to auction these and donate the proceeds to charity because our accountability mechanisms require that and we are prepared to do that.

I am also happy to tell you that in terms of other changes, in regard to the aquatic emblem we have had 18,000 submissions put forward so far. I have to say I am a bit staggered by the response. I did not expect that there would be something like 18,000 people making submissions about our aquatic emblem. In a nutshell, things are working.

On trade, I am happy to report that at San Francisco the BIO is expected to generate more than \$33 million in business, so our trade opportunities are working. I am making a special effort to increase trade this year, and you will see more of that.

The CHAIR: Thank you, Premier. The committee will commence by examining the proposed expenditure for the Queensland Audit Office before moving on to the Ombudsman and the Crime and Misconduct Commission. I call the Leader of the Opposition.

Mr SPRINGBORG: Thank you, Madam Chair. Premier, my first question relates to the Queensland Audit Office, particularly under 'Strategic Issues'. I refer to the external strategic review of the Queensland Audit Office which was conducted by Henry Smerdon and Richard Anderson. Last October, in quite an interesting politically petulant attack on the Auditor-General following certain findings and comments he made regarding government advertising you brought forward the review of the Queensland Audit Office. According to the Ministerial Portfolio Statements, that review was completed on 30 June this year. When can we expect to see that review?

Mr BEATTIE: Let us deal with a number of matters here. Firstly, under the Financial Administration and Audit Act 1977, a strategic review of the Queensland Audit Office is to be undertaken at least every five years. This is the normal review. It is a review that is required under the act. There is nothing untoward about that. It was a review that I fully consulted the Auditor-General on. He has been very supportive of it, and so have I. It is the normal process.

Mr SPRINGBORG: But you brought it forward following—

Mr BEATTIE: Can I finish my answer to the question, because I am happy to deal with that. The reality is that I had a discussion with the Auditor-General. The Auditor-General indicated to me, quite rightly—and I want to thank the Auditor-General for this—that he would prefer—we could have done this now or just after the Auditor-General went. He preferred, quite rightly, for it to be done before he went so he could obviously assist anybody involved in doing such an assessment.

Can I make this point. The matters that you referred to earlier have been, in my assessment, blown out of proportion. I have a very healthy respect for the Auditor-General. The Auditor-General, whose term finishes at the end of this year, has demonstrated clear independence. He is a person of considerable integrity; someone for whom I have a great deal of respect. I reject totally any suggestion that this review was brought forward as a result of any act on my part or anyone else's part to sort of get at the Auditor-General; quite on the contrary. The Auditor-General, who finishes his term this year, has a very proud record, and I want to put that on the formal record of the parliament and thank him for what he has done. He has been very critical of the government where we should have been criticised. He has assessed a number of issues which have been sensitive. There are reports that have been embarrassing for the government. He has simply done his job.

The review that is being done has not yet been completed. As I understand it, there is a draft report. Under the act the Auditor-General is entitled to see that report and make comment, which is what he should do. That is one of the reasons why the Auditor-General is there. He should comment on it. We will then consider the findings of that report. It will be released publicly, and the Leader of the Opposition will be able to deal with it. But I want to be really clear about this. I have enormous respect for the Auditor-General. I think that he has done an excellent job. He has been very critical, where necessary, of the government, and he has taken a very impartial role. It is very difficult to get qualified officers who are prepared to have the guts to do what he did. So I have no problem with the Auditor-General. This review was the normal one required under the act.

Mr SPRINGBORG: Last October when the Auditor-General brought down that particular finding you certainly did not seem to appreciate very much his independence or his findings at that time. Most Queenslanders would have at least thought it was rather strange that the bringing forward of that review coincided with—

The CHAIR: Leader of the Opposition, do you have a next question? This is not the time for you to make speeches.

Mr BEATTIE: That is the question, is it?

Mr SPRINGBORG: It actually leads into my question. Mr Premier, you can understand that people would be very concerned with the timing of that review—bringing it forward. They are concerned about that and they also are concerned about the preservation of the independent role of the Auditor-General. Can you give this committee an absolute assurance that these so-called appropriate protocols for communication by and with the Auditor-General's office is not going to see in any way the role of the Auditor-General being gagged at any future time?

Mr BEATTIE: I say with great respect, Leader of the Opposition, any suggestions you could gag Len Scanlan really are pretty horrendous. Under the act he is empowered to report to the parliament and he has shown himself to be one of the most fearless Auditors-General this state has ever had.

From time to time—let us be blunt about this—if the Auditor-General is going to do his job he is going to have periods of sensitivities with premiers and with leaders of the opposition. What is the big deal about that? The facts of life are that the Auditor-General stuck to his guns. He reported on these matters with my full cooperation. I have always insisted that all materials should be provided.

Let me tell you: if an Auditor-General does not have some period of sensitivity with the premier of the day during his term then he is a flop. Well, this Auditor-General is not a flop. I have to say I have enormous regard for him. I don't know why we are trying to beat this review into something it is not. All the people who were approved as the review team here were appropriately consulted with both the Auditor-General and the parliamentary committee. I met with David Watson, the liberal representative at the time, and he was very supportive of these reviewers. So, I cannot do more than tick off the reviewers with the appropriate people, including your representatives on the parliamentary committee.

Let me say this: on 29 October and 6 November the Public Accounts Committee agreed to the proposed terms of reference for the review of the Queensland Audit Office. So the parliamentary committee agreed to terms of reference which I put up, and I obviously consulted with the Auditor-General about that, and the candidacy of Mr Richard Anderson and Henry Smerdon to conduct the review. You have got to say to yourself, 'What is the big deal?' The parliamentary committee agreed to the terms of reference and it agreed to the people to do it. If this was a get square, which is what the inference of your question is, I have hardly gone about it in a secret way. I have consulted the committee about how it is to be done and who is to do it and the terms of reference, which is what should happen.

On 13 November the Governor in Council approved the appointment of the reviewers, the terms of reference and the total remuneration. The review has examined all structure and operational aspects of the Queensland Audit Office. The fact is that in accordance with my legislative responsibility I will table the review report in the House for referral to the Public Accounts Committee and you can read it with me. There is nothing untoward about all this.

Leave granted

Mr BEATTIE: Technically, the next reviewer need not be appointed until 28 February 2005. This would have resulted in the current Auditor-General completing a full seven-year term without any review being undertaken. Consequently, the Auditor-General and my government reached an agreement for the review to be brought forward and undertaken prior to the expiry of his term in December 2004. You could not have had a review with the Auditor-General leaving without being able to respond to the review of the office which he had run for seven years. Come on, you have got to use your brains about this. What we did was the logical, fair, proper thing to do.

Mr SPRINGBORG: Regarding the protocols and the processes that are going to be put in place after this review, you can give this committee an absolute guarantee today that you will not support anything that diminishes the independence or the operation of the Auditor-General in any way—takes away or diminishes any powers or responsibilities that he or she currently has?

Mr BEATTIE: Let us be clear, I have no intention of in any way interfering with the independence of the Auditor-General; let us be really clear about that. If I had had that intention then I would have made some changes to the legislation in the last few years. I have not done that. I have supported this Auditor-General in his job and he has done a good one. You are also now suggesting to me—which to be perfectly frank, and I say this with great courtesy, is nonsense—that I should, before I know the recommendations of this committee, ignore them. How do I know what the committee is going to recommend?

You have got the terms of reference approved by the committee which included David Watson as a member and I forget who else from your side of politics; David is someone you all respect and who I respect; David approved the terms of reference and he approved the reviewers. What if the reviewers come back and suggest we should do Y and the parliamentary committee says yes we should do it and you agree we should do it, are you suggesting today I should give some sort of guarantee that we should not do something logical and sensible? I am not going to give you that. That is silly.

I will give you a clear understanding that the independence of the Auditor-General will be protected and will be continued; it will be enshrined in office. You have got to remember this: it was my side of politics that actually enshrined and supported the terms of reference of the independence of this office and it will continue to do that, but to suggest that I should pre-empt the committee would be arrogance of the worst order. As you and I know, I am not an arrogant person and I would not want you to encourage me to go down that road. So I will not be doing that. But I will say I will respect and continue to support the independence of this office and I will not support any legislative move that will undermine the independence of this office.

I want to reiterate a number of things: the terms of reference and review was agreed between the parliamentary committee, the Auditor-General and myself, and I would not have it any other way. The people who are doing the review are very well-respected people. These sorts of questions can draw some sort of inference that they are going to do a report that in some way favours the government. That is not true. These people were approved by the Auditor-General, David Watson and the parliamentary committee. They are decent, honest people, and that report will be tabled in the House. You will be able to see yourself what is in the report; you will be able to make a judgment on it. This is not a secret society. This is typical of my government—open and transparent. So you will be able to make a judgment on it.

I want to seriously say this: I know we play a bit of politics around here and we have seen a demonstration of it, but I do not want to see it in any way suggested that this Auditor-General has not done anything other than what he should do as Auditor-General. He has been a very good Auditor-General and has my full support.

Mr SPRINGBORG: We agree. It is you we worry about it.

Mr BEATTIE: In that case you should not try and raise issues which are drawing into question the appropriate people who are doing a review. Your question is a reflection on the people doing the review. Sometimes you have actually got to rise above cheap politics.

Mr SPRINGBORG: I did not have a hissy fit last October.

Mr BEATTIE: You turned it into a hissy fit. That is another question which I am happy to answer. You try to politicise the office of the Auditor-General, you try to politicise the office of the CMC and what you do in the end is damage. Let me tell you a story: part of our difficulty as a result of what you have been doing is that we are finding it difficult to find a head of the CMC. We advertised; we have talked to people. People will not apply for these positions because they are politicised and you have got to actually start thinking about what is good for the state not what is good for the National Party.

Mr McARDLE: In relation to section 4.2.1, the Stanwell magnesium project, in which he outlined the process and progress of his audit of state arrangements concerning the project, I have three questions: firstly, has he finally received the overall risk assessment and internal control framework document that he has been seeking as far back as October 2003; what does he make of the overall risk assessment in internal control framework documents—

Mr BEATTIE: This is: has the Auditor-General received these?

Mr McARDLE: Yes. The third question is: what does he make of the delays in assessing these documents?

Mr BEATTIE: The Auditor-General, if I recall correctly—and the Auditor-General can correct me on this if my memory doesn't serve me well—has made some report in relation to these issues. I have made it clear, and everyone in government understands my view, the Auditor-General has unlimited access to whatever he wants and I do not support delays by anybody. Now, there were some delays here which I believe were unacceptable. The Auditor-General has raised those matters with me and with the relevant department and I have made it clear that all material should be provided to the Auditor-General as speedily as possible. The Auditor-General has, unlike any other statutory officer, the power to access cabinet documents.

As far as I am concerned, the Auditor-General has an important role to play and he can access whatever he likes whenever he likes. I make this very clear to everyone in the Public Service today, and I will use your question to do this, whenever the Auditor-General asks for material and information I expect it to be provided in a timely manner. There were some delays here. If I recall correctly, the Auditor-General has dealt with that. I am happy for the Auditor-General, if he wishes, to add to this question as to whether he has the material. If there is any outstanding material he will be provided with it. With your leave, Madam Chair, I might ask the Auditor-General if he would like to add to this question to assist with the question raised?

Mr Scanlan: In relation to the first question as to whether all the information has been produced to my office in relation to the Stanwell magnesium project, the answer is I believe that all the information has now been made available, including the cabinet documents in relation to that issue. We are in a very advanced stage in terms of our review of the transactions and the processes that led to the decisions in relation to the Australian Magnesium Corporation arrangements and I am hoping to be in a position in the not-too-distant future to be able to make a report to parliament in terms of my findings.

I can foreshadow there will be some recommendations that will flow from our examination of these particular transactions and I would support the Premier's statements in relation to the delays that did occur in relation to the Public Service. I was quite surprised that it took so long for the Public Service to be able to respond and provide the information in an orderly fashion in relation to these transactions, but I believe that our auditing work is coming to near an end; we are in the process of preparing our report and hopefully in the near future we will be able to table it in parliament

The CHAIR: I advise committee members that the committee will now adjourn for a moment because we are continuing to have problems with sound quality for the media.

Mr BEATTIE: I thought the answers were fine.

The CHAIR: It was the sound that was the issue. If the members will excuse us, we will adjourn for a moment in an attempt to resolve those sound issues.

Sitting suspended from 9.27 a.m. to 9.38 a.m.

The CHAIR: We think that the sound problem is fixed. I said that before, but we will see how we go. I propose that we take five minutes off morning tea so that we do not lose any time for questions. We will now go until 10.50 rather than 10.45.

Mr McARDLE: The Premier's answer to the last question relating to Mr Scanlan highlighted a concern. No-one has dealt with why it took so long for these documents to be produced. Are you able to explain why it took so long for that to occur? More importantly, what steps have now been put in place to ensure that this will not happen again?

Mr BEATTIE: As far as I am aware, this is the first time this has happened in relation to information going to the Auditor-General. If there are other occasions I am sure the Auditor-General will report on that. I was unaware that there had been a delay. When the Auditor-General raised it with me—he normally pursues these departments under his own power—I indicated to him, after there had been a delay, that I would always be happy to pursue these matters directly to ensure that there was compliance.

What the Auditor-General normally does is report on these matters. He has already indicated in his previous answer that he will make recommendations on this in his report. If the Auditor-General makes recommendations about how to streamline and provide information faster or outlines some procedure we will adopt it. My view about this is very simple and the Auditor-General knows this from my past practice. I expect everyone to comply and provide material to him as quickly as possible. In any report that he brings down he will identify any recommendation he thinks should be made.

This was a very complicated matter. I do not know exactly why there was a delay, but the Auditor-General has the power to demand documents. He has reported on it and he will report on it again. As I said before, and I will say it again, I do not believe any delays in providing information to the Auditor-General are acceptable. I will do what I can, other than what I have said here, to ensure that there is full compliance. Any issue that is drawn to my attention about whether or not information should be provided—I indicate that it will be provided speedily. I will continue that as a practice.

Mr SPRINGBORG: In answer to my previous question regarding the Auditor-General the Premier expressed his undying love for him and his office. I now refer you to the role of the Ombudsman and Information Commissioner and to your quite extraordinary—

Mr BEATTIE: I love him too, Lawrence.

Mr SPRINGBORG: You did not seem to love him last week when he brought down decision No. 4 of 2004 confirming the right of people in Queensland to have access to information concerning incentives and payments given by the state to favoured commercial enterprises.

Mr BEATTIE: Was that in relation to the Berri matter?

Mr SPRINGBORG: Yes, but a broader principle was involved.

Mr BEATTIE: It was a decision in relation to Berri.

Mr SPRINGBORG: There was a very broad principle involved and you know that there was a very broad principle involved. Mr Premier, can you give this committee an indication as to whether you are already drafting legislation which will overturn any decision of the Supreme Court that may uphold the Information Commissioner's decision?

Mr BEATTIE: What I saw on this matter from the opposition yesterday was a continuation of what I believe is a very dishonest approach in relation to how we deal with these matters. Before I answer the question in some length, let me say that I have great faith in the Ombudsman and the Information Commissioner. Both positions are held by the one person. Under the act they can be separated. We have never done that. I have great faith in David Bevan. I think he does a good job. I do not agree with the decision that has been made here. I am entitled to disagree with the decision. Just because you disagree with a decision does not mean that you have a lack of faith in the officer; quite the opposite. I have enormous regard and respect for David Bevan.

The opposition has pursued this issue of incentives on an ongoing basis for political reasons. The facts of life are very simple: this is about attracting businesses to Queensland. It will cost taxpayers millions and millions of dollars. If we do not maintain some commerciality about it, it means that the next person who turns up and wants incentives is going to simply demand what was on the table and more. There is nothing secretive about these things at all.

We provide incentives to attract business here. We do not release the details, but we have had a practice of using incentives otherwise these projects would go somewhere else. Virgin Blue did not have to come to Queensland; it could have gone to Melbourne. Australian Airlines did not have to go Cairns; it could have gone to Darwin or somewhere else. Qantas did not have to set up its 767 maintenance facility here. If you want to ask me the second part of that question, you can. I was going to provide more information, but we have run out of time.

The CHAIR: With the consent of the questioner, you can continue to finish the answer.

Mr SPRINGBORG: I am sure that we will have the chance when we come to our questioning.

The CHAIR: In that case, the time for non-government questions has expired.

Ms MALE: I note on page 7-5 of the MPS that the Ombudsman's Office has commenced a project to promote awareness of the office's services. Premier, can you provide an overview of this particular project?

Mr BEATTIE: The Ombudsman's awareness strategy has been driven by research findings from the Office of Economic and Social Research, OESR, Queensland Householders' Survey 2002. It indicated that while many people have heard of the Ombudsman, not as many actually understood the role of the office and that, of the people aware of the role of the office, they had gained that knowledge via the media, as you do.

Subsequently, the focus of the office's awareness strategy has been on generating media coverage of the regional trips program and leveraging major investigation reports such as the 'Baby Kate' report and the Brooke Brennan report to deliver key messages about its roles, jurisdiction and services. While they are sensitive reports, I think it enables people to understand what the Ombudsman does. If people have particular issues they want to raise, then they know where to go. I do not think that is a cynical exercise. I think that is appropriate.

Subsequently, to raise awareness and assist people from culturally and linguistically diverse communities, the Ombudsman's general information brochure, including the translations into two more languages this year, is now available in Arabic, Bosnian, Chinese, Vietnamese, Spanish, Serbian, Persian or Farsi, and Turkish. Life is an education, as we say. These translated brochures are available on the web site and the Ombudsman's officers have provided copies of these and other materials to the local area multicultural partnership officers during trips to regional Queensland.

With assistance from representatives of Multicultural Affairs Queensland, the Ombudsman is working with other independent complaint bodies, including the Crime and Misconduct Commission, on a joint strategy for letting people from culturally and linguistically diverse communities know about his office's services and the services of those other bodies. As part of this joint strategy, the office participated in a series of interviews on multicultural community radio station 4EB and has conducted a radio campaign involving community announcements about the role of the Ombudsman and the other complaint agencies, which will continue in the coming months.

The office's regional trips program has been enhanced this year with officers of the Ombudsman's Office visiting 51 centres, with 15 of those being visited twice. The officers also visited each of the state's 13 correctional centres every six months. I think that is a pretty impressive record concerning regional visits. Since all of the committee members are regional members, you would appreciate the role that the Ombudsman is playing in the regions. I think that it is an impressive program and I support what they are doing.

Ms MALE: I note on page 3-2 of the MPS that the Combating Major Crime Including Organised Crime and Paedophilia output of the Crime and Misconduct Commission restrained \$8.8 million of property under the proceeds of crime legislation. Could the Premier outline the benefits of this?

Mr BEATTIE: I think the CMC deserves full credit for this. I would like to see—not that I control these things—this widely reported. The 2003-04 financial year marked the first full year of the operation of the Criminal Proceeds Confiscation Act 2002. The act makes it easier to seize criminal assets because it is no longer necessary for there to be an actual or imminent crime or criminal charge or conviction.

Under the new legislation, the CMC is responsible for undertaking forfeiture proceedings in Queensland and the Office of the Director of Public Prosecutions has carriage of legal proceedings. Property may now be restrained if it belongs to someone who has engaged in serious criminal activity in the last six years, or if it was derived from serious criminal activity even though the particular person suspected of having engaged in the activity cannot be identified. Restrained property can then be forfeited if the person cannot prove that it was lawfully acquired. That is a very significant change.

Cooperative arrangements between the CMC and the Queensland Police Service allow the QPS to refer civil confiscation matters to the CMC. Here is the good news. Since 1 January 2003, \$17.677 million in assets has been restrained as a result of civil confiscation. In 2003-04, the CMC obtained 34 restraining orders to restrain assets valued at approximately \$10.547 million, thereby exceeding the target for the year. These 34 restraining orders either arose from investigations carried out by the CMC or were the result of matters referred to the CMC by the Queensland Police Service and other law enforcement agencies operating within Queensland, including Commonwealth agencies.

Two matters were finalised resulting in \$768,000 being forfeited to the state. As with most new law enforcement powers, aspects of the legislation are being challenged through the courts. In June 2003 the Queensland Court of Appeal declared invalid on constitutional grounds section 30 of the act which required the court to hear applications for restraining orders without giving notice to the owner of the property. As a result, certain restraining orders obtained by the commission were set aside. The court may now decide whether to hear the proceedings without those or, alternatively, to insist that notices be given. The CMC has since brought new applications for restraining orders under these amended conditions. The list goes on.

We are finally hitting criminals where it hurts. Criminals—whether they are in drugs, amphetamines or whatever other form of drugs—do it for greed. They do it for money, and the way to hit them and hurt them is to take their property, and that is what the CMC is doing.

Mrs NITA CUNNINGHAM: Premier, I note that on page 7-2 of the MPS that the output of the Ombudsman's office is titled 'The Independent Review of Complaints and Appeals about Government Administration'. Would you outline to the committee the independent role of the Ombudsman's office and how this benefits Queenslanders?

Mr BEATTIE: The introduction of new legislation—the Ombudsman Act 2001, which came in on 4 December 2001—heralded a new era for the Queensland Ombudsman. The new act built upon the vision of the former Parliamentary Commissioner Act 1974, which gave the Ombudsman responsibility to investigate grievances concerning the administration of public agencies and recommend remedial action if required. The new act recognises a broader role for the office to help agencies to improve the quality of their decision making in administrative practice. In recognition of the independence of the Office of the Ombudsman, the Ombudsman is an officer of the parliament and officers of the Ombudsman's office are employed by the Ombudsman under the Ombudsman Act on conditions of appointment decided by the Governor in Council. They are not employed under the Public Service Act. So that gives, I think, a very clear independence for them to carry out their role.

The Ombudsman is not subject to direction by any person about the way he performs his functions or the priority given to investigations, which again is important. Parliament or a parliamentary committee may refer matters to the Ombudsman for investigation and report. The Ombudsman reports to parliament through the Legal, Constitutional and Administrative Review Committee. The act specifies that the committee's role in relation to the Ombudsman is to monitor and review the office's performance, report to the Legislative Assembly on any relevant matter, examine annual reports and those sorts of things. Basically, it is just reporting to the parliament. A strategic review of the office must be conducted at least every five years. That is pretty standard practice with independent bodies. The terms of reference for such reviews are determined by the Governor in Council, who also appoints a reviewer after I have consulted with LCARC and the Ombudsman.

Formal proceedings are held with LCARC twice a year: once when the budget is being developed and again after the annual report is tabled. In addition, under section 61(2) of the Freedom of Information Act the Ombudsman is also the Information Commissioner. As I said before, they can be separated under the act. We have not done that. That has to come to the parliament, anyway. In recognition of the independence of the Office of the Information Commissioner, officers of the Information Commission are employed by the commissioner under the Freedom of Information Act 1992 on conditions of appointment decided by the Governor in Council. They are not employed under the

Public Service Act. So there is a long list of ways that highlight the independence. There is a lot more I could go on with, but I will save you from that. I think it is sufficient to say that his independence is guaranteed—or her independence, because one day there will be a her, I am sure.

Mrs NITA CUNNINGHAM: Premier, page 3-3 of the MPS deals with combating major crime, including the organised crime and paedophilia output of the Crime and Misconduct Commission. The CMC has used legislation in which it is an offence to use the Internet to procure children for sexual acts. Would you provide an overview of how this legislation has been used?

Mr BEATTIE: The Internet by its nature tends to attract sexual predators who use it to seek out and win the confidence of vulnerable children. The CMC uses innovative methods to identify these people and bring them to justice. I have to say that, as a parent, I am stunned just to see some of these scumbags and how they operate—and I am very deliberate in using that language, because they do use the Net to behave as predators. We all know that kids at a very young age use the Net. My children are now over 18, but I know how frequently they use the Net. They use it for their studies, they use it for their subjects, they use it to access their schools. Therefore, we have to protect them.

With the QPS taking primary responsibility for investigating complaints of child sex offending within families, the CMC's focus is on serial or network extra family or familial child sex offenders and Internet based offenders. Specific umbrella referrals from the crime reference committee allow the CMC to streamline such investigations. Fundamental to the CMC's role in fighting paedophilia is its liaison with the Queensland Police Service's Task Force Argos as well as its contacts with other relevant agencies and the community. Changes to the Criminal Code in May 2003, which we introduced, have greatly helped CMC officers to trap sexual predators by making it an offence for an adult to use electronic communications with an intent to procure a child to engage in a sexual act or to expose a child to any indecent matter. It is now an offence merely to use the Internet to groom a child for sexual purposes.

Madam Chair, I wonder if I could ask Brendan Butler, the head of the CMC, to give you some direct information on this. I think this is something that the CMC has done very well—and, of course, so it should. But this is an area of great sensitivity and I would like him, if Madam Chair would not mind, to provide more information.

The CHAIR: Certainly.

Mr Butler: The CMC has pioneered some new methodology in this area that is unique to Australia. As a result, we have found other law enforcement agencies coming to us to learn how to deal with these predators on the Internet. We have had success since the new legislation was introduced in May 2003. The first person sentenced under the new legislation received a sentence of 18 months imprisonment suspended after three months. Since that time, 12 other people are now facing a total of 124 charges.

The CHAIR: Mr Butler, your time has expired. Do you require more time?

Mr BEATTIE: Can I suggest extra time, Madam Chair?

The CHAIR: Yes.

Mr Butler: Yes. Thank you. As I was saying, 18 of those were for using the Internet to procure a child under 16 to commit a sexual act and 49 for using the Internet to expose a child under 16 to indecent material. You might have seen in the newspapers recently that in Townsville three people were identified as part of our attacking this problem in regional areas. We will continue to utilise that technology with our specialised police officers to identify offenders on the Internet, obtain evidence against them and prosecute them.

Mr WALLACE: Premier, on page 9-5 of the MPS the Queensland Audit Office states that the Auditor-General, the Deputy Auditor-General and other senior staff visited clients in regional centres. Could you outline the purpose of these visits and how this has assisted the Queensland Audit Office in the performance of its role?

Mr BEATTIE: I can. The Auditor-General and other relevant members of the senior management group visit remote clients such as Aboriginal councils, island councils and other local governments from time to time to communicate topical issues and assist these remote clients in meeting their accountability requirements. Every member of this committee would know that there have been some issues over the years in this area that the Auditor-General has in fact reported on. The Auditor-General and Deputy Auditor-General attended full meetings of the Aboriginal Coordinating Council in October 2003 in Cairns and the Islander Coordinating Council in June 2004 at Thursday Island to inform these councils of issues relevant to their sectors. The Auditor-General and an assistant Auditor-General made a regional visit to Rockhampton in March 2004 to visit the Rockhampton City Council and the Rockhampton Port Authority to discuss areas of audit interest and to the Central Queensland University for the Auditor-General to sign the university's financial statements.

The Auditor-General and an assistant Auditor-General visited Norfolk Island in November 2003 with my support to certify the financial statements of the government following the first year of audit by

the Queensland Audit Office. Senior Queensland Audit Office staff attended and participated in joint interactive forums with the former departments of Local Government and Planning and Sport and Recreation Queensland held at Brisbane and six other regional areas being Bowen, Cairns, Gladstone, Gympie, Longreach and Toowoomba. These forums were developed as a proactive approach to opening communication channels and to support local governments in meeting financial reporting and management obligations.

Opportunities also arose to meet with clients in regional centres with senior Queensland Audit Office staff. There was a Local Government Accountants Association annual conference in Cairns in November 2003, the South Burnett-Wide Bay Local Government Accountants Association meeting in Eidsvoll in March 2004, and a Queensland Local Government Accountants Association meeting of the south-west Queensland branch in May 2004. I say to the honourable member for Thuringowa that the Auditor-General on previous occasions has made it clear in reports and to this committee—your predecessors—that he is committed to ensuring that the Audit Office has a statewide focus. If you look at some of the areas that I referred to which the Auditor-General visited, you will see that a number of them related to areas where the Auditor-General has put in adverse reports. So obviously, what the Audit Office has done is not only just put in an adverse report where necessary but also tried to assist in getting the financial statements up to an acceptable level. I think that proactive approach is fundamentally important, particularly with indigenous councils. We know how difficult this is. We know how tough it is, but we have to persist to try to get the best accountability we can.

Mr WALLACE: Premier, I note on page 3-3 of the MPS that our combating of major crime, including the organised crime and paedophilia output of the CMC, has been internationally recognised for its law enforcement publications. Could you provide the committee with a brief overview of these publications?

Mr BEATTIE: In 2003-04 the CMC undertook 19 projects relating to crime research, prevention and intelligence—four more than planned. In 2004-05 the commission expects to complete 18 projects in relation to crime research, prevention and intelligence. The target audiences for the CMC's crime research intelligence prevention publications include other law enforcement agencies, government agencies and the public. Such publications are of value to the wider community because they help facilitate a sharing of intelligence, provide government agencies with cutting-edge research, provide new methods and so on. CMC research and intelligence publications undergo external review from experts. All review publications have met defined quality standards. For example, there were two in-confidence intelligence digests produced by the Strategic Intelligence Unit disseminated to law enforcement and other government agencies; *Illegal Firearms in Queensland* and *Organised Crime on the Gold Coast*, a research report on youth justice criminal trajectories, which examines the level of recidivism in young offenders; initial findings of the amphetamines in Queensland research project; a timely review of the effectiveness of child focused sexual abuse prevention programs and the list goes on. If you look at the quality of the reports, I think they are very good. I have to say in general terms that the CMC's report into child abuse was very thorough. I congratulate the CMC for it. A lot of the recommendations were very painful in terms of the government, but they tackled this problem head-on. I have given a commitment that we will implement the 110 recommendations that have come out of that report.

I want to take this opportunity, though, because this is the last time that Brendan Butler will be present here as Chairman of the CMC in the same way that it is Len's last appearance. I want to thank Brendan Butler on behalf of all Queenslanders for the excellent job he has done. Like the Auditor-General, along the way he has given my government its share of pain, let me tell you. But all of it has been deserved. As a result of the reports from the CMC, we are a better place. I do want to thank Mr Butler for the contribution that he has made. There are a lot of people from my side of politics who will not necessarily share that congratulations, but I think it is congratulations well deserved.

The CHAIR: Thanks, Premier. The time for government members has expired. I call the Leader of the Opposition.

Mr SPRINGBORG: My question continues to relate to the issues surrounding the Information Commissioner. Premier, I am very concerned about your attacks on decisions of the Auditor-General and more recently of the Information Commissioner, which undermines them, and also potentially recruiting people to that position. I also refer to the \$64 million government secrecy surrounding grants by your government to corporations coming to this state. If the Information Commissioner's decision is upheld in the Supreme Court, will you overturn that decision in the parliament?

Mr BEATTIE: Let us deal with this bluntly. I am determined to do everything I can to get jobs for Queensland, and I will not back off from that. I know that there will be all sorts of nonsense in relation to the Berri decision. You have pursued this today. I saw the nonsense from your deputy on television last night. I will tell you very clearly what we will do: I will release the Berri details, and I will do it in a minute. When I do that, of course—and I do it because you are going to continue to pursue this—it will mean that we have to withdraw the court case. I will do that because I am not going to have accusations against the accountability of my government. I will then legislate to amend the act. It will be introduced

into the parliament in August and we will pass the law which will protect the jobs of Queenslanders and will save Queenslanders money. I will tell you what the Berri deal is. I have released this. This is the one we will release. I will release it. I just say to Queenslanders: you judge whether this was right or wrong, and they will judge you on the politics that you play. I will answer it.

The investment by Berri was the construction of a new factory at a cost of \$25 million—which could have gone somewhere else; the employment of 30 new workers; and the protection of 80 existing Queensland jobs, which would otherwise have been lost to New South Wales. If you want to support jobs going to New South Wales, you say so. The company's export office was also moved to Queensland from South Australia. The incentive package took the form of a cash grant of \$250,000 to defray moving and establishment costs. Only \$110,000 was actually paid to the company. So, your beat-up on Berri is worth about \$110,000. I hope you are proud of yourself. Job numbers have been running at well above those in the original agreement: 150 as against 110. Among similar cash grants is a much larger amount paid by the National-Liberal Party government to a project in 1998. I will not mention the company because I do not want to embarrass them. However, when you were in office, Borbidge did exactly the same thing.

In terms of where we are with this, let me be very clear: the estimated cost of the court case and the JR application to date would have been about \$1,000. Obviously, as a result of my releasing these details, we will desist from that legal action. However, we will change the act. The incentive package for the Berri consolidation of fruit juice manufacturing facilities at Lytton was negotiated during 1999-2000 and the Auditor-General, as he can do with any matter, assessed it. At the end of the day, let me say that this is about \$110,000 for a political beat-up—\$110,000 to get jobs for Queenslanders. I stand by the Berri deal, I stand by the Virgin deal, I stand by the Australian deal and I stand by the Qantas deal. I ask you for once to think about what it means for this state. We now have an aviation industry in Queensland which provides 5,000 jobs. If we had not pursued that incentive program, those 5,000 jobs would not exist. I say to the 5,000 Queenslanders who have jobs as a result of this incentive program that those jobs exist because we took this incentive program and delivered it.

The only reason we do not release all this information is that the next person through the door will want the same deal, and more. The Auditor-General audits all these things. If he is unhappy, he will report it to the parliament. We need to stop the political nonsense. There will be a small amendment to the act introduced by my government in August. We will ensure that the appropriate commercial processes are protected in a way that saves taxpayers' money. There is the answer to your question.

As for the nonsense that your deputy went on with about the covering up of information, it is all out there now. I just say to Queenslanders that that was the deal, that is what it was about. It was about getting jobs for Queenslanders that would otherwise have gone to people in New South Wales. I say to every citrus grower in this state, to anyone who is on the land and to any farmer, just remember this: we were fighting for your jobs and to bring the manufacturing process here. The National Party were trying to undermine it. Let us call a spade a spade. You know what we are going to do and you know what the situation is. That is full accountability.

Mr SPRINGBORG: I am happy to call a spade a spade, Premier. You do not need cover-ups in Queensland to provide jobs. Basically, does that mean that the other \$63,800,000 worth of grants will not be disclosed? Premier, would you agree that the decision of the Information Commissioner is much broader than the issue of Berri and relates to the claim of commercial-in-confidence which the government has been grabbing hold of like a mantra with regard to any of its grants to 'attract' businesses to Queensland? Do you agree with that? Also, considering that you have indicated that you will release the Berri documents to try to contain the political fallout, can you give a guarantee that it will be all of the documents and are you prepared to do the same for the other \$63,800,000 worth of grants?

Mr BEATTIE: Lawrence, you are never satisfied. I have said very clearly what the package deal is in relation to Berri. I have released the amounts. I have said that we will protect the commercial-in-confidence arrangements and that I will ensure that we get jobs for Queenslanders. We will amend the act. I will be up front. We are very clear about it. Also, I stress that these matters are audited by the Auditor-General. Your side of politics has been carrying on about Berri like a mad wheel. \$110,000. These proposals are all linked to jobs. No-one gets a cent out of this government unless there is a relationship with a job. You are destroying jobs. You are destroying jobs for a cheap political point. That is all that you are doing. You can ask all your half-smart questions, but the reality is that these are hard jobs for Queenslanders. I have demonstrated by the Berri arrangement exactly what we are talking about here. \$110,000. That is what this is about. I make it very clear, and there should be no doubt in anyone's mind about what is happening here. I have released the Berri information to demonstrate exactly what these deals provide. It is chickenfeed to get the jobs that have been obtained. They are very small amounts of money and they are amounts of money linked to jobs. You are not interested in jobs; you are interested only in cheap politics. You now know exactly what the Berri deal is. That is the information. That is the deal. I am not prepared to see taxpayers' money wasted. I am not prepared to put Queenslanders in a position where they have to pay more. This is what is wrong with your argument. If there was no accountability on this, you would have a point. However, the Auditor-General can audit every one of these—and he will, if he wishes. He had a look at the Berri deal, as he can look at any deal

that he wants to look at. If there was no accountability, you would have a point, but there is accountability.

Let me make very clear what I will do. I will fight to protect Queensland's position with jobs. I say to everyone who flies Virgin Blue—

Mr SPRINGBORG: Which is not you.

Mr BEATTIE: And to everyone who flies Australian, just remember that the Leader of the Opposition is trying to undermine your ability to do that.

Mr SPRINGBORG: What a lot of rot!

Mr BEATTIE: The Leader of the Opposition is trying to undermine jobs in this state and to destroy jobs and opportunities for Queenslanders. I will not let him get away with it.

Mr SPRINGBORG: Premier, we will not sit around and watch you destroy accountability and enshrine secrecy. Premier, will you agree that the reason you are now withdrawing your action from the court is that you are likely to have been embarrassed by a Supreme Court ruling which upheld the Information Commissioner's decision?

Mr BEATTIE: No.

Mr SPRINGBORG: You do not agree?

Mr BEATTIE: Go on. Ask your question.

Mr SPRINGBORG: Basically, you are saying that you will pull out of that action, but you will take legislation to parliament that will ensure for time immemorial in Queensland, despite the Information Commissioner's decision—which is very comprehensive and upholds the right of disclosure—that there is no way whatsoever that the taxpayers, the opposition or the media will gain access to details surrounding the expenditure of taxpayers' money and, therefore, be able to keep you accountable for how you spend money for grants.

Mr BEATTIE: What you have just demonstrated, either by ignorance or by deliberate intention, is your lack of understanding of the process. The Department of State Development and Innovation reports annually the total value of incentives and the companies that benefit. That is reported annually. Now, either you do not know that or you choose to ignore it. The total value of incentives and the companies that benefit are reported annually. That is accountability. Everybody knows exactly about the companies and the value of the incentives. It is disclosed. What we do not disclose is the individual amount to each company. Why do you want to know that? You want to know that for cheap political purposes and to pursue companies, as you did with Berri and our TV production company.

In addition, the annual report of the Department of State Development lists what is required for each company. For example, a company must employ a certain number of people by a certain date and security must be provided by a company—for example, a bank guarantee or cash. They do not get the money until they produce the jobs. The annual report of the Department of State Development and Innovation lists those things. Let us not misrepresent what happens here for the purpose of cheap political stunts. The annual report of the Department of State Development and Innovation lists the total value of incentives, the companies that benefit and what is required for each company. For example, a company must employ a certain number of people by a certain date and the security provided by a company, for example a bank guarantee or cash. Section 45(1) was designed to prevent unwanted commercial disadvantage to individuals or organisations carrying on commercial activity who supply information to the government or about whom the government collects information or government agencies which carry on commercial activities.

If this is such a big deal, why did your government not report more than we do now when you were a minister? You were a minister for a short period of time and your government did not report this type of thing. We report a lot more than your government did when you were a minister, Lawrence.

In terms of the withdrawal of the court action, I had a choice: either I provided the Berri information to this committee—because you started asking questions about it—or I did not. I have provided the Berri information to this committee to demonstrate our accountability. Courts will deal with only matters that are on foot. If we have released the information, the court action cannot be proceeded with. That is the reason the court action has not been proceeded with. The Crown law advice that we received was that we would have won in the court. I will not leave any doubt in anybody's mind—or in your mind. You clearly understand what we will do—and we will do it.

Mr SPRINGBORG: There was another option: to accept the ruling of the independent umpire, which you are not prepared to do, or only when it suits you. Premier, I do not know why you are so scared of accountability and why you keep covering up. What is wrong with releasing this information to the public? Let us be clear about this. We are talking about releasing information regarding a grant of about \$120,000.

Mr BEATTIE: \$110,000.

Mr SPRINGBORG: \$110,000. There is still information about \$63,900,000 worth of grants in that particular year which you are not releasing and will never, ever be able to release.

Mr BEATTIE: That is not true.

Mr SPRINGBORG: That is the implication of the legislation which you will introduce. Premier, why is it okay for this to work in the United States, where they do not have this particular cringe about commercial-in-confidence? They routinely release this information and it does not scare away jobs and investment. Why is it so different in Queensland?

Mr BEATTIE: And so do we.

The CHAIR: I just point out that, essentially, that is the same question as the last two.

Mr BEATTIE: I am happy to give him the same answer, because he obviously did not get it the first time. Let me be clear about this because the Leader of the Opposition chooses to ignore the facts. The annual report of the Department of State Development and Innovation lists the total value of incentives and the companies that benefit. We attracted Virgin Blue to Queensland. Is that in the annual report? Yes, the company is there.

Mr SPRINGBORG: How much did you give them?

Mr BEATTIE: Please. We are trying to be reasonably courteous through all of this. As I have said, the annual report lists the company. If we have provided company 'X' with an incentive program, is it released? Yes, it is. It is in the annual report.

Mr SPRINGBORG: There is no argument on that.

Mr BEATTIE: Okay, there is no argument. Thank you for saying that.

Mr SPRINGBORG: There has never been an argument about that.

Mr BEATTIE: In other words, you know who gets it because it is in the annual report. Not only do you know who gets it, if we give incentives to two or three companies, such as Australian Airlines or Qantas—which we did—if those three are in there as incentives for the year, you will get the total amount for those three. You get the companies and the total amount. What you do not get is the individual amount. Why do you not get it?

Mr SPRINGBORG: You still have not answered my question.

Mr BEATTIE: Yes, but why do you want to know that? For cheap political purposes. You know the company and you know the total amount of incentives. The taxpayer wants to know how many dollars in incentives are put into this program? They know that and they know that every year. There is nothing hidden or secret here. They know the companies and the total amount. What is the reason we do not release the individual one? For heaven's sake, you do not need to be a rocket scientist to work this out. If we give Virgin Blue a certain amount of money, the next airline that turns up, what will they want? Let us take this slowly. What will they want? They will want the same amount of money, and more. If we can say to the next company that turns up, 'Look, we will negotiate these things for the same number of jobs.' If we get it for less money, then we have saved taxpayers' money. Now, I know I have Scottish ancestry, but why should you set a benchmark that will guarantee what you will pay to people? What you are suggesting is just klutz economics. If we were not releasing the names and the total package, you would have a point. If it was not audited by the Auditor-General, you would have a point. The required accountability is provided here. This is sufficient accountability. I totally reject this nonsense that you are arguing here. I have put the point very clearly and I have demonstrated it through the Berri deal. \$110,000—big deal! At the end of this, we should have some rational debate. What you propose will cost Queenslanders millions and millions of dollars. Do not in any way misunderstand that. What is wrong with your argument is that every year the Department of State Development lists the names and the total amount of incentives paid. It is not true to suggest that it is a secret.

Mr SPRINGBORG: Let us make it very, very clear. This morning you said that you were going to be tabling documents in relation to that particular FOI application—

Mr BEATTIE: You want every bit of blood, don't you, Lawrence?

Mr SPRINGBORG: The findings of the Information Commissioner had a very broad ruling on this whole issue. Will you give an absolute commitment to this committee that you are releasing all of those freedom of information documents—all of those documents in relation to Berri—or will it be just your summary?

Mr BEATTIE: Lawrence, I know that your adviser gave you a note. You can tell your little adviser that we will release all of the information—

Mr SPRINGBORG: That is actually not on that note.

Mr BEATTIE: It is either your Christmas shopping list or it is a note. There is nothing wrong with taking instructions, Lawrence. Don't be ashamed of it. We will make sure that whatever documents are available we will release. In fact, I think we are not all that far from providing them. I have some people

digging them up now out of State Development. I hope by 1 o'clock I will be able to table them here. Are you happy?

Mr SPRINGBORG: There is \$63 million to go, but we are getting there.

Mr BEATTIE: You know at least where the companies come from. I will take that as a question. You know at least the companies that are getting the \$63 million and you know the total amount of the package. How do you know the package? How do you know the amount of money? Because we told you. I do not know whether the \$63 million is right or wrong. You will have to ask the Minister for State Development, to whom you should be directing these things, but as Premier I am happy to take any question at any time. But how do you know that amount of money? You only know that amount of money because we told you. You do not know that for any other reason. You know that because we have an incentive program through which we release these incentives.

This incentive program has been one of the most effective programs ever put together by any state government. It is one that was operated by the Borbidge government and our predecessors. Let us look at what has happened here with Virgin Blue, Australian Airlines and Qantas. All you have to do is drive out to the airport to see the new Qantas hangars being put up. Those thirty-six 767s will be maintained here. In our partnership with Boeing we are expanding this whole process.

We have an aviation industry. Lawrence, we would not have had an aviation industry had we not used this incentive program. Five thousand people work in aviation. Can't you actually think for once about the reality and the good it does for this state? Five thousand people are working in an industry that did not exist when my government came to office. Yes, we used an incentive program. Richard Branson was going to Melbourne. I rang Richard Branson and we offered an incentive package. The incentive package is bigger all or nothing compared to the jobs we have got out of it and the growth for this economy. Those jobs can go somewhere else.

We are the third economy in Australia. People gravitate, tragically, because of some business interest to Sydney and Melbourne. We have interfered in that in a way that has made some of our southern counterparts nervous. I will continue to do it. I am not going to allow Queenslanders to pay one cent more for these incentives than they have to—not one cent more. You can play all the politics you like. I am prepared to take this right on the chin, because this is about putting Queensland first. I am not prepared to back off on it. I am not prepared to see the jobs disappear interstate or overseas. This incentive program, properly audited by the Auditor-General, properly accountable every year in the annual report of the State Development Department, will continue. I am happy to cop the criticism from anyone at any time on this, because this has delivered results for Queensland and I will not move away from it.

The CHAIR: The clock is wrong. The time for non-government members' questions has expired. I call the member for Glass House.

Mr BEATTIE: I got a note, too, like Lawrence did. I would really like to share it. Bruce Davidson, in *Hansard* of 10 June 1997, said—

We do not go around disclosing arrangements that are commercial in confidence, simply because we face continued pressure from southern States, particularly New South Wales and Victoria, that are competing with us for all those types of opportunities that present themselves to Queensland.

I've got to tell you: Bruce Davidson is a legend. I am with you, Bruce.

Mr SPRINGBORG: Does that make you a plagiarist?

Mr BEATTIE: I am happy to be a plagiarist if he happens to agree with me. Lawrence, your side of politics agrees. When there is not cheap politics—

Mr SPRINGBORG: A quarter of the amount of grants, too.

Mr BEATTIE: I agree with Bruce Davidson.

The CHAIR: We will return to government questions. I call the member for Glass House.

Ms MALE: The Ministerial Portfolio Statements state that the Ombudsman's office has evaluated the complaint handling systems of 10 agencies. Would you outline for the committee the aim of this project and how it has assisted the Public Service?

Mr BEATTIE: The complaints management project is one of the key strategies of the Ombudsman's office for discharging its responsibility to improve public administration. Research indicated that most government and local government agencies did not have appropriate procedures for handling complaints from the public. The complaints management project aims to improve agencies' internal complaint handling procedures, raise standards of administrative decision making and improve standards of service to the community. It is also expected to reduce the number of complaints of a recurring nature.

In phase 1 of the project the office worked with 10 public sector agencies, including two local governments, to evaluate their current complaints handling systems or arrangements against accepted criteria for effective complaints management and develop strategies to improve those systems. An 11th

agency, a small local government, was recently included in the project in order to develop a model suitable for the many similar sized councils in Queensland. I will ask the Ombudsman to talk a bit about what has happened here.

Mr Bevan: The project has two phases. In phase 1 of the project to date we have evaluated the existing complaint management arrangements for the agencies which are involved in the project using a comprehensive audit and assessment checklist which we developed. We provided a report of our evaluation to each of those agencies, commenting in detail on their existing systems and making recommendations that bring them in line with best practice.

We have developed and published a document entitled *Developing effective complaints management policy and procedures* to assist agencies to develop or refine their complaint handling arrangements. In relation to two agencies we have also reviewed new policies which they have prepared in draft form, to give them assistance with that. With the exception of the small local government agency mentioned by the Premier, the office is now in the implementation stage of phase 1, in which agencies are considering our recommendations and working with us to implement the changes as quickly as possible. Phase 2 of the project will involve preparing and publishing a report based on phase 1, containing information about best practice complaint management systems and encouraging as many public sector agencies as possible to implement an appropriate complaint management system.

The sorts of things we found in reviewing agencies' current systems were inadequate policies and procedures and the lack of a centralised database to record complaints information and therefore no capacity to develop improvement strategies based on complaints data. As well as that we noticed inadequate training for staff in complaints management and in some cases inadequate resources to manage complaints.

Ms MALE: Page 3-1 of the MPS states—

The Crime and Misconduct Commission (CMC) operates under the Crime and Misconduct Act 2001 (the Act) and pursues strategic goals and objectives that focus on fighting and preventing major crime, reducing serious misconduct and promoting high standards of integrity in the public sector, and protecting witnesses.

Could you outline for the committee the provisions that have been made to ensure the independence of the commission?

Mr BEATTIE: The CMC is an independent statutory body separate from the government of the day but fully accountable to the people of Queensland. The CMC is primarily accountable to the parliament through the bipartisan parliamentary committee but also reports to me as the responsible minister on budgetary and corporate matters. The CMC is able to initiate misconduct investigations and public inquiries of its own motion. It is not subject to direction by either the PCMC or the government in the way it conducts particular investigations and inquiries.

While I can refer a matter for research to the CMC—I have done that—under section 52 of the Crime and Misconduct Act 2001 in respect of misconduct investigations, I am in the same position as any other person who refers a matter to the CMC, as is any other member of parliament. That is, I am simply the complainant or the notifier and I do not have any say over how the investigation is conducted or its outcome.

The CMC recognises the importance of its being transparent and accountable in what it does. The CMC is subject to a range of both internal and external accountability mechanisms. The CMC is managed by a commission of five commissioners, four of whom are part time, and also the chairperson. The commissioners provide internal accountability and bring their broad expertise and experience to bear on CMC decision making.

If we look back to the 1980s and prior to that in Queensland, with the lack of accountability in our institutions and indeed the sad record of corruption that took place in Queensland, I think Queenslanders can be very proud of the institutions that exist today. Even this robust system of estimates committees that we have were brought in by the Goss government. We have an accountability mechanism that did not exist before. We have a CMC that has proven itself through the years—that it is independent and fearless, regardless of the government of the day. We have an Auditor-General who does the same. We have parliamentary accounts committees. We have various parliamentary committees that operate here that, frankly, did not exist prior to the early 1990s. So in terms of our institutions we have a very effective system. We have an Ombudsman and Information Commissioner who is doing an excellent job as part of these accountability mechanisms. The gentlemen on my right are, in my view, a key part of the integrity and honesty that exists here. They have demonstrated, each one of them, that they are prepared to take a view that is different to that of the government of the day. I think that is a healthy thing. We do not always have to agree, but I think that is a very healthy process.

In terms of the CMC, I think a number of reports it has brought down in recent years, in particular the one in relation to child safety, will stand the test of time. I think that particular report will stand the test

of time as being one of the best reports produced by that body since it came into existence. As I said, while I did not like some of the pain, the gain will go to Queenslanders.

Mrs NITA CUNNINGHAM: Mr Premier, I note from page 9-5 of the MPS that the Queensland Audit Office has produced various better practice documents. Would you outline some of those documents and how they can assist their target audience?

Mr BEATTIE: I might start and then ask the Auditor-General to add to that. The Queensland Audit Office publishes a range of reports, speeches, newsletters and better practice guidelines that are issued to internal and external stakeholders. In 2003-04, four key better practice documents were produced by the Queensland Audit Office.

The *Checklist for CEOs, boards and accountable officers, prior to signing financial statements* was published in November 2003 and widely distributed to Queensland Audit Office clients. This checklist was developed to assist preparers of financial statements, chief executive officers, boards, accountable officers and audit committees of public sector entities to discharge their duties and responsibilities by providing guidance and considerations before signing their entity's financial statements. It is aimed at assisting users in identifying the major issues that are likely to arise in the process of finalising the entity's financial statements and having them certified by the Auditor-General or delegate. The *Checklist for organisational change: Managing MOG changes* was published in February 2004. The checklist was developed to provide agencies with an insight into the main areas of change faced by organisations during machinery of government changes.

A current topical accountability issue is the introduction of the internal financial reporting standards. To ensure a smooth transition process for the deadline of January 2005, public sector entities must be equipped to produce financial information about the new regime. The Queensland Audit Office has published two better practice guides—*Applying international financial reporting standards to the public sector: Frequently asked questions*, December 2003, and *Applying international financial reporting standards to the public sector: Practical examples of IFRS*, April 2004—to promote awareness and to inform and assist clients and contract auditors. The frequently asked questions publication addresses some of the broad key issues that may arise as public sector entities consider their strategies for conversion with the international standards. It also provides solutions to some of the frequently asked questions in the process of converging Australian accountability standards with international standards. I do not know if the Auditor-General wants to add to that, but I am quite happy for him to do so.

Mr Scanlan: In addition to these better practice documents we produce regularly our client newsletter, which we call *Inform*, which is essentially aimed at our clients to assist them in terms of their compliance with what the prescribed requirements may be in terms of emerging issues for the sector.

The other particular thing that we have produced in recent times is the model financial statements for statutory bodies to assist statutory bodies with their compliance in terms of the production of financial statements as well. These documents complement the client information sessions that the office provides to our clients as a way to assist and encourage their ability to meet the requirements.

Mrs NITA CUNNINGHAM: I also note on page 3-6 of the MPS that the 'Reducing Misconduct and Improving Public Sector Integrity' output of the Crime and Misconduct Commission has provided a web site advertising best practice guidelines to reduce misconduct. Can you provide an overview of that web site?

Mr BEATTIE: The CMC exceeded its target in 2003-04 of 20 research prevention and intelligence projects. This target is to be reduced to 18 in 2004-05 in recognition of a redistribution of resources to undertake more monitoring projects. In providing research and prevention publications, the CMC relies on highly qualified staff with extensive practical and research experience gained in both public and private sectors. They maintain their skills by participation in professional bodies.

While undertaking significant research itself, the CMC also draws on local, interstate and international expertise and best practice models to ensure that publications maintain a high standard. The CMC seeks external expert reviews of research and intelligence publications, as I said earlier, and all review publications meet defined quality standards. The commission intends to maintain this standard.

There are a number of other things, including the web site that you refer to. Perhaps what I could do for the information of the committee is provide some detailed briefings that would assist because I think this is a very important area of government activity. A prevention system analysis and report were provided to the public trustees following investigations of allegations of a \$170,000 fraud by a public trustee officer. The report recommended better internal controls and accountability processes in the administration of trust funds and dependent clients. I think in terms of the specific question there is a lot more information. I seek leave to table that for the information of the committee.

Leave granted.

Mr BEATTIE: I should add while I have a minute left that the Auditor-General has just written to me advising—

I am writing to inform you that my Audit Report No. 1 for 2004-05 which deals with the results of audits performed as at 31 May 2004 ... will be tabled in Parliament on Friday 23 July 2004.

The Ministerial portfolios for the entities and the issues referred to in this Report are—

- Premier and Minister for Trade (Advertising Expenditure)
- Minister for Aboriginal and Torres Strait Islander Policy
- Minister for Education and the Arts
- Minister for Local Government, Planning and Women

For your information I have written to these Ministers to confirm the items within their portfolio responsibility which will be included in this Report and a copy of this letter has also been forwarded to your Director-General.

So those reports are on the way, and I think the committee should be aware of that. I seek leave to table the Auditor-General's letter.

Leave granted.

Mr WALLACE: Premier, I note on page 9-5 of the MPS that the Queensland Audit Office has implemented a performance assessment reporting and improvement system. Would you advise how this system has assisted the Queensland Audit Office in fulfilling its role?

Mr BEATTIE: I will start on this and then ask the Auditor-General to add because he knows a bit more about it than me. The performance assessment reporting and improvement system, otherwise known as PARIS, was developed by the QAO as a strategic framework for the improvement of the office's performance in the long term and a means of stimulating continuous improvement and learning within the organisation. It allows the office to lead by example in terms of demonstrating a commitment to continuous improvement and performance enhancement.

Phase 1 of the PARIS initiative commenced in mid-2003 and contains seven discrete projects, which I will not go through. Each of these projects are either complete or nearing completion with progress reported monthly to the office's senior management group. The performance assessment reporting and improvement system initiative enabled QAO to target areas for performance enhancement and improvement that allows the Queensland Audit Office to lead by example in the public sector in terms of activities seeking continuous improvement and innovation. With your leave, Madam Chair, I will ask the Auditor-General to provide more information.

The CHAIR: Certainly.

Mr Scanlan: The QAO and I are committed to our own continuous improvement and the PARIS project encompasses seven different areas in relation to the QAO. The first one was an internal self-assessment. The second one was a governance review of QAO's own operations. Project 3 related to our key performance indicators and our annual reporting. Project 4 was our own quality assurance. Project 5 was our annual policy reviews. Project 6 concerned a number of questionnaires that we use in terms of our operations and conducting our work. Project 7 was benchmarking between the Audit Office here in Queensland and the other audit offices throughout Australia in terms of our relative performance. I am happy to leave the question there unless there is any further information that you would like.

Mr WALLACE: I refer to page 7-4 of the MPS which says that the Ombudsman's office has been consolidating the case and records management system, Catalyst. Could you outline what the details of this project are and how it has assisted that office?

Mr BEATTIE: Throughout the year the Ombudsman's office has continued to consolidate and finetune its new case management system, Catalyst, replacing a system that was essentially a system for the management of hard copy files. Catalyst is now a key resource in the office's business and reporting processes. In the past six months the focus of the Catalyst development committee has been to develop and regularly run a group of data validation reports, review in conjunction with key agencies their Catalyst organisational structure and complaint categories to enable more useful analysis, and modify Catalyst to collect data about public awareness of the office.

In addition, Catalyst is currently being enhanced to improve business processes in a number of areas, including developing security groups to restrict access to more sensitive files and progressively making available key information about larger agencies to assist inquiry officers to give consistent detailed advice to complainants. The strategic management review in June 2000 found that the system lacked the facilities and reliability to enable effective management of the case load within the office and recommended that the system be replaced by a new case management system that would provide the case management reporting capability requirement to effectively manage the office's case load. I seek leave to table for the information of the committee more information.

Leave granted.

Mr BEATTIE: While we are talking about the Ombudsman, coming back to this issue of Berri, I can assist the committee by providing a bit more information. This was a brief provided to me by State Development. It basically says—

... to brief the Premier on information relating to the incentive arrangements with Berri Ltd which are the subject of discussion. The incentive package for Berri's consolidation of the fruit juice manufacturing facilities at Lytton was negotiated during 1999-2000. Investment by the company was the construction of a new state-of-the-art factory costing \$25 million, the employment of 30 new workers and the protection of 80 existing Queensland jobs which would otherwise have been lost to New South Wales. The company's export office was also to be moved to Brisbane from Adelaide.

The incentive package took the form of a cash grant of \$250,000 to defray moving and establishment costs. Only \$110,000 was actually paid to the company. \$140,000 was diverted to the Department of State Development's Property Services Group to pay for sewerage headworks necessary for the project. The project has been successfully completed and job numbers have been running at well above those in the original agreement—150 as against 110.

So that will give people some idea. I should also say that there are a couple of people who support the way we run these projects. One is a gentleman called Doug Slack, a former National Party minister. He says—

I point out that an incentive grant was negotiated ... It is based on a certain level of job creation in Queensland up to the year 2002. Although the formula for the calculation of that package is confidential, it should be pointed out that, by international and Australian standards, the package was well below current benchmarks for incentives for a project of this size.

That is Doug Slack, *Hansard*, 19 May 1998. The Bruce Davidson quote which I mentioned before is 10 June 1997.

The CHAIR: The time for government members questions has expired. Given that we propose to break for morning tea at 10 to 11, I propose that the remaining time be split evenly between government and non-government members, which should give us about seven minutes each way.

Mr SPRINGBORG: My question relates to the Crime and Misconduct Commission and specifically to question No. 5 from non-government members and the answer there regarding restraining orders. I note that there are 34 restraining orders which have been granted to recover the value of \$10,547,000 or thereabouts. What concerns me, Premier, is one that relates to a restraining order of \$197,000 which has lapsed due to an inability to locate and serve the respondent with notice of the application. Does this basically mean that we have lost a drug baron?

Mr BEATTIE: I am happy to let the head of the CMC deal with this question.

Mr Butler: I am not in a position to give you full details in relation to that individual matter. I certainly can seek further information on that. As I understand it, the application related to a particular person who the police are trying to locate.

Mr BEATTIE: If you cannot locate someone, obviously it is very difficult to serve. As we say, of the remaining two applications, the \$197,000 one lapsed due to the inability to locate and serve the respondent. If you cannot find somebody, it is very difficult to enforce any legal measures.

Mr SPRINGBORG: So what we are saying basically is that we have enough information to know or to suspect very strongly that this person is involved in significant organised crime to the extent that we have prepared a \$197,000 restraining order to recover \$197,000 and the person has disappeared.

Mr BEATTIE: You know the trouble with these crooks; they are buggers, you know. They will not stand still. They keep moving around, mate.

Mr SPRINGBORG: Maybe they do not stand still, Premier, but we have enough information to be able to put together an application for a restraining order of \$197,000. In the meantime this person has disappeared. Can you give an indication here of the nature of the criminal activity or organised crime that this person was supposed to have been involved in?

Mr Butler: I would be happy to take that on notice and provide the response to the opposition.

Mr BEATTIE: What we should do is take that question on notice and give you an answer by close of business today.

Mr SPRINGBORG: I would also appreciate knowing if the police have any public safety concerns for the community at large with regards to this particular person because obviously he does not make fairy floss. He has obviously done something pretty bad.

In relation to the CMC's inquiry into foster-children, how many complaints alleging abuse of children generally were received by the CMC? What action has the CMC taken in relation to these complaints alleging abuse of children that is regarded as beyond its terms of reference for the foster-children inquiry?

Mr BEATTIE: As I understand it—and I will ask the chair of the CMC to respond to this—most matters of this nature would be handled by the police. This is a normal matter that the police would handle. It is like any other criminal activity that would not normally be a matter handled by the CMC. If a complaint was sent to the CMC, the CMC would refer that matter on to the police because these are policing matters. The CMC has done a report and uses these things for assessment, but these would normally be matters for the police. I will ask the chairman to comment.

Mr Butler: The Premier's response is correct. The CMC's jurisdiction relates to public officers and people who might be involved in corrupt activity in relation to public officers. Clearly enough, where children are in danger, if those matters came to the attention of the CMC, then steps would be taken to advise the appropriate authorities, whether it be the police or the departments involved.

The CMC assessed all the matters of complaint that came to it at the time of the foster care inquiry in so far as they related to possible official misconduct and has responded to those appropriate to that assessment. Two major investigations flowed out of those complaints. One operation, Operation Zellow, was reported on in the foster care inquiry report. It involved looking at actions by officers of the department. A further operation, Operation Ghost, was completed, and the result of that was announced more recently. As a result of Operation Ghost recommendations were made in relation to, I think, a manager and three other officers of the department in respect of disciplinary action. As I say, in addition to those matters, in a number of matters the commission would have referred any indication of risk to children to the appropriate authority.

Mr BEATTIE: I should just add, if I could, to assist, Lawrence, that the public inquiry received 228 written submissions—this is a different issue but I think it is in terms of a public response—and held two weeks of public hearings at which 40 witnesses gave evidence. That is in relation to the report.

The CHAIR: Thank you. The time for non-government members has expired. I call the member for Glass House.

Ms MALE: Mr Premier, on page 3-9 of the MPS in relation to the protecting witnesses output of the CMC, it states that the Witness Protection Act has been very effective. Could you provide an overview of Queensland's witness protection program?

Mr BEATTIE: Yes, I can. This is obviously a very important element of the CMC's work. You do need to protect witnesses who roll over or give you evidence, otherwise you cannot get convictions. All you have to do is look at the Fitzgerald inquiry and you can see the relevance and importance of that.

This year the CMC's Witness Protection Unit continued to keep witnesses safe from harm, maintaining its 100 per cent success rate since its inception in 1989. The CMC's commitment to providing high quality witness protection in Queensland will continue this year. The CMC has the role of providing quality, timely and cost-effective witness protection. It can provide both long-term full witness protection involving relocation and possible reidentification, and short-term protection which can be used for court security purposes. This has proved to be useful for those witnesses who do not wish to be relocated and cut off from their previous life yet need to be protected at times when they are most vulnerable.

The unit has now successfully protected 1,183 people, with 121 people protected in 2003-04. There will be 43 people under protection at the start of the next financial year. This year saw threat assessments conducted on people either assessed for or accepted into the witness protection program compared to 126 last year. The decrease is partly due to a decline in the need for assessments to be completed for new identity purposes in the current period, coupled with the unexpected decrease in applications for protection by client law enforcement agencies. You understand what that means; there has to be a little bit of cooperation on these things. Some 44 witnesses received court security compared to 61 last year. They all kept their court commitments—a bit of encouragement there.

The number of people applying for, and receiving, witness protection during 2003-04 was smaller than anticipated. The CMC has little control over the number of applications made for protection by law enforcement agencies to the number of people who agree to join the program because participation is voluntary. You do not know really how many cases you are going to get or how many opportunities you would get, I guess. The decrease in the number of threat assessments is partly due to the need for fewer threat assessments to be completed for new identity purposes in the current period, coupled with an unexpected decrease in applications for protection by client law enforcement agencies.

Some witness protection operations this year have included the following. Two protected witnesses provided evidence that contributed to four offenders being sentenced to three years' imprisonment for offences involving burglary with violence, stealing and deprivation of liberty following the attempted murder of a person and the murder of his partner. The survivor of the attempted murder was accepted into the witness protection program after agreeing to testify against two offenders in separate trials. Court security was provided to the protectee, resulting in the first offender being convicted of attempted murder on the evidence supplied by the protectee and sentenced to eight years' imprisonment. The second offender pleaded guilty to the murder of the protectee's partner and is now serving a sentence of life imprisonment.

Can I mention these last three? I think they are worth illustrating, if you do not mind.

The CHAIR: Yes, Premier, please do.

Mr BEATTIE: Thank you. A protected witness's evidence in a drug-related matter contributed to one offender receiving five and a half years' imprisonment for possession of a dangerous drug, possession of a drug utensil and possession of explosives. Another offender was convicted of supplying

a dangerous drug and was sentenced to three years' imprisonment. A protected witness provided evidence resulting in an offender being sentenced to six years' imprisonment for home invasion. A court security operation involved two protectees from separate operations, who had both provided evidence in the manufacture and trafficking of illicit drugs in the north coast region. The operation concluded when the principal offender pleaded guilty. The offender was sentenced to nine years' imprisonment and was declared a serious, violent offender and required to serve at least 80 per cent of his sentence. As you can see, it is a very comprehensive program and it is delivering results.

The CHAIR: The committee will now adjourn for morning tea. I thank the Auditor-General, the chair of the CMC and the Ombudsman for their assistance.

Mr BEATTIE: Could I just conclude, if I may, Madam Chair, by putting on public record my appreciation—and I would think the appreciation of all Queenslanders—for the excellent work done by the two retiring heads, the CMC head, Brendan Butler, and the head of the Auditor-General, Len Scanlan, and thank them for what they have done for the state.

The CHAIR: Thank you, Premier.

Sitting suspended from 10.51 a.m. to 11.03 a.m.

The CHAIR: The committee will now resume, looking at the Commissioner for Children and Young People followed by the Public Service Commissioner and the Department of Premier and Cabinet. I call the Leader of the Opposition.

Mr SPRINGBORG: We are doing all of those basically in together?

The CHAIR: Yes.

Mr BEATTIE: Whatever you like, Lawrence.

Mr SPRINGBORG: No worries.

Premier, earlier on you talked about and extolled the virtues of Virgin Blue Airlines. Premier, if I can quote you from 1 December 2001, when you brought in a new state government flying policy, you said, 'Regarding flying Virgin, I couldn't care if I travelled economy. It wouldn't bother me. I might get a bit of education on the way'—

Mr BEATTIE: That is true.

Mr SPRINGBORG:—'sitting in economy'.

Mr BEATTIE: Yes.

Mr SPRINGBORG: Then, quite clearly, Premier, it did bother you because in answer to a non-government question on notice about how many times you did actually fly Virgin Blue economy, you said in 2003 that you did not believe in sitting around and wasting time—wasting your working day—in airport waiting rooms. In effect, this meant that every time you flew in Queensland you used a government aircraft.

Premier, did you, in fact, mislead Queenslanders in that statement in 2001, considering you have never flown—certainly not in the last year—Virgin Blue on official business?

Mr BEATTIE: Well, I have in private business and when I travel overseas I—

Mr SPRINGBORG: Well, you are paying for it, I suppose. It is a different story.

Mr BEATTIE: Well, I have Scottish ancestry, Lawrence. I am not denying I am going to travel Virgin or Qantas or Jetstar. I am about as lousy as it comes, mate. If I could I would travel by the cheapest means available. My daughter, who travels regularly on Virgin Blue, should own shares in the company, bearing in mind how much it costs me.

When I travel overseas I travel extensively in different classes. In America and other places I have travelled economy, business and occasionally we travel first class. I do not really care about it, it is true. In the last 12 months we have had an election, which you and I would have noticed because we were involved in it. You spent a lot of time running around in hired jets in the same way that I did, running around in the government aircraft.

Mr SPRINGBORG: Never in a hired jet, Premier.

Mr BEATTIE: It was not a hired jet. What did you have?

Mr SPRINGBORG: A couple of those pencil planes but never a hired jet. You have a jet, at least, to follow you around. I would have liked to have had it but you had the jet.

Mr BEATTIE: Well, it is just the normal way it is. It happened to me when Rob Borbidge was there. I mean, that is just the way life is. Sometimes it is a bugger, sometimes it is good. Look, I will be really frank with you. I agree with Sir Joh. I think that when you have got to get out and do these things you get out and do these things. It is a choice. Joh had this view; I have this view. If you are going to get out and serve the people of Queensland—any Premier—there is no point sitting in an airport twiddling

your thumbs. If you are expected to get to five or six people—look, Lawrence, you know this better than anyone. You asked in the question where I have been. We have got the list of places where I have been.

Mr SPRINGBORG: That is on the record; that is fine. I have no problem with you going.

Mr BEATTIE: I get out and I have released exactly where I have gone. You have a look at what I do in a day. You simply cannot do in a day what I do by using commercial aircraft. If people want me to sit at the airport working on my memoirs, that is fine, but I do not think there is much point in that. Do not get too excited—that will be a long way away, Lawrence.

But if you have a look at what I have done—you take this one. Brisbane, Cairns, Barcaldine, Hungerford, Brisbane. Try and do that in one day on a commercial aircraft. I do not know how many days it was; I do not have the days with me. This is your neck of the woods—Brisbane, Goondiwindi, Brisbane; Brisbane, Mount Isa, Townsville, Brisbane; Brisbane, Mitchell, Roma, Brisbane; Brisbane, Alpha, Brisbane; Brisbane, Toowoomba, Brisbane—that is a bit easier but not that easy when you come to commercial services—Brisbane, Innisfail, Cairns.

I mean, the fact is that if you are the Premier of Queensland you have to get off your bum and actually get out and meet the people, and you fit as many things in as you possibly can. I mean, I went to Wondai one day—Brisbane, Wondai, Brisbane. You just need to do it. I use the jet because I think that is the best way to use my time to get out and serve the people. If I do not use the jet in the way that I do and the way that Joh did, then frankly I would not be seeing as many Queenslanders as others.

I might just point out to you, to date in my term I have accrued 824.4 flying hours in the government aircraft, an average of 137.4 hours a year. If you look at what Mr Borbidge did, he averaged 265.2 hours a year, so I do not overuse it either.

Mr SPRINGBORG: Madam Chair, we do not argue against the government aircraft, we never have, but it wasn't Sir Joh who said, 'I couldn't care if I travelled economy. It wouldn't bother me. I might get a bit of education on the way sitting in economy.' The Premier upped the high bar; it wasn't Sir Joh. The simple reality is you have not, despite the proposition you put to the people of Queensland, travelled economy or Virgin. There is a range of those places where we have regular commercial flights: Brisbane-Cairns-Brisbane, Brisbane-Townsville-Brisbane

The CHAIR: Is this a statement?

Mr BEATTIE: No, it is another question.

Mr SPRINGBORG: It is a question, because it actually announces the information which is necessary as a part of the question. Overseas when you are travelling economy some of those may not necessarily have business, some of them may.

Mr BEATTIE: You are not being disparaging about my intention to travel economy, are you?

Mr SPRINGBORG: You are not going to meet many Queenslanders in an aircraft lounge in Baltimore or Heathrow. You are talking about meeting Queenslanders in Queensland. Did you mislead Queenslanders when you raised their expectation that you would be travelling Virgin or economy?

Mr BEATTIE: Listen, Perry Mason, I am determined to do everything I possibly can to get out and see Queenslanders in every part of Queensland. Do you think that I should be twiddling my thumbs and wasting time when I could get to five or six places? Many of the places that we are talking about here do not have commercial services.

Mr SPRINGBORG: Cairns and Brisbane do.

Mr BEATTIE: You can selectively go through them all. Go through and have a look at some of the places that do not. Hungerford? Well, I don't know, when was the last commercial service to Hungerford?

Mr SPRINGBORG: No problem.

Mr BEATTIE: Let us look at this objectively. Let us look at how many places I have got to within a short period of time. I do not make any apology for the fact that I get out and visit Queensland and visit Queensland as widely as I possibly can. I will do that. I fit in as many things I possibly can in a day. I know that probably annoys you, that I get into five places in one day and you don't, but that is life and I am going to continue to do it because I think it is good for Queensland. Let us look at what my department is doing. My department's use of Virgin Blue continues to increase. For instance, in September 2003, 65 per cent of sectors flown by my department were flown on Virgin Blue and in March 2004, 40 per cent of flights were with Virgin Blue. During the financial year 2002-03 my department directed on average 34.3 per cent of air travel to Virgin Blue. During the 2003-04 financial year to May 2004 my department increased its usage of Virgin Blue to 43 per cent on competing routes.

I am delivering what I said in that statement. My department is travelling extensively. I travel as widely as I possibly can to get around and visit all parts of the state. The reality is it does not matter whether you are going to Brisbane, Cairns or Townsville or somewhere in between, I can actually get

there, attend a function and do something else. You say Sir Joh wouldn't have said that. Well, Sir Joh would have said it; he just did not have Virgin airlines at the time so he couldn't have said it.

Mr SPRINGBORG: I did not say he wouldn't say it, I said he didn't say it.

Mr BEATTIE: If he was asked he would have said, 'Look, I would have been very supportive of Virgin Blue, don't you worry about that. That is the right thing for the state to do.' He would have said, 'Look, you give them an incentive package, don't you worry about that. That is the sort of thing you should do.' You know as well as I do that Rob Borbidge used the jet a lot more than I ever did and I never criticised Rob once for doing it because I think he used it appropriately. Rob got out into your heartland in your constituency because very often there weren't commercial services to get there. If you look at his rate of use of the jet and compare it to mine, you will see that he used it much more extensively, and I applaud him for doing so.

Let me make this point: the Premier of Queensland is not the Premier of Brisbane, he is the Premier of Queensland, and I will at every opportunity get off my backside and get out into the bush and get out into the regions. Whether they love me or hate me, I will be there, and I am not going to make any excuses for the jet to get there; it is the way to service Queensland. This is a big state. When you get on the plane at Coolangatta you can fly for three hours and you are still flying in Queensland. You try and do that in Victoria or Europe. If you did that in London you would probably end up in Moscow. We are a big state and I am going to serve the people as best I can.

Mr SPRINGBORG: Madam Chair, my question to the Premier wasn't that the Premier shouldn't use the government jet. We have no problem with that whatsoever. But the Premier has been conveniently doing what the Premier does best and that is ducking and diving and weaving and putting in a whole range of other things here. You said on 1 December 2001 that it would not hurt you to be doing that. You gave the expectation that it would be you doing that and on the first page of those answers to the question on notice, at least halfway down that page I have counted 15 instances where there are commercial flights. I am not saying you should have been using that on all occasions but you are the one who gave an indication that you would be using it.

I also note your generosity in being happy to use the jet when the taxpayers are paying, but when you are going on private business you use Virgin. A lot of people would do that. I want to put that on the record. You have been seeking to actually create the impression you have used Virgin. That has only been for your own personal use.

Mr BEATTIE: What is the big deal about that?

Mr SPRINGBORG: It is not for when the taxpayers are paying. You raised the expectation. Were you wrong? Did you mislead in December 2001.

Mr BEATTIE: My approach to this is consistent. On 5 November 2003 I approved \$187,000, the highest level of funding ever, for the Opposition Leader's travel during the election campaign. I gave you in the election campaign more money than ever in the history of Queensland for the opposition.

Mr SPRINGBORG: Which you said was an inflation rate.

Mr BEATTIE: It was more than inflation, it was goodwill.

Mr SPRINGBORG: You are a generous bloke; there is no doubt about you.

Mr BEATTIE: You can inflate your goodwill and I will inflate my goodwill.

Mr SPRINGBORG: More smoke and mirrors.

Mr Quinn interjected.

Mr BEATTIE: Your only sad thing, Bob, was you had to travel with him. My sympathies for that. But \$187,000 so that you could travel around the state and campaign! So I am consistent. I believe that you should get out and visit every part of the state which is why I gave you a record amount of money in the election, an unprecedented amount of money. Never before in the history of civilisation has the Opposition Leader got so much money.

Mr SPRINGBORG: Yeah, yeah, yeah.

Mr BEATTIE: I will lay it on as thick as I need to, but the facts of life are you got more funding to travel in a plane of your choice. You could have hired a jet; you could have hired a rocket for all I care. You had the money to go and do it.

Mr SPRINGBORG: It wouldn't have got too far.

Mr BEATTIE: Well, we had the two high fliers and I was happy with all of that, but the fact is you got a record amount of money for it. In terms of the question, my government is delivering on Virgin Blue; we are using it, I have given you the departmental figures of how we are using it and I have highlighted the fact that personally I have travelled with Virgin Blue and Qantas. I have travelled in economy and, yes, I have been educated by people at the airport. When you land at Barcardine or you land at Longreach you still run into people. You go and talk to people at airports; you run into people. I

talk to people wherever I go, but if you think I am going to back off from a position of the Queensland Premier being required to get out and talk to people, well I am not because I think it is important.

Let me tell you next time around, if you and Bob are still there, I will make sure that you get properly funded and this time you can use a jet. You have got to allocate the money. I understand that sort of rubber band show that you had last time wasn't up to your expectations. If you want more money I will make sure that you get it.

Mr SPRINGBORG: No, I was quite happy.

Mr BEATTIE: The journos weren't very happy. It was your choice, it was not my choice; I want to be clear about that. I do not want my generosity misinterpreted by your staff decision about what you flew in.

Mr SPRINGBORG: There weren't too many jet hires.

Mr BEATTIE: I have got a minute left yet. Any more propaganda I can give him in response to this?

Mr SPRINGBORG: That is exactly what we have been getting, too, because we haven't been getting answers.

Mr BEATTIE: You are getting answers, but I will give you some propaganda—your propaganda about how much you have used on this. How many times have you flown on Virgin Blue?

Mr SPRINGBORG: Quite a bit, actually. I was on it the other day. I met you in Cairns. You were on the jet and we were on Virgin.

Mr BEATTIE: That is the way it is going to be for a while, too.

Mr SPRINGBORG: We will not bother going around in circles on that too much longer.

Mr BEATTIE: I was enjoying that. It was the highlight of the day.

Mr SPRINGBORG: There is a range of other issues here. First of all, I would like to go to the Queensland trade office in London. Can the Premier give an indication of the hours that that office is open during the day? I have had some reports that it may only be open routinely between 11 a.m. and 1 p.m. for business. So I would like to know.

Mr BEATTIE: I am happy to provide you with an answer for that. It would be normal operating hours. I visited that office earlier this year and to the best of my knowledge it is normal operating hours. I would be surprised if it was anything different. I wouldn't accept an office only being open two hours; that is not on. That simply would not be the case. I am not aware of that.

Mr SPRINGBORG: It may relate to a refurbishment.

Mr BEATTIE: It could. As of 1 June the London office is temporarily relocated for 12 months to enable the refurbishment of Queensland House to take place. You would be aware, as I have reported on this previously, that we are maintaining Queensland House, we have come to an arrangement to refurbish the building. The only thing I could possibly think of is there may have been some issues relating to the relocation for the refurbishment, but it would be open the normal office hours. I can't for the life of me understand why that would be any different. I will tell you what I will do, I won't be able to do it within the time frame but I am happy to check that and I will come back to you personally, not as part of this process. If I find that that is not the case—it wouldn't be the case, there must have been some issue to do with the refurbishment. I wouldn't accept that; I just wouldn't accept that. I will try to find an explanation sensitively for you and let you know. I do not believe that that is the case. If someone has been inconvenienced, if you would be kind enough to provide me with the information—

Mr SPRINGBORG: It is just a report.

Mr BEATTIE: I am not trying to do anything other than help them. If there is someone who has not been given service, we will make sure they get service. Perhaps you and I can talk about that privately outside this process. All I can think of is it is some relocation issue because of the refurbishment. That is all I can think of.

Mr SPRINGBORG: My question continues to relate to the Premier in his capacity as Minister for Trade and I refer to the devastating citrus canker outbreak in the last week or so. I am very, very concerned that—

Mr BEATTIE: This is a broad way to get around the MPS but I am happy to take this question.

Mr SPRINGBORG: Last year you were bellyaching because there were no questions on agriculture or water. You are going to get some today.

Mr BEATTIE: That is why I am happy to take them.

Mr SPRINGBORG: This is right within your portfolio. This relates to the citrus canker outbreak and the quite unacceptable situation where departmental officers from primary industry plant protection were turned away and were not able to access in the last two years. Why weren't they able to access

that farm for routine inspections and yet the minister was able to get on there for a photo shoot a couple of years ago? I table that.

Mr BEATTIE: As I understand the position, and maybe I can assist—I have talked to Henry about this—AQIS was doing particular work—this is some time ago—on the Evergreen property. There was a request for the state government to do some work on adjoining properties. So the Evergreen property was being handled by AQIS, it wasn't being handled by the state government. That is what Henry has told me. Here is a letter that Henry wrote to Warren Truss on 7 July just gone. He said—

It is my understanding that the confidential nature of this agreement—

This was the one between the federal government, AQIS and Evergreen—

caused considerable friction between the citrus growers and the Queensland Department of Primary Industries and Forestry (DPI&F), to the extent that it disrupted the surveillance activities that were to be carried out in the Emerald area in 2002.

As you are aware, the national Consultative Committee had agreed that a survey and sampling regime be implemented and undertaken by DPI in accordance with an agreed protocol. This protocol was developed but because of the lack of cooperation with the Emerald citrus growers, was not implemented.

This lack of cooperation appears to have stemmed entirely through dissatisfaction from the growers in relation to the confidential agreement.

This is a confidential agreement between Evergreen and AQIS, or the federal government, not state.

It is my understanding that growers sought certain undertakings from both the DPI&F and the Commonwealth in relation to the release of results from their own and other properties, including the infected property. Neither DPI&F nor the national Consultative Committee on behalf of the commonwealth were able to give this undertaking, consequently the growers denied access to inspectors to enter their properties to undertake the survey. It had been agreed from the outset, that in accordance with the agreed protocol "DPI&F staff will not enter any citrus property without the owners agreement".

It goes on—

Specifically in regard to the comments you made in your response on the details in the Deed of Agreement, it should be noted that neither industry nor DPI&F were made aware that the Deed included AQIS access onto the property for the purpose of surveillance. Indeed, it was only brought to Queensland's attention on July 6 2004 that such a surveillance had been ongoing on the property for eighteen months after the commencement of the Deed. I am not aware of any information having been supplied to Queensland and or other State quarantine authorities as to the outcome of the surveillance.

Further, with regard to your statement—

It goes on—

In light of the fundamental issues raised in both our letters I propose that we jointly ask our respective senior officers to—

do certain things. I am happy to table that letter for your information because, frankly, that answers the question. The Commonwealth stuffed it up. We have tried not to get involved in attacking the Commonwealth, because we want to work with them.

Mr SPRINGBORG: Henry was out there belting them the other day.

Mr BEATTIE: Well, only when they need it and it is good for their therapy. We have tried to work with them.

Mr SPRINGBORG: He shot one bloke and got him between the eyes.

Mr BEATTIE: You have been out there trying to turn this into a political issue. You have. You have been out there bagging Henry and the DPI. They have to defend themselves. That is what they have done. The facts of life are we feel for the citrus growers.

Mr SPRINGBORG: Do you think it is acceptable that the Queensland Department of Primary Industries was basically given responsibility for monitoring this and that these farmers could actually turn those officers away because under the Plant Protection Act they have the authority to be able to enter and to monitor. It would not accept it if the RSPCA was undertaking cruelty surveillance.

Mr BEATTIE: What you are missing is that there was a deed of agreement between AQIS and the Evergreen people which I have referred to and answers that question. In other words, this was a matter for the federal government. The outbreak of citrus canker occurred on the Evergreen property, which was being monitored by AQIS. It was not being monitored by the DPI. The DPI was to do the properties nearby. You cannot take a broad brush and say, 'Hang on, we are going to do Henry over and the DPI.' The facts of life are that your mates federally did not do their job—end of story.

The CHAIR: The time for questions from non-government members has expired. Before we move on, I seek leave from the committee for the tabling of the document presented by the Leader of the Opposition.

Leave granted.

Ms MALE: Premier, I note on page 1-4 of the MPS that the budget for the department has increased from 2003-04 to 2004-05. Could you discuss why this has occurred?

Mr BEATTIE: As you know, the Leader of the Opposition has said a whole lot of things about the size of my department, including making a rather meaningless but nevertheless confusing comparison with the expenses of Her Majesty the Queen. I would hate to see the Queen drawn into Queensland

politics. I would be very concerned if Her Majesty was embarrassed in any way by having been drawn into our murky political mire. The relevance of that comparison still escapes me.

In answer to your question, it is worth noting that by nature the Premier's Department is dynamic. The size and role of the department adapts to address issues of policy importance to me in my role as Premier and Minister for Trade. This is no more evident than the recent changes to my department. We have seen the Community Engagement Division transferred to the newly created Department of Communities. They went. The Office of Women has been transferred to the Department of Local Government and Planning, Sport and Recreation. So they went. We had the transfer into my department of the Trade Division and its nine international Queensland government offices. So a couple went out and a big one came in.

The last budget for the Department of the Premier and Cabinet proposed by Premier Borbidge in 1998 sought an allocation of \$116.1 million for 672 staff in the 1998-99 financial year. This, on face value, is comparable to a 2004-05 proposed budget of \$108.1 million for the 493 staff of the Department of the Premier and Cabinet. That means Rob Borbidge was bigger than two Queens if you work it out. However, to be fair, this comparison is superficial. The proposed Borbidge budget in 1998 was prepared under the then existing cash accounting principles and included ministerial offices and capital gains grants to the South Bank Corporation. Conversely, my department's proposed 2004-05 budget includes the Trade Division and the nine international Queensland government trade and investment offices which were only recently amalgamated into the department. They were not part of the Borbidge department, but they were cost met by other parts of his government.

To further draw comparison, on 20 January 2004 Lawrence stated that, if elected Premier, he would take responsibility for justice and child safety. This would see the Premier's Department, under a Springborg government, increase by \$747.6 million and have a staff of 4,146.3. That would be budget increase of 692 per cent. The Leader of the Opposition has tried to sensationalise fluctuations in the size and responsibility of the Premier's Department. I think he has stooped to even drawing irrelevant comparisons to the British monarchy. I think it is a nonsense. By his own measure, the Leader of the Opposition would increase the size of the Premier's Department if he were ever elected Premier by 692 per cent.

I think you can play with words with these things. The reality is that my department is appropriately located, appropriately sized and it is delivering. It will change size. Let us not have any more nonsense about the size of the department. It is smaller than what Borbidge had and it is smaller than what a Springborg government would have.

Ms MALE: I refer to page 1-17 of the MPS and the International Trade Development output of the department and the 243 businesses that have achieved new exporter status as part of the Trade Strategy. Can you advise the committee on the aim of the strategy and its importance to Queensland?

Mr BEATTIE: I have made it clear that I will be very aggressive about trade. This year I will be undertaking four trade and investment missions. Tomorrow I will be leaving for China and Thailand. Thailand has just signed a free trade agreement with Australia. I will be the first state Premier to visit Thailand subsequent to that signing. I will be involved in a very comprehensive program in China and Thailand over the next nine to 10 days. That will be the third trip I have undertaken this year. There will be one more. Twenty-five per cent of jobs in the regions come from trade. Twenty per cent of jobs across the whole state come from trade. I am determined to do everything I can to get these jobs.

Since October 2001, \$66.13 million has been invested by my government in the implementation of initiatives and this Trade Strategy. In this time my government has assisted client firms generate over \$1.450 billion in export sales. The implementation of the five-year Trade Strategy outcomes continues to produce outcomes for Queensland. My government has also supported an increase in the value of knowledge intensive exports by 17.7 per cent as at 30 June 2003. This is also ahead of the progressive target of 12 per cent as set under the strategy.

Significant outcomes from the Trade Strategy are these. People say, 'What are you doing in trade and what are the results?' Here are only some of them. Some 14 regional Queensland suppliers participated in a mining services trade mission to China in October 2003 led by my government. As a result, a Queensland supplier has secured \$US5 million rising to \$US7 million in years two and three of the project with the expectation of similar ongoing sales.

The implementation of the whole-of-government international aid and development business strategy has resulted in the government assisting to secure just over \$38 million in contracts for the provision of goods and services to international development activities through its partnership program. My government played a major role in facilitating the sale of sugar cane as dairy cattle feed to the Republic of Korea. The project is expected to deliver a \$6 million outcome in the first year, \$10 million in the second year and the potential to increase to \$20 million per year as an ongoing export sale.

As part of the efforts to expand Middle East markets for Queensland exporters, my government led the first ever Queensland trade mission to Libya which resulted in \$8 million in grain sales. As a further demonstration of my government's commitment in the Middle East a trade mission to the United

Arab Emirates and Qatar in February has resulted in a Queensland construction company entering a joint venture with a United Arab Emirates firm. The joint venture is expected to generate turnover in the vicinity of \$US50 million over the next three years. My government has delivered, or is in the process of delivering, all initiatives and actions outlined in the implementation plan according to the schedule.

As I have said before, an assessment of people who attended BIO said that they believed that there would be \$33 million worth of activity. I have only given you some of the small results to show what it demonstrates for the small suppliers. I seek leave to table the last part of that document to give members some idea of what is happening with exports.

Leave granted.

Mr BEATTIE: We are taking exports to the world. Queensland is going to the world. We are going to be absolutely aggressive and determined to get every export opportunity we can, and I will use the Office of the Premier to achieve it.

Mrs NITA CUNNINGHAM: On page 2-1 of the MPS I note that the Commission for Children and Young People will commence new monitoring processes as recommended by the Crime and Misconduct Commission's report entitled *Protecting Children: An Inquiry into Abuse of Children in Foster Care*. Could you please outline to the committee the impact of these recommendations and how they will be met?

Mr BEATTIE: Yes, I will. Firstly, I should congratulate Barry Salmon on becoming the Acting Children's Commissioner. As you know, his predecessor has been appointed the first DG of the new Child Safety Department. I am delighted with her appointment. Robin Sullivan is a person of incredible integrity, hard work and commitment. Together with the deputy director-general, we have put a team together that I think will produce results. It is a very difficult area.

Reforming the child protection system is a key priority of the government. We are committed to fully implementing all of the Crime and Misconduct Commission's recommendations for reform of the child protection system to ensure that the needs of at-risk children are effectively met and that children are protected from all forms of abuse and neglect.

Chief among the CMC's recommendations was the creation of a new Department of Child Safety and expanded powers for the Commission for Children and Young People, including the creation of a position of Child Guardian. My government adopted the CMC recommendations in March 2004. The Commission for Children and Young People is currently implementing relevant recommendations in line with the blueprint for implementing the CMC recommendations. As part of the implementation of the recommendations, the Commissioner for Children and Young People will acquire the additional title of Child Guardian in recognition of the new and important function of monitoring the child protection system.

To support the commissioner in implementing this function, a new position of assistant commissioner will be established. It is intended that the Child Guardian will have three key functions including: the enhancement of its general complaints and investigations; the provision of a systematic monitoring function, which will incorporate child death research and review activities; and the expansion of the community visitor program.

The Child Guardian will investigate, monitor, audit and review the performance of services provided to children and young people by the Department of Child Safety and licensed non-government agencies and make recommendations for improvement and monitor their implementation. In particular, the Child Guardian will be responsible for systematic monitoring of the new Department of Child Safety, which will include: monitoring compliance with the indigenous child placement principle; conducting child death case reviews through a Child Death Case Review Committee with a view to identifying areas of improvement in case management and internal review processes of the Department of Child Safety; visiting all Queensland children and young people in alternative care regularly or more frequently at the request of a child; auditing case loads of front line workers; monitoring the level of training, development and other operational support; and—where agreement with the Department of Child Safety cannot be reached on what course of action represents the best interests of a child or young person—seeking review of the Department of Child Safety's decisions from the Children's Services Tribunal. The list goes on.

I can advise that the Commission for Children and Young People intends implementing the recommendations of the CMC report in line with the blueprint requirements by: expanding the complaints investigation services; implementing a new systematic monitoring, investigation and audit function; implementing a new child death case review function; expanding the community visitor program; implementing a new child death register function; and implementing a new child death research function. I think it is very comprehensive.

I should say to the member for Bundaberg that this area is going to be a matter of ongoing anguish for government because we are dealing with human frailty. What we will do is do our best. What we need is the community to work with us, to report abuse, and for parents and for the community

generally to support all children and to say to the whole community that abuse is not acceptable under any circumstances at any time.

Mrs NITA CUNNINGHAM: On page 1-18 of the MPS in the International Trade Development output of your department you state that BIO2003 was a successful event for Queensland and, from your comments at BIO2004, that event was equally successful. In particular, you were interested in ethanol and how this could benefit Queensland. Could you outline to us the key points of this initiative?

Mr BEATTIE: I am happy to do that. Can I mention again that our presence at BIO in San Francisco is expected to generate more than \$33 million in business for the Smart State. That is according to the delegates who went there. A survey of delegates to date has revealed that biotech companies and research institutions have generated approximately 153 quality leads, mostly in the United States. Delegates also identified 80 potential partners in the areas of co-development, technology licensing, equity investment and commercialisation. Commercial outcomes in biotechnology can take years, so the results will be even better as time goes on. I took a large business delegation with me on that visit. I will be taking a very large delegation to China and Thailand tomorrow.

On the issue you raised about the visit to South America, my government has developed the ethanol industry blueprint with one thought in mind and that is that ethanol could create jobs for future generations and for people now working in traditional industries in Queensland such as sugar and grain regions, particularly sugar. The blueprint builds on the momentum created by my recent trade and investment mission to Brazil, along with the new sugar industry legislation and our \$33 million sugar industry package.

As the Brazilians have amply demonstrated, this is an achievable vision if all levels of the government and industry are committed to making it happen. The blueprint contains 34 short-, medium- and long-term actions for the expansion of the ethanol industry in Queensland. The short-term actions focus on strong government leadership and aim to dispel the myths, improve public awareness and increase consumer confidence in ethanol based fuels. Leadership is also required to bring stakeholders from all levels of industry, the community and government together to support ethanol and pressure the federal government to enact supporting legislation to help drive the development of the ethanol industry.

The medium-term actions of the blueprint aim to develop industry capacity through innovation and international collaborations and partnerships. These actions will include the identification and facilitation of opportunities to access and transfer proven world's best practice technologies from other ethanol producing nations such as Brazil and the United States. In the longer term, the blueprint outlines actions aimed at fostering the development of a strong, sustainable ethanol industry underpinned by a solid domestic market with international and competitive export capabilities. These actions will be underpinned by a much greater level of collaboration between government; the ethanol industry; fuel distributing companies; vehicle manufacturers; and research, finance and agricultural sectors.

I want to thank those people from the sugar industry who accompanied me to Brazil. There were about 11 or 12 of them, if I remember correctly. I thank them for that. The director-general and I spent a lot of time encouraging them. Can I say that I am disappointed by the national debate in this country about ethanol. I would hope that we would get some of our federal political leaders to actually support a mandating of 10 per cent. I know that the Leader of the Opposition thinks that it can be done at a state level. It cannot, otherwise fuel prices will go through the roof and we will pay more for it. This has to be done at a national level, and we need leadership. There is five per cent renewables being promised by one side of politics. That gives us some flexibility, but not enough. I intend to continue to pursue this issue with both the Prime Minister and the Leader of the Opposition federally. I believe a federal mandate is important, and both sides of politics should be pressured.

I just say to the Leader of the Opposition today that I am prepared to join with him if he is interested in writing an agreed letter to both the Prime Minister and the federal Leader of the Opposition to try to get them to mandate 10 per cent when it comes to ethanol. If ever we needed to work together—I say this to the Leader of the Opposition—it is on ethanol. I am prepared to write to the Prime Minister. I am prepared to sign a letter with you, and I am prepared to sign the same letter to the Leader of the Opposition asking for a mandating of 10 per cent. I am sick of the politics of this. I believe it is absolutely essential. I know we are going to have the silly season until the federal election is out of the road, but this is about lives and jobs and opportunities for Queenslanders. So I say to the Leader of the Opposition: I will await your call or advice. It is a genuine offer. I think it would be a very positive bipartisanship for us to both write to the Prime Minister and both write to the Leader of the Opposition supporting a 10 per cent mandate for ethanol nationally in Australia.

Mr WALLACE: Premier, I note on page 1-6 of your MPS that the Policy Advice, Coordination and Cabinet Support output of your department assisted in the development of the state budget for 2004-05. Could you please outline the rate of tax per capita for Queensland and how this compares to other states?

Mr BEATTIE: I am happy to do this, because I notice that the Leader of the Opposition claimed that the average Queensland family will pay another \$536 in state taxes this year as a result of my government's budget. He was clearly talking about Victorians or New South Welshmen but not

Queenslanders. Treasury has calculated that the tax burden per capita will in fact decline by \$71 per person in 2004-05. This means that a family of four will pay \$284 less in taxes in the coming year than they did last year. So they are better off. This represents a fall of 4.2 per cent in the tax burden on Queenslanders, not a 10 per cent increase as claimed by the Leader of the Opposition.

Queensland remains the low-tax state. It is expected that Queenslanders will pay \$442 or 27 per cent less in taxes than the average Australian. While Queenslanders are expected to pay \$1,614 in taxation this year, what is the tax burden per capita in other states? Just think about this: Queensland is \$1,614; New South Wales is \$2,290; Victoria is \$2,053; and Western Australia is \$1,873. Why wouldn't you come to Queensland? We are not only nice people and it is a lovely place to live; it is cheaper.

Mr WALLACE: It is warm.

Mr BEATTIE: And it is warm, says the member for Thuringowa. While Tasmania and the Northern Territory have lower tax per capita figures, this reflects the capacity of those jurisdictions to raise revenue rather than the existence of more generous taxation regimes. In fact, when measured in terms of tax effort, Queensland has the most competitive tax system in Australia. Tax effort is measured by the Commonwealth Grants Commission and provides an impartial assessment of relative state tax competitiveness by isolating policy impacts from revenue raising capacity to determine how much effort a state makes to raise revenue. Using this measure over time, Queensland has consistently been well below the Australian average. Specifically, the measured tax effort from 1997 to 1998 was 81.3 per cent of the national average. In 1998-99 it was 80.9 per cent of the national average. In 1999-2000 it was 79.4 per cent of the national average. In 2000-01 it was 83.3 per cent of the national average. In 2001-02 it was 86 per cent of the national average. In 2002-03 it was 85.8 per cent of the national average. This increase from 2000-01 and 2001-02 was due to changes arising from national tax reform, most notably the abolition of the financial institutions duty in other states—a tax which Queensland never received. So, in other words, are we better off? The answer is yes.

Can I just add that I have been given a note. We have checked. This is for the Leader of the Opposition. The London office is open from 9 a.m. to 5 p.m. Staff are often on duty both before 9 a.m. and after 5 p.m. Lunchtimes are covered. This is advice from the London office at 11.40 a.m. today.

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

Mr QUINN: Premier, I take you to your Ministerial Portfolio Statement at pages 1-18, 1-19 and 1-20 about trade. It is all about trade. There are three or four pages about what the trade unit is doing in terms of initiatives. But on page 1-20 in the 'Output Statement' all of the outputs are in fact outputs from the department. There is no independent measure of how successful those outputs have been in terms of generating additional trade from Queensland. Why hasn't the government put in this document some independent figures from the ABS or some other source that indicates the level of improvement in terms of trade in Queensland comparative to, say, other states or Australia in general?

Mr BEATTIE: I am happy to provide you with that information if you want. This is the way the output statement has always been put together, to the best of my knowledge. The reality is that we are producing significant results in terms of trade outputs. If you want any more information, I am happy to write to you about that. If you look at what we are doing, Queensland continues to outperform most other states, particularly New South Wales and Victoria, in trade and exports with the rest of the world. Queensland trade flows—that is, goods and services, and exports and imports—have increased by 37 per cent from \$35 billion in 1998-99 to \$48 billion in 2002-03. That is well ahead of New South Wales at 26 per cent, Victoria at 25 per cent and Australia at 32 per cent.

These are Department of Foreign Affairs and Trade ABS statistics. I do not know why we would be too excited about arguing with Treasury. I do on a regular basis, but for the reason of getting outcomes. If you look at where we are, Queensland continues to remain in trade surplus for both goods and services trade while New South Wales, Victoria and Australia have trade deficits with the rest of the world. Queensland's growth in exports of goods and services has grown by \$6.4 billion or 31 per cent at an average of 6.2 per cent per annum over the period 1998-99 to 2002-03, while New South Wales goods and services exports have grown by \$5.4 billion or 18 per cent at an average of 3.6 per cent. Victoria's goods and services exports have grown by \$3.6 billion or 16 per cent at an average of 3.3 per cent per annum over the same period. I seek leave to table those full details, because I will not read them out. Bob can read them later.

Leave granted.

Mr BEATTIE: If you look at Australia's trade by state and territory—this is the market information and analysis section by the Department of Foreign Affairs and Trade dated May 2004 which covers all the statistics that you want, Bob—I am happy to table that for your information and seek leave to do so.

Leave granted.

Mr BEATTIE: You can have a look at it. This is actually from the Department of Foreign Affairs and Trade dated May 2004. That is all the information you want. I table that, so that answers your question.

Mr QUINN: You mentioned before that there are targets under your strategy. What are your targets?

Mr BEATTIE: There are two things. I have said in the export strategy we want a dramatic increase in key areas. We have a number of strategies in different areas. We have an overall strategy and we also have strategies in areas like exports. I said in my opening remarks what had happened in exports—that is, we had exceeded a lot of our export education and we had exceeded a lot of our anticipated targets. If you look at what we have done with exports, I think we have a very good story to tell. All of the targets that I have referred to—and you referred to—are set out in the export strategy, which I am happy to send you a copy of. But I make this point: significant outcomes of the Trade Strategy included things such as 14 regional Queensland companies being suppliers. I read some of these out before. I will not go through them again, but I am happy to table them. As at 30 June 2004, my government and its allies had exceeded the new exporter target under the strategy by assisting 295 new Queensland exporters into international markets. In other words, we have exceeded the third year cumulative target of 240 which we set by 55 companies. The five-year Trade Strategy was launched in October 2001. The government has delivered on it or is in the process of delivering all of the initiatives. As at 30 June, as I said, the government had exceeded the outcomes. We had set 240. We have exceeded that by 55 companies. New exporters have contributed significantly to diversification. The 295 new exporters that the government has assisted include 83 firms in Queensland's traditional sectors of food, agribusiness and education; 90 firms in the manufacturing sector; and 31 firms in the emerging sector of biotechnology, information and communication. The government has also supported an increase in the value of knowledge-intensive exports by 17.74 per cent as at 30 June. This is also ahead of the progressive target of 12 per cent as set out under the strategy.

So in a nutshell, all of the targets that we have set in the five-year target strategy we are ahead of, and I seek leave to table that for the information of the honourable member.

Leave granted.

Mr QUINN: I take you to the Smart State agenda.

Mr BEATTIE: You supported me on this.

Mr QUINN: I have no problem with that, and I was going to preface my remarks by saying that you would be aware that we do support it. The question I ask is: is there a single Smart State strategy document that outlines exactly what is in the strategy, or is it simply a collection of visions or words that you espouse from time to time?

The CHAIR: Just before the Premier answers, I inform the committee that the media is coming in to get footage with the Speaker's approval of the new officers at the table. They are not taking any sound.

Mr BEATTIE: That is a shame, really. I thought you and I were doing all right. The answer is that every year I produce a document which is like a report card on the Smart State. I am pleased you asked me the question, because I released it on Friday. I have signed a letter to you and every other member, and you will get your copy by the end of the week. In that document you will see that it is a report card on the areas where we are delivering on Smart State and the areas that Smart State is targeting. If you want the document, we will get a copy. I will table it for the information of the committee. It is a document that is a report card, Bob, and that report card by reference deals with all of the areas that we are targeting. Smart State is more than just what is in that document, however. Smart State is about a state of mind. It is about actually getting people to be innovative. It is about whether you are a miner doing it smarter, whether you are in primary industries doing it smarter, whether you are in tourism doing it smarter. What we have sought to do is to enhance traditional industries and build new industries. But it is also about a better education system. It is about training. It is about skilling. It is about that extra year of preschool. It is about a whole philosophy.

As I said, it is really more a state of mind. It covers the literary awards. I spent a lot of time thinking about this when we were in opposition. As you know, you get a bit of time to think about these things in opposition, unfortunately. But one day you get the rewards, so there is light at the end of the tunnel. It is just that it is a long way away. In terms of what we did, the literary awards were designed to encourage a literary culture. There is a play that is performed at QPAC every two years. We encourage Queensland playwrights. It came about because I was frustrated and annoyed that we were not encouraging our writers enough, our playwrights enough, or our primary industry people to get into markets that they should be getting into. With regard to the tourism industry, that is why we got Virgin Blue here. One of the things that used to annoy me, Bob—and you are in a tourism area; people used to say this to you—was that our domestic air fares were too expensive. It was one of the biggest impediments to our second biggest industry. That is why we went after Virgin Blue. That is why 60 per cent-plus of Jetstar passengers come here. They come to Queensland because they will now service each one of those regional markets. So the one document you want is there, but I want to have a rider on the one document.

This is about a state of mind. This is about getting people to be innovative, imaginative and creative. I want to make the point that this is not a political slogan. It is a strategy and a state of mind that no-one owns. I do not own it. I want business people to be out there using the latest innovations. If they do well, the state does well. I don't care what people's politics are. The Smart State is all about innovation. However, I will table the document before we finish.

Mr QUINN: Following on with the Smart State agenda, with regard to the promised Smithsonian Institution or landmark building as part of the Roma Street Parkland redevelopment, can you advise when construction of this building is likely to commence?

Mr BEATTIE: We have talked about that. As you know, we have the only relationship with the Smithsonian Institution outside the United States. It was always going to be a long-term project. If I recall correctly, I made it clear at the time that it would be a long-term project. It will not be called the Smithsonian building. We had one of their officers involved at an early stage in terms of what would be in it. The reason for that is because it is too sensitive in the political climate of the United States. Obviously the Smithsonian buildings are in Washington—they are not meant to be anywhere else—so it will not be called that.

On 23 March 2000, I signed a memorandum of understanding with the secretary of the Smithsonian Institution in Washington. I will not go through all of that. Can I table this for Mr Quinn's information? That will cover all that.

Leave granted.

Mr BEATTIE: I might table some things about the Smart State strategy, too, if I can?

Leave granted.

Mr BEATTIE: Bob will have a lot of reading to do. With regard to the building at Roma Street, there are some sensitivities because of the location of SWARA and we are trying to resolve those sensitivities. As Premier, I have made a commitment to look after SWARA, and until that issue is resolved to everybody's satisfaction, including SWARA's, there will be nothing built there. I am happy to talk to you about this privately, but I have given a commitment to look after SWARA, and that is why the building has not been built.

Mr QUINN: So it is a reluctance on your part rather than on the part of the Smithsonian Institution?

Mr BEATTIE: The Smithsonian Institution had a representative on the board. You are testing my memory now. There was an initial proposal put forward that I didn't particularly like because I didn't think it delivered the Smart State that we wanted. This was always going to be long term. We couldn't build it at that point because I had indicated to SWARA that I would look after them. We had to find somewhere to build it either near where SWARA was or near where SWARA is currently. We will not do that without SWARA's blessing. So, either we find a place at Roma Street which is suitable or, if SWARA is prepared to move somewhere else, we possibly consider them moving or find somewhere else to build. There is some sensitivity about this. I am not trying to avoid your question.

Mr QUINN: I understand.

Mr BEATTIE: SWARA is a very good organisation and I have given my commitment to protect them. I am not prepared to build a building while SWARA is at risk. That is basically the guts of it.

Mr QUINN: The agreement was signed four years ago.

Mr BEATTIE: The agreement provides for a lot of things but the agreement did not actually provide for a building. The building was an addition that I said we would work on. All the aspects of the Smithsonian agreement have been achieved and they are being dealt with. Can I just have that document I tabled? Do you want me to go through this or will you read it later?

Mr QUINN: I will read it later.

Mr BEATTIE: All the aspects of the Smithsonian agreement have been honoured, such as the fellowships, which I report on to parliament regularly. The agreement is being honoured and it is a workable document. The building that I talked about was just an added-on rider.

Mr QUINN: If it isn't built within a certain time frame, are we going to pursue it?

Mr BEATTIE: Not until SWARA is sorted out.

Mr QUINN: You really don't have a time frame for that?

Mr BEATTIE: I said at the time that it would be a long-term project and that it would not be in Phase 1 of the development of Roma Street. That is now completed—well, the units are going up but it has still not been completed. It was always going to be a long-term project because we had to look after SWARA.

Mr QUINN: But you are not going to be sitting here in four years time talking about long-term projects again, are you?

Mr BEATTIE: Well, I will be happy to be sitting here in four years time, and thank you for that vote of confidence, Bob.

Mr QUINN: I don't want to be asking this question in four years time.

Mr BEATTIE: I am looking forward to your asking me this question in four years time and I give you an undertaking that I will give a better answer then. I have the sensitivities of SWARA to consider, Bob; that is what this is about. I don't want to say any more.

Mr QUINN: I understand, but a statement has been made about a building and there is an expectation of a building.

Mr BEATTIE: Sure, and I want to do it.

Mr QUINN: From the public perception point of view, it has to be delivered upon.

Mr BEATTIE: Sure.

Mr QUINN: I understand that you have some sensitivities. However, at the end of the day, there is an expectation and if it will not be built then a statement ought to be made—because of these sensitivities, we will not build the building—rather than keeping it on the agenda and talking about it when, in fact, you may know very well that it may never occur.

Mr BEATTIE: Let me give you a very direct answer about it. I have said that there are issues with SWARA and I want it to be very clear on the record that I will look after and protect SWARA, as will my government. They are my first priority.

Secondly, we are building a new art gallery and a new library at South Bank. As part of that proposal, there are also extensions to the museum, but it is largely the art gallery and the library. To be perfectly frank, I think we are spending enough money in Brisbane at the moment. I want to put more money into places such as the Gold Coast Convention Centre. I want to see an equal share of money spent on the Gold Coast, on the Sunshine Coast, in the regions and in the bush. This is not a clever answer to get out of answering your question. I am not pushing this aggressively because I want to fix up SWARA and because we are building enough in Brisbane at the moment. I say that as the member for Brisbane Central.

Mr QUINN: My mirth was over the fact that you raised the Gold Coast Convention Centre.

Mr BEATTIE: I thought you liked it. You were there. I thought you and I both supported that one.

Mr QUINN: Great building, but my question is when is the government going to provide the money for the additional facility at the Gold Coast Convention Centre?

Mr BEATTIE: You think I anticipated that question, don't you? We provided an extra \$9 million to lay the foundations, and I went down there and spoke to Peter and to all the others about it. Obviously it is one of those issues that we will consider in the future. We would not have put \$9 million into the foundations if we did not have a long-term plan—and we do. At this point, there is no allocation in the forward estimates for it. However, you know how much I love the Gold Coast, so all I can say, Bob, is stay tuned. We would not have put \$9 million into the infrastructure if we were not serious about it in the long term.

Mr QUINN: Thank you.

Mr BEATTIE: But there is a little project called a shipping terminal in Townsville. that I am keen to see happen.

Mr WALLACE: So am I.

Mr BEATTIE: We have to get all of this right. They are the same people, you realise—or they could be, depending on what happens.

Mr QUINN: Premier, a question about the Public Service now. With respect to the total number of Public Service employees who are awaiting redeployment or reassignment, can you tell the committee how many have been waiting for less than six months, how many have been waiting for more than six months but less than 12, and how many have been waiting for more than 12 months?

Mr BEATTIE: I am pleased to report that the improvements made to the deployment and redeployment directive have resulted in significant benefits for the sector and employers alike. There is a reduced number of surplus employees registered with the Office of the Public Service Commissioner. The average amount of time that an employee spends registered as a deployee has been reduced and the revisions have enabled improved case management of surplus employees registered for more than 12 months.

There were 69 registered deployees with the Office of the Public Service Commissioner as at 30 June 2004. This total does not include six staff of the Department of Emergency Services who were affected by the introduction of the community ambulance cover scheme. By the way, those people from the community ambulance scheme will be looked after. I have promised that, and they will be fine. Of the government's 185,000-plus public sector employees—and this is a pretty remarkable

achievement—69 are registered deployees, 35 are classified as medical deployees as per the medical deployment and redeployment directive, 33 are classified as deployees, and one is classified as a redeployee as per the deployment and redeployment directive.

Currently, there is no specific time limit to the deployment period for the medical deployees. That is medical, Bob. One redeployee has accepted a placement in a job at a lower salary level. Under the directive, the redeployee retains the right to be considered for positions on the basis of suitability and ahead of other candidates for a period of 12 months following their placement in the lower job level. The remaining 33 deployees are subject to the provisions outlined in the directive that the initial deployment period will be six months for non-SES and non-senior officers and three months for SES and senior officers. The chief executive may extend the deployment period for non-SES and non-senior officers for periods of up to an additional six months at their discretion. Extensions to be applied to the deployment registration period beyond 12 months for non-SES and non-senior officers, and three months for SES and senior officers requires the approval of the Public Service Commissioner. No deployee has been involuntarily retrenched since the new deployment directive has been in place.

The CHAIR: The time for non-government members' questions is about to run out.

Mr BEATTIE: Madam Chair, could I have a break for two minutes to clear my throat? It is government time?

The CHAIR: Yes, it is government time.

Sitting suspended from 12.05 p.m. to 12.08 p.m.

Mr BEATTIE: Madam Chair, can I assist by tabling for every member of the committee a document entitled *Investing in innovation, science, research, education and skills, Smart State strategy progress 2004*. I released this document on Friday. All members will get a copy—I have signed all the letters—but could I please provide a copy for every member of the committee and the research officer?

Leave granted.

Mr BEATTIE: If you are looking for a good read and a great night, it's compulsory reading. I love it.

The CHAIR: We will resume with questions from government members. I call the member for Thuringowa.

Mr BEATTIE: I tell you what I will do, Madam Chair—I have a deep affection for Bob Quinn because he is a decent human being. The only thing wrong with him is that he is a Liberal—but he is a good bloke.

Mr QUINN: Always a good judge of character.

Mr BEATTIE: I will table the reports that we have done in previous years—we did a report card last year—because we have them here. In August 2003 we released either the first or the second one of these. Anyway, we will give the committee the previous publications. I want you to be informed, Bob. You have to have the lot.

The CHAIR: We will look forward to that. I call the member for Thuringowa.

Mr WALLACE: Just keeping on the Smart State theme, I note from page 1-6 of the MPS that the Policy Advice, Coordination and Cabinet Support output of your department coordinates a broad range of whole-of-government activities. Could you detail how your department supports the Smart State strategy?

Mr BEATTIE: I am happy to do that, because it does it very well. The Growing the Smart State program was developed as one means of building a closer relationship between government and the research sector so that ultimately we can improve the substance and integrity of information available to policy makers. The program provides grants to PhD students at Queensland universities whose research relates to Queensland government priorities of up to \$5,000 per annum for three years. The funds are generally used to enable the students to extend their research, for example to increase sample sizes or conduct particular field trips. In addition, the program links students with a government mentor skilled in their research area, which assists them in gaining better access to government data, expertise and networks.

During 2003-04, 22 PhD students at Queensland universities were recipients of grants. Since 2002 funds have been provided to a total of 35 PhD students across five universities in Queensland. Thirteen agencies are mentoring students, and research from the first group of 14 students is already beginning to inform agencies' policy thinking. Research outcomes from 2002 students completing their PhDs in the second half of 2004 will be published this year on the department's web site.

Research funding is offered on a range of social, environmental and economic topics, contributing to key government priorities. Examples include research of the transmission of mosquito borne diseases, improving health care, sustainable marine fisheries, growing a diverse economy and creating jobs, renewable and sustainable energy projects, protecting the environment for a sustainable future,

programs for preschool children in disadvantaged areas, realising the Smart State through education skills and innovation, and protecting our children.

The program also has a development aspect. It provides a forum for engaging with the universities on the broader issues of how government can gain access to research that can improve our policies and services. Additionally, universities are becoming attuned to the significant policy issues for government in gaining better access to real data. I seek leave to table some material, including the recent seven successful applicants for round 3 of the program, which are funding particular biotechnology industries.

Leave granted.

Mr BEATTIE: The biotechnology industry now employs somewhere between 1,800 and 2,000 people. Six years ago it had virtually nobody, or very few. It is another one of those new industries that the government has created through Smart State strategies—PhD scholarships, interchanges. The other day Anna Bligh and I launched a strategy to attract graduates who had gone overseas, who were doing research and who had been successful, to come back to Queensland and spend some time mentoring. This mentoring role is very important. It is like the biology olympiad that I launched yesterday—encouraging science, encouraging research, encouraging students. It is so important for the future.

I am also working on another program with one of our universities about fellowships. When I was in San Francisco I met with the president of Stanford University. That was designed to try to encourage Stanford University researchers to come here and our researchers to go there. This cross-fertilisation and multidiscipline approach to research is fundamentally important to getting outcomes. One of the things Stanford University is doing which we need to do more of is encouraging this multidiscipline approach. Last night I had a private dinner with some people involved in the medical fraternity at the national and state level—academic people and public servants. They are now talking about this multidiscipline approach. I was interested in what was happening in this health sector. It was just a private opportunity to be briefed. I think we are going down the right road. Smart State got it right in key areas such as aviation, biotechnology, export education and IT—those sorts of things—in addition to all the other things I have mentioned. But we need to get this multidiscipline approach.

What they are doing at Stanford University is fascinating stuff. They have got a cafe and eating area where all of the disciplines come together. So instead of having, for example, nanotechnology over here, biology over here and molecular engineering over here, you actually have one area. They tend to research and have cross-fertilisation and then go and sit down in their restaurant and talk about their research projects. As you know, single disciplines do not achieve as much an outcome as the multidiscipline approach. This Stanford University approach is something quite exciting. That is why this cross-fertilisation is the next stage.

I know that the Leader of the Opposition and the Leader of the Liberal Party share my view on this. I was really delighted that they went to BIO in Toronto. They understand what is happening here. One thing I am really keen to see—I thank Bob Quinn for his support—is bipartisan support for Smart State. I just say again: this is not a political slogan; this is our future.

Ms MALE: On page 4-1 of the MPS the Queensland Events Corporation refers to the various sporting events that have been hosted in Queensland. Could you outline some of these sporting events and detail the benefits that accrue to Queensland in hosting these events?

Mr BEATTIE: The Rugby test, Australia versus South Africa: great game, good result. The Rugby World Cup: great game, bad result. The Rugby test, Australia versus England: great game, great result. There is the Australian PGA championship, the Magic Millions racing carnival and yearling sales, the ANZ Ladies Masters, the Gold Coast Airport Marathon, the Mooloolaba Triathlon Festival, the Cairns Esplanade Sportsfest, the 2003 BHP Billiton Townsville Running Festival, the Isisford fishing festival, the Birdsville Races, the Bowen fishing classic, the Surfers Paradise Cycle Grand Prix, the 2004 Suncorp North Queensland Games, MG Car Club's national meeting, the Carpbusters Easter Carp Eradication Competition, and Sportsfest. As you can see, there are some fantastic, interesting things going on.

I just think the Queensland Events Corporation does an excellent job. I think Des Power and his team do a fantastic job. They work closely with my department. One of the things we funded was the Regional Development Program. I hope Lawrence has had a look at the Regional Development Program. Every time I look at it I see that most of the recipients are in National Party or Liberal Party held seats, which shows just how bipartisan we are.

Mr SPRINGBORG: What a terrific individual!

Mr BEATTIE: I know. Thankyou, Lawrence. Warwick polocrosse was funded out of this. Your electorate has done very well, which confirms my commitment that my government would govern for all Queenslanders, regardless of how they vote or where they live.

This Regional Development Program has been exciting stuff. The other day Des Power and I were up on the Sunshine Coast for the Noosa Longweekend, where again Queensland Events has

played a significant role. What a great event it is. David Williamson and his wonderful wife have done great things up there. It was a fantastic time. I went up for the opening of it.

Queensland Events is encouraging events across the state. We have to stop thinking about tourism as just being the beach. I often say this. Tourism cannot be just a beach; you have to have event tourism. It is like the Rotary convention we had here. Seventeen thousand people came here. You can imagine how much money that injected into the economy. It is like when the Lions Rugby team comes here from England. It is the same thing. We have to do more and more of these things, but we have to target them particularly to the regions, which is what we are doing. I want to thank Queensland Events. I think it is doing a great job.

Ms MALE: I note from page 1-12 of the MPS that the Government and Executive Services output of the Department of the Premier and Cabinet has developed and implemented multicultural policies. Can you outline the types of multiculturalism policies and how they have been implemented?

Mr BEATTIE: I am happy to do that. I announced an additional \$3 million over three years for multicultural grants, increasing my department's grants budget for multicultural areas to \$3.35 million annually. The grants program includes funding for the highly successful Local Area Multicultural Partnership program, also known as LAMP. \$1 million is spent each year on LAMP, a partnership strategy between state and local governments to get communities actively involved in multicultural Queensland. Under the program, workers are employed in 16 local governments and the Local Government Association of Queensland to promote positive community relations. Community based workers are also funded to assist key community organisations to work with government on multicultural issues. Currently \$455,000 is allocated to this program and seven community workers are funded. In the coming year an extra \$600,000 will be allocated to expand this program, bringing the total to \$1,055,000 to place community workers in key regional areas.

Festivals, community relations projects and community development projects are also funded under the Multicultural Assistance Program. Funding in this area will be increased to \$705,000 each year. My department also provides support to community language schools, \$150,000; provides core funding for the Ethnic Communities Council of Queensland, \$100,000—they do a great job; contributes to the Multicultural Communities Arts Program, \$30,000; and supports the National Accreditation Authority for Translators and Interpreters and the Commonwealth-state research programs. There is a whole list of other things which I seek leave to table for the information of the committee.

Leave granted.

Mr BEATTIE: Could I just mention a couple of other things? Ever since Pauline Hanson arrived on the scene and our reputation in terms of trade areas was put at risk overseas, the government has spent a lot of time repairing that and building on it. All of that is behind us, fortunately. We have a new era in which no-one talks about that, which is fantastic. There is one thing we need to do. This was a lesson out of all of that revisionism. It is absolutely essential that we go out and promote in a positive way multiculturalism and what it means. As the minister responsible for multicultural affairs I am absolutely determined to do that, which is why there was an increase in the budget.

We are going to have a multicultural festival—the first one this year. I have asked my parliamentary secretary to work on that. That is where Teresa Mullan has gone. By the way, she is currently on leave. Opposition members wanted her here, but she is currently on leave, which is why she is not here. She will be working on that program.

I am absolutely determined, as I said, to do everything we can to take advantage of multiculturalism and realise as Queenslanders that that is our strength. Our diversity is our strength. We are going to have a photographic exhibition. There will be prizes for that. There will be creative opportunities. I do not want to say any more until we finally release this program. We are hoping to have it at Roma Street. So there will be a multicultural festival, at which we will get all the various multicultural groups to come together. It will be sharing of not just food, which we often think about as the first thing, but also cultural opportunities. We will share our diversity. We actually have a date. It will be held on 10 October 2004. I say to all members here, and particularly the opposition: I hope this is an area where we can share. We will make sure that you are fully briefed about it. We hope to go out and highlight multiculturalism, but done in a really warm, friendly way, and actually get to value the things about our diversity that make us strong. Diversity is our future.

I looked at this trade mission I am taking to China tomorrow. The number of Australian Chinese who are coming who are great Queenslanders is a pivotal part of this delegation. They will be there. They speak Mandarin better than I do. Since I do not talk it at all, we need all the help we can get.

The CHAIR: Premier, I might just point out that Ipswich has had a terrific multicultural festival for many years.

Mr BEATTIE: I know. We are stealing the Ipswich idea. I suspect that the record will be rewritten as a result. We are happy to partner with you on that.

The CHAIR: We might consider talking to you, too.

Mr BEATTIE: Ipswich rules.

The CHAIR: Okay!

Mrs NITA CUNNINGHAM: Mr Premier, I note from page 8-7 that the Office of the Public Service Commissioner monitors the 2005 targets for women employed in the Public Service.

Mr BEATTIE: Great story, this.

Mrs NITA CUNNINGHAM: Could you outline the progress your government has made to ensure adequate representation of women in the public sector?

Mr BEATTIE: I am really pleased with this. When I became leader some eight and a half years ago or whatever, I said that I would advance women wherever I could. I am delighted to see this happening in the public sector. I am very proud of my government's performance in its representation of women in management positions in the Queensland public sector. Targets set for the representation of women in Public Service management positions by 2005 have already been achieved or exceeded. We are already there.

As at 30 June 2003, the Queensland Public Service achieved the target of 25 per cent of women holding positions CEO, Senior Executive Service—the SES—and senior officer classifications. This was an increase of 2.2 percentage points from the previous year. Currently, 20 per cent of the SES and CEO contract positions in the Public Service are held by women. This is an increase of 0.5 percentage points from 30 June 2003.

I can also report that as at 31 March 2004 women comprised 29 per cent of the senior officer salary level across the service. The Queensland Public Service has also exceeded the target of 35 per cent for women in middle and upper management positions, with figures at 31 March 2004 indicating that women comprise 56 per cent of AO6—that is approximately \$60,000 per annum—and equivalent salary levels and above. My government's most recent CEO appointment on 1 July 2004 was a woman. Robin Sullivan, Director-General of the Department of Child Safety, joins another four female colleagues currently in CEO positions in the Queensland Public Service. Public Service commissioners have worked in partnership with the government over a number of years to decrease the barriers for women being appointed. The strategies are quite comprehensive.

Let us talk about my own department. It has a high percentage of women in management positions. All my deputy directors-general are women, which means we have one man at the top and three deputy director-generals keeping an eye on him and working with him at his direction, and the DG is absolutely delighted about that. My department has women appointed to 46 per cent of senior executive level positions and 41 per cent of senior officer level positions.

The outcome has been achieved by my department through the implementation of a number of best practice strategies over the last few years that are reaping real benefits. These strategies include a mentoring program, a program of women's networks, a professional development forum for middle management level women and of tailoring training programs for women focusing on career management and leadership. I want to thank Dr Keliher for his assistance in this because he and his predecessor, Glynn Davis, have led on an increasing number of women in my department and I appreciate it. So women rule, member for Bundaberg, but you knew that.

The CHAIRMAN: Order! The time for government members' questions has expired.

Mr SPRINGBORG: My question to the Premier further relates to the citrus canker outbreak in his capacity as the Minister for Trade and also in his capacity for developing agribusiness in the food services sector, particularly through Asia and Europe, which this has some potential to affect. Premier, can you indicate to the committee today if there are other suspected or confirmed outbreaks of citrus canker in Queensland since the outbreak at Emerald?

Mr BEATTIE: This is a question that concerns all of us, and I asked Henry Palaszczuk this question on Sunday when we did the launch with Martin Love to try to encourage people to consume citrus fruit. We also did something in cabinet yesterday, which you would be aware of. The issue is citrus canker is not harmful; it is just ugly. That is a problem in itself, do not get me wrong, because people do not particularly want to buy ugly fruit.

I am not aware of any confirmed reports elsewhere, but this is an issue that is under ongoing assessment and ongoing checking. The DPI and Henry are keeping an eye on this. I have not spoken to Henry today, but this is an issue of great concern to us and we will be checking very, very closely on other properties in the surrounding area because, as you would appreciate, there has been only one formal identification and that is on the one property at this point. I worry about whether there is another property. I hope there is not. But, to the best of my understanding—unless someone has any different advice here—I am not aware of any other confirmation of another property anywhere else. I will double-check and report to you as soon as we finish.

Mr SPRINGBORG: What about suspected outbreaks? These matters, of course, start off being a suspected outbreak. That is then analysed by the scientists and then it is either rejected or confirmed. I am pleased that you have been able to indicate that there are no other confirmed outbreaks because

that would be even more devastating than what we have. But what about suspected outbreaks or discoveries in various areas?

Mr BEATTIE: I am not aware of any, but then I am not the minister who handles it on a day-to-day basis. I am not aware of any. I am happy to have that checked with Henry and to advise you. In terms of the disease, if the disease is limited in extent, containment and eradication may be possible, as has occurred three times previously in Australia. We are doing everything we can to deal with this.

As you would understand, if there is a confirmed identification, then there would be spraying of the trees and then there would be destruction of the trees. I just make it very clear to Evergreen and everyone else involved in this: the Queensland government will not hesitate to take whatever means or steps that are necessary to prevent the spread of this disease. I do not have the latest briefing with me, but I understand that 8,000 trees have been destroyed and there is potential for more. If more trees need to be destroyed, they will be destroyed. I alluded on Sunday at the Martin Love news conference where we encouraged people to consume citrus fruit that the Queensland government has not used the full extent of its powers in these matters. There are a number of other extensive—somewhat draconian—powers that exist and, if necessary to stop the spread of this disease, we will use them.

We think, following the move for the injunction in the agreement to destroy the trees and the requirement for 24 hours notice, that we have achieved what needs to be done at this point. But no-one at Evergreen should misread what we are saying here. We are law-abiding people, but we will not allow the citrus industry in this state to be destroyed or severely impaired by an outbreak on one property. If we need to take more extensive action, I have made it clear to Henry that he has my full authority to take whatever steps are necessary to stop the spread of this disease, and I expect him to implement that—and I know that he will both on Evergreen and, if in the unlikely event something happens somewhere else, somewhere else as well. We are not going to muck about with this. I share your concern about this. We have a different view about some matters involving this, but you are concerned about it and so am I. I am not going to see Queensland farmers lose as a result of this.

We now have agreement to allow our fruit, or some of it at least, to go interstate—it is only a small percentage; I still think that is the case—if it is sprayed by chlorine, but we will do whatever we can. The best thing is to get Queenslanders to buy our own citrus fruit. If we can encourage Queenslanders to buy it, it will pick up the slack of fruit that has not been able to be exported interstate. I would encourage people to buy citrus fruit. I have eaten enough of it to feed a Portuguese army in the last three days just to prove the point, and it is self-evident I know you would say that, but it is true. Currently 90 per cent of Queensland citrus is sold domestically. So interstate markets are important to us.

Mr SPRINGBORG: My next question relates to government sponsorship and sponsorships by the Premier's Department and in relation to question 1. I note before the Premier, in patting himself on the back, was saying how wonderful he is and how generous he is to all areas around Queensland. I note that there has not been one Liberal or National electorate that has received any sponsorships from your department. In actual fact, 19 of the 40 sponsorships have gone to the electorate of Brisbane Central, totalling \$379,386.35.

Mr BEATTIE: That seems pretty fair to me.

Mr SPRINGBORG: Premier, are you going to share some of this generosity around? What is the basis for this?

Mr BEATTIE: Any sponsorship or grants that are allocated by my department are allocated on a needs or submission basis. We do it on merit. I go back to the grants program out of regional events which comes to me for approval. I approve them. They do not go anywhere without my personal approval. I have approved the polocrosse in your electorate, I have approved the gospel festival in Toowoomba. I have approved a number. Let me go through them.

Mr SPRINGBORG: I am talking about the sponsorship program, not the Queensland Events thing.

Mr BEATTIE: No, I am just telling you because I approved the Queensland Events program. A large number of those have gone to non-Labor electorates. In fact, if you look at the last batch, a large number did. Now, the question asked was where are the offices located. We have just gone back and checked because we were scratching our heads and trying to work out what you meant. This is where the offices are located. This is not where the sponsorship goes; this is where the offices are located. We will accept joint responsibility for the stuff-up: you for the question and me for the answer.

Mr SPRINGBORG: I asked regarding sponsorship—

Mr BEATTIE: The question asked was where the offices are located. The Queensland Olympic Committee—

Mr SPRINGBORG: I do not remember asking anything about that. I am happy to check the *Hansard* record, but I said regarding sponsorship by your department.

Mr BEATTIE: What you are referring to relates to where the offices are located. Most of them are going to be located in my electorate because I have the city. I think we are answering different things.

Mr SPRINGBORG: My question related to the answer to a question on notice regarding sponsorships from your department. There were some 40 such sponsorships and I think 19 of them were in your electorate totalling \$379,386.35.

Mr BEATTIE: But that is where the offices are. What I am trying to say to you is that, if we sponsored the Queensland Paralympic Committee or lifesaving, they are all in my electorate because their head offices are there. That is the reason they are there. They service the whole of the state. It is like the RSL; their headquarters are in my electorate.

Mr WALLACE: The National Trust.

Mr BEATTIE: The National Trust; their headquarters are in my electorate. That is just a geographical location. So I think that clarifies the issue. It is like the Salvation Army, St Vincent de Paul; they are all in the city. St Vincent de Paul is in Anna's electorate, but it is the location of their office, and that is just the nature of the city.

Mr SPRINGBORG: There are a range of other organisations that may not have been in your electorate but would have been—

Mr BEATTIE: Most people want to be.

Mr SPRINGBORG: Particularly when you get that amount of sponsorship, too, I suppose. I want to be there, too. I will move there tomorrow. There is a range of others that did not accord with government policy—

Mr BEATTIE: Have you got them there? Let us go through them. Let us not muck about.

Mr SPRINGBORG: I do not want to compromise your self-reported generosity.

Mr BEATTIE: I am a generous man and nice as well.

Mr SPRINGBORG: So you tell us.

Mr BEATTIE: There is Riverfestival. The Riverfestival is for the whole of Brisbane. The Olympic team, Children's Movie Day, the dance festival, Queensland parents and citizens, Powerhouse live arts—these just happen to be the location of these things. As for the Premier's Literary Awards, they are a grant that goes all over the place. They just happen to be in my department. My department runs them. It is the same with the paralympics. The Queensland Sports Awards—the same sort of thing. There is the Woodford Folk Festival, but my people would allocate that money to them. The St Patrick's Day parade is in my electorate—I agree with that—but it marches down the middle of Queen Street like the Anzac Day march does. I happen to have the big parades in my electorate because I have the inner city.

Mr SPRINGBORG: We appreciate some of those things, but there are other smaller organisations which have arms or very similar to what operates in other places that missed out. That is what we are saying.

Mr BEATTIE: I do not know that anybody did.

Mr SPRINGBORG: You can go through them.

Mr BEATTIE: Do not forget that Mary Valley Heritage Rail at Gympie got \$50,000. They are not in my electorate, although they will probably move there the way the trend is going.

Mr SPRINGBORG: St Luke's Nursing Service.

Mr BEATTIE: I do not think you can blame me for funding St Luke's.

Mr SPRINGBORG: There is a whole range. We can go round and round in circles, but there is a whole range of other ones there. I am concerned about—

Mr BEATTIE: Let me give you a very direct answer: the answer to that is very simply because the headquarters are in my electorate. They are worthy organisations and they should not be disadvantaged because their headquarters are in my electorate. Anzac Day, the Riverfestival—I cannot help it if these wonderful institutions are in my electorate. I welcome them, I love them, but I cannot do much about that.

In terms of the citrus canker, according to the DPI there are currently no other cases that are confirmed as being citrus canker. I have just been advised. Other citrus samples are currently being examined, as you would expect them to be, but that does not indicate the presence of citrus canker or any other exotic disease, and there is nothing confirmed at the moment. But they are doing further testing and if they find something, then obviously we will advise them. So there is nothing confirmed, but they are doing further testing, which I would expect them to do.

Mr SPRINGBORG: Madam Chair, I have a further question for the Premier following on from question 8 asked by a non-government member on notice regarding the cost of official ministerial entertainment. I note in there that you have indicated that in your portfolio domestically that amount is \$2,157.41.

Mr BEATTIE: Forty-one cents. That was tea and coffee, I bet. See how lousy I am! You don't get any lousier than that, Lawrence; you really don't.

Mr SPRINGBORG: As you indicated before, if you are travelling you are happy to do it on the jet, but if you are doing it privately you go on Virgin.

Mr BEATTIE: Yes, but that is public money.

Mr SPRINGBORG: Anyway, Mr Premier, can you indicate if that is the full cost to the department or whether there have been other functions that you have been responsible for that the department has picked up the cost for?

Mr BEATTIE: The question was asked by a non-government member—'As the minister with overall responsibility, will the Premier provide details of expenditure on official domestic functions for each ministerial office?', which is what we have done. Clearly if I am overseas, for example, and there is a function hosted by the Department of State Development in Tokyo—you and I attended one in London, remember? That was hosted by the Department of State Development. That was a formal function and I assume that that was carried by the Department of State Development. That is not me entertaining; that is the Department of State Development bringing in every investment opportunity possible, and that would be covered by the department. It is not me hosting in my own private capacity; it is me attending, as Premier, a function hosted by the Department of State Development.

Mr SPRINGBORG: But you are a significant drawcard. Obviously people want to hear from the Premier.

Mr BEATTIE: Absolutely! That is very kind of you.

Mr SPRINGBORG: I do not say that you necessarily impress them all the time, but you are a drawcard.

Mr BEATTIE: I thank you for saying that. I agree with you, you know. I hope I am a drawcard; I do my best. I am very modest, Lawrence, but thank you for saying that. You're not a bad bloke yourself, you know. Anyway, Lawrence, there are things that are specifically set out. We are very frugal with expenditure on these things, but functions in places like Tokyo are very expensive and they are carried by the Department of State Development. Those countries, because of exchange rates, are very dear.

Mr SPRINGBORG: Madam Chair, we are not arguing that the Premier does not have a right to host those functions; he does. If you are there, then obviously people want to talk to the Premier. Our concern relates to the fact that sometimes we can deflate the price of functions or the cost of functions by departments basically hosting functions where the Premier or the minister are still the significant drawcard. Premier, will you provide to this committee a relative cost breakdown of the functions that you have been at that other departments have actually hosted?

Mr BEATTIE: Well, let me tell you what the rule is because I think this answers—

Mr SPRINGBORG: Or your own department.

Mr BEATTIE: The rule is that if the expense is relating to a departmental function, then the department pays. This has been the case over successive governments. The rules are in the Ministerial Handbook, and that is the way it is. If it is a departmental function, then the department hosts it. I made some reference to Libya before. I did not go on that trade delegation to Libya, but if there was a function held by the Department of State Development in Libya—or it would be my department now as Trade—then that would be a departmental expense. Now, if they had organised a function and I turned up, it is still a departmental expense. That is the difference to it.

There are clear rules about private expenditure, that is, the department cannot take me out for a meal. You know the rules about that. They cannot do that. That came in after Fitzgerald. But if the department is hosting a range of people and they are inviting a particular group, then the department pays the bill. I mean, I don't do that. These expenditures relate to what I do personally. Let me give you an illustration: the tragedy of that poor young boy who went missing on the Sunshine Coast. When his parents came here I put on a cup of tea for them. I know you are not arguing about it; I am just explaining it. I am not mentioning names; I do not want to get into that. That is included in my personal expenditure, right?

Mr SPRINGBORG: Yes.

Mr BEATTIE: If I had you in for a cup of tea, that would be in my personal expenditure. Maybe we should do that.

Mr SPRINGBORG: I will bring my own tea bag.

Mr BEATTIE: You can bring your own tea—green tea. There is nothing wrong with that. I read something recently about how healthy it is, and it says you are going to live for a long time, which is a bit of a bugger really! That is a joke in good faith, Lawrence.

In terms of the department, if they are going to put on those things, they should pay. I mean, you have got the means to access the department stuff. To answer your question, I do not go out seeking to get the department to pay for any costs that I would otherwise do. I pay for those myself.

Mr SPRINGBORG: Premier, you keep talking about the Smart State, and we have no problem with a knowledge-based economy because we think it is very important. We have problems with the slogan, which we think is counterproductive, and particularly the maintenance of your information technology and also your records. The press releases go up on the web for everyone to see. Who is responsible for ensuring that officially released press releases are not in any way taken off or altered if they are embarrassing or contradictory to the government? We did a search yesterday of a press release issued jointly by ministers Mickel and McGrady a month or two ago on the Caboolture industrial precinct. We had one minister saying one thing and another minister basically contradicting the other one in the press release. It is not there any more. Should those sorts of press releases just disappear? Who is responsible for taking them down, even if they might be embarrassing?

Mr BEATTIE: I do not know the instance to which you are referring; I do not recall it. It would normally be the media staff who would put them on the net for the information of the community. That is what would happen. I do not know how long they have stayed there. I have not taken any particular interest, to be honest, but I have no doubt that you have downloaded it. I mean, I download your stuff.

Mr SPRINGBORG: Your people even subscribe to springborg.com.

Mr BEATTIE: No. I tell you what I am going to do, though. I am going to buy one of those \$100 Lawrences for Christmas. I want the one you can take to dinner.

Mr SPRINGBORG: A few of your colleagues have them in the office. I am going to invoice them because they have not paid for them.

Mr BEATTIE: I have not bought one, but I want the one that you can take to dinner. The only trouble is that I think you have to get one that can sit, because if you are at a dinner table and you are the only one standing it looks rude, so you have to get one that you can actually sit down.

I download your stuff, you download ours and whatever. I mean, I think if there has been a mistake it would be unreasonable—and let us speak hypothetically; not this case—and a bit rude if we had a mistake and you did not correct it. Look, we all make mistakes; we do typos.

Mr SPRINGBORG: I have no problem with that.

Mr BEATTIE: I do not know what happened here, but knowing the efficiency of your people, they would have downloaded it and at some point they will deal with this in the normal political and acceptable manner.

Madam Chair, I seek leave to table, for the information of the committee, some material. Bob Quinn asked about the issue of whether we had ever had these documents before and he seemed sceptical. I do not want Bob to ever be sceptical. I seek leave to table the first Smart State document produced in 1999-2000, and then every year around budget time we tabled the same. So there is 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04. Here are a few other documents which are general documents about jobs for the future. The Smart State has been an obsession of the government's and mine for a long time. There is proof in the documents.

The other thing is I have an answer here for Mr Springborg, if I could, in relation to the CMC. On 28 May the individuals were convicted of the following offences, and he lists them all. It is signed by Brendan Butler. Rather than read it out, I seek leave to table that for the information of the Leader of the Opposition.

Leave granted.

Mr BEATTIE: I also have a note that we have spoken to John Dawson in London. The office moved from its location in The Strand to Floral Street nearby in the week beginning 31 May 2004. The office and phones were attended at all times. There is a bit of a note. I seek leave to table that for the information of the committee.

Leave granted.

Mr BEATTIE: Lawrence, if you have these people and you want me to follow them up, I am happy to give them special attention.

I also seek leave to table, for the information of the committee, these documents on Berri. These are the documents that were previously exempted which we are seeking leave to table. We are seeking leave to table these Berri documents. I have already outlined what they are. I seek leave to table all these Berri documents for the information of the committee.

Leave granted.

The CHAIR: The time for non-government members has expired. I call the member for Bundaberg.

Mrs NITA CUNNINGHAM: Thank you, Madam Chair.

Mr BEATTIE: I do not think we have taken a copy, so could I get a copy of those documents and then we will hand them straight in. Otherwise I will have to explain it later and I will not have the documents; you will have them.

Mrs NITA CUNNINGHAM: Mr Premier, I refer to page 1-11 of the MPS and the Government and Executive Services output of the Department of the Premier and Cabinet. I ask: would you outline the roles of the Security, Planning and Coordination Unit and how it works with industry and government agencies to counter terrorism attacks in Queensland?

Mr BEATTIE: Thank you very much. It is an unfortunate reality that terrorism is now a credible threat in Australia. The current security environment has prompted a concerted effort from governments around Australia to adopt a united and consistent approach to countering the threat of terrorism. While no government can ensure total protection from terrorism, governments can actively and cooperatively work to strengthen arrangements to prevent, prepare for, respond to and recover from a terrorist threat or incident.

My government is continually working to promote community safety. As the threat of terrorism is ever present and ever changing, our preparedness needs to be continually assessed in terms of the current environment through working closely across three levels of government and industry to strengthen security preparedness. My government has been reassured by the degree of existing security planning in place and initiatives recently undertaken by industry to strengthen security, on site emergency and business planning at infrastructure level across the state.

Security Planning and Coordination within my department, the Counter Terrorism Coordination Unit, the Queensland Police Service and the Department of Emergency Services continues to work collaboratively with the Australian government and other state and territory governments to progress national counterterrorism initiatives through the National Counter Terrorism Committee and its subcommittees and the critical infrastructure advisory council.

My government has also been working closely with local government, in particular assisting with the development of the local government counterterrorism risk management guidelines to be utilised by all local governments throughout the state. In addition, in working with government and industry, Queensland is well positioned and ready to respond to any security threats due to the valuable experience and improved counterterrorism expertise gained from hosting CHOGM, the Queen's visit in 2002, the Goodwill Games in 2001, the Olympic soccer tournament in 2002 and the Rugby World Cup in 2003. CHOGM 2002 was a major international conference that ran safely and successfully.

We spent a lot of money and a lot of time on this. We are really concerned about security issues. We have worked very closely with the federal government. After the last COAG meeting, which dealt with water and health and children and various other things, security was on the agenda. We were given a briefing afterwards by ASIO and the International Strategic Planning Group, or whatever their name is.

This is an issue that we should really be concerned about. What we are trying to do is to plan, to be prepared. The problem for us is going to be doing everything we possibly can to protect Queenslanders. We have to be prepared. I think it is unwise for anybody to conclude that we are not a target; we are a target. I do not want to get into the politics of that. I think going into the Iraqi war increased that, but the fact is that that has happened. We cannot complain about it. We can have the political argument about it, but what we have got to do is be prepared.

The worst thing about it is that they target soft targets—and that is the worry—to cause maximum damage to property and maximum infliction of pain on individuals. It is a pretty ugly story. We know that there are a lot of people out there in these terrorist groups who would like to do us harm. They are actually opposed to our way of life, so it is very difficult for us. We just need to be prepared. I would rather be overprepared and attacked for that rather than be underprepared. A lot of people did not think September 11 was going to happen, or Bali or Madrid.

Having said that, there are some things you cannot prepare for. The fact that people are prepared to take their own lives in an act of terrorism is something that we find very hard to understand. If someone is going to do that, how do you actually stop someone getting on a train? I see people say that we can guarantee this and we can guarantee that. You cannot guarantee that. If someone is so intent on causing maximum damage and killing themselves in the process, it is very difficult for any government to prepare for that.

Our best things are our eyes and ears—our security people, ASIO. On the ammonium nitrate issue, we did agree at COAG that there would be a licensing system from the beginning of this year. I have opposed a total ban of ammonium nitrate; I just do not think our farmers should cop that. The fact is that you can make explosives out of a lot of things, not just ammonium nitrate. My view was that I did not think that we should ban it, but I thought that we should have a licensing system. It will mean that farmers, unfortunately, will have an ASIO check. But so what? Ninety-nine point nine nine nine per cent of farmers have nothing to worry about. So why would they care? I would rather do that than ban ammonium nitrate per se. That is the view Queensland took. There was some talk in New South Wales

at one point that we should ban ammonium nitrate altogether, but I do not think that that is realistic. So our position was adopted federally by COAG and I am pleased with the outcome.

Mr WALLACE: I note on page 1-6 of your MPS that the Policy Advice, Coordination and Cabinet Support output of your department supported some 12 community cabinet meetings held throughout Queensland. Could you outline the success that has stemmed from these community cabinet meetings and whether community expectations are being met in this important community engagement process?

Mr BEATTIE: They are hard work, as the member for Bundaberg would know. They are hard work, but they are enriching for everybody. The ministers, the directors-general—they tell me that every director-general is enthusiastic. Is that right? They just cannot wait to have a community cabinet meeting. They love them.

Mr WALLACE: Especially in Townsville and Thuringowa.

Mr BEATTIE: They are a great idea. They do require a lot of work. We are heading up to Innisfail in a few weeks time. I do not think we have been to Innisfail before. The sugar industry has major problems. We are going to talk to the local community. One of the things that I find rewarding about them is the fact that you can actually have people sit across your desk and raise issues. I know that we have solved issues that people have had that have gone on for years and which have been blocked because everyone has put them into the category of too hard or their issue has been dealt with. But when you peel it away they may not be totally right, but they may have some merit. They have received either partial or full satisfaction. Governments should be able to do that. To be frank, and this is actually to the credit of the opposition, in the six years we have been doing them I think there has been about only two or three that have been sought to be used as political exercises against the government, which I think is a pretty good outcome.

Mr SPRINGBORG: Not including the grape crush.

Mr BEATTIE: The business about the grape crush, I am interested to see what happens at the auction. The auction started at midday and I have done everything I can to promote that bottle of yours and mine. I did say on the *Today* program today that people could buy it but should not drink it.

Mr SPRINGBORG: You have bipartisan support on that.

Mr BEATTIE: I have to say, if anyone buys it and drinks it I am going to blame you. You realise that? And you will blame me, so it will be a mutual exchange. Those community cabinets have been good. The Leader of the Opposition is quite right: the one we had at Stanthorpe was great and it was good promotion for the Queensland wine industry which, as you know, I am determined to do everything I can to promote. It got national coverage because Lawrence and I did the grape stomping together. I did not realise he had such big feet. Anyway, it was a useful occasion. We are going to continue to do the community cabinets because I think they keep governments in touch. What happens is that if you have been in government for a while without community cabinets you can lose touch and I am determined that we will not.

Mr WALLACE: On page 2-5 of your MPS the Commission for Children and Young People state that it will maintain the renewal of the Blue Card, or the working with children check. Can you outline the process that is undertaken and the number of Blue Cards renewed and not renewed?

Mr BEATTIE: I can, and I think this is a tribute to Robin Sullivan and Barry Salmon. If you have a look at what has happened here you can understand why. The working with children check commenced on 1 May 2001 for new paid employees and on 1 February 2002 for self-employed people. On 1 May 2002 it commenced with volunteers. On 1 September 2003 the commission commenced undertaking checks for all people working in child care facilities, which had previously been undertaken by the former Department of Families. On 27 January 2004 the program commenced for those involved in education. I am pleased to report that in 2003-04, 120,711 Blue Cards were issued. Of these 39,190 were issued to paid employees and 15,146 were issued to self-employed persons carrying on child related businesses. My government paid for 66,375 Blue Cards which were issued to volunteers free of charge.

For the renewal process, existing cardholders are now notified by the commission eight weeks prior to the expiry of their card. A criminal history check is again conducted on the cardholder and if suitable the person would be issued with another Blue Card. In 2003-04, 10,467 Blue Cards were renewed and all applicants were successful in obtaining their second Blue Card. Employers do not receive renewed notification as the employee may have changed employers or employment in the last two years. If you look at it there has been an enormous amount of work conducted and they have done an excellent job and I hope that that continues. I have just been advised by my staff that I should have tabled as part of that document this full briefing which sets out more information than what I had in relation to Berri.

Leave granted.

Mr BEATTIE: There are two documents in there as well. I think I have tabled everything in relation to Berri other than the kitchen sink. There is one document that I will not table, though, and I want to highlight this. The Borbidge government allocated a very significant amount of money—

many millions of dollars—to attract a major company to locate here. I do not want to release the name of that company because I think it would be embarrassing. I do not think there is any need to do it. I just highlight the point that clearly the Borbidge government by doing that shares the same vision for attracting jobs as I do.

The CHAIR: It is just on 1 o'clock so the committee will now break for lunch. Before we do, on behalf of the committee I thank you for your attendance today and we also very much want to thank all of your officers who are here today. The committee is well aware that there is an enormous amount of preparation that goes into getting ready for estimates committees and we consider your attendance here today to be an important part of your accountability as public officers. So thank you all very much. We will resume at 2 o'clock.

Sitting suspended from 1.01 p.m. to 2 p.m.

ESTIMATES COMMITTEE A—TREASURY AND SPORT

In Attendance

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

Treasury Department

Mr G. Bradley, Under Treasurer

Mr T. Spencer, Deputy Under Treasurer

Mr C. Turnbull, Executive Director, Portfolio Services

Mr D. Keeler, Chief Financial Officer

Department of Local Government, Planning, Sport and Recreation

Dr T. Campbell, Director-General

Sport and Recreation Queensland

Mr C. Matheson, Executive Director

Queensland Academy of Sport

Mr A. Baumann, Executive Director

Office of Urban Management

Mr I. Schmidt, Director, Secretariat

The CHAIR: The next portfolio to be examined by this committee relates to the Deputy Premier, Treasurer and Minister for Sport. I welcome the Treasurer and his advisers. I remind members of the committee and the Treasurer that the time limit for questions is one minute and the answers are to be no longer than three minutes. A 15 second warning will be given at the expiration of these time limits. An extension of time may be given with the consent of the questioner.

The sessional orders require that at least half the time is to be allotted to non-government members. I ask departmental witnesses to identify themselves before they answer a question so that *Hansard* can record their name in the transcript. I declare the proposed expenditure for the Deputy Premier, Treasurer, and Minister for Sport to be open for examination. The question before the chair is—
That the proposed expenditure be agreed to.

Treasurer, would you like to make a brief introductory statement before we begin questioning?

Mr MACKENROTH: I would like to take this opportunity to place on the public record my appreciation for all the hard work that the officers in Treasury do. The last few years that I have been the Treasurer have enabled me to appreciate the hard work that they do. It always surprises me, as you get about a month away from budget, that the community starts to say to you that we must be busy getting ready for the budget when, in fact, it is usually just about completed. I am aware that Treasury in a normal budget year starts probably towards the end of November and works right through until June on the budget. There are a lot of Treasury officers involved in that and I would just thank them for all the work that they do.

I spent a considerable number of years on the budget review committee before I became the Treasurer and even there I did not really fully appreciate the hard work that is involved from Treasury's perspective so I place on record the government's appreciation of the work that they do.

The CHAIR: Thank you. The committee will commence by examining the proposed expenditure for the Treasury department. We will do that until around about 20 past four. I call the member for Callide.

Mr SEENEY: Treasurer, can I begin by referring to the answer you provided to the opposition question number 5 that was taken on notice relating to the Queensland BioCapital Fund. I note in that question you indicate that while the fund is not an assistance fund, you have invested in two Queensland companies. Can I say at the outset that I support that sort of investment in Queensland companies as a form of assistance to get those companies started in Queensland. The fund invested \$6 million in a company called Xenome and \$0.5 million in a company called Glykos.

When you were negotiating with Glykos was the fact that you invested \$6 million in Xenome an impediment in your negotiations? Did it set a benchmark which cost the taxpayers any more money than it otherwise would have?

Mr MACKENROTH: Firstly, I think you need to understand that I do not do any of the negotiations in relation to the investment of these funds. We have established the bio fund in the Queensland Investment Corporation and the government does not in any way advise the QIC and through the QIC the bio fund as to what projects they should invest in. That decision is made by the board of the bio fund itself. In relation to the establishment of the bio fund, what in fact happened was that the governmental allowed \$100 million of its funds which are invested with the QIC to be invested into the bio fund to provide venture capital and we said that the bio fund would be very responsible in terms of what they invested in. But venture capital by its very nature is capital that is going to be invested. In some projects you will win and some you won't but over the whole of the fund we would look to actually make money out of it. I do not get involved in any of the decisions about where money is invested; that is made by the board.

Mr SEENEY: As you would be aware, the Premier spoke at length before this committee this morning about his fierce—

Mr MACKENROTH: The intranet wasn't working and I could not hear it. That is a real shame.

Mr SEENEY: No doubt you are aware of your government's longstanding assertion that making public the amounts that are handed out in corporate grants would lead to pressure being put on the government to provide similar amounts to other companies. Have other companies put pressure on you or the people who decide where this money is going to be invested because you have made public the fact that you have invested those amounts of money in those companies?

Mr MACKENROTH: They were actually made public yesterday and I can assure you that since yesterday afternoon nobody has contacted me to put any pressure on me. But can I say that no company at all has made any approaches to me and asked for money to be invested from the QIC bio fund into their ventures before this information was made public either. There have been no approaches whatsoever to me and if a company was to approach me I would advise them that they would need to in fact make their approaches to the bio fund and not to me as the minister because I do not get involved in those decisions at all.

Mr SEENEY: Treasurer, do you expect that making public the fact that the government has invested these amounts of money in these companies—which I support as I said at the outset—will lead to pressure being put on either yourself or the officials of Queensland Investment Corporation to invest similar amounts of money in other companies?

Mr MACKENROTH: I think that the parallel you are trying to draw in relation to the questioning of the Premier this morning about funds that are invested by government to enable companies to start in Queensland and the bio fund are two very different things and, in fact, if a business that we are investing in was to go to market, in fact, our investment would be made public through the marketing of that anyway or through the floating of that company. The parallel you are trying to draw is not relevant at all—only in your mind.

Mr SEENEY: I would agree with you that it should be made public. I believe the parallel is very relevant and while you do say in the first part of your answer that QBF was not established as an assistance fund, the two companies that you have listed in your answer are Queensland based companies, and as I said at the outset I support that type of investment, but do you envisage that further sums of money will be invested in companies such as this in Queensland to assist them to establish in Queensland or is the venture capital fund, the BioCapital Fund, going to be used to invest in companies all over the world?

Mr MACKENROTH: The venture capital fund is established to invest in venture capital in biotech. But we would envisage that the majority, if not all, of the funds will end up being invested in companies that have developed products in Queensland. Whilst that is not a prerequisite on the fund—we have not put that on to them—I know that they are the companies it has looked at. That is the aim of the program. I would see that the majority of the funds would be invested in companies that have developed products in Queensland.

Mr SEENEY: I am pleased to hear that. That is certainly the position I would support. That makes it very similar to the corporate grants scheme that was the subject of debate before this committee this morning. It makes the pertinent parallel between making public the amounts of money and the accountability that flows from that. Do you believe the people who manage this fund will come under the

types of pressure that the Premier claimed in his defence this morning of keeping secret the government grants?

Mr MACKENROTH: A corporate grants scheme by its very nature is a grant scheme where the government provides grants to companies, in the main, to establish in Queensland. Some are grants to already established companies in Queensland to help them grow. But they are grants to help them either establish a new business or to grow. The biocapital fund invests in a company and by its investing actually takes a percentage of the company. So it owns a percentage of the company. It is not a grant. It is not something that is just given to these companies. Whilst under our grants schemes people have to meet milestones, in terms of the biofund we are actually buying a percentage of the company. With any public company that you buy there are share registers where you are able to go and see who owns the shares. I think that would be a more relevant comparison than the comparison you are trying to make. The comparison you are trying to make is just not right.

The scheme that is run through the Department of State Development is there to provide grants to companies to help them to establish so that we are able to create employment opportunities in Queensland. We have been very successful in that regard. We need only to look at the fact that in the last calendar year 40 per cent of all new jobs created in Australia were created in Queensland. The government has been successful in what it has been doing.

Mr SEENEY: Can we move on to question on notice No. 4 in which you mention the AMC light metals project? Can you tell us what the government's total commitment to AMC was? What has the total loss been?

Mr MACKENROTH: All those figures were outlined in the Auditor-General's report which was tabled in parliament only a month ago.

Mr SEENEY: So all of those figures are public knowledge? They have all been released?

Mr MACKENROTH: All of the figures have been released.

Mr SEENEY: All of the offers that you made to AMC were made public; is that correct?

Mr MACKENROTH: Everything we did in relation to AMC has been made public via the Auditor-General.

Mr SEENEY: That was the confirmation I was seeking from you. In light of that, have you had any other companies approaching you or the government using AMC as a benchmark in the way that the Premier suggested this morning would happen if he released the information about the government grants that he wants to keep secret?

Mr MACKENROTH: I have not had any companies approach me in relation to AMC.

Mr SEENEY: No, about using AMC as a benchmark.

Mr MACKENROTH: I do not think any company wanting to approach me would want to benchmark itself with AMC. It would be quite farcical if they were to come in my door and say, 'We want to be like AMC.' It has gone broke. I do know that I could not expect anybody to be knocking on my door wanting to use AMC as example.

Mr SEENEY: I think the example the Premier was suggesting this morning was that other companies would be knocking on your door saying that you made available \$150 million and you underwrote the share issues, et cetera, and that should be the benchmark against which your assistance to other projects would be expected to line up. Has that happened?

Mr MACKENROTH: The answer is still the same.

Mr SEENEY: The answer is no, despite what the Premier has said?

Mr MACKENROTH: Nobody has come to me and used AMC as an example.

Mr SEENEY: In regard to AMC, does the government have any contingency plans for any potential legal liability arising from your involvement in AMC?

Mr MACKENROTH: We do not believe that we have any legal liability. There is no reason we would have any legal liability. Therefore, there would be no reason to have a contingency plan. We do not believe that we have any legal liability or that there is any action that anyone could take against us. We will meet all the obligations we said we would meet in relation to shareholders' investments. So there is no way anyone could take legal action against us.

Mr SEENEY: The approach that the government took to the AMC project was in stark contrast to the approach that the Premier suggested this morning. I think it is fair to say that both he and you very widely trumpeted the contribution that the government was making to the AMC project and used that as a reason to encourage private investors to invest in AMC. Do you believe that there is any legal liability arising from that activity?

Mr MACKENROTH: No.

Mr SEENEY: Have you sought any advice in that regard? I am sure you are aware that there are shareholder groups, people out there who feel aggrieved by the government's approach to the AMC project and the encouragement they felt they received from the government to invest.

Mr MACKENROTH: Our position was clearly set out in the prospectus so we have no legal liability.

Mr SEENEY: Have you sought advice in that respect?

Mr MACKENROTH: We know that. We do not need to. We got our legal advice when the prospectus was being put together and before it was actually made public. We clearly stated our position in that prospectus.

Mr SEENEY: Are there any specific funds set aside in the budget for the government's legal liabilities generally or does each department have a contingency for legal liability?

Mr MACKENROTH: Funds are not generally set aside for legal liabilities. That would happen only if there was something that we were aware of that we have to make a payment on. There is not. That would come from the Treasurer's advance, if necessary. HIH has a provision, which you would be aware of, where there is a levy. We are able to quantify to a degree what our legal liability may be. You may recall three years ago that we actually provided for that through the budget. That was part of the deficit three years ago.

Mr SEENEY: Moving on to question on notice No. 1. I note that an audit has been conducted into the whole-of-government long service leave. It found that the most significant risk to the long service leave scheme was the overall financial viability of the system. You say in your answer that there is a full actuarial review under way. Can you tell us when the actuarial review is likely to be completed? Has it been completed and what are the major risks to the scheme and the costs of those risks?

Mr MACKENROTH: We will get an answer for you. The review is under way. It is expected that the review will be completed later this financial year.

Mr SEENEY: What risks were identified that led to a review being set up? The answer does not give any specifics. It says that the most significant risk is the overall financial viability of the scheme. What indicated to you that the overall financial viability of the scheme was an issue?

Mr MACKENROTH: I will get the Under Treasurer to answer that. Might I say that it would not be from politicians because we do not get long service leave. I am up for it twice and have received nothing.

Mr Bradley: The actuary would be looking at both the income and expenditure from the fund. So on the income side we have a one and half per cent of payroll levy which agencies pay for the fund to meet its liability for long service leave. On the expenditure side it depends on factors such as the salary growth of public servants who are eligible for long service leave. Over time we need to compare whether the income coming into the fund is matching the outgoings in terms of the actual growth in long service leave entitlements. That is dependant upon the length of service of public servants and all those issues.

Mr SEENEY: With respect, I certainly understand all of those things. The question was: what indicators did the audit identify that led you to carry out this actuarial review? What problems were identified with the long service scheme that led to this review being necessary? The audit must have found something that triggered this review.

Mr Bradley: The internal audit review is a normal scheduled review of the fund which looked at the process by which the fund actually ensures that the payments that it makes are correct entitlements and match employer records and so on. It is focused on those things. In doing the internal audit, they also noted that there is a longer-term issue as to whether the long service leave levy will be sufficient over the long term to actually match the liabilities that the fund is seeking to meet. That is an issue that the actuary needed to look at. When the levy was initially struck it was based on a range of assumptions and it was always expected that after some years of operation we would have to revisit those assumptions to see whether it was in line with actual experience and update the data we would then have on actual employee long service leave entitlements.

Mr SEENEY: Is it safe then to assume that the levy that has been in place up until now has not been producing sufficient revenue flow to meet the liabilities that have been accumulating?

Mr Bradley: That is an issue that we are concerned about. There is also the issue about the investment performance of the fund which, as per the superannuation funds, has been through a period of low equity returns in prior years. It has obviously had a better year in the past year. Now we will look at what the investment balances are. There is in excess of \$1 billion funds held there. It is both the investment performance and the levy proceeds from agencies which we need to look at and check that they are meeting the requirements of the fund.

Mr SEENEY: So you do not rely entirely on the levies? There is an investment return that you rely upon as well to meet the liabilities that are accumulating?

Mr Bradley: We are accumulating funds ahead of paying out liability. We have to make sure that both the investment of those funds and the levy which accrues each year is adequate to meet the liabilities of the fund over the long term.

Mr MACKENROTH: It is part of our long-term liabilities for either super or long service leave. I have consistently said over the last couple of years that long-term liability to superannuation and long service leave are fully funded. That is the investments that we have with the Queensland Investment Corporation. You would be aware that in the last year we attained 21 per cent.

Mr SEENEY: I certainly understand the importance of the markets turning around. What sort of deficit did the audit indicate there might be in the long service leave fund? Is there a major problem?

Mr Bradley: We are not aware until the actuary does his full assessment of the fund. We are just aware that there could be an issue. The actuary has to give us advice on that based on assessing the available data.

Mr SEENEY: Do you expect that a turnaround in the investment returns will correct that problem or is it going to be necessary to increase the levy?

Mr Bradley: The investment returns will certainly assist the fund. That will be a positive that will help the actually standing of the fund. Whether or not the levy is enough is an issue that we need to get advice from the actuary on when he has done his detailed calculations.

Mr MACKENROTH: Which is prudent management.

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

Ms MALE: Can the Treasurer outline to the committee how the Beattie government has improved funding to essential social services in Queensland?

Mr MACKENROTH: As a government, we have used the strong fiscal position we have worked to achieve to make substantial capital and recurrent funding decisions as well as putting in place a range of tax relief measures. Recurrent expenditure and tax policy decisions in this budget involved total new allocations of \$484 million in 2004-05. Of this amount, \$157 million is for fully funding all of the election commitments while \$327 million represents further new initiatives in this budget. Funding in a range of key social policy areas has now been substantially increased since our government came to power in June 1998. In the four years from 2000-01 to 2004-05, we have increased recurrent spending on social welfare, housing and other community services by \$565 million or 27 per cent, public order and safety by \$673 million or 39 per cent, health by \$1.1 billion or 28 per cent, and education by \$1.25 billion or 27 per cent; whereas total budget expenses are up only 22 per cent over that time.

Funding for Disability Services has been increased by a further \$220 million over four years in this budget, expanding on the election commitment and building on the \$200 million injection in last year's budget. State funding for DSQ now will increase by 84 per cent from 2002-03 to 2007-08 while Commonwealth funding over that period will rise by only 16 per cent. Disability Services's 2004-05 recurrent budget is 67 per cent higher than it was for 2000-01. The full implementation of the CMC/Forster reports into child safety services across all agencies will see additional funding of at least \$214 million per annum by 2006-07. Funding for the Education and Training Reforms for the future package, including the commencement of a prep year from 2007, will be \$135 million in 2004-05, rising to more than \$307 million in 2006-07.

This budget commits \$75 million over five years to end broadscale clearing of remnant native vegetation by 2006 in line with our election commitment. This brings total state funding of this initiative to \$150 million over five years. The recurrent Health budget will exceed \$5 billion for the first time in 2004-05, growing by 11 per cent from last year's budget.

Ms MALE: The other side that people always ask about across Queensland is capital works. Treasurer, can you outline to the committee how the Beattie government has improved funding for capital works infrastructure in Queensland?

Mr MACKENROTH: In October 2003 the Smart State Building Fund—a \$1.4 billion, three-year enhancement to the capital program for the period 2004-05 to 2006-07—was endorsed by the Beattie government. The program targeted essential services provided by portfolios with significant capital requirements, specifically in the areas of Health, Education, Transport and Main Roads. Ministers for these portfolios were asked to submit proposals for CBRC consideration on how their allocated funding would be spent. The program included \$400 million for rail infrastructure and \$1 billion for general government capital. Funding allocations for the general government component were provided to the key areas as follows: \$200 million for Health; \$350 million for Education; and \$250 million for Transport and Main Roads.

Ministers for other departments were invited to submit proposals for the residual \$200 million funding for CBRC consideration. Criteria for selection included the level of operating costs relating to the capital projects which could require additional output funding, the timing of the proposals and stage of planning, particularly with regard to the need to align projects with service delivery requirements, and the level of priority placed on the proposals. Appendix 2.1 of Budget Paper No. 3 of the 2004-05 budget

provided details of the allocations by portfolio. Another \$480 million of capital spending was then announced by the government as part of its election commitment priorities.

This year the capital program will exceed \$6 billion for the first time. This funding includes the 2004-05 allocations for both the Smart State Building Fund and our election commitments. With the range of new capital projects announced in this budget, including the arterial roads infrastructure package and the Citytrain met trip stage 2, the state capital program is now expected to stay at around this new level through this term of government. Queensland's Capital Works Program is forecast to be up almost \$1 billion, or 19 per cent on estimated 2003-04 capital works spending of \$5.09 billion. On a GFS basis, Queensland's direct capital purchases will exceed \$1,400 per capita in 2004-05. In no year through the often quoted 1980s did Queensland reach this real per capita level of capital spending.

On a per capita basis, Queensland's general government sector capital program remains by far the largest in the country, being 21 per cent higher than the next state, Western Australia. The government has focused particularly on transport infrastructure this year, with new capital expenditure programmed for some \$1.9 billion over four years. If you ask me to tell you some more, I would. You can do that. Would you like me to tell you more about infrastructure?

Ms MALE: Yes, we can extend it by two minutes.

Mr MACKENROTH: Great. The roads and transport capital budget for 2004-05 of \$1.9 billion is up nine per cent on the 2003-04 budget of \$1.75 billion. Major projects include the arterial roads infrastructure package of \$571 million over four years; a further \$500 million over four years for implementing Citytrain network upgrades, building on the \$400 million investment made in the Smart State Building Fund; \$200 million on busway improvements, including the Queen Street-Roma Street bus tunnel; and the \$167 million expansion of the R.G. Tanna Wharf at the port of Gladstone. There has also been a massive increase of about 33 per cent from last year's budget in the energy GOC's capital budgets in 2004-05 to over \$1.6 billion. Major projects include the Kogan Creek power project; the Townsville gas powered station; the Isis Central sugar mill cogeneration project; and the Darling Downs, Brisbane Central and Gold Coast network upgrades.

Mrs NITA CUNNINGHAM: Treasurer, in relation to local government, can you tell us how much the state government has allocated in this budget to Queensland's 125 local governments and 32 Aboriginal and Islander councils across all departments?

Mr MACKENROTH: Councils receive a range of tied and untied state and federal financial assistance packages under a number of programs, including a range of specific purpose grants and subsidies from the state government. Table 8.7 from Budget Paper No. 2 clearly demonstrates the level of support to Queensland local governments from the Beattie government compared to that of the federal government over three years at a detailed level. In 2001-02 Queensland government grants to local governments were \$508.307 million while the federal government's grants for the same period were \$369.695 million. Since 2001-02, the average Queensland grant funding provided to local governments has been between \$438 million and \$526 million, or approximately 55 per cent to 60 per cent of total government grant funding received by Queensland local governments. The federal government has contributed between \$323 million and \$370 million, or approximately 40 per cent to 45 per cent for the same period.

Local governments in Queensland receive significantly more funding on a per capita basis than other councils in Australia based on the latest advice available. Different levels of funding are provided by each state to local governments. However, different jurisdictions also have differing responsibilities for local governments. For example, Queensland provides more services through local government in the areas of raw water provision and sewage treatment. These services are provided by state agencies in some other jurisdictions.

Mrs NITA CUNNINGHAM: Following the announcements made in the 2004-05 state budget, how has Queensland further improved its status as the low-tax state?

Mr MACKENROTH: The Charter of Social and Fiscal Responsibility commits the government to maintaining a competitive tax environment to promote business development and jobs growth. Queenslanders continue to pay a lower level of taxes than do taxpayers in other states. Allowing for changes announced in the budget, Queenslanders are expected to pay \$1,614 per capita in 2004-05 compared to a weighted average of \$2,056 in the other states. Taxpayers in other states pay \$440 per capita or 27 per cent more on average than Queenslanders. Queensland's tax effort of 85.8 per cent in 2002-03 remains well below the national standard of 100 per cent as assessed by the impartial Commonwealth Grants Commission. Queensland state taxation as a percentage of GSP was 4.4 per cent in 2002-03 compared to a weighted average of 4.9 per cent in the other states. The comparison does not include the state fuel subsidy of 8.35c per litre provided to Queensland motorists and estimated to cost over \$500 million in 2004-05. No other state has such a generous fuel subsidy scheme.

Mr WALLACE: Treasurer, can you detail for the committee the basis of the economic forecast for 2004-05 plus the key risks underlying those economic forecasts?

Mr MACKENROTH: Economic growth is forecast to be four and a quarter per cent in 2004-05 following estimated growth of four per cent in 2003-04. In comparison, Commonwealth Treasury forecasts growth of 3.5 per cent nationally in 2004-05 following estimated growth of three and three-quarter per cent in 2003-04. Household consumption and business investment are expected to be the main drivers of economic activity in 2004-05. Although moderating from the very high estimated growth of 8.5 per cent in 2003-04, household consumption is forecast to grow by four and three-quarter per cent in 2004-05 supported by rising real incomes and continued strong population growth. Business investment in 2004-05 should be buoyed by the substantially improved outlook for world economic growth as well as the development of a number of large mining and metals manufacturing projects in the state.

Total business investment is expected to grow by 8.5 per cent in 2004-05 following estimated growth of 6.5 per cent in 2003-04. Following estimated growth of 12.5 per cent in 2003-04, dwelling investment in Queensland is expected to be sustained at this high level in 2004-05. Although dwelling approvals have eased in recent months, a large volume of approved building work in the pipeline and ongoing alterations and additions activity should sustain dwelling investment in 2004-05. Growth in public final demand is forecast to strengthen to 5.5 per cent in 2004-05 compared with estimated growth of three per cent in 2003-04. Net exports are expected to detract much less from economic growth—one percentage point—in 2004-05 than in 2003-04, five and a quarter percentage points.

Export growth is forecast to strengthen from three per cent in 2003-04 to five per cent in 2004-05 in line with the improved global economic outlook. Meanwhile, import growth is expected to moderate substantially from an estimated 15 per cent in 2003-04 to six per cent in 2004-05. Following very strong jobs growth of three and a quarter per cent or nearly 60,000 jobs in 2003-04, employment growth is expected to ease slightly to two and a quarter per cent or more than 40,000 jobs in 2004-05 in line with the rebalancing of growth from the more labour intensive domestic sector to the export sector. Employment growth is expected to match labour force growth in 2004-05, with the year average unemployment rate remaining unchanged at six and a quarter per cent.

Mr WALLACE: Treasurer, could you please advise the committee about the government's approach to micro-economic reform?

Mr MACKENROTH: The government has a particular policy focus on raising productivity, which we detailed in last year's Treasury report 'The Drivers of Economic Growth in the Smart State'. Microeconomic reform is focused on improving efficiency and fostering technological progress in order to increase the productivity capacity of the economy. Productivity growth, in turn, is the major source of improvements in real per capita incomes and material living standards over time. By improving productivity, microeconomic reform also raises the rate of sustainable economic growth and, therefore, employment opportunities in an economy. The higher real incomes generated from microeconomic reform and the higher productivity also raise the revenue base available to the government to provide enhanced services.

As a result, microeconomic reform plays a vital role in the Queensland government delivering its key economic and social policy priorities. The Queensland government addresses major microeconomic issues as part of its broader economic strategy. The government's economic strategy aims to complement the maintenance of sound economic fundamentals along with the Smart State strategies of investing in human capital and fostering innovation. These are the primary drivers of productivity growth and higher living standards in a modern and diversified economy.

As part of maintaining strong economic fundamentals, the State government has focused on improving industry efficiency. Increased efficiency of essential services such as energy, water and transport are important as they provide significant inputs to production in virtually all other industries. Lower business costs improve business competitiveness. For example, energy reforms that facilitate more efficient transmission and distribution investment have the potential to improve reliability, reduce the need for additional reserves and maintain a downward pressure on energy prices.

Another microeconomic issue that the State government is addressing concerns regulatory reform. Regulatory reform promotes productivity and economic growth by removing or improving regulations that distort investment decisions or competition and thereby impede business activity. The state's regulatory reform process ensures that market regulation is in the public interest, with reforms aimed at minimising the administrative burden on businesses. The review and reform of legislation under current national competition policy arrangements is expected to be complete in 2004, with the exception of the reform of a few pieces of legislation.

Ms MALE: Treasurer, how is the Queensland government developing strategies to lift the state's sustainable level of economic growth while addressing the challenges of an ageing population?

Mr MACKENROTH: The government's economic strategy focuses on increasing productivity growth and labour force participation—the key drivers of economic growth—to generate higher rates of sustainable economic growth and real incomes. Investing in human capital and fostering innovation represent central elements of the economic strategy. The government is playing a proactive role in increasing the state's human capital by investing in education, training and health, implementing

measures to increase the capacity for people to participate in the labour force, and encouraging skilled migration to Queensland. Human capital influences productivity growth through its effect on innovation. It also represents a driver of improved employment outcomes, as training and education increases the capacity of people to engage effectively in the labour force.

Innovation is a core component of the government's Smart State agenda, recognising the role of innovation as a primary source of productivity growth. The 2004-05 budget supports the government's commitment to innovation, with \$43 million allocated to new programs and projects over five years beginning in 2004-05. Specifically, Queensland faces two key demographic challenges. Over the short run, strong population growth is projected to continue, with much of this growth concentrated in south-east Queensland. Under specific assumptions relating to future levels of fertility, mortality, overseas migration and interstate migration, Queensland's population is expected to rise from 3.8 million people in 2003 to around 5.3 million people in 2026. This will increase the state's national population share from 19 per cent to around 22 per cent. Over the longer term, Queensland, as with other developed economies, will face the issue of population ageing. Queensland's population is projected to age at a similar rate to that of the rest of Australia. The state's growing population increases demand for infrastructure, goods and services, including government-provided education and health services.

The CHAIR: The time for government members has expired. I call the member for Callide.

Mr SEENEY: Treasurer, can I refer you to the Smart State Building Fund. It is referred to extensively in the budget documentation and was mentioned by you in an answer to the member for Bundaberg. Can you confirm that the Smart State Building Fund involves the government borrowing \$1.4 billion, and is that all to be borrowed for capital works?

Mr MACKENROTH: If we end up borrowing that amount, it can be up to \$1.4 billion—if we borrow that full amount.

Mr SEENEY: How will you determine the amount that you will eventually borrow?

Mr MACKENROTH: That depends on how much cash we have. Naturally, if we have cash, we will not be able to borrow it. Last financial year, in round terms, we had budgeted to borrow \$600 million and we actually paid about \$200 million off a previous debt and did not borrow any money at all. The intention of the Smart State Building Fund is to borrow \$1.4 billion because we have the capacity to borrow that amount of money. However, as we come to take up those loans, as the programs need to be met—that program is over three years—if we have sufficient cash then we will meet it with cash, otherwise we will borrow it. That is a decision that is made as time moves on.

Mr SEENEY: If your predicted surplus eventuates, and given that a portion of that surplus is tied up with superannuation and is inaccessible, will you appropriate that surplus rather than borrow the \$1.4 billion for the Smart State Building Fund?

Mr MACKENROTH: No. You are talking about a surplus, in accrual accounting terms, in the 2003-04 financial year. The Smart State Building Fund is mainly in the three forward years, not from then. The Smart State Building Fund, on page 17 of the budget capital statement—

Mr SEENEY: I am aware of that.

Mr MACKENROTH:—has an amount of \$234.8 billion budgeted to be spent in this financial year. At this stage we probably will not borrow any money to meet that, but if we have to, we will.

Mr SEENEY: What you have said indicates that the Smart State Building Fund is not a distinct fund. It is not operated as a distinct fund and it will not be reported on as a distinct fund. It is a slogan that is part of the whole management of Treasury but it is not something that is distinct.

Mr MACKENROTH: The capital statement on page 17—

Mr SEENEY: I am coming to that. Be patient.

Mr MACKENROTH: Appendix 2.1 notes that the Smart State Building Fund allocations are by portfolio. It is clearly spelt out there that the allocations are made per portfolio and those projects are clearly identifiable and become part of those departments' projects.

Mr SEENEY: But are they capital works projects that would not have otherwise been undertaken? Are they capital works projects that are funded from a distinct pool of money or are they just normal capital works that the departments would have undertaken anyway and you have somehow turned it into this political slogan of a Smart State Building Fund?

Mr MACKENROTH: No, they are capital works projects which have been brought forward. We did not go out and dream up things to fund. We asked the departments which projects they had identified in their portfolios as capital works which needed funding and to which no money had been allocated—to which no money had been allocated—and they were then allocated money to fund those projects. All of those projects are ones which have been brought forward in the capital works programs of departments.

Mr SEENEY: Why then is there almost three times the expenditure in the 2006-07 year than in the current year? If that is the case, if this Smart State Building Fund is as you have painted the picture, why is capital funding not available to those departments until the 2006-07 year? In that table on page 17 that you are referring to, it indicates that there is almost three times the amount of capital funding in 2006-07 than there is in the current financial year.

Mr MACKENROTH: Many of those projects will take time to bring on line and as that happens, they will be funded. That is over a three year period. Once you commit to a project, particularly a major project, you cannot necessarily bring it straight on line that day. They have been funded over three years and many of them will come on line. Some of that money allocated for railways is for new rolling stock which will need to be ordered, built and delivered and it will not get paid for until then. That is the way that capital works operates.

Mr SEENEY: But you announced this in October-November last year.

Mr MACKENROTH: November-December last year.

Mr SEENEY: November last year. It has already been announced for, what, seven or eight months, yet most of the money or a big proportion of the money will not be spent for another two years. Surely your lead time argument does not apply to the great bulk of these projects? I see that Disability Services Queensland is mentioned in the second line. I am sure that disability services could use all of their \$15 million allocation in this particular year rather than over the next three years.

I am just trying to ascertain whether or not this fund actually exists or whether it is something that would have been normal capital works expenditure anyway.

Mr MACKENROTH: You have already asked that question and I have answered it, but I will answer it again. The Smart State Building Fund is a further \$1.4 billion that was allocated in November last year to provide for infrastructure which departments had identified needed to be built but which had not been funded, either in last year's budget or in the forward estimates of last year's budget. We identified projects which the departments wanted to fund and we brought those projects forward. It is extra capital works. We have brought forward further capital works with further spending in this year's budget. Hence, the increase in capital funding of 19 per cent in this year's budget.

In relation to the capital spending in disability services, that money is being spent over three years. I will find out what it is for, but it has been spread over three years so that it will be spent more sensibly. There is nothing untoward in the way that this has been done.

Mr SEENEY: How much of the \$1.4 billion that you talk about as the Smart State Building Fund is actually being borrowed in this financial year?

Mr MACKENROTH: We will not know that until we get to the end of the financial year. The amount of money allocated to be spent in this financial year is \$234.8 million. The amount of money allocated in the budget to borrow is \$40 million—that is across government. In fact, most of that will be met by cash payments and not by borrowings in this financial year.

Mr SEENEY: So the Smart State Building Fund—

Mr MACKENROTH: Because of the strong financial position that we are in.

Mr SEENEY: So the Smart State Building Fund is not a defined fund that you will report on in future budgets? It is not a defined fund such that the people of Queensland can determine where the money has been spent, how much we still owe, how long it will take us to pay it back and how much interest we are paying on it. It is part of the government's capital works that will be funded from surpluses and borrowings as you need to incur them. Is that a fair summation?

Mr MACKENROTH: I think your question needs to be answered in two parts. Firstly, the projects that will be delivered by the Smart State Building Fund are all clearly set out and identified in the budget papers. The \$1.4 billion worth of projects is identified, so you know exactly which projects are part of the Smart State Building Fund. Over the next three years you will be able to clearly see whether those projects are being delivered or not being delivered. You will be able to clearly see whether any of those projects are being delivered. The projects of the Smart State Building Fund are being met there.

In terms of the Smart State Building Fund and borrowings, the borrowings are part of the government's borrowings on budget for its capital programs. When the decision was made last year to have the Smart State Building Fund, we decided that we would borrow up to \$1.4 billion. It is not going to be necessary to borrow the major part of what is required for this year to meet that Smart State Building Fund. I think we need to have a look at the way that works.

So there is not going to be a Smart State Building Fund account, which I think the second part of the question you were asking refers to. I stated quite clearly last year that the government is prepared to borrow to meet infrastructure, which will provide infrastructure for Queenslanders for many years to come. We are prepared to do that and we will do that, but if we do not need to, at a particular time, borrow it because we have the cash then we will not do it.

Mr SEENEY: Will you report in future budgets on the Smart State Building Fund as a distinct fund so that Queenslanders know how much has been borrowed for that fund, how much has been spent and how much has been appropriated from surpluses?

Mr MACKENROTH: I will give you a commitment that next year, the year after and the year after that, if it is necessary we will put a table in the documents to show you how much money we are spending through the Smart State Building Fund. We will keep reminding Queenslanders of what great work we have done. But just because you have asked for it, I am going to say, 'Jeff Seenev wants us to tell you how much we are spending through the Smart State Building Fund,' and we will do it.

Mr SEENEY: I am a great supporter of capital works. I encourage you to spend as much as you can on capital works and infrastructure.

Mr MACKENROTH: You have already asked your question. I am giving you an answer. We are quite happy to put in there a table showing the projects that we funded through the Smart State Building Fund, how much we spent that year and how much further needs to be spent as they come on stream. I will go back to the second part of your last question. I actually answered it, but you may have misunderstood what I said. The borrowings for the Smart State Building Fund are simply a part of the state's borrowings. It is not a specific borrowing that is made for that project.

Mr SEENEY: That is where we differ.

Mr MACKENROTH: It is not a specific thing. At the end of next financial year you can have a look at how much money on budget we borrowed throughout the year and how much capital work we have done and you can work out how much we have actually borrowed to meet capital works. But that is the way that the budgeting is done.

Mr SEENEY: So there will be no distinct reporting. Thanks.

Mr MACKENROTH: No, no, no. There will be distinct reporting on the Smart State Building Fund.

Mr SEENEY: But not in terms of borrowings.

Mr MACKENROTH: We will actually get out and open every project, if you like. We will put a big sign up—'Smart State Building Fund'.

Mr SEENEY: While we are talking about borrowings in relation to the state capital program, in the Capital Statement there is a line that some \$1.4 billion in borrowings are scheduled for 2004-05. It states that these borrowings will mainly be undertaken by government owned corporations. I think you have mentioned before a figure of \$40 million that will be borrowed across government for government purposes. Is that \$40 million part of that \$1.4 billion?

Mr MACKENROTH: That is correct, yes.

Mr SEENEY: It is part of that \$1.4 billion. So the remainder of that \$1.4 billion will be borrowed for the use of the GOCs?

Mr MACKENROTH: It is \$1.393 billion. That is on page 164 of the Budget Strategy and Outlook. The net borrowing for 2004-05 is \$1.393 billion. That is for the public non-financial corporations sector, so that is the GOCs.

Mr SEENEY: So all of that is for the GOCs—all of that \$1.4 billion?

Mr MACKENROTH: No, no. That figure there is rounded—\$1.4 billion. The other is \$40 million, which is what I had said.

Mr SEENEY: The \$40 million is extra borrowing on top of that?

Mr MACKENROTH: We have budgeted to borrow \$40 million for the state. The rest of our capital works on budget will be met from within our own resources and our depreciation.

Mr SEENEY: So why is it necessary for the GOCs to borrow \$1.4 billion?

Mr MACKENROTH: To do the capital works that are necessary. It is the way the system works. It is just like companies. They borrow money to do expansion. They will be investing \$3 billion themselves, so not all of their capital works are actually met from borrowings. Some of it is met from borrowings. It is the way the GOC sector works.

Mr SEENEY: Will any of those borrowings be returned to the government as special dividends?

Mr MACKENROTH: No.

Mr SEENEY: Can I return, then, to the taxation per capita argument that we were pursuing earlier?

Mr MACKENROTH: Yes.

Mr SEENEY: You indicated that the budgeted taxation per capita this year is \$1,614. Indeed, that is a figure that is taken directly from your budget speech. The budget papers show that last year the per capita budgeted taxation level was \$1,480 per annum. Is that not, by my mathematics, an increase of

\$134 in the budgeted taxation level that you expect to receive from each and every Queenslanders in this financial year?

Mr MACKENROTH: You are using the budgeted figure and not the actual figure.

Mr SEENEY: I am comparing budget with budget, which is—

Mr MACKENROTH: No. That is not the actual figure, which I could get.

Mr SEENEY: The actual figure was actually higher than that. You actually taxed Queenslanders more than you budgeted for last year. But any comparison has to be a budget-to-budget comparison, surely.

Mr MACKENROTH: That was a statement you made, not a question.

Mr SEENEY: No, it is not.

Mr MACKENROTH: You made a statement.

Mr SEENEY: A budget-to-budget comparison indicates that you are anticipating to tax Queenslanders an extra \$134 per capita this year. You were rather unkind to the Leader of the Opposition in your reply speech in the parliament, because he multiplied that by four and said that that was what a family of four was going to pay. You were rather unkind about that comparison, but those figures are taken directly from your budget papers—\$1,614 and \$1,480 in your previous budget.

The CHAIR: Are you asking a question?

Mr SEENEY: I am asking a question. I am certainly asking the question: is it not the fact that the comparison the Leader of the Opposition made was right, despite your unkind remarks in the parliament during the reply to the second reading debate?

Mr MACKENROTH: It was not right, because what he said was that a family of four would pay that much extra in taxation. Now, that is not true.

Mr SEENEY: Well, it is true. If your budget becomes a reality it is true.

The CHAIR: The Treasurer is answering the question.

Mr MACKENROTH: It is not true, and I corrected him. If he wants to use those figures, he should clarify what in fact he is saying, not be confused with what was budgeted and what was the reality. He said that a family of four will pay this extra amount. He was wrong.

Mr SEENEY: So your budget figure is wrong, then?

The CHAIR: The Treasurer is answering your question. He is even generously answering after his time has expired.

Mr MACKENROTH: He has continued to use that wrong figure, as he continues to use wrong figures. I note that once again today there was a reference in the paper to your Main Roads budget of 1997 which is wrong because you actually add maintenance into that, which is not in the capital programs of today. You have been corrected on that on a number of occasions, but you continue to use wrong comparisons. If you continue to use them, I will continue to correct you. I think you need to be real about what is stated.

The CHAIR: The time for non-government members' questions has expired. I call the member for Glass House.

Ms MALE: With reference to commitments made by the Leader of the Liberal Party during the last election campaign regarding the then coalition's policy not to borrow funds for social infrastructure, can you please explain to the committee what is the government's policy on borrowings as set out in the budget?

Mr MACKENROTH: It is entirely appropriate for a state with a growing population and economy to borrow for capital investment. The fiscal principles that the government formulates its budget on explicitly allow for borrowing for capital. The Queensland government has the strongest balance sheet of any state in Australia, with very low levels of debt. To restrict the capital program by not borrowing would act as an unnecessary impediment to Queensland's economic and social development.

The Queensland government budgeted to borrow for capital in 2003-04. However, the budget position has allowed for the delivery of that program without recourse to borrowings. It is simply more efficient to use available surplus cash before borrowing if those funds become available, as they did last year. There will be a modest borrowing requirement in 2004-05 in the general government sector, with nearly the entire general government program covered by internal funding sources, such as recurrent revenues and surplus cash. However, this in no way implies that the government is averse to borrowing. Over the forward estimates period the general government is expected to borrow some \$2 billion for capital expansion. This borrowing is entirely affordable. Annual interest expense will remain at only one per cent of total revenues across the forward estimates period.

The government's GOCs also borrow to fund capital. Over the budget and forward estimates period GOCs are expected to borrow \$3 billion to support additions to the capital stock of over \$5.5 billion. Queensland's GOCs are subject to rigorous credit assessments to ensure their borrowings are affordable. Interest costs as a percentage of GOCs' revenues will remain stable at approximately 10 per cent over the forward estimates period. The full range of funding sources for financing the 2004-05 total capital program are detailed in table 1.2 of the Capital Statement, Budget Paper No. 3. This table shows that the overwhelming bulk of the state's annual capital program is funded from recurrent sources.

Mrs NITA CUNNINGHAM: Treasurer, would you inform the committee what strategies are in place to keep the government's statutory compulsory third party scheme under review and ensure the best outcomes for Queensland motorists?

Mr MACKENROTH: The Motor Accident Insurance Commission is constantly reviewing the scheme through a number of initiatives, including analysis of the claims data collected on the personal injury register database; regular data audits and claims management audits; regular review of court decisions and settlement costs; quarterly actuarial analysis for premium purposes and scheme trends; quarterly review of the assumptions underpinning the premium bands; annual review of class relativities; annual review of insurers' business plans and Queensland CTP liabilities; six-monthly meetings with the CTP jurisdictions of other states; regular meetings with stakeholders, in particular insurers; regular meetings with the MAIC advisory committee regarding scheme trends, premium bands and potential issues; and close liaison with Queensland Transport, especially given the link between registration and CTP.

MAIC also continues to work with stakeholders to improve management processes for claims through formal bimonthly meetings with the Insurance Council of Australia and the CTP insurers' claims managers; day-to-day contact with insurers via meetings, telephone and email contact; regular meetings with representatives of the Queensland Law Society and the Australian Plaintiff Lawyers Association; working parties involving representatives from MAIC, insurers and the legal profession, where relevant, to resolve or explore specific claims issues; a working party involving MAIC, CTP insurers and rehabilitation providers to resolve and explore rehabilitation issues; monitoring the nature of claims enquiries and complaints made to the CTP help line; insurer presentations to MAIC on their claims management processes; MAIC review of insurers' strategies to contain and manage claim costs as identified in their business plans; quarterly statistical feedback to insurers and other stakeholders such as the Taxi Council and Brisbane City Council on claims costs and trends and the claims experience of particular classes; and constructive feedback to insurers on the findings of MAIC data and claims file audits.

Mrs NITA CUNNINGHAM: Treasurer, would you also tell us how the 2004-05 state budget meets the fiscal principles set out in Queensland's charter of social and fiscal responsibility?

Mr MACKENROTH: The 2004-05 state budget has been prepared in a manner fully consistent with the government's fiscal principles. The first fiscal principle: the government has a key policy priority to maintain a competitive tax environment for business development and jobs growth. The government will ensure that state taxes and charges remain competitive with other states and territories. Although total taxation revenue will increase in 2004-05 due to factors such as economic and population growth, the state continues to maintain competitive tax levels in relation to other states. Queensland's taxation revenue raising effort as assessed by any reasonable measure remains well below the Australian average.

In the 2004-05 budget the government has also taken the opportunity to provide a series of tax relief measures including from 1 August 2004 the abolition of credit card duty and the reduction in the general insurance duty rate from 8.5 per cent to 7.5 per cent. In addition, debits tax will be abolished from 1 July 2005. From 1 August 2004 the threshold for the principal place of residence transfer duty concession will be increased from \$250,000 to \$300,000, providing home buyers with a saving of up to \$1,250.

The second fiscal principle: the government will ensure that its level of service provision is sustainable by maintaining an overall general government operating surplus as measured in government finance statistics terms. The 2004-05 budget has provided additional funding across a range of portfolios to meet expenditure priorities around the state while also maintaining strong GFS operating surpluses in the government sector in 2004-05 of \$646 million and in the outyears of \$400 million to \$500 million in each year. The government is also expected to record a strong general government operating surplus in 2003-04 of over \$2.3 billion.

The third fiscal principle: borrowings or other financial arrangements will only be undertaken for capital investments and only where these can be serviced within the operating surplus, consistent with maintaining a AAA credit rating. The 2004-05 budget complies with this principle, with the bulk of the government's record \$6 billion capital program funded from recurrent sources. The level of borrowings by government is consistent with net capital purchases by the general government sector with

borrowings being serviced by general government operating surpluses in 2004-05 and the outyears. In 2003-04 all credit ratings agencies have reconfirmed Queensland's strong AAA status.

If you asked me for the other two, I would probably tell you. Okay, you would like me to. The fourth fiscal principle: the government will ensure that the state's financial assets cover all accruing and expected—

Mr SEENEY: I never thought I would see you read a briefing note.

Mr MACKENROTH: I have 20 minutes and I take the lot.

Mr SEENEY: Table it and we will go and have a cup of tea.

Mr MACKENROTH: Last year we finished early. I would be happy to finish early.

Mr SEENEY: Not me; I will be here.

Mr MACKENROTH: That is okay; I will be, too.

Mr SEENEY: I will not be reading briefing notes, though; that is the difference.

Mr MACKENROTH: That is good. You are taking up more of that 20 minutes.

The government will ensure that the state's financial assets cover all accruing and expected future liabilities of the general government sector. The general government's net financial asset position remains extremely sound. Based on current projections, the general government sector will continue to meet this commitment and ensure that the state's financial assets will cover all accruing and expected future liabilities in all the years through to 30 June 2008.

The outstanding estimated returns for 2003-04 of over 21 per cent has enabled the government to significantly replenish resources in the superannuation schemes that had been run down through prior poor years. However, it is important to recognise the value of the government's long-term approach, demonstrated by the fact that at no time during the equities downturn did the government have to top up the scheme's reserves to remain fully funded.

Finally, the government will maintain and seek to increase total state net worth. General government net worth is increasing in 2003-04 and throughout the forward estimates period is expected to exceed \$80 billion by 2007-08.

Mr WALLACE: Just turning our eye to government owned corporations, what are the returns and dividends in tax equivalent payments from GOCs provided for in this budget?

Mr MACKENROTH: Returns to the state from government owned corporations comprise dividends and tax equivalent payments, with the rail, energy and ports GOCs being the major contributors. The state expects to derive \$694.77 million in dividends and \$288.06 million in tax equivalent payments in respect of the 2003-04 financial year for a total return of \$982.83 million. The actual amounts are subject to the final audited results for 2003-04.

The budgeted receipts in respect of the 2004-05 financial year are \$585.58 million in dividends and \$283.27 million in tax equivalent payments for a total return of \$868.85 million. The government's dividend policy takes into account a number of considerations, including the returns the state expects from its equity investments in its GOCs and the capital structure and gearing ratios of those GOCs.

The payments of required dividends is unrelated to service and maintenance programs adopted by GOCs as dividends are paid out of each GOC's net profits—that is, after all expenses including maintenance have been provided for. Generally, the dividend payout ratio is 95 per cent. Shareholding ministers, however, will consider a lower payment ratio in circumstances where a GOC can demonstrate it is warranted in view of its capital structure and infrastructure funding needs.

As to why dividends are expected to be lower in 2004-05, a major proportion of the returns to the state from GOCs is derived from energy GOCs. Additional capacity in the Queensland market arising from the commissioning of the new plant such as Tarong North and Swanbank E and the operation of the Queensland-New South Wales interconnector has the effect of driving down electricity pool prices in the short to medium term. This, in turn, has resulted in lower revenues from energy GOCs and lower returns to the state. The commissioning of the privately owned Millmerran power station has also had an impact on the earnings of the government owned generators. While there is a decline in returns from the energy GOCs in the short to medium term, increased economic activity and electricity demand in the long term should result in higher returns. There is no provision for the payment of special dividends by GOCs in the 2004-05 budget.

Mr WALLACE: Thank you, Treasurer; most illuminating. Can you advise what the current situation is with the review of state taxes as required under the intergovernmental agreement with the Commonwealth government?

Mr MACKENROTH: The intergovernmental agreement requires the ministerial council to review by 2005 the need for retention of stamp duties on non-residential conveyances; non-quotable marketable securities; leases; mortgages, bonds debentures and other loan securities; credit

arrangements, instalment purchase arrangements and rental arrangements; and cheques, bills of exchange and promissory notes.

As noted above, Queensland abolished credit card duty in the 2004-05 budget prior to the ministerial council review. Queensland is currently participating in a working group which will present a report on the remaining duties to the ministerial council at the March 2005 meeting. The terms of reference state the working group will 'consider the implications for each jurisdiction of removing the taxes'. This is a compromise position between the Australian government, which claims states can use goods and services tax revenue to offset the budget impact of abolishing some of these taxes, and states, who wish to retain control of their budgetary priorities.

Ms MALE: What is Queensland Treasury doing to ensure a smooth transition to the proposed international accounting standards?

Mr MACKENROTH: Treasury has dedicated resources to coordinating a smooth transition to the Australian equivalents of international financial reporting standards. General information sessions were held in March 2004 and more detailed interactive workshops for departments and statutory bodies are planned throughout 2004 to raise awareness of the potential impacts on policies, systems and financial results.

The first of these interactive sessions held in early June covered the pending standards relating to non-current assets—the largest balance sheet item for government. Additional sessions will be conducted following the release by the Australian Accounting Standards Board of the finalised standards at the end of June 2004. In addition, a detailed IFRS check list has been devised and distributed to departments and statutory bodies to monitor preparedness and to progressively monitor and assess the impact expected by agencies.

Agency feedback from both the interactive sessions and the checklist would inform policy development to meet changed reporting requirements. The financial reporting requirements issued by Treasury will be updated in 2004-05 to indicate potential impacts on policy arising from the converged standards. The financial reporting requirements for 2005-06 will detail the financial reporting requirements under the new standards. Similarly, the Office of Government Owned Corporations is liaising with government owned corporations to ensure their smooth transition to the changed standards.

The full impact of the changed accounting and reporting requirements is not yet known. Over the coming months, agencies will be progressively reviewing the new requirements to assess the impact on their agencies. The standards likely to impact most on the public sector are those relating to non-current assets, financial instruments and superannuation. As the standards relax the requirement for entities whose primary objective is not profit, most Queensland public sector entities, the impact for state departments and statutory bodies is expected to be less than experienced by private sector or public sector for profit entities.

The non-current asset accounting guidelines for the Queensland public sector issued in May 2001 will require updating prior to 2005. This work is currently under way with agency reference groups being consulted to ensure revised policies achieve the desired results. Policy changes for departments and statutory bodies from adoption of the changed financial instruments requirements will be incorporated into the financial reporting requirements once the finalised standards are released.

Ms MALE: Finally, how does the government ensure effective risk management and corporate governance of GOCs?

Mr MACKENROTH: At the organisational level, the government ensures that GOC boards are structured effectively and that directors are appointed who have the appropriate mix of skills and experience to add value to the corporation and set the corporate governance agenda. The government also maintains the legislative and policy framework which enables GOCs to operate in a commercially competitive environment. This includes the Financial Administration and Audit Act 1997, the Financial Management Standard 1997 and the Government Owned Corporations Act 1993. GOC reporting and other accountability matters, including quarterly and annual reporting, are set out in the GOC Act.

The Office of Government Owned Corporations is currently preparing a survey designed to gauge the extent to which GOCs have the appropriate governance tools in place and, more importantly, to ascertain the strength of GOC governance systems. GOC boards are responsible for ensuring that the principal strategic operation and financial risks are identified and that effective systems are in place to monitor and manage these risks, and for ensuring that reporting systems, internal controls and arrangements for monitoring compliance with laws are adequate.

Against this background, however, the government maintains its awareness and understanding of current and future developments within the GOC sector through strategies designed to acquire an understanding of the markets in which the GOCs operate. This strategy is fundamental to managing the risks that emerge from the evolution of these markets. The government has undertaken a number of steps to ensure that a high level of market understanding is maintained. These include maintaining and enhancing the positive working relationships that the government has developed with GOC senior

management. This ensures that there is a free flow of information on pertinent market issues between the government and its GOCs.

The CHAIR: That concludes the time for government members. I call the member for Robina.

Mr QUINN: Treasurer, can you advise whether the Office of Government Owned Corporations provided advice on the recently gazetted increases in domestic electricity prices in Queensland through both Energex and Ergon?

Mr MACKENROTH: The government has a policy of increasing charges by the rate of inflation and the price increase by Energex and Ergon are part of that policy. As you know, the government has a uniform tariff throughout the state for its domestic delivery. As part of keeping that uniform tariff in place, we have a policy of increasing the charges by the rate of inflation each year, which keeps it relevant to what it was.

Mr QUINN: Did the Office of Government Owned Corporations provide advice that the cost of producing electricity in Queensland had actually fallen over the previous 12 months?

Mr MACKENROTH: It is the Office of Energy's responsibility. That question would go to the Minister for Natural Resources.

Mr QUINN: But in terms of determining the price rise, you did not take into account the actual cost of producing electricity at all, or you simply went by the government's policy of increasing along with inflation?

Mr MACKENROTH: You need to look at the fact that the government provides a community service obligation to the energy corporations. So we actually are subsidising it. That community service obligation needs to be taken into account. But the issues I think that you are raising are more relevant to the Minister for Natural Resources.

Mr QUINN: But as a shareholding minister did you approve, along with the Minister for Energy, the price rise?

Mr MACKENROTH: The government has a policy that all government charges are increased by the rate of inflation each year. As a member of cabinet I approved that.

Mr QUINN: So the cost of electricity in Queensland that Ergon and Energex charge domestic consumers bears absolutely no relationship whatsoever to the cost of producing electricity. Is that what you are telling us?

The CHAIR: I think the minister has made it fairly clear—

Mr MACKENROTH: No, I am happy to answer this. There is a market in electricity where Energex and Ergon can compete for customers down to 200 megawatts. From 1 July that goes to 100 megawatts. That is called tranche 4A. Those customers can choose to go into the market and buy their electricity at whatever price they can buy it for. But in relation to customers under 100 megawatts, which is tranche 4, they are on a uniform tariff and the government provides a community service obligation to ensure that we have uniform prices throughout the state. We actually subsidise that electricity delivery right throughout Queensland. We are actually providing a community service obligation payment to Energex and Ergon.

Mr QUINN: The Premier has made a statement, on his sixth anniversary of being Premier, that the cost of producing electricity in Queensland has fallen by more than 50 per cent—from \$60 per megawatt hour down to \$28 per megawatt hour. Are you concerned that the profit levels of Ergon and Energex are really exorbitant?

Mr MACKENROTH: That is the generation cost; it is not the cost of distribution or, in fact, retailings. That is one part of it.

Mr QUINN: But still that is a substantial decrease in the real cost of electricity in Queensland.

Mr MACKENROTH: That is one area; that is the production cost. The issue that you raise in relation to the costs that we approve the increase of is the uniform tariff, to which we provide a community service obligation. In the budget this year we have budgeted to provide a community service payment to Energex and Ergon of \$106 million. What that means is that Energex and Ergon, in fact, get a payment from the government of \$106 million to help them to meet the cost of providing electricity. Each time that is increased, because we are decreasing the amount of community service obligation—or we may decrease that amount.

Mr QUINN: Treasurer, can you tell us what the cost of the community service obligation was last financial year?

Mr MACKENROTH: Yes. The estimated actual amount for 2003-04 is \$30 million. We will not know the final amount until we have our accounts, but it is estimated to be \$30 million.

Mr QUINN: Moving on to a different topic now, with reference to the recent changes to the game machine legislation and the introduction of tradable authorities, what are the government's intentions

regarding the sales of these gaming machine authorities? How many are scheduled to be sold this financial year?

Mr MACKENROTH: The first tender closed at 5 o'clock yesterday afternoon. So I cannot give you a report on that because I have not got one yet. It is the government's intention to sell the authorities. We have a number of authorities. We have put some out for tender. The tenders, as I said, closed yesterday. Once we have assessed the tenders that information will be made public. The sales were advertised on 16 June and closed yesterday. We invited tenders for 293 authorities. An authority means one machine. You get an authority which gives you the authority to buy a machine and to operate it. So there are 293 authorities, which are across the three regions that we have established, and we will put out further tenders throughout the year as they become more available.

Mr QUINN: How many tradable authorities do you currently hold?

Mr MACKENROTH: We do not have the exact figure here, but it is slightly over 100—I can get the exact figure for you—that are held now which can be sold.

Mr QUINN: After the 293?

Mr MACKENROTH: After 293.

Mr QUINN: You say you have 100.

Mr MACKENROTH: Yes. There are slightly more than 100. We will find out the exact figure and provide it to the committee, if you want to put the question on notice.

Mr QUINN: Thank you. Have you included in the 2004-05 budget some estimate of the money you will receive from the sale of tradable authorities?

Mr MACKENROTH: No, we have not, because we do not know what we are going to get for it. If you are saying how much have we included, no, we have not included any, and we will enlighten everybody once this process is over as to what the value is.

Mr QUINN: If the value is quite substantial—I pick a number out of the air; whatever it might be, no-one really knows—is the government concerned that these may become something that will actually be surrendered by clubs and pubs?

Mr MACKENROTH: No, there is a scheme in place. I think we need to firstly understand that clubs are not part of this scheme. So any gaming machine or permit that is held by a club is not able to be traded nor able to be sold. If a club has 100 machines and wants to go back to 90, those 10 permits simply disappear. They are surrendered and they disappear. But there is also no cap on clubs. So a club can apply without needing to be competing. The cap is only on hotels. The way that system works is that if a hotel wishes to decrease the number of authorities that it has, it is able to put them into the pool to sell. From memory, the government takes basically one-third of the authorities. They are not able to put them all in at one go. There are limits, as a percentage of the numbers that they have in their hotel, that they can trade in a year. I think we take one-third of them. If they want to basically close down their hotel, we take 50 per cent. So they become the government's, and I guess that is the way the government gets paid commission for handling the sales. Any money that the government receives on these sales goes into the Community Investment Fund. So it is not going directly in to consolidate revenue. The money will be going into the Community Investment Fund. That decision was made when we established the scheme.

Mr QUINN: I refer to question on notice No. 1 and the answer that you gave. It is in relation to the fraud control review that was undertaken in 2003 and reported on in November 2003. What was the scope of this review? Was it—

Mr MACKENROTH: This is the internal audit?

Mr QUINN: Yes, one of those answers that came in a day or so ago. What was the scope of this review? Was it prompted by any fraud detected within your portfolio?

Mr MACKENROTH: It was not as a result of any fraud in the department at all. It was simply a review to ensure that we had proper practices in place. It was not as a result of any action that had happened.

Mr QUINN: Thank you.

Mr MACKENROTH: It is simply a measure to ensure that we had proper mechanisms in place.

Mr SEENEY: Treasurer, can I raise the issue of the government's ambulance tax?

Mr MACKENROTH: Levy.

Mr SEENEY: Tax.

Mr MACKENROTH: No, ambulance levy.

Mr SEENEY: Tax. The government community ambulance tax revenue in 2004-05 is estimated to increase by 13 per cent from \$92 million to \$104 million. That is taken from a table in your budget strategy and outlook on page 74. Can you explain that 13 per cent increase—

Mr MACKENROTH: Yes, easily.

Mr SEENEY: You often talk about taxes increasing only by the CPI?

Mr MACKENROTH: If your electricity bill comes on 1 July, that would mean last year you would not have paid your full year. In the first quarter of last year when the ambulance levy first started we did not collect a full quarter of payments because we were only receiving an amount from when this thing started on 1 July. In this financial year we will receive a full amount of money. If you received your bill on 1 July you would receive your fourth bill on 1 July this financial year so that you would then have only paid a full year's subscription from 1 July. That is when we would actually receive it even though you have paid for a whole year. You would have actually paid for a whole year but we do not receive the amount until you pay your bill throughout this first quarter. So throughout this first quarter is when we get the full amount. That is why.

Mr SEENEY: Has there been any tightening up on the exemptions that have been granted since the publicity surrounding the ambulance tax?

Mr MACKENROTH: No.

Mr SEENEY: Those exemptions are granted by the Office of Energy, are they not?

Mr MACKENROTH: Office of State Revenue through the retailers, but the Office of State Revenue run the actual collection—but by Ergon, Energex and others.

Mr SEENEY: Who decides on the exemptions to be granted, especially for new connections?

Mr MACKENROTH: The legislation does. The legislation sets out what the exemptions are, the information then is provided by the Office of State Revenue to the retailers who make the decision based on people complying with what is done. As at 30 May the number of exemptions which have been processed was 484,791.

Mr SEENEY: Since the tax was introduced?

Mr MACKENROTH: As at 30 May the number of exemptions since the levy was introduced.

Mr SEENEY: Since the tax was introduced 12 months ago, at the beginning of the last financial year, that is the total amount of exemptions but my question relates to the exemptions that are being processed at the moment.

Mr MACKENROTH: If somebody applies now, it is processed by the retailer.

Mr SEENEY: If somebody applies now who actually decides whether their exemption is going to be granted?

Mr MACKENROTH: The retailer would decide that based on their meeting the criteria that is set out by the Office of State Revenue based on the legislation that is in place. They can appeal to the Office of State Revenue.

Mr SEENEY: Has there been any change in the criteria that those people are working with?

Mr MACKENROTH: We have made no changes since we made the changes at the end of last year.

Mr SEENEY: The \$92 million that is shown as the estimated actual for last year, does that include the cost of administering the scheme or is that the net figure that Treasury receives.

Mr MACKENROTH: That is the gross figure so it is not net cost.

Mr SEENEY: What is the administration cost of the ambulance tax? What proportion of that \$92 million is actually available to QAS to provide services? You must have a figure that you return to QAS.

Mr MACKENROTH: The administration expenses were \$5.7 million.

Mr SEENEY: \$5.7 million?

Mr MACKENROTH: \$5.7 million is the administration expenses. That is the money paid to retailers for the collection of it and the Office of State Revenue. That is the cost of running the scheme. It is \$5.7 million.

Mr SEENEY: Just clear it up for me: That \$92 million is collected by the retailers, paid to Treasury, and you return them an administration fee?

Mr MACKENROTH: This will really clear it up for you: In the 2003-04 budget the QAS forward estimates showed \$99.3 million of community ambulance cover revenue, which was \$105 million minus the \$5.7 million administration expenses which went to electricity retailers. The difference between the \$99.3 million, the forward estimates position, and the \$92.2 million is the estimated actual collection that

has been met by the consolidated fund. So the consolidated fund has met the difference because of the concessions that have been met. So we met those. When we made those extra concessions the consolidated fund met the difference that had not been collected.

Mr SEENEY: Are you aware of how many outstanding ambulance tax payments there are?

Mr MACKENROTH: There is no outstanding ambulance levy. The legislation made that very clear. There is nothing outstanding.

Mr SEENEY: How many people have been disconnected because they have refused to pay the ambulance tax?

Mr MACKENROTH: Nobody would have been disconnected for refusing to pay the ambulance levy. If people fail to pay their electricity account they may have their electricity disconnected. I am unaware of anybody who has claimed that they have had their electricity disconnected because they did not pay an ambulance levy.

I do know that some people said they would not do it although I read in the paper yesterday that maybe they might pay their electricity bills because their electricity might get turned off. I think everyone has known that for a year: if you do not pay your bill you do not get electricity.

The CHAIR: Time for non-government members has expired and I call the member for Bundaberg.

Mrs NITA CUNNINGHAM: What is the purpose and objectives of the government's investment policy for GOCs and what consultation occurred in its development?

Mr MACKENROTH: The GOC Investment Policy formalises and clarifies the expectations of shareholding ministers with regard to capital investment decision-making and approval processes by GOCs.

The objectives of the policy are to clearly set out the expectations, priorities and risk concerns of shareholding ministers without compromising the responsibility and accountability of board directors; to ensure GOCs put in place commercial investments and to hold boards accountable for their investment decisions; to replicate as far as possible private sector market disciplines in order to control the government's risk exposure from the investment activities of GOCs and to provide competence to industry that market type disciplines are being applied to GOCs.

The guidelines cover all non-financial investments, including, for example, asset refurbishment and replacement; new capital expenditure; acquisitions and major contracts, excluding short to medium term energy contracts and derivatives.

Financial investments are covered by the corporation's own financial policies and requirements outlined in the *Code of practice for GOCs' financial arrangements*.

The investment policy was developed by OGOC and follows two years of consultations involving shareholding ministers and their portfolio departments after imposition by the government of a moratorium on interstate and overseas investments by GOCs in late 1998. A draft policy was distributed to all GOCs for review and comment. Feedback received from GOCs on the draft policy indicated a strong support for the core thrust and principles underlying the policy. Issues raised were of a relatively minor nature and the policy was amended to cater for concerns raised by GOCs where the arguments presented were considered reasonable and/or enhanced the practicality of implementing the policy.

At a final round of consultations with shareholding minister departments, all amendments made to the policy were agreed. The 10 principles are as follows—

Principle One: GOC investments are subject to shareholding minister notification and approval requirements.

Principle Two: The decision-making process used by the GOC in developing a significant investment proposal will be reviewed by shareholding ministers or via an external, independent party acting on behalf of shareholding ministers.

Principle Three: Significant investment proposals will be assessed and approved by shareholding ministers based upon the commercial merit of the proposal and the ability of the investment to contribute to the long-term strategic objectives of the entity.

Principle Four: QTC will conduct a credit review of each GOC on an annual basis, and in cases of new funding applications that would have credit rating implications.

Principle Five: The state does not guarantee any obligation arising from the investment activities of a GOC, entities controlled by a GOC or entities in which the GOC has an investment stake.

Principle Six: A GOC should ensure risk sharing arrangements are commensurate with their own contribution to a joint venture relationship established with third parties.

Principle Seven: Uncommercial investment undertaken at the direction of government will be dealt with and financially supported via commercially based Community Service Obligation arrangements.

Principle Eight: Investments are to be restricted to a GOCs core business activities.

Principle Nine: Interstate and overseas investments are permitted in particular limited circumstances on a case-by-case basis with shareholding ministers' approval required for all such investments regardless of the value of the investment.

Principle 10: Post-approval monitoring will apply for significant investment projects and will form the basis of determining future GOC investment approval thresholds.

Mrs NITA CUNNINGHAM: Can you also tell us what the state government is doing to foster a responsible gambling environment in Queensland?

Mr MACKENROTH: The government has provided a framework for building the most comprehensive responsible gambling program in Australia. Queensland's aim is to create a new gambling culture where gambling providers recognise their key role in assisting gamblers experiencing problems; where the gambling help services work actively with the industry to assist problem gamblers and where the whole community recognises its role by gambling responsibly.

The Responsible Gambling Advisory Strategy was launched in 2002 to—

1. enhance responsible gambling policies and programs through research;
2. increase community knowledge and awareness of the impacts of gambling;
3. reduce the risk factors for problem gambling through early intervention;
4. develop a statewide system of problem gambling treatment and support services;
5. ensure gambling environments are safer and more supportive for consumers; and
6. promote partnerships to address statewide and local gambling issues and concerns.

The research program has achieved substantial achievements including the largest single problem gambling prevalence study in the world, the Queensland Household Gambling Survey 2001; distributing over \$1 million since the 2000-01 financial year in research grants; completing Australia's first systematic population study including mainstream, non-English speaking people, prisoner and Aboriginal populations.

Community awareness programs have included the government distribution of problem gambling awareness signs to every gambling venue in the state. As part of the early intervention programs—

- In 2003 the fourth curriculum module for use in schools was released.
- Later this year a new Teachers Resource Kit will be launched which already has in excess of 800 preorders from schools across Queensland.
- The government is also considering player information screens and responsible gambling messages displayed on gaming machines.
- The state's gambling help services which are funded from the Community Investment Fund are also engaged in substantial community based early intervention work such as the first Responsible Gambling Week held in May this year.

People who have gambling related problems have a right to appropriate, free of charge support and treatment services.

This year over \$3.3 million will be provided as part of the government's ongoing commitment to reliable, flexible and accessible gambling support services. This will provide 13 regional gambling help services, a 24-hour seven day a week free call service and a residential treatment capability in Brisbane.

Mr WALLACE: Could the Treasurer please advise the committee what has been achieved under the Shared Service Initiative over the past year?

Mr MACKENROTH: 1 July 2004 marked the end of the first year of the Shared Service Initiative. This initiative is a three-year implementation of shared corporate services across the Queensland Public Service. Significant progress has been made within that time towards the vision of high quality, cost-effective corporate services. The groundwork of these first 12 months has poised the sector to achieve even greater success in the next few years of implementation.

Achievements in our first 12 months include stability. Over 4,700 corporate services staff transitioned to work in a shared services environment. This has been achieved without disruption to service or major industrial disputation. The six new shared service providers and CorpTech, organisations of between 350 and 1,000 staff, are all operating successfully. Each has returned a neutral or surplus budget position in their first year of operation.

The governance arrangements established around the initiative are working effectively. A steering committee of 10 chief executive officers has been set up to oversight the initiative. Through the Shared Service Implementation Office a robust implementation plan has been established that articulates key objectives and strategies, implementation milestones and performance measures with which to assess progress.

Closer to the operational area, each share service provider is responsive to a governing board and partnering forum which has representatives from each of its clients. Business continuity was maintained throughout the transition period and business improvements have already commenced at a local level.

Comprehensive communications and change management strategies have been developed and undertaken by SSIO to ensure that the Public Service is ready for this significant implementation effort. Most importantly, the government remains committed to its employment security policy—there will be no forced redundancies as a result of this initiative.

For 2003-04 we are already ahead of schedule in terms of financial benefits to be derived from the initiative to date. Collectively the SSPs have already achieved operational savings in the order of \$4.9 million. CorpTech has achieved some significant results in a number of key areas: negotiation of new whole-of-government payroll disbursement contracts with expected savings of close to \$2 million over the life of the contracts and negotiations of a new utility model infrastructure deal with CITEC with improved service and disaster recovery capacity resulting in anticipated operating savings of \$4.5 million and capital savings of \$11.2 million.

Anticipated performance returns for each SSP and CorpTech have been factored into the forward estimates process. Combined with identified procurement efficiencies, this will escalate to annual ongoing savings at a rate of \$100 million per annum by 2009-10. Developing an appropriate service focus within the shared services environment has been enhanced by, for the first time across government, the roll-out of comprehensive operating level agreements between SSPs and their client agencies for the provision of corporate services. These agreements have been refined and improved for 2004-05. There has been an investment of over \$2 million in training and development for SSP staff in year one to ensure that staff can operate effectively in this environment.

One of the significant successes for 2003-04 has been the comprehensive redesign of financial and human resource business processes to achieve greater standardisation across government. This has resulted in a detailed mapping of new processes and detailed business requirements that will allow us to transform work practices across government in these areas to reduce processing time, eliminate unnecessary tasks, reduce error rates, improve performance and provide faster access to relevant management information and make informed decisions about the technology and applications that will best support these streamlined processes.

Significant progress has been made in selecting the systems and technologies to support our standardised processing environments. For an integrated HR solution, a request for information process has been completed, seven potential consortia short-listed and an evaluation of their offers has commenced. The government is expected to make a decision on its preferred solution in October 2004 when pilot testing will commence. Government will shortly commence proof of concept testing of its proposed finance solution on SAP R/3 to ensure that this product can meet its new process specifications.

Mr WALLACE: I appreciate that lengthy answer. We were talking earlier about the healthy state of the budget. Can you outline to the committee how the QIC returns have impacted on this year's state budget?

Mr MACKENROTH: The state government has approximately \$14 billion invested with QIC primarily for superannuation and other employee entitlement liabilities. The 2003-04 state budget assumed the long run rate of return on those funds of seven and half per cent. Returns performed well ahead of expectations and in 2003-04 have been above 15 per cent year to date since early February. In finalising the 2004-05 budget, 18 per cent was used as the estimated actual rate of return assumption for 2003-04.

Since the state budget was handed down on 15 June 2004, equity markets have continued to exceed expectation. Investment returns as of 30 June 2004 had increased to 21 per cent. All other things being equal, this would increase the 2003-04 budget surplus of \$2.37 billion by a further \$300 million.

The strong 2003-04 performance allows for two years of underperformance by equity markets. Consistent with Queensland's policy to fully fund superannuation liabilities, all earnings on investments are reinvested in order to provide a prudential buffer against future market downturns. The final budget result, the calculation of which involves the aggregation of audited data from well over 100 entities, will not be known until the 2003-04 report on state finances is released in October.

The underlying surplus result published in the budget of \$1.37 billion reforms the impact of: the investment borrowings in the financial assets set aside to meet the state's defined benefit superannuation scheme obligations; the nominal superannuation expense on the state's defined benefit superannuation scheme; and replacing that with the same expense on the net liability—which is nil. This ensures a presentation directly comparable to that of other states and territories.

QIC manages QSuper funds. I was informed yesterday by Doug McTaggart of QSuper—and the chair of QSuper is here—that it was the best performing superannuation fund in Australia last financial year. That has a lot to do with the sound financial management of QIC.

Ms MALE: Can the Treasurer outline to the committee the level of success the business assistance tool kit, produced by the government's Club Industry Support Committee, has had in relation to the club industry?

Mr MACKENROTH: When it was brought to my notice that many clubs, particularly smaller clubs, were in financial difficulty I established a committee to oversee the implementation of the Club Industry Support Scheme which was aimed at assisting struggling clubs to return to financial viability.

Our government recognises that clubs are an important part of the social infrastructure in Queensland and also make a significant contribution to the economy of the state. As non-proprietary organisations, clubs commit their income and resources for the benefit of their members and the general community. This is apparent particularly in rural communities where the local club often provides a venue for both social and sporting pursuits. The government remains committed to ensuring a strong and viable club industry in Queensland.

Assistance measures were tailored specifically to meet the needs of clubs that have been identified by way of a whole-of-industry needs analysis. The tangible measures taken by the government to assist struggling clubs included the provision of a subsidy of up to \$5,400 to assist with the cost of engaging an accredited business advisor to review the operational and financial performance of a club and to identify measures aimed at improving the club's financial viability. There was the development and distribution of the business assistance tool kit free of cost to every Queensland club that had a liquor licence or permit, irrespective of whether or not the club also had gaming machines. In recognition that many smaller clubs do not have ready access to a computer, the tool kit was distributed in both hard copy and CD formats. The tool kit contains constructive information and advice covering all aspects of the operation of a club.

Linked to the business assistance tool kit has been the provision of training for board and committee members and club managers aimed at increasing their skills and knowledge, particularly with respect to corporate governance issues, their roles and responsibilities and their understanding of financial and operating information. 124 training sessions have already been delivered at venues throughout Queensland.

There continues to be many requests from clubs, industry groups and government agencies for additional copies of the business assistance tool kit. To satisfy this continuing demand, a further 250 copies of the hard copy version and a further 1,000 CDs have been produced. From the feedback that I have received to date, I am sure the business assistance tool kit has already had a significant impact on the corporate governance and management of clubs.

The response to the training sessions has also been very positive, with demand continuing to a high level. To satisfy this demand I have agreed to extend the program to allow for a further 78 sessions to be conducted over the next two to three months.

The CHAIR: The time for government members' questions has expired. There is 15 minutes remaining for Treasury questions and I propose to split that time evenly between government and non-government members.

Mr SEENEY: I thought I was going to get it all.

Mr MACKENROTH: I have information on the question Mr Quinn asked before in relation to authorities held for sale. In respect of the tender which closed yesterday, there were 293 authorities—119 of those were held by government and 174 were industry sales. The government still holds a number of authorities. That could vary between 100 and 155 as there is currently some litigation in the courts between lessors and lessees of hotels as to the ownership of that. We do have in place a mechanism for those disputes to be decided. So it is a maximum of 155.

Mr SEENEY: Treasurer, no doubt you would have seen the speculation in the last couple of days about the state fuel tax rebate. Can you assure this committee that the state government is not reconsidering the payment of that state fuel tax rebate?

Mr MACKENROTH: We are not reconsidering. We are not going to abolish it. We are going to continue to pay it. I have three minutes and can continue to say that for three minutes if you want me to. The Premier clearly stated that during the election campaign. One thing that Queenslanders know is that we deliver on our election commitments.

Mr SEENEY: I hope that you will continue to deliver on that one. I refer you back to some comments you made in response to some of the government questions about the returns on investments for the GOCs. Does Treasury have an across-the-board approach to returns on investments in GOCs or statutory authorities? Is there an across-the-board policy for seeking a return on investment?

Mr MACKENROTH: Do you mean for—

Mr SEENEY: Seeking a return on investment.

Mr MACKENROTH: No, it is a dividend that is paid.

Mr SEENEY: Yes.

Mr MACKENROTH: It is not a return on investments. It is a dividend that is paid. You are not talking about investment, are you?

Mr SEENEY: Yes.

Mr MACKENROTH: When they have an investment, we require them to meet a certain rate of return on the investment that they make if we are approving an investment that they are making.

Mr SEENEY: So when you are seeking dividends or however the payments are sought from GOCs and statutory authorities, is that related to the amount of investment that the government has in that particular organisation and do you seek a return on that investment?

Mr MACKENROTH: No. We ask for GOCs to pay 95 per cent of their profit back to the government each year. However, a GOC can put forward an argument to us not to meet 95 per cent in a particular year, or they can put forward an argument for an equity injection from government. Even though they paid 95 per cent, we may invest back into a GOC a greater amount than even what they pay us in the 95 per cent in terms of an equity injection made by government into the GOC which we do.

Mr SEENEY: You are restricting your comments to the electricity GOCs. If you take SunWater as an example—

Mr MACKENROTH: No, I am not restricting it. That is a general policy. In relation to SunWater, there is a requirement for all GOCs to pay 95 per cent, but in relation to SunWater last year and this year it has put forward an argument to government not to pay that and we have not taken 95 per cent.

Mr SEENEY: That is right. It has retained its dividends.

Mr MACKENROTH: It has put forward an argument to the shareholding ministers not to pay 95 per cent. We have considered the case that it has put forward and we have not taken or asked for 95 per cent from SunWater in the last two years.

Mr SEENEY: But there is also a water pricing review going on which has a requirement to produce a rate of return for the government. I am asking whether or not that is a Treasury requirement—that is, that Treasury requires a rate of return across-the-board from the money it has invested in GOCs and statutory authorities.

Mr MACKENROTH: No. We expect our GOCs to operate efficiently and effectively and to give us a rate of return, but the actual amount of money that they pay us is 95 per cent of the profit they make. My advisors are saying that there is a requirement under national competition policy which particularly relates to water, but I do not think that that is quite—

Mr SEENEY: No.

Mr MACKENROTH: That is not the line that you are trying to follow, I think.

Mr SEENEY: Let us look at another example. The Major Sports Facilities Authority, for example, controls a large amount of government investment. Do you require or do you envisage requiring a return on that investment from that authority?

Mr MACKENROTH: No. The Major Sports Facilities Authority is an authority that is running venues. That is its role. The major debt that it has is being funded by government from a levy on the most profitable hotels in Queensland.

Mr SEENEY: So Treasury does not require a return for the investment in those facilities?

Mr MACKENROTH: No, because they are seen as being infrastructure that is provided to Queenslanders and that is done through the Major Sports Facilities Authority, as we do with many things. I do not think that that can be compared with an electricity GOC or a port corporation. I do not think they are relevant.

Mr SEENEY: So while Treasury requires a return on the investment in water infrastructure, in electricity infrastructure and in port infrastructure, you do not require a return on the investment that the state has in those major sporting facilities?

Mr MACKENROTH: Because you cannot compare the two. You just cannot compare the two. I can remember in the early days when I was in parliament and your party was in power and it built the Performing Arts Centre on the other side of the river and it fully funded it. It did not expect it to ever provide a return on the investment other than providing a facility for Queensland. That is the return that you get from that. In relation to providing facilities such as ports or electricity or water, they are providing tools for business to operate, and that is why we are doing it. We do not require to get a return out of hospitals or schools or roads. I think that the proposition you are putting forward is ludicrous and is not relevant at all. We fund all councils that put forward proposals for sporting facilities. I know that in your electorate we have funded a lot of sporting facilities through our Major Facilities Program and Minor

Facilities Program. But we do not say to the councils, 'We've given you \$1 million to assist in building a swimming pool. We want a rate of return out of that.' That is a grant to provide a facility for people to use, and we do that right throughout the state and will continue to do that. The Major Sports Facilities Authority runs the Dairyfarmers Stadium in Townsville. You will not get a rate of return out of sporting facilities. That is not the way that those things actually can or do operate. I do not think that you can in any way compare that to a port or an electricity corporation or a water board.

Mr SEENEY: Treasurer, I note that your budget—

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

Ms MALE: Treasurer, what is the government's position on PPPs? I note that there has been some uninformed comments in the media.

Mr MACKENROTH: The government's aim in pursuing this initiative is to achieve better value for money on a whole-of-life basis in the provision of public infrastructure and related non-core services. The value for management framework measures traditional delivery against PPP delivery to determine the optimal delivery method. One of the key factors in achieving value for money is the rigorous assessment of project risks and the allocation of these risks to those parties best able to manage them. The fact that a PPP arrangement would typically spread project costs over the term of the contract does not in itself make the project more affordable for government. PPPs do not represent a free source of funds for government. It will be a matter for detailed evaluation on a case-by-case basis to assess whether the cost of a particular PPP option does in fact represent value for money.

The PPP policy and value for management framework are potentially applicable across a wide range of projects, including traditional infrastructure such as road, rail, et cetera, IT service delivery, brownfield redevelopment of existing facilities, and delivery of non-core services. Government considers industrial relations issues associated with PPP projects when evaluating projects and is conscious of Council of Unions's concerns about cost savings potentially being achieved through reductions in wages and conditions. As wages and conditions are generally a small part of a project's whole-of-life cost, there is a greater incentive to innovate in areas of design, construction and maintenance than in salary costs.

There is a perception that progressing a project through the VFM framework may delay implementation. A rigorous process is critical to ensure that project risks are properly identified and managed. Undertaking comprehensive work up front enables the successful proponent to complete the construction with minimum cost, delay and risk to government. This can be compared to previous experiences with traditionally procured projects where insufficient rigour is applied up front and major issues causing cost and delay arise during construction or even before construction can commence.

Mrs NITA CUNNINGHAM: Treasurer, I refer to chapter 6 of budget paper No. 2 on budget expenses, the major classification of which is employee expenses. Could you please detail for the committee the outlook on employment in the general government sector provided for in the budget?

Mr MACKENROTH: The Ministerial Portfolio Statements contain information on total full-time equivalents employed by departments, including commercialised business units and in some instances statutory bodies both for the 2003-04 estimated actual and the 2004-05 budget. Agency full-time equivalents will increase from an estimated actual of 163,345 in 2003-04 to an estimated 166,487 in 2004-05. This is an increase of 3,142 or 1.9 per cent. Significant staffing increases are expected in Health, Education and the Arts, Police, Child Safety and Emergency Services which together account for 2,561 of the 3,142 additional staff. Specifically, Health will increase by 862, Education will increase by 831, Police will increase by 479, Child Safety will increase by 251, and Emergency Services will increase by 138.

The increase in 2004-05 comprises an additional 500 new nursing graduates and additional emergency department doctors and nurses, specialist staff and community based mental health clinicians; a planned additional 589 teachers and 146 teacher aides; 350 additional police officers, with numbers to achieve the target of 9,100 by September 2005 in line with the government's election commitments as well as new recruits and civilian employees; additional frontline Child Safety service delivery and support staff; and an additional 240 paramedics over three years, and firefighters. The only significant area of decline is Primary Industries and Fisheries with a fall in FTEs from 3,103 to 3,028. This primarily reflects work force requirements for the fire ant eradication project.

The CHAIR: Thanks, Treasurer. It being 20 past 4, the time set aside for the examination of the Treasury estimates has finished. The committee very much thanks the many Treasury officials who are here. We well know how much work there is in getting ready for estimates and indeed in putting together the budget itself, so thank you very much.

The committee commenced at 4.27 p.m.

The CHAIR: The committee will now commence the examination of the Office of Urban Management, Sport and Recreation Queensland and the Queensland Academy of Sport. I call the member for Robina.

Mr QUINN: Treasurer, given that you are about to release your urban management footprint, which will obviously determine the areas open for development and those to be locked away for conservation, what plans are being developed by your office to deliver on the already much-needed infrastructure that will be required as a consequence of increased development activities in these defined areas?

Mr MACKENROTH: The Office of Urban Management is actually doing the work which was started by what was SEQ2021, and that work is to develop a regional plan for south-east Queensland for the next 20 years. That plan is being developed in consultation with local councils. From the state government's perspective, we have seconded officers from a number of government departments, such as Transport and State Development, which are the areas with the highest need for infrastructure. It is a requirement that they actually work on the development plan so that their infrastructure plans are incorporated into this plan. As the plan evolves, the further infrastructure that will be necessary to support the actual operations of the plan, once it is in place, will become known to the government. That will then be advised to myself, as Treasurer, and then it will go to the Cabinet Budget Review Committee to be considered. That is the way that will operate. As the plans evolve, we will become aware of some of the infrastructure needs and we will ensure that the departments are actually doing their planning in line with the regional plan that is in place.

Mr QUINN: Earlier this evening I heard you say that the debt incurred as a result of the redevelopment of Suncorp Stadium resides with the Major Sports Facilities Authority. What accounting procedure exists to service that debt as a result of the collections under the gaming machine levy? The money is collected by the government, but I understand that the debt resides with the authority. How is that money transferred across?

Mr MACKENROTH: We give the Major Sports Facilities Authority a grant.

Mr QUINN: It is just a grant, straight across?

Mr MACKENROTH: A grant. Each year we give them grants. It is a grant.

Mr QUINN: It is a grant?

Mr MACKENROTH: It is identified in the MPS as a grant.

Mr QUINN: When question on notice No. 7 was asked, you refused to answer the question about estimated budget—

Mr MACKENROTH: No, declined.

Mr QUINN: Sorry? Declined? Refused, declined.

Mr MACKENROTH: Because it was not relevant to this committee.

Mr QUINN: Well, your answer was that the Major Sports Facilities Authority does not receive any direct appropriation from the government through the budget.

Mr MACKENROTH: They receive grants.

Mr SEENEY: What is the difference?

Mr QUINN: Good question. What is the difference between ongoing funds and grants as a result of a legislated levy to service a loan?

Mr MACKENROTH: The question asked, question on notice No. 7, is: what is the estimated and actual budget allocation to each facility under the control of the MSFA, reported separately, for general maintenance and operations in the 2003-04 financial year and 2004-05 financial year? That is not a part of this budget. That is part of the operations of the Major Sports Facilities Authority, which they will report on in their annual report. That is the way that operates.

We provide them with grants to meet one of the loans on Suncorp Stadium and they meet the other loan from the operations. I have detailed that many, many times and I do not propose to go into all of that again. We meet one of those loans from the major facilities levy and it is a grant that is made across to the Major Sports Facilities Authority. We do this when we are funding many organisations throughout Queensland—we provide them with grants.

Mr QUINN: So any question—

Mr MACKENROTH: That question was not relevant to this budget estimates committee. The question was not how much money do we give in grants to the Major Sports Facilities Authority or how much money is provided through this budget to the Major Sports Facilities Authority; the question was relevant to the operations of the Major Sports Facilities Authority, which is not covered by the operations of an estimates committee.

Mr QUINN: Really, you are saying that you do not wish to answer or will not answer any questions about the operation of the Major Sports Facilities Authority on the basis that there is no direct appropriation from the government to the authority.

Mr MACKENROTH: It is not relevant to this committee. It is not a case of trying not to answer it; it is just not relevant to this committee, just as questions in relation to the operations of any of the 22 government owned corporations of which I am a shareholder would be irrelevant. It is not relevant to this committee. In fact, the resolution of parliament that sets up these committees sets out quite clearly what the committees are for, and the committees are not to question that. The Major Sports Facilities Authority produces an annual report which sets out quite clearly all those issues that have been raised.

Mr SEENEY: The Major Sports Facilities Authority certainly does produce an annual report. I have a copy of it here. It shows that you, as Treasurer, are the minister responsible for it.

Mr MACKENROTH: That is true. I didn't need to read it to know that.

Mr SEENEY: Then why are you not prepared to be accountable to the committee for the operation of it in exactly the same way that you, as the minister responsible for other GOCs or statutory authorities, are accountable for them?

Mr MACKENROTH: No, the—

Mr SEENEY: You have already answered questions today about Energex, Ergon and SunWater, and in all of those cases the relationship between you, as minister, and the GOC or statutory authority is very similar to the relationship between you and the Major Sports Facilities Authority.

Mr MACKENROTH: No. I read out the question that was asked and I will read it out again. 'What is the estimated and actual budget allocation to each facility under the control of the MSFA, reported separately, for general maintenance and operations in the 2003-04 financial year and the 2004-05 financial year?' Nobody here today has asked me a question about how much money has been spent on maintenance or operations.

Mr SEENEY: Which minister do we ask? Which minister is accountable for this authority?

Mr MACKENROTH: No, no, no. It does not come under this budget estimates process. You can ask me about the grant money which is set out in the Ministerial Portfolio Statement. That is quite a legitimate question—quite a legitimate question. However, the actual operations of the Major Sports Facilities Authority do not come under this committee. It is not a case of who do you ask; the reality is that it is not a part of this budget estimates committee process. That is just the way it is.

Mr SEENEY: Well, I would disagree with that, but obviously we will not reach an agreement on it. Can we move on, because I do not have a lot of time.

Mr MACKENROTH: No, but you are—

Mr SEENEY: I have not asked a question. I have made a comment.

Mr MACKENROTH: You actually said that you disagree with me. You are wrong in what you said. There have been rulings in the past—and you can go back and check them—that these issues are not a matter for the estimates committee.

Mr SEENEY: Okay. What amount of money is provided to this authority in grants and are they grants for specific purposes, such as the debt on Lang Park?

Mr MACKENROTH: Suncorp Stadium.

Mr SEENEY: Suncorp Stadium, or for any other purpose?

Mr MACKENROTH: In the 2003-04 financial year, the government provided to the Major Sports Facilities Authority an operating subsidy of \$10.5 million, it provided a capital grant for facilities of \$14.9 million and it provided a debt servicing grant—which is the money for Suncorp Stadium—of \$20.1 million. A major amount of the money in the capital grants was for the refurbishment of ANZ Stadium, now the State Athletics Centre, in order for the Queensland Academy of Sport to move to the State Athletics Centre. The work was done on that centre and the major capital grant was for that. The estimated allocation for 2004-05 is for an operating subsidy of \$10.8 million, a capital grant of \$10.1 million and a debt servicing grant of \$20.1 million.

Mr SEENEY: So there is a considerable ongoing cost to the government that is being met through that authority. You expect that those amounts of money are actually increasing and you expect that commitment to be maintained by the government into the future. Do you expect that commitment to be maintained by the government in the future or do you expect this authority to become self-funding?

Mr MACKENROTH: The government, when it took over the facilities from the Brisbane City Council, was aware that those facilities had always operated with an operating subsidy from the Brisbane City Council and that we were taking on that operating subsidy, so there will be an operating subsidy into the future. In terms of the debt servicing grant, that will be met from the major facilities levy until such time as that loan is paid off. We as a government have already announced that we will meet the cost of completing the Gabba from that major facilities levy as it builds up. We have already made that announcement. The debt servicing grant would increase as we allow the Major Sports Facilities Authority to take further debt to complete the Gabba.

In relation to the capital grants, that is on a yearly basis. That is decided on the government's priorities. This year we are spending some money on some upgrades to the stadium in Townsville. We are also building a beach volleyball centre at the state athletics centre. We provided a grant to the Major Sports Facilities Authority to provide for that facility, so that is there. The operating subsidy is a subsidy which we were aware of when we took over those stadiums and was spelt out at that time, I believe.

Mr SEENEY: The question is: is the commitment the government has made to that operating subsidy an open-ended commitment or is there a requirement for the Major Sports Facilities Authority to either become self-funding or reach a level of financial performance that will enable it to cover a designated amount of its operating costs?

Mr MACKENROTH: It carries debt in relation to the Gabba and it carries debt in relation to Suncorp Stadium—not including the loan that we provide the debt servicing grant for, but there is another loan which has already been spelt out quite clearly in the past. So there is a further debt servicing grant for that. We have that loan, but there is another loan which is met from operations. In the future, if those loans are paid out, money that is used to meet those loans could become available to help with the operations, if further developments are not decided in the meantime. As far as the operating subsidy goes, that will need to be met for some time.

Mr SEENEY: So it is whatever is required? It is a blank cheque? There is no requirement for the Major Sports Facilities Authority to meet any financial benchmark or any level of performance in terms of meeting its own operational costs?

Mr MACKENROTH: The government does not simply give it a blank cheque. It needs to put forward its budget for what it requires and then we will decide on that. But it needs to perform. We will take that from what is reported back to us and make those decisions. At this stage it is reporting. The operating subsidy this year has increased by \$300,000 on last year, yet we have actually asked it to take on extra facilities, so its operating subsidy per venue is actually decreasing.

Mr SEENEY: Will the Tennyson riverside development and the state tennis centre be assumed by the authority?

Mr MACKENROTH: No. That is actually under tender now. The final tenders are being done. There are some parts I probably could not talk about, but what I can say and what has been made public is that the tenderers are required to provide a state tennis centre to the government which we would lease to Tennis Queensland. Tennis Queensland will be the body which will take control of the state tennis centre. It then can choose how the operations of that state tennis centre go. There are certain commercial elements to that. If it chooses to lease that to a private company to run, that is up to Tennis Queensland. The state tennis centre component of the redevelopment will actually go to Tennis Queensland. So the Major Sports Facilities Authority has nothing to do with that, nor will it have anything to do with that.

Mr SEENEY: How is the capital cost of that state tennis centre going to be met?

Mr MACKENROTH: That is part of the bid process. It is to be met by the private developers. It is part of the tender. We will wait and see what happens with that. Those tenders are actually being completed now. There are three short-listed tenderers.

Mr SEENEY: It will be built by a private developer?

Mr MACKENROTH: Yes, and handed over.

Mr SEENEY: Returning to Suncorp Stadium, are there any plans to construct the missing walkway?

Mr MACKENROTH: Yes, there are. The City West Task Force is almost ready to report. I understand that the Lord Mayor will be briefed over the next couple of weeks. I have already discussed with the Lord Mayor the City West Task Force report. It would be my intention, certainly within the next four weeks, to, with the Lord Mayor, publicly release the report of the City West Task Force, which contains the way the walkways can work. It is the government's intention then to proceed to complete that walkway.

Mr SEENEY: What is the actual cost to the state to date of Suncorp Stadium? At this stage in its development you must have a final figure.

Mr MACKENROTH: I do not have the final figure here. We have not spent the \$280 million because \$12 million of that was set aside.

Mr SEENEY: \$12 million was set aside for the walkway?

Mr MACKENROTH: Yes. When it is completed it will be completed for \$280 million—on budget and on time.

Mr SEENEY: So the actual cost to date has been \$268 million?

Mr MACKENROTH: I think it is slightly less than that, actually, but I do not have the exact figure here.

Mr SEENEY: Can you get that? Can you take that question on notice and get us a final, up-to-date figure on what Suncorp Stadium has cost?

Mr MACKENROTH: Yes. Not a problem.

Mr SEENEY: Are there any loans outstanding on Suncorp Stadium to Queensland Treasury?

Mr MACKENROTH: Queensland Treasury Corporation?

Mr SEENEY: Yes.

Mr MACKENROTH: The loans are all from the Queensland Treasury Corporation.

Mr SEENEY: So there are a number of them, are there? Rather than just the capital cost, are there any loans for ancillary equipment or—

Mr MACKENROTH: Which have already been publicised? Is that what you are asking me? Leases for equipment?

Mr SEENEY: Yes.

Mr MACKENROTH: Which have already been publicised?

Mr SEENEY: You do not know what they are?

Mr MACKENROTH: I do not know what they are, but there are some, yes.

Mr SEENEY: Could you take that on notice? If it has been publicised I have not seen it.

Mr MACKENROTH: I will take it on notice, yes. I am informed that I actually provided that information in answer to a question on notice in the House, but I will provide that information that I provided before again, if you like—if it makes you happy to hear it again. It is tedious repetition. One thing I am sure of, though, is that the million people who went through that stadium in the first year thought it was the best stadium in the world. There is no doubt about that. As much as people want to knock it and continue to knock it, there is no doubt that it is going to go down as the best stadium in the world. There is no doubt about that at all.

Mr SEENEY: I am not knocking the stadium at all, but it is the role of this committee to establish what it cost. I agree and put on record my agreement with you that it is a top stadium, but Queenslanders have a right to know what it cost.

Mr MACKENROTH: And we have been very open with Queenslanders about that.

The CHAIR: The time for non-government members' questions has expired. I call the member for Glass House.

Ms MALE: Treasurer, with planning for regional growth and infrastructure such an important part of what we do, I am surprised that the opposition has not asked any questions on it. Can you please inform the committee how the new Office of Urban Management will deliver improved regional outcomes while the previous regional plans, regional frameworks for growth management, have not been successful?

Mr MACKENROTH: Regional planning in south-east Queensland was initiated in 1990 by the Goss government, when we established SEQ 2001. SEQ 2001 was to establish a regional plan for south-east Queensland which it is a requirement for councils and for state government bodies to comply with. Unfortunately, that did not fully meet all of our expectations. I know that when I was the Minister for Planning we established SEQ 2021, which was to look beyond 2001. A lot of councils, as they completed their plans under the Integrated Planning Act, had not picked up what was required of them in SEQ 2001. That is why the government has now established the Office of Urban Management.

Local governments actually asked of the state that we do something about making sure SEQ 2021 is a statutory instrument. We are going to make it a statutory instrument by amendment to the act. What that means is that, once the plan is completed, we will have the teeth to make sure local councils do comply by actually implementing the plan into their plans. The next part of it, if it is necessary—this relates to the question asked earlier by the member for Robina in relation to infrastructure—is that it will also be important that state government departments comply equally with the plan by ensuring that their infrastructure planning complies with the regional plan that is in place. That is what we will be doing.

Ms MALE: With reference to your recent announcement regarding the introduction of legislation to protect areas of high value to the community, can you please tell us what types of areas the government will protect and how these will be protected under the SEQ regional plan?

Mr MACKENROTH: The Office of Urban Management is preparing the new SEQ regional plan for public consultation, a major component being protection of the regional landscape for future generations. The rapid population growth being experienced in south-east Queensland means that regional landscape qualities are under threat from further development. In the past this was often referred to as open space.

On 31 May 2004 state cabinet agreed to legislate to ensure the regional landscape of south-east Queensland was protected for the benefit and enjoyment of future generations. The approved SEQ regional plan will be a statutory instrument and take precedence over local government planning schemes, including imposing planning controls to protect the regional landscape. The areas that will be identified and protected by law from future development will be detailed in the draft new regional plan, including water catchments, land of environment value, land of high scenic amenity and with quality agricultural value. The regional plan will identify which areas could and could not be developed over the next 20 years. Local planning will need to be consistent with the new regional plan. It is proposed that regional landscape components of the draft regional plan will take effect from the day it is released to avoid developers lodging speculative applications.

The regional plan will be released for community consultation in October 2004. After community consultation the plan will be finalised before it is given legislative force. The Local Government Association of Queensland and the Urban Development Institute of Australia support the new legislative measures as providing greater certainty for development rights. There have been some concerns raised about there being no compensation for affected land-holders. Under the Integrated Planning Act, owners of land zoned for development by council and protected by state government under the regional plan will be given a two-year window to submit a development application or lose the previous development rights. There is to be no change to this aspect of the legislation. Those development rights for the two-year period will remain.

Mr WALLACE: Coming from the deep dark north, it always amazes me when I come down to the south and see the massive growth in population and vehicles on the roads, et cetera. Could you please advise the committee how the Office of Urban Management will deliver the necessary infrastructure for south-east Queensland in future years?

Mr MACKENROTH: State and local governments have significant capital expenditure budgets for south-east Queensland. Even small improvements in the efficiency and coordination of capital works programs will result in significant cost savings to the community as well as more timely provision of infrastructure which will be delivered in a timely and ordered fashion, with both state and local government planning the delivery of infrastructure in line with the growth needs of the community. It will not be as reactive as it has tended to be but proactive. It will need development rather than the other way around. In this way, we will have a greater ability to influence and support appropriate development.

The SEQ regional infrastructure plan will identify the major infrastructure and services that are to be provided at state and regional level to lead and support the preferred regional settlement pattern and the development of residential and employment areas and centres. It will identify the timing for infrastructure provision, funding options and how infrastructure charges might be collected at a regional level.

An improved infrastructure coordination process will lead to a range of benefits for the south-east Queensland region—namely, use of major infrastructure investments to reinforce the agreed preferred settlement pattern; more efficient capacity utilisation of economic and social infrastructure provided by a range of provider agencies; colocation of social infrastructure with approved access and sharing of some facilities; and capital cost savings through better demand management.

We will deliver this through a number of ways. Through the budget process as the minister responsible for urban management and its Treasurer, all capital works programs will need to include the infrastructure priorities identified within the regional plan. In establishing the Office of Urban Management, officers from a range of state government agencies have been seconded to the office to ensure that infrastructure priorities are clearly identified. I have also established a high-level interdepartmental management group to oversee the necessary changes to departmental infrastructure priorities.

A regional infrastructure plan will be developed that will clearly identify the longer term needs to support the SEQ regional plan and the urban footprint encapsulated within the regional plan. The regional infrastructure plan will provide a process and structure to coordinate, evaluate and prioritise regional and subregional scale infrastructure projects. The south-east Queensland draft regional plan, which is due to be completed by October this year, will identify infrastructure priorities for the region and lay the basis for ongoing work on the regional infrastructure plan. Currently discussions are being held with officers from local and state governments to provide input to the regional infrastructure plan.

The CHAIR: The time for the consideration of your estimates has expired.

Mr MACKENROTH: I will see you next year.

The CHAIR: Indeed. We thank you very much for your attendance and your participation today, and we thank your officers as well. I might just remind you, Treasurer, that you took a couple of questions on notice. We require the answers to those to be back with the committee by 10 a.m. on Friday.

Sitting suspended from 4.58 p.m. to 5.17 p.m.

ESTIMATES COMMITTEE A—PUBLIC WORKS, HOUSING AND RACING

In Attendance

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

Department of Public Works

Mr M. Grierson, Director-General

Mr T. Waters, Deputy Director-General (Acting)

Mr W. Pashen, Director, Finance (Acting)

Mr T. Woodward, Assistant Director General, Government ICT

Mr M. Smith, Assistant Director General, Works

Department of Housing

Ms N. MacDonald, Director-General (Acting)

Mr I. Fulton, General Manager, Housing Finance

Ms J. Clark, General Manager, Public Housing and Housing System Initiatives

Mr K. Wing, General Manager, Community Housing (Acting)

Mr I. Jennings, General Manager, Queensland Building Services Authority

The CHAIR: The next portfolio to be examined relates to the Minister for Public Works, Housing and Racing. I welcome the minister and his advisers. I remind members of the committee once again and the minister that the time limit for questions is one minute and answers are to be no longer than three minutes. A 15-second warning will be given at the expiration of these time limits. An extension of time may be given with the consent of the questioner.

The sessional orders require that at least half the time is to be allotted to non-government members. I ask departmental witnesses to identify themselves before they answer a question so that Hansard can record who you are. I declare the proposed expenditure for the Minister for Public Works, Housing and Racing open for examination. The question before the chair is—

That the proposed expenditure be agreed to.

Minister, would you like to make a brief introductory statement?

Mr SCHWARTEN: Yes, thank you, Madam Chair. At the outset, let me thank all these public servants who have come after work, although they work very long hours in the Public Works Department, but here they are this afternoon. It is their big day out like it is our big day out, and we welcome the accountability of this process and we thank the committee for the courtesy it extends to us this afternoon.

2003-04 has been another big year for the Department of Public Works, and it contained many successes, a few disappointments and a couple of surprises. On the success side, over the year we have been managing around \$1.5 billion worth of work across the state. One of the major highlights has been the outstanding success of the Suncorp Stadium during the World Cup held in October last year. We saw nine international matches held at the stadium over a five-week period, with crowds averaging over 40,000 per match. Many were sell-outs. The stadium performed exceptionally well and the message from the public, the players, the officials and the media was all very positive.

Another success was the efforts of Q-Build, undertaking more than 400,000 jobs during the year for a value of approximately \$520 million. This occurred at the same time as another 96 apprentices joined our ranks to bring the total to 371 Q-Build apprentices in our work force. I have said it before: we are the only government in the world to have that number of construction apprentices on its books.

Another project I was particularly pleased with was the \$17 million Cairns office building William McCormack Place, which received the first five-star environmental rating for an office building in Australia, which being in the tropics was an outstanding achievement.

A major challenge during the year was certainly the state of the building industry. The overheated market helps no-one, with prices having increased in excess of 30 per cent in some trades over the last 18 months. There has been some inevitable fallout. Clients, including the government, have found it difficult to get tenderers for some projects and have experienced huge price increases across-the-board. Many major contractors are in strife on one or more projects where they tendered fixed prices which they can no longer meet as industry costs continue to escalate. In recent times we have seen a builder who has undertaken work for the government for over 20 years placed in the hands of an administrator and many others must be feeling the pressure.

A disappointment was the breakdown in certain procurement procedures and controls identified by audit at our Q-Build Inala urban renewal project. Since November last year, this has been a CMC matter so I cannot tell you much more at this stage other than the fact that the department has strengthened our procurement practices throughout the state and continues to work with the Queensland Auditor-General and the CMC to tighten controls.

Another disappointment was the continued struggle by Goprint to make profits. While the print industry continues to experience very tight times and as more and more government printing goes electronic or becomes available on the Internet this will continue to be a difficult business.

On the surprises front, the department taking over the whole-of-government information technology and telecommunications brings with it a new set of challenges, and the inclusion of the racing directorate within Public Works from 1 July just adds to the complexity and diversity of the department. However, this decision makes a lot of sense. Public Works has the expertise and experience to manage whole-of-government infrastructure.

A further surprise which probably should not have been a surprise was that an officer of this department, Christine Tonkin, who was the author of our current State Purchasing Policy—which was my idea, I might add—has been appointed to head up the United Nations procurement office for Europe and has recently left us to take up that appointment. I wish Christine well and congratulate her on her prestigious appointment. I have no intellectual property rights on that procurement, so I had better declare that.

The CHAIR: The committee intends to examine the estimates for Public Works, including Racing, until 6.15. I call the—

Mr SPRINGBORG: Madam Chair, on a point of clarification: I note that there is a whole range of charts that have been put behind us and advertising displays from the department. Is that normal procedure and does that mean that the opposition can do a similar thing?

Mr SCHWARTEN: I couldn't give a bugger whether you do it or not. We have always done it.

The CHAIR: It is normal. The minister had mentioned it to the committee, and I am sorry that I did not mention it to you. But, as the minister says, he has always done it.

Mr SCHWARTEN: We have always done it because most people do not have a clue what we do and we use this opportunity to illustrate that.

Mr HOPPER: Good afternoon, Minister.

Mr SCHWARTEN: Good afternoon to you, Ray.

Mr HOPPER: I refer to 1-1 of the MPS and the departmental overview. How many briefing notes were prepared for you for this estimates committee hearing and what were the topics of those briefing notes?

Mr SCHWARTEN: There are some. I would not have a clue. I do not go around counting them.

Mr Grierson: The number of briefing notes prepared was probably in the order of 200, but they were prepared for me as director-general. I then went through them and made a decision on which briefing notes would be forwarded to the minister. So there would have been a smaller group of briefing notes. I have not counted them, but it will be less than—

Mr SCHWARTEN: I have not read many of them either, I have to tell you.

Mr HOPPER: How many officers were involved in the preparation of estimates committee briefing notes, and what is the estimated cost of the preparation of all these briefing notes?

Mr SCHWARTEN: I have no idea. Put your hand up if you were involved in it. Does that help you?

Mr SPRINGBORG: You got 100 per cent there, Ray.

Mr SCHWARTEN: I do not know where you are heading with this, but whatever it cost I am quite happy to justify because it is part of the accountability process that this parliament insists upon. I, for one, welcome the opportunity every year to do this—to actually get the departmental officers to focus on the accountability that we as a government expect of them.

Mr HOPPER: I refer to the third dot point in MPS 1-3 under the subheading Supporting Government Priorities and ask, how many new apprentices were employed by your department last year?

Mr SCHWARTEN: Ninety-six I said in the opening statement.

Mr HOPPER: Ninety-six, thank you. Still on MPS 1-3 under the subheading of Supporting Government Priorities, and this time I refer to the third dot point from the bottom of the page, relating to the development of a skilled and creative ICT work force as a Smart State initiative. Minister, I applaud this initiative. However, how can you meet that priority and achieve that initiative when literacy levels within the building and construction industry are so poor?

Mr SCHWARTEN: I do not quite get the drift of your question. What are you driving at there? Are you saying the literacy—I do not see quite how it ties into that question. The literacy levels in the—you are talking about the IT. I do not know that they are so poor. It depends on which section of the building industry you are talking about. In electronic procurement, for example, we probably lead Australia in. I can tell you that JM Kelly, who is a local builder in Rocky, was one of the first to have ever gone into that. So I am not sure I necessarily agree with your statement in that regard.

If you go around building sites today—when they were building the stadium, for example, the amount of computers that were on site there, especially for the electrical work, I was astonished with. In the days when I worked in the trade, hammers and nail bags were the order of the day. Increasingly there is computerised material, especially laser levels and all that sort of stuff. Perhaps, Mal, you might want to have a go at this.

Mr HOPPER: These next few questions might tie it in.

Mr Grierson: Might I just point out that that point does say 'a skilled and creative ICT work force', not a building industry work force.

Mr SCHWARTEN: That is what I could not understand.

Mr Grierson: It focused specifically on an ICT work force throughout the state.

Mr HOPPER: I note that the statement of financial performance on MPS 1-62 and note 8 on MPS 1-65 that 'the increase in grant program revenue is due to additional apprentices and a new Workplace English Language and Literacy Program.' How much funding has allocated to the literacy program for this financial year?

Mr SCHWARTEN: What was that reference again?

Mr HOPPER: MPS 1-62 and MPS 1-65.

Mr Grierson: Could you give us a number on 1-65?

Mr HOPPER: Note 8 under Statement of Financial Performance.

Mr SCHWARTEN: You just want to know how much. It is only a small program for people who are struggling with English as a second language.

Mr HOPPER: Can we put that on notice if we have not got a figure for that?

Mr SCHWARTEN: Yes, you can have that on notice, no worries. One of the things increasingly that that proves is the multicultural aspects of our society, and it proves that we do not restrict our apprentices to English speaking people. It is a multicultural society in which we live, and we need to make sure that people are English literate because most of the stuff that happens on a job is in English.

Mr HOPPER: Further to MPS 1-62 and MPS 1-65, a report on literacy in the construction industry was released by Construction Training Queensland in March this year—and I seek leave to table that—revealed that—

The building and construction industry has for some time been concerned about poor literacy and numeracy levels in its work force and the impact that this is having on the take-up and success of training and skills recognition and on industry productivity.

I ask the minister, with that level of concern being expressed by the building and construction industry, do you think that the Queensland government, and your department in particular, is doing enough to resolve some of these serious literacy and numeracy issues evident within the building industry?

Mr SCHWARTEN: Let me say that all of the people that we are training into the building industry I am confident have the necessary skills, and the question you just asked before validates that point. I suspect that if you look at a number of industries in the existing work force, literacy levels in certain areas—I suspect in the racing industry, for example—is probably at the lower end of the literacy level, and there are probably literacy skills issues there. I suspect that in a number of other industries, like the meat industry or whatever, that people who have left school at an early age and so on may struggle to some extent. But I am confident that the people that we put out into the industry are amongst the highest trained apprentices anywhere in the world.

The CHAIR: Member for Darling Downs, just before you go on to the next question I need leave for the tabling of this document.

Leave granted.

Mr HOPPER: Thank you, Madam Chair. While still on that subject, the Construction Training Queensland report identified—

Approximately 50 per cent of unskilled workers may need extra literacy and numeracy support if they wish to undertake training or upskilling.

I quote further—

The negative impact of literacy and numeracy is likely to increase with changes in the industry, example increases in the use of technology, occupational health and safety measures, existing worker training.

This brings me back to the previous questions, how are you going to achieve the development of a skilled and creative ICT work force as a Smart State initiative?

Mr SCHWARTEN: I do not think they are talking about ICT, I think they are talking about people who cannot read and write properly; I think that is the issue. There are two separate issues there. The ICT agenda is one, and Mal can talk about that until the cows come home. But in terms of the industry overall, I think your question should be to the training minister. What that report is into is the actual problem that the building industry is facing Australia-wide in getting people interested in going into it. I mean, that is something that is an absolute reality. I have to say on record today that the industry is not doing enough about it itself. There are plenty of training programs around. There is a wash of money—both Commonwealth and state funds—to help people employ apprentices and train them and all the rest of it, and for one reason or another the building industry, especially the house building industry, is not taking it up.

Part of our government strategy is the education and training agenda, but it would be best to ask the Education Minister and the Training Minister about that. But I am confident, as I said, for what we do in the building industry, for what we turn out in the building industry, that we turn out people who not only can read and write but are absolute wizards in project management and all the other skills that are necessary in the building industry.

Mr HOPPER: Minister, I refer to the last dot point of MPS 1-7 which relates to the State Purchasing Policy working effectively to deliver government priorities, value for money, probity and accountability for outcomes and to assist in policy implication. Minister, why was the policy framework ignored when your department failed to get value for money or observe probity and accountability outcomes in relation to the payment of thousands of dollars to a Brisbane firm to paint non-existent fences, decks and pergolas on housing department homes?

Mr SCHWARTEN: I referred to this in the opening statement. That was a matter of some disappointment to me. The matter is before the CMC. I do not know that what you are saying is necessarily true; that it was a problem in the State Purchasing Policy in that regard. Certainly the procurement matters internally in the department at that level were found wanting, but that is not the fault of the State Purchasing Policy. The State Purchasing Policy is a statement of ideals which applied basically to get value for money and would prevent people from taking the cash only price.

A classic example of that being delivered is at the Walters site, the new Magistrates Court. It was delivered according to the State Purchasing Policy where there was not an overreliance on the price factor. Walters were not the lowest tenderer for that, but they were the best tenderer. The economic outcomes, the environmental outcomes and the training outcomes that came out of that cannot be measured just in dollars. That is what the State Purchasing Policy does. It certainly had absolutely nothing whatsoever to do with what happened at Inala. As I say, we will not really know until the CMC is finished its investigation. I wish they would hurry up about it. I, like you, and the DG and everybody else am wanting to bring some conclusion to this matter and find out exactly what happened, but do not blame the State Purchasing Policy for it.

As I outlined in my initial remarks, the problem was a procurement method being used in the Inala office that did not check the checker. Mal, you might want to add something more.

Mr Grierson: No, that is the answer to the question.

Mr HOPPER: When, minister, are you expecting the outcome from the CMC? If disciplinary action is needed, would you be willing to take that on?

Mr SCHWARTEN: I will not be taking the disciplinary action, this bloke here, Mal, would be. I do not have the legal right to do it, but I can tell you, from our discussions with the Director-General—and he can speak for himself—we will do whatever is required to discipline these people. If someone has done the wrong thing effectively what they are have done is thieved off the lowest paid people in our community. If you know anything about me, you would know how dimly I view that. There will be no place in this department for people who are like that.

In regard to the CMC, the CMC is a creature of its own and it does not respond to letters from me or questions from me or anything else. As I said to you before, it will report when it is going to report. But, Mal, you may wish to add to that.

Mr Grierson: The answer is yes. If the CMC find that there is a breakdown in discipline and misconduct, then I will take the necessary steps.

Mr HOPPER: Thank you. The MPS 1-11, staffing, there are 570 employees in Project Services. What are the ratios of those who hold professional building and construction qualifications or trade qualifications compared to those employees performing administrative tasks?

Mr SCHWARTEN: I would not have any idea.

Mr HOPPER: I can take it on notice, minister, if you want.

Mr SCHWARTEN: There are 120 administrative staff and the balance is of people who have other qualifications—architects, engineers, quantity surveyors.

Mr HOPPER: Okay. Still on staffing, MPS 1-11, what is the total number of projects administered by Project Services during the past financial year?

Mr SCHWARTEN: We can get you that number.

Mr HOPPER: Okay. Still on MPS 1-11, how many of the projects administered by Project Services did project managers actually complete the PQC—the prequalification contract—performance reports for as they are required to?

Mr SCHWARTEN: I hope all of them did. All that were required to do it I hope did it. Max Smith, he can answer that. There is a flag on those who did not.

Mr Smith: Your question I believe, Mr Hopper, was to do with the number of performance reports that have been filled in.

Mr HOPPER: That is exactly right.

Mr Smith: It would be fair to say that if you look at the journey of the project, we now have a regime where I believe that we need to fill in performance reports after every 13 weeks in a project and also at completion. We are currently running at trying to complete all of those performance reports at completion. It would be fair to say that some of the ones at the 13 week mark have not been completed.

Mr HOPPER: Thank you. Minister, I only have five more minutes. I will ask you a couple of racing questions.

Mr SCHWARTEN: No worries.

Mr HOPPER: Minister, on page 5-1, if the director aims to ensure that the racing of animals upon which betting is lawful is conducted to the highest standards of integrity by all persons involved in racing, what role did the directorate play in the removal of the chairman of stewards in thoroughbred racing code, Steve Railton, and other persons employed as stewards in thoroughbred racing in whom control of the fundamental integrity of racing is vested under the Australian rules of racing?

Mr SCHWARTEN: None I suspect; is that right? None.

Mr HOPPER: If the directorate played no part in the decision to remove Chairman Railton and other stewards, and it was made solely by the Queensland Racing Board, what action has the directorate been taking to ensure that this and other decisions of the Queensland Racing Board, such as the removal of two CEOs, are not made on the basis of spite, ill will, or for an improper motive? An example would be in relation to decisions to refuse country race clubs the right to conduct meetings which they have traditionally staged?

Mr SCHWARTEN: I cannot imagine any set of circumstances where I would ignore a letter that had come into my office that would then be forwarded onto the directorate by a CEO, for example, who left the employ and who complained. I received no such letter. I suspect the directorate received no such letter. I cannot speak of matters that happened before my time. But we would act on a complaint basis as we do with everything that we do; is that not correct? I have received no complaint from Railton or anybody else, but you will be aware that there is an integrity review panel looking into the whole business of Queensland racing's integrity and people were afforded an opportunity to be there to do that. I understand Mr Railton and others were given in camera hearings. I am not privy to what they said. I will wait to see what the report has to say.

Mr HOPPER: If the directorate ensures that decisions of control bodies are made to the highest standards of integrity, what action has the directorate taken to ensure that the decision of the Harness Racing Board to prevent the staging of trotting meetings at Rocklea was made in accordance with acceptable standards of integrity?

Mr SCHWARTEN: I note that you have had a bit to say about this. I was reading a clip that referred to your calling on me to sack that board. I presume that you are talking along those lines. There are a couple of things that I have to clarify with you which you have said on the public record and which are wrong.

First of all, I could not sack them and put in a manager. The act does not allow me to do that for a start. I cannot do that. That is the first thing. Secondly, the Lenahan report which I asked to be done was done by an independent person of some integrity and knowledge in the racing industry and who is well known for his success in the media. He had a look at it and he did not say what you said. He actually said in his report to me that that particular institution was in grave financial difficulty. His words to me in the report were that Rocklea existed because of the support being provided to it by the harness racing board. No-one has ever suggested to me, and I presume not to the directorate because I believe it would come to me—if it went to the directorate I would hope it would come to me, and I am sure that it would—in any shape or form that it is a viable institution. The independent report that I asked for did not tell me that, shadow minister. It did not say that at all. I have no reason to interfere with the ruling that the board has made. As you well know, because it is a matter of public record, I asked them to put

enough money into Rocklea to keep it going until such time as a new board was appointed. They met and decided against that because they believed that that would be to the financial detriment of their charter. They are given the charter to financially manage it. They believed that that would do it and I am not going to overrule them on that basis because no-one has ever given me a better financial case.

The CHAIRMAN: The time for non-government members has expired. I call the member for Bundaberg.

Mrs NITA CUNNINGHAM: The new Brisbane Magistrates Court building on the corner of George and Turbot Streets, referred to on page 1-68 of the MPS, is looking well advanced. Has the project progressed as well as you would have hoped?

Mr SCHWARTEN: Yes. I thank you for the question and I thank you for the strawberries that you gave me this morning. The strawberry capital of the world is Bundaberg. I did not share them. I will take them home to my dear wife. I will get back to this very serious question.

I did refer to the procurement process. We have entered into an alliance form of contracting there. Walters won it under a not-full-price criteria. It has been a tough project for them because of all the problems in the industry that everybody knows about. There is no question about that. They have fulfilled to the letter every obligation they had. It is a \$135.5 million project. It is expected to be finished by 30 September. They will certainly be meeting that date, they advise me.

I have been on the site a number of times. One particular occasion was the day that they shut the site and had a full training day. I congratulate Walters for being good corporate citizens in that regard. Another thing that they did with the BLF and the CFMEU was to help out Guide Dogs For the Blind. The blokes on the job took up a collection and the company matched it and they provided funds to raise two guide dogs for the blind at a cost of \$15,000 each. That shows the level of cooperation on that site. What we have there is an excellent example of building in Queensland. It is an environmentally friendly building. I have just caught up on the term 'hot spots'. It will have those in it for wireless and IT functions. It is on budget and on time. Today those two words are very difficult for most projects around the state. Just ask any of the big private builders working on projects down the road. They will tell you that those two words are very difficult indeed.

The real big builders in this state are experiencing a great deal of difficulty. None of them can remember when it was worse for them. People think that booms in building are good for the industry. They are not. The industry is over heated way beyond anybody's expectation. I was with a large firm last week. I asked what the future will hold and they said to me straight out, 'We don't know. We didn't predict this one and we certainly were not in a position to nail ourselves down.' They were involved in a very big project in Melbourne that has not gone the way that they wanted it to go and it cost them a lot of money. I think they are \$50 million in the red. That is the Spencer Street railway station. Leightons is the firm.

Mrs NITA CUNNINGHAM: Minister, in your introductory remarks you referred to Q-Build's successes. Can you outline some examples of that?

Mr SCHWARTEN: I can. I have the *Morning Bulletin* with me today. The epistle of all media in Queensland is the *Rocky Morning Bulletin*. Q-Build gets a good mention in there as a result of a disgraceful thing that seems to happen to our schools. There seems to be a group of people who get some joy out of destroying taxpayers' money and kids' work. They are pretty contemptible human beings. The good news out of it is that Q-Build has a first-rate record in fixing problems like this. Those kids went back to school today into new temporary classrooms. They cannot repair the personal damage that has been done to the art work and so on and the kids were upset about that, but they had classrooms to go, they had power, concrete pathways and the whole lot. They did the same at Mitchelton high, Woolloowin and Chinchilla. We have a really good team of people. I do not know how a contractor would do it. Those people are available seven days a week. These things invariably happen on Sunday nights and we are on the job.

Also on the issue of public housing maintenance Q-Build, which is responsible for that, leads Australia in terms of satisfaction of tenants. For example, on satisfaction with emergency maintenance the national average is 71 per cent, and in Queensland it is 78 per cent. On time lines for maintenance 82 per cent are satisfied in Queensland and 77 per cent nationally.

Ray, I have received a lovely letter yesterday from Bowenville State School in your electorate. This highlights something about Q-Build that most people do not or will not appreciate. That little school in your electorate had saved up about \$28,000. They went to Q-Build and said, 'We want a set of tennis courts.' In a good-hearted way, Q-Build said, 'We'll see what we can do for that money.' The school ended up with no foundations, so guess what happened? It broke. Our policy in Q-Build is that we fix it if there is a problem. We have now given an instruction not to be that good natured about things in the future. It will cost us a lot of money to fix it, but fix it we will. I doubt that they vote Labor out there, but I got a lovely letter from Karen Smith, the President of the Bowenville State School P&C, who said—

We have been battling for over four years to resolve this issue and without your help our children would not be getting a tennis multi-purpose court and surface suitable and safe to play on. The decision to replace the court means a great deal to us as such

facilities are beyond the capacity for our small community to fund alone but are vital to the physical and personal development of our students.

That is the sort of work that Q-Build does.

Mr WALLACE: Minister, on page 1-60 of the MPS, it mentions assistance being given to indigenous communities in Queensland. What steps are actually being taken throughout Queensland and how successful have they been?

Mr SCHWARTEN: To be honest, they have been with mixed success. We started a program some time ago in some communities and Woorabinda was one of those places. It has not worked as well as we thought it would there. On our books we have 26 indigenous apprentices and we are about to get another 32 from the ATSI housing area, so we would be the biggest employer of indigenous apprentices in Australia for a start. Mal has been in the Public Service for a long time—to long to remember really—and he said to me that the most satisfying thing that he has ever been associated with is the Champion of Palm Island. I applaud his efforts there, which include the \$4.5 million centre which Q-Build is responsible for. I see in the briefing note that 10 apprentices commenced on 12 January on that project. Last week with SmartNet Balkanu, part of the deal with Optus was that 1 per cent of the contract with them would go into Balkanu as part of our Cape York partnership plan. That is about putting cutting edge technology into Aboriginal communities to ensure that those communities have the same access to IT as the rest of the community does. I think about \$400,000 was used in that, but more importantly Optus is involved in training programs. I have to congratulate Optus on its corporate spirit there. That is yet another project that we are managing.

With the new government employee residential accommodation for child protection workers on Mornington Island and Palm Island, believe it or not but land is the issue in those places more than anything else. That is the problem we have there. We will build the buildings all right, but we have to get the council off their tails to get the land which I cannot believe is such a problem as is the lack of cooperation that some of these councils want to have. We will win through on that. I am very proud of the focus that we have in this department. I congratulate the officers of this department for putting some meaning into the term reconciliation. We have excelled in that regard.

Mr WALLACE: Thank you, minister. That is most enlightening. I will get you to put your racing cap on. I am aware that of the five member board of the current Thoroughbred Racing Board, one member has resigned and a second member has voluntarily and properly absented himself from attendance at board meetings pending resolution of certain matters. Would the minister advise the committee of the status of the resolution of this matter?

Mr SCHWARTEN: This is the first opportunity I have had since the parliament of 20 May where the opposition spokesperson raised this issue. It was raised on two separate days in the Parliament as you will recall. I promised at that stage that the moment I was able to clarify that issue, while allowing the person concerned due process and procedural fairness, I would report and that is what I am doing now.

I indicate that the person concerned was found by the CMC to have, on 16 occasions, entered into a conflict of interest situation. I advised the person of this and he rejected that out of hand. He has legal advice stating that no such findings can be made. However, he has indicated to me in writing that he no longer wishes to be a member of the Thoroughbred Racing Board. As a result of that, he has tendered his resignation. As far as I am concerned, that is the end of the matter. It is between him and the CMC from here on in. He has effectively resigned from the board and, as a result of that, I do not intend to use any more taxpayers' dollars or whatever to enter into the issue. All I can say is that the matter is at an end and we must now move on and replace two people on that board at the earliest convenience possible, bearing in mind that we have the integrity review going on at the moment.

On that point, and for the interest of the committee, I have taken a decision to extend the panel's time. One member is currently absent so they cannot work effectively. I have been briefed by them. The report will be put together. When the other person returns, the report will be sent out to the stakeholders and a copy provided to me for comment. We will go from there. The other reason is that I will be off work, hopefully only for the next couple of weeks, to have surgery.

Ms MALE: As the minister responsible for government construction, can you outline some of the challenges facing the industry and what remedies are available to the government to help overcome these challenges?

Mr SCHWARTEN: I have already outlined some of the issues that have challenged the industry, but I will recap on them. These challenges are not just confined to Queensland. If you look through the newspaper you will see headlines like that in the *Australian Financial Review*, 'Victoria in a state of delay', and another, 'Sad neglect of apprentices'. The list goes on. This is probably the toughest time in the building industry since the credit squeeze of the early 1960s.

The reality is that there is not a great deal that governments can do. One thing governments should not do in these circumstances is throw fuel on the fire. We have to be very careful to cherry pick the projects that we put on the market so that we do not further overheat the industry. I have been going

around to industry groups and talking to them about their predictions for the next 12 months so that we can adjust, if we have to, accordingly.

The Smart State Building Fund is not going to be compromised in any way, shape or form. As the biggest builder in Queensland, we have a responsibility to make sure that, whatever we do, we do not make it worse for people. When there are labour shortages and so on we have to make sure we do not add to that tale of woe. If we were not running Q-Build and getting tradespeople into the marketplace, then we would be in a worse position than we are now.

I think I will live to see the day that some of the big construction firms go back to employing their own day labour. One of the biggest day labour employers in Queensland was J. M. Kelly in my electorate. Since they moved away from doing that, it has not helped the industry at all. Training is everybody's responsibility but nobody's responsibility. We are fortunate that our government takes that very seriously. But, at the end of the day, industry has to take it very seriously. The various training councils will tell you that that is the case.

One of the other challenges is not being able to get materials. We are assisting in identifying sources of materials. We talked about lezzi Constructions that went broke the other day. It had 20 years working for government. Trying to compete in this environment is pretty difficult. We keep a very close eye on it through the BSA and through our prequalification system. We look out for companies that are under stress in that way.

Ms MALE: Can the minister explain why the government's information and communication technology area is now part of the Department of Public Works which is basically the department that looks after government buildings?

Mr SCHWARTEN: That is because I am such an IT wizard. I asked myself the same question originally. There is probably nobody less competent in IT than I am. This is where IT should be and this is where it used to be. Increasingly, this department is taking on a whole-of-government approach to project management and development. We look after all the government buildings. We look after the car fleet. The procurement of government projects is all done through us. State purchasing policy is run through the Department of Public Works. It makes sense when you are spending \$650 million on the IT needs for government to have it put into this department. I was delighted to get it back.

At the moment a review is being conducted into CITEC, which we look after, and what its function should be. It started off in Mal's days over there. It was solely to supply government with services. It has grown since then.

The other issue is ICT and hot spots. The great thing I learnt is that you can go to Suncorp Stadium and jag into the Internet on a wireless system. I am not a techno; I am a carpenter by trade. They tell me it all works very well. The relationship between the building industry and IT is growing closer all the time. If you do not design buildings around the IT needs then you might as well give it away. It is akin to the days when we did not have electric lights and then, when electric lights came, not planning and running wires in the walls.

I am delighted that IT is in my department. I did not need the extra work, but it is interesting stuff. Who knows, I might become that IT wizard after all, but do not swing by the tongue waiting for it though.

Ms MALE: I look forward to seeing those days.

Mrs NITA CUNNINGHAM: Environmental initiatives are mentioned throughout the MPS. Can you provide information on some of the more significant programs being implemented in Public Works.

Mr SCHWARTEN: Certainly the most topical one at the moment is E10. We were a bit ahead of the pack in that regard. We had it written into our contracts. That is how BP won the contract two or three years ago. We had it at the Government Garage and then, unfortunately, they were not able to supply it. We went to Caltex in Cairns, which we were allowed to do under the contract. The people there were able to use E10. That is one instance of our being able to use our fleet to drive an environmental agenda.

While on Q-Fleet, we also have the Greenfleet project. We have contributed 400,000 trees to Queensland to make up for what comes out of the exhaust pipes of the cars we run. As I understand it, we are the single biggest contributor in Australia to Greenfleet. You can drive the electric car from Rockhampton to Cairns on one tank of petrol. We have a number of those. There has been a 30 per cent increase in the number of four cylinder cars—that is at the expense of six cylinder cars, obviously.

Our research houses that Q-Build, Project Services and our Built Environment Research Unit have been involved in have been a splendid success and have gained international recognition. Green energy is a very interesting concept. This department's 48.1 gigawatts of green energy reduces CO2 emissions by 48,100 tonnes. We currently have 109 Toyota Prius vehicles and a further 57 new Prius vehicles are on order. The Environment Department in Rockhampton has a couple of them. I was talking to a bloke the other day and he tells me that it is a terrific vehicle. E10 is now available and back at the bowser.

The CHAIR: The time for government members' questions has expired. We have 12 minutes left for Public Works which I will halve. We will set the clock to six minutes each.

Mr QUINN: With the failure of the prequalified builder Iezzi Constructions can you tell the committee how many government projects were affected by that failure and not completed? How many other building firms over the past 12 months have been assessed as having adequate financial capacity and have also failed?

Mr SCHWARTEN: There is one at Ipswich North involving 25 singles accommodation with a contract sum of \$2.4 million. It is a good project. 99.43 per cent certified complete as of 7 May 2003. I do not know how they get 0.43 per cent. At Chermside, 20 one-bedroom apartments are 99 per cent complete. The ones at Corinda with a contract sum of \$1.5 million are 19 per cent certified complete. At Bracken Ridge, the project there is 40 per cent finished. These projects have all been on the front page of the *Courier-Mail*—I forgot about that. As I understand it, the taxpayers will not be out of pocket as a result. Whether or not some poor subbies end up getting burnt along the way is a different matter.

Mr QUINN: How many other building firms have failed over the past 12 months?

Mr SCHWARTEN: Do you want to know about all buildings regardless of their size?

Mr QUINN: The major ones.

Mr SCHWARTEN: The answer is seven. That is just those doing work with us. The BSA would have others.

Mr Jennings: Over the last 12 months we would have had 61 individuals who have been excluded for five years for financial failure and 40 companies have been excluded.

Mr HOPPER: Was the Queensland Building Services Authority aware of the financial difficulties looming over Iezzi Constructions and/or Brands Constructions? How did Iezzi Constructions manage to maintain its prequalification contract status when the company has been signalling difficulties for some three years?

Mr Jennings: Brands Constructions and Iezzi Constructions were under our surveillance for a while. We are well aware of its financial problems. They had met the financial requirements for licensing on an annual basis. What alerted us to the problem was complaints from subcontractors and also assessment as a result of the PQC—assessment as a result of a tender. A building contractor can probably go under financial stress the day after the financial requirements data comes from an accountant. We were alerted to the problem mainly from subcontractors.

Mr HOPPER: I refer to MPS 1-15 and the dot point relating to the completion of the Suncorp Stadium project. What was the percentage of the contract that the government got back as a result of early completion of that project?

Mr Grierson: The contract has not been finalised so at this stage we cannot answer that. As you are aware, there are still a couple of subcontractor charges laid by Abigroup. There is a further subcontractor, Sun Engineering, that is still in dispute with the joint venture. Until such time as those disputes are resolved we do not know what, if any, savings will be attributed to that—

Mr SCHWARTEN: That money has been paid into them.

Mr HOPPER: I refer to page 1-6 of the MPS relating to the Roma Street Parklands operations. It is noted that \$3.8 million, including \$0.1 million for minor capital purchases, has been allocated to maintain gardens, lawns and security services. In March 2000 the Premier announced that he had created a special independent task force to ensure the landmark building in the heart of the Roma Street Parklands became a major attraction and talking point. The Premier further stated that, because of the importance of this building as a symbol of the future direction of Queensland, we have sought to obtain advice from the best possible sources. He said that that is why we have been involved in direct discussions with the world famous Smithsonian Institution. When will we see the sensational Smithsonian-influenced landmark building constructed at the Roma Street Parklands?

Mr SCHWARTEN: That is a call for the Premier. I understand that you asked him that today, Leader of the Opposition, didn't you?

Mr QUINN: I did.

Mr SCHWARTEN: You did. The day he says for us to go ahead will be the day that we will be into it.

Mr SPRINGBORG: One day.

Mr SCHWARTEN: I went over and met the Smithsonian mob about it.

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

Mrs NITA CUNNINGHAM: Minister, page 1-5 of the MPS mentions the Community Memorials Restoration Program. Can you outline what this program entails?

Mr SCHWARTEN: This was Peter Johnstone's idea from my office. He and John Lutteral worked this out as an idea, and I think it is a very good one. All of you would be aware of places around Queensland where community memorials exist, especially in the bush, where after the First World War the community banded together and raised money for memorials. Over a period of years these have become neglected. We have a program of \$1.5 million over the next three years which will be available on a dollar-for-dollar subsidy to try to repair some of these throughout the state. We have the expertise in our stonies, and they need the work also and the experience in doing it. We are looking for local authorities. It is a partnership, if you like, with the local communities to try to fix some of these up. I think we will be overwhelmed by the response we get to it, because people in the community now are tending to look back on their heritage a lot more than they have ever done. You just have to go to Anzac Day celebrations to see that. I think it is a very good project and something that we can all be proud of and all be involved with in our local communities, especially those rural communities which tend to have more of them than bigger places. So do not ever say, Lawrie, that we do not care about the bush.

Mr WALLACE: Minister, I am fortunate to have two state schools—Rasmussen and Bohlevale—which offer prep years for little kids. Education Queensland is now going to introduce prep years across Queensland. Can you outline the Public Works Department's role in the provision of the new prep year facilities?

Mr SCHWARTEN: We have played a very significant role along with Treasury and Education actually scoping the work. It is officially called the independent review team. This team was established and includes personnel from those departments and specialist consultants. They have almost completed their report and visited over 300 schools in the state. Basically, they are to come back with a design brief that will be environmentally, aesthetically and sensible construction wise. We have learnt a lot about rolling out programs like this over the years. It is a major project with \$300 million in funding or somewhere around that. For anybody who is interested, there is a mock-up over there in the old science centre or the old printery if anybody wants to look at it. We have had the Teachers Union, the P&C groups and so on to give some feedback about it. But we are looking forward to playing a key role in that, both from a Q-Build point of view and a Project Services point of view.

Mr WALLACE: Minister, I refer to page 1-15 of the MPS which mentions the North Bank riverside redevelopment. Can you bring us up to date with proceedings of that development?

Mr SCHWARTEN: The project has been somewhat frustrating, I guess, because we have had a state election and a council election in the middle of what were some fairly significant discussions with the council. We are not going to go ahead and steamroll this through without council. We got it to a stage with the previous Lord Mayor. He had some concerns, and we addressed those. We then had a state election so it went into limbo and then they had one and there was a change of mayor. So we had to resubmit the process. We will ensure that there is a proper consultation program. We will take it to cabinet once we have a proper profile on it or a proper strategic plan. One of the issues that the Lord Mayor has raised is that it needs a further hydrological study because there is some concern that it will cause upstream flooding and whatever. So we are keen to do that. Basically, we have agreement from the council. It is pretty straightforward from here and we will go back to the public consultation for three months or so.

The CHAIR: The time allocated for the examination of the Public Works and Racing portfolio has expired. I thank the Public Works officers who are here.

Mr SCHWARTEN: They get to go home early. The Housing ones have to stay.

The CHAIR: We well know that a lot of work goes into preparing those briefs. It is certainly the government's view that turning up is part of your accountability as public servants. I think I heard—I do not want to verbal you, Lawrence—the Leader of the Opposition express that view on ABC Radio this morning as well, and that is that public servants being part of this process is an important part of the accountability that we all have to the people of Queensland. So thank you for your time. We will now change over to Housing. I declare questioning for the Department of Housing open. I call the member for Darling Downs.

Mr HOPPER: Minister, I refer to the MPS at page 2-1. I refer to the second last paragraph wherein you recognise the increase in demand for government funded housing assistance as well as the state's population growth. I ask: why did you sell off more than \$138 million worth of housing assets when over 33,000 people are waiting on your public housing waiting list?

Mr SCHWARTEN: This is not a new question. As a matter of fact, one of you has that as a dixer, I think, so you'd better tear it up. The reality is that you are taking a very narrow view of this. I have been thinking a lot about this lately. I think we need to stand back and actually analyse what has happened in Queensland in the last five years. Old public housing no longer meets the needs of a very significant group of people who are on our waiting list—that is, people who have disabilities and people who are old. The three-bedroom house just does not fit their needs. That \$138 million that you are talking about went straight back into housing. It did not disappear into vapour or whatever. It went to new housing stock to replace what we had as old stuff. You must do that for a number of reasons. One is—and we have already been through it all—the Community Renewal Program where you actually take a decision

to change the nature of a suburb, and we have done that very well. So some of it is that. There are others where you make an assessment that something is going to be a liability for you. My parents at this stage are in a house that is costing them a fortune. They own it themselves, but it is costing them a fortune. It was built around those times. It is a workers dwelling. It absorbs paint like a dipsomaniac absorbs grog. It costs them a lot of money to live in it. We have spent over \$800 million since I have been the minister trying to upgrade houses and at the same time trying to build new ones. So it is not that easy.

The other point I make is this: yesterday I closed the Housing Commission forever basically. We had a lovely ceremony. Some 58 years ago we had 4,500 people in Brisbane homeless. They were living in tents and half tanks and God knows what else. The response was to rattle up 23,000 homes in about 10 years. If you compare the statistics today to then, they had a bigger homeless problem than we have today. But the response was all the same, and half of them were bought and half of them were rented. Today we have community housing. We have the Brisbane Housing Company. We have managed accommodation. We have crisis accommodation. We have boarding houses. So you cannot any longer just visualise the three-bedroom home. That is 1950s or 1960s or probably 1970s thinking. It is not the current situation.

Mr HOPPER: Minister, in MPS 2-2 I note the reference to the Housing Act 2003, which introduced a system of registration and regulation for funded community housing providers to ensure good outcomes for tenants, and I ask: what was the result of the community housing compliance audit on the Gatton Self-Help Housing Collective Limited?

Mr SCHWARTEN: That is a good question. I don't know. Where is our community housing expert? What is it called?

Mr HOPPER: Gatton Self-Help Housing Collective Limited.

Mr SCHWARTEN: I can't answer that, but I can guarantee that our friend here will.

Ms Wing: Karen Wing, acting general manager of community housing. A draft compliance audit report was prepared and it is with that organisation for their comments.

Mr SCHWARTEN: So it is back to them?

Ms Wing: Yes.

Mr SCHWARTEN: Obviously there were some concerns?

Ms Wing: Yes, and it is yet to be finalised.

Mr SCHWARTEN: And it has been put back to them. We are happy to keep you briefed about that.

Mr HOPPER: Thankyou.

Mr SCHWARTEN: This probably isn't the time and the place to go into the details of it. I wasn't aware of it at all.

Mr HOPPER: Okay. In MPS 2-35 it is noted that only 30 per cent of public rental households are in rural and regional locations. Isn't that percentage in contradiction to the decentralised nature of our state?

Mr SCHWARTEN: It's funny that you should say that, actually. Public housing is not the solution to the Great Divide; in my view, community housing is the solution. I don't think any government has done what we have done west of the Great Divide. We provided all those houses from Amberley, put them on trucks and shifted them to places such as Bedourie, Winton, Normanton, and so on. There were 160 houses that we shifted throughout Queensland. They are not public housing but they are houses for people with low incomes who would normally be entitled to public housing. We must get you a copy of the video that we showed yesterday. Regrettably, you weren't able to be there. It highlights some of our initiatives.

You know that there is community housing in your own area. We have indigenous housing at 85 per cent in regional Queensland. In reality, I would like to put a lot more housing there but there is only so much to go around. Of course, the population demand is on the Gold Coast, where there is the longest waiting list. One of my predecessors, Mr Ray Connor—dare we use his name—decided to fix that problem with Project 500 by buying half a house, and God knows what else. What ended up happening? The demand grew.

We need to look for other solutions in rural Queensland, in my view. We have done that through the Abbeyfield program up in Babinda. To my mind, it is not about a lack of financial capacity to pay; it is more about a lack of accommodation. That has been my experience. I wish we could get our hands on another 160 houses and go into partnership with those councils.

Mr HOPPER: A lot of people are staying in the bush now, too.

Mr SCHWARTEN: Yes, they are. One interesting point is that prior to Tom Burns being the minister, there was no seniors accommodation west of the Great Divide. So even all those years ago when old Joh said that he was looking after the bush, he didn't think about leaving old people there.

Mr HOPPER: They were all retiring to the coast then.

Mr SCHWARTEN: They were forced to retire to the coast then because there was nowhere else to live. That is something that I am committed to do and I tried to get Anderson to agree to it. Well, Anderson did agree to a million dollars. I asked for \$20 million over three years, when they introduced the GST, and we would build seniors units. He could pick the locations. He agreed to it but Howard knocked him off when he got back to Canberra.

Mr HOPPER: Minister, I refer to MPS 2-3, the second paragraph from the top, which says that the department will also contribute to the government's coordinated responses to address homelessness. These responses involve 12 state government agencies developing and implementing initiatives under the strategic directions, etc. In theory, this sounds all well and good. I note that about \$6 million has been allocated for the transitional housing initiative, but how many homeless families or individuals do you think it will get off the street over the next month or even the next six months?

Mr SCHWARTEN: I don't know how many it will get off the street, but I know this much: if we do not get a whole-of-government approach to it, we are wasting our time. If you talk to people at Micah, for example, they can tell you about a woman who got in touch with them the other day and didn't know her name or her address, and all the rest of it. She had been in a mental health situation and had been deemed well enough to go home, but she was obviously off her medication or something. They ran around and found out that she actually wasn't homeless and she did have a home in Rockhampton. So there are people who are forced onto our streets for reasons other than the fact that they cannot find somewhere to live. We must get this right. When people have been in correctional institutions, they are sent out the door and they have nowhere to live. They go and live at Kurilpa Point, find a few mates, get on the scooter and next thing they are back behind bars. That is an all too frequent response.

We are working with other agencies. Micah suggested that we go one better than that and start to co-locate some of the services. We will buy premises somewhere in West End where we can co-locate some of the SAP services and some of the CAP services. We can also put desks in there for people from Centrelink so that they can be called in. When people present there who are in a homeless situation, you can bring in teams to help them—perhaps from the Education Department, when there are kids involved, or perhaps the police, or whoever it happens to be. In my view, that will go a long way towards helping out the homeless.

There are people on our streets who are there not because they cannot find somewhere to live but because they have no capacity to access accommodation. It is a terribly unfortunate and very, very sad situation. I think we can do it better and that is the challenge. Wherever you travel in the world you will find those people. Whether you go to Washington or New York, or anywhere, they are on the street.

Mr HOPPER: Did you say 'no capacity to access'?

Mr SCHWARTEN: They do not have the mental capacity, that is what I am saying, or they have been in a boarding house and they have misbehaved due to some mental problem and they really are a mental health patient. We have to find a way of doing that a bit better.

By the same token, we have spent \$200 million in the inner part of Brisbane to build safe and secure accommodation. We have to cut our cloth to suit our purse, too. We have to decide if we want to keep building in the inner part of Brisbane, where property values are very high and we are spending a lot of money on land. It is my view that we should not. We have given the Brisbane Housing Company an extra \$10 million this year and that project is going very well. I must get you out there one day to have a look at some of those projects.

The CHAIR: I call the member for Robina.

Mr QUINN: Your answer to question on notice No. 9 indicates some very interesting facts and figures. For instance, as has already been stated, the wait list for public housing has increased by 3,000 from 30,000 to 33,000 over the past 12 months. Another interesting fact is that the percentage of tenants now paying full market rent has increased from 12 to 16 per cent over the past 12 months and will now keep on increasing quite rapidly, I suspect. Are you giving any consideration to freeing up more public housing by moving these people out of their tenancies into the private rental market and making it easier for that increasing wait list to come on stream?

Mr SCHWARTEN: A good question and one that I have asked myself, and one, in fact, that I have asked the Queensland Public Tenants Association back on 24 April. At that stage it was around 14 per cent. You have to be a bit careful with those figures about market rent because a lot of it ebbs and flows. People come in and out of employment and their circumstances change. The great strength of public housing is security, so we really need to know what we are talking about. There is one case that I know of where a father earns about \$28,000 a year, the wife earns about \$15,000 and they have

two adult sons in the house. They are not well off but they are in that group of people. We have to drill down and find out exactly who we are talking about.

I prefer, because we have a product there, to get people into home ownership. I would like to get those people into home ownership. Some of the work of the Productivity Commission and the KPMG research shows very clearly that if we give rent assistance to people in public housing over a certain period of time to ease them through that troubled time—having little kids, or whatever—they will go on to home ownership. Perhaps the product we have is not necessarily suiting their needs. I am loathe to say to those people: 'Out, on your bike, off you go.' However, there have been fanciful tales over the years of these people parking their Mercedes Benz there. If I ever found any of them, they would be out.

In reality, your question is a very sensible one and it needs attention, along with a whole other list of things. For example, 50 per cent of people living in a certain suburb of Brisbane are living in underutilised accommodation. In other words, mum has lived there for 50 years and dad is dead, the kids have left and she is in a three-bedroom house. I have asked the Public Tenants Association what we do about that situation. It is my view that we can guarantee tenancies. We used to guarantee a house, but I think that is a luxury we may not be able to afford any longer. I have posed questions along those lines to the Public Tenants Association. We will have to act upon this because the privileged ones now—as you rightly point out—are those who are in safe and secure accommodation in public houses.

Mr QUINN: You mentioned consulting the public tenants group, or whatever it was.

Mr SCHWARTEN: The Public Tenants Association.

Mr QUINN: On the issue of underutilisation—has the department done a survey to find out the level of underutilisation in its public housing?

Mr SCHWARTEN: Absolutely. Yes, we know that.

Mr QUINN: What are the figures?

Mr SCHWARTEN: 50 per cent in certain places. In a suburb north of here, it is 50 per cent. In other words, half the public housing in the suburb has one or two people in a three-bedroom house, and they have been there for a long period of time. I think there is a solution to that and we will move on it. One of our strengths is that we own plenty of land there—they are quarter-acre blocks, or whatever—and we can amalgamate titles to ensure that we can provide land. We can move some of those houses out, put senior units in there and coax people into those to free up other accommodation. It will be a tough one and I will be asking for bipartisan support because it is in the interests of the community that we do it.

People such as my parents have an emotional attachment to their home. Dad swears that he will be carried out in a box. I don't know whether mum will have the same emotion. She would rather be in a low-set brick house, I think. However, it is a very emotional issue for people to deal with who have lived in the same house for 50 years and I prefer to provide some way through it. It is their home. The other side is that they are being looked after at the expense of other people, who are sleeping in a car. We have to make sure that we maximise the use of what we do have before we start whingeing about what we do not have.

Mr QUINN: The other issue that carries on from this, of course, is the issue of assets. You mentioned earlier people with income—

Mr SCHWARTEN: That is on my list. Have you got this letter?

Mr QUINN: I am trying to find a way of better utilising the public housing stock we currently have, rather than simply sitting there and saying, 'All those people who have a tenancy have a tenancy for the rest of their life irrespective of their circumstances.' People's opportunities and circumstances in life can change. I mean, a person could receive an inheritance, for example. What are you doing in terms of tightening up the eligibility criteria to make sure we do not have people with substantial assets sitting in public housing or applying for public housing and getting on the list? I would suspect that quite a number of that 33,000 have been there for quite some time and may in fact have considerably more assets than when they initially put their name down.

Mr SCHWARTEN: That is where you would get them—on the way in—and especially with the Centrelink link we have now. I regularly look at the list of people who are coming on. I am absolutely confident that the department is targeting the right people. You are right about the next group. There is no asset test once you are in there and people's circumstances could be a lot better than we think. At the moment the asset test is not there, except to say that they are on pensions or whatever the case may be. There are cases where people have sold their homes and moved into public housing because they then qualify for a pension. Once you have a pension, you are entitled to public housing. It is on the list here. I am starting to worry. I am starting to think like a tory, putting these things on the list. I am a bit worried about myself.

Mr QUINN: You have just come to your senses.

Mr SCHWARTEN: Like hell! Ownership of property is not allowed.

Mr QUINN: How many of the 4,588 applicants allocated public housing over the past 12 months were a priority allocation through your priority housing scheme?

Mr SCHWARTEN: I would say most of them. The last time I looked it ran at about 80 per cent.

Ms Clark: The proportion is quite low. We can provide some figures in response.

Mr SCHWARTEN: I have got it around the wrong way. It is 20 per cent.

Mr QUINN: If you would like to take it on notice. In the figures you provided, the amount of rental arrears in the department has gone from \$285,000 in the last 12 months to \$453,000. That is a 75 per cent increase in the past 12 months. Is there a reason there has been such a large increase in rental arrears? What action is the department taking to bring it back to its previous level?

Mr SCHWARTEN: They have halved, actually, since 1997. There were 1,500 in arrears in 1997; there are 600 in arrears at the moment. The policy I have adopted is that we need to intervene as soon as we possibly can in that regard. There is a pattern to them. There are people who get into strife after Christmas. They get into arrears and then they get out of it. Our job is to manage them through it rather than to turf them out. When I first came into this portfolio there was a situation where people got a couple of grand behind. We have no chance of ever getting that back, so we need to intervene as early as we can.

One thing I will say about members of parliament is that they often ring in. We always advise them when we are going to evict somebody because they have not paid. We provide a briefing in that regard. I hate doing it, but we do evict people for doing it. They end up coming back through community organisations.

The CHAIR: The time for non-government members' questions has expired. I call the member for Glass House.

Ms MALE: I refer to the reference to developing land on page 2-33 of the MPS. I understand that the department still has large tracts of land, many of which were purchased many years ago and are now bushland amongst urban development. What are the department's plans in relation to these assets?

Mr SCHWARTEN: It is a bit like what Bob was saying earlier. We have assets that are locked up because they are nice, green spaces that people have all got used to in their neighbourhoods. Everybody has a great idea. Gladstone was one of them. The Phillips Street land was bought in 1973 and everybody thought, 'This is wonderful. We can dump all our rubbish here and trail bike ride through it and all the rest of it.' Everybody told me what a great spot it was and how serene it was and what beautiful green space it was. They certainly did not treat it that way; they treated it like a garbage dump.

The council there had a great view of the world. It thought it should be green space and retained. We spent a couple of hundred thousand dollars trying to find a solution. Liz Cunningham poked her oar into it and had a view about it. At the end of the day the council kept walking away from it, so I said, 'Enough is enough. We'll just put a for-sale sign on it.' Council and everybody got up in arms because of this 'pristine green space', et cetera. I offered it to the council at a fairly subsidised rate—\$750,000. It sought to make it a state election issue. That did not work so it became a council issue. During the council election it decided it should buy it. So that was a very good outcome.

Turning now to Brisbane, we have the same problem. Campbell Newman, the Lord Mayor, decided that Rode Road was a very interesting space. They actually won the ward there, proclaiming that it should be green space. It got up Terry Sullivan's nose, of course, because he has been fighting for years to have us develop it. Again, every time we come up with a plan the neighbours do not like it—this, that and the other. My view is that we can no longer sit and allow that to happen. The Lord Mayor has written back to me telling me that they would love it as green space and that we should give it to them. He had better not be swinging by his tongue waiting for that to happen. I just could not, in all conscience, allow a situation where affordable housing money—money that was voted in by this parliament and came from the Commonwealth—went to the Brisbane City Council for something that a council should be doing, for it is its responsibility. If it wants it as green space it can buy it, and the price is \$5.6 million. We can haggle over that a bit. We are prepared to be good neighbours in that regard.

We have lots of blocks of land, out at Fitzgibbon and all the rest of it, and we need to capitalise on those before we do anything else. The reality is that Bob is right: we certainly need to grow our stock, but before I can go banging on Treasury doors and all the rest of it we need to capitalise on the money we have in the bank and in the land bank. That is what we are going to do.

Ms MALE: Can you please advise how the new system of rapid adjudication of disputes under the Building and Construction Industry Payments Act 2004 will be of benefit to the building and construction industry in Queensland?

Mr SCHWARTEN: One of the great things of this last couple of parliaments has been the 100 per cent support from all parties to work together to get some proper outcomes in the building industry about what I sometimes think is this almost chronic level of deception and bastardry, for want of a better word, that seems to happen. The legislation providing for the rapid adjudication program, which was passed

with the support of everybody sitting in this room—I thank you for that—will in my view free up the cash flow in the industry.

There is a classic case that has just happened in my own electorate. I was going to name this company tonight, but I will not because the matter is before the Supreme Court. It is a classic case of developers entering into a contract with a builder and now saying, 'We think we paid you too much,' and so on. It is a classic example of what the legislation was set up to prevent. I will be reporting back to the parliament about it.

What has happened is that the builder has completed some homes in Gladstone in a contract and now the developer is saying, 'We don't think we owe you that amount of money. You prove us wrong. We'll go to court.' So it is before the Supreme Court at the moment. What will happen is that the builder will go broke. Chances are the liquidator will not pursue because he will not have the money or the interest to pursue them for the \$350,000 he says they owe him.

If the rapid adjudication process was able to be used—it is not because this precedes that—there would be an arbitrator in there now saying, 'The builder says \$350,000 is owed. The other bloke says nothing is owed. It is \$250,000. You pay that up, otherwise it is a summary debt. If you don't like it, you can go to court.' That would have solved the situation here. I am confident of that. It would not be in the circumstance it is.

I am going to keep a close eye on this one. These developers had better understand—this is the first time they have been tied in—that their names will be mentioned in this parliament. It is the rightful use of the parliamentary process to do so—to keep an eye on and monitor this business. If this bloke is sent broke as a result of their action, or inaction should I say, he cannot expect me to remain silent on it. I will at every turn make that very well known through whatever channels we need to.

The CHAIR: As there are no further pressing questions and the time available for examination of the Housing estimates is over, we sincerely thank you for your attendance.

Mr HOPPER: All the best for what is ahead of you.

The CHAIR: We thank your officers and we wish you well with your operation coming up. I declare Estimates Committee A closed.

The committee adjourned at 6.50 p.m.