

TUESDAY, 10 JULY 2007

ESTIMATES COMMITTEE A—PREMIER AND CABINET, AND TRADE

Estimates Committee A Members

Ms RG Nolan (Chair)
Dr B Flegg
Mr JW Seeney
Mr RA Stevens
Ms K Struthers
Mr WE Wendt
Mr SPA Wettenhall

In Attendance

Hon. PD Beattie, Premier and Minister for Trade

Queensland Audit Office

Mr G Poole, Auditor-General of Queensland

Commission for Children and Young People and Child Guardian

Ms E Fraser, Commissioner

Office of the Public Service Commissioner

Mr J Purtill, Commissioner

Department of the Premier and Cabinet

Mr M Grierson, Director-General (Acting)

Mr N Elliott, Chief Financial Officer, Financial Management

Ms F Parker, Principal Project Officer, Corporate Planning and Reporting

Service Delivery and Performance Commission

Dr L Keliher, Chairman

Committee met at 8.30 am

CHAIR: I declare the meeting of Estimates Committee A open. I am Rachel Nolan, the member for Ipswich, and I am the chair of this committee. Joining me on the committee is Jeff Seeney, the deputy chair, member for Callide and the Leader of the Opposition; Bruce Flegg, the member for Moggill, who I understand will be with us shortly; Ray Stevens, the member for Robina; Karen Struthers, the member for Algera; Wayne Wendt, the member for Ipswich West; and Steve Wettenhall, the member for Barron River.

This committee will examine the proposed expenditure contained in the Appropriation Bill 2007 for the portfolios of the Premier and Minister for Trade; secondly, the Deputy Premier, Treasurer and Minister for Infrastructure; and this evening the Minister for Public Works, Housing and Information and Communication Technology. We will, as I said, examine the portfolios in that order.

The proceedings today are lawful proceedings and are subject to the standing rules and orders of the parliament. As such, I remind all visitors that any person admitted to the hearing may be excluded by order of the committee in accordance with standing order 206.

In relation to media coverage of the hearing, the committee has resolved to allow television film coverage and photography during my introduction and ministers' opening statements. The committee has also agreed to the live broadcast of the hearing via the Parliamentary Service's web site and to receivers throughout the parliamentary precinct. Before we begin, I ask you all please to turn off your mobile phones.

The first item for consideration in the estimates is the expenditure for the Premier and Minister for Trade. Welcome, Premier, and your advisers.

Mr BEATTIE: Thank you.

CHAIR: The committee will examine estimates for the portfolio until noon with a 30-minute break at 10 am. The time limit for questions is one minute and there are three minutes for answers. A 15-second warning will be given prior to the expiration of these time limits. An extension of time may be given with the consent of the questioner. For the benefit of Hansard, I ask advisers if called upon to give an answer to please state their names before speaking. I expect throughout the day I will need to remind people of that. It is something that gets forgotten as the day goes by.

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

That the proposed expenditure be agreed to.

Premier, would you care to make an opening statement?

Mr BEATTIE: I would, Madam Chair, thank you very much. As usual, I am delighted to be here. I am a bit worried that Bruce is not here, but if needs be we are happy to offer him some sort of witness protection program.

Madam Chair, can I say that my government is delivering on the largest capital works program in this country since Federation. We are building, as we say, the new Queensland. This includes an \$82 billion investment over 20 years in the South East Queensland Infrastructure Plan with \$9 billion for the Water Grid. We are future proofing Queensland, providing record investment in new infrastructure and planning for the ongoing population growth identified in the census released last week.

I am announcing today that work is to start immediately on a new section of the busway linking the Princess Alexandra Hospital into Brisbane's rapidly expanding busway network. This is a \$137.8 million project and it will connect the hospital with the south-eastern busway and slash three to 10 minutes off a trip from the hospital to the city. It is a critical piece of infrastructure in the proposed eastern busway, which will link Capalaba with the Eleanor Schonell Bridge at the University of Queensland. Construction has been brought forward to take advantage of the work being done on the north-south bypass tunnel. This will reduce disruption to local residents and motorists, and save Queenslanders up to \$27 million in construction costs.

I am also pleased to announce the go-ahead of a \$324.4 million rail extension from Robina to Varsity Lakes on the Gold Coast. Work starts this month and it is expected to be completed by late 2010. In another significant boost for commuters on the Gold Coast, it includes a new dual electrified track 4.1 kilometres south of Robina, a 300-metre tunnel under Easthill Drive, Robina and two road overbridges at Investigator Drive and Robina Parkway, and a new station at Varsity Lakes as well. A further \$23.7 million will be spent on the Varsity Lakes station. It will include, at a minimum, commuter car parking for 300, a drop-off area and six bus and 10 taxi bays.

Moving to vital water infrastructure, I am pleased to announce today that \$420 million in drought-proofing projects are a step closer. Today I announce the lower Fitzroy water joint venture project proponents are Rockhampton City Council, Livingstone Shire Council and the Gladstone Area Water Board. Investigating and delivering the proposed new Rockwood Weir and raising Eden Bann Weir, both near Rockhampton, is SunWater. SunWater is additionally investigating the feasibility of the Nathan and Nullinga dams, the Water for Bowen project, and pipeline extension at Proserpine, the Connors River Dam, raising the Kinchant Dam and associated pipelines. Work on the Rockhampton to Gladstone pipeline will be progressed by the Gladstone Area Water Board. These projects will secure water supplies across regional Queensland for urban, industrial and agricultural purposes for the future and ensure they continue to grow and prosper.

My government is committed to building a robust modern Queensland from our cities to our burgeoning regions. We are also continuing our push into international markets, and I am pleased to announce that we will be opening a Queensland trade office in Beijing to capitalise on business opportunities in the lead-up to the 2008 Olympic Games in China.

Madam Chair, I seek leave to table for the information of the committee the appropriate supporting information in relation to those announcements? Also, to assist the committee, could I provide copies of an address entitled 'New Queensland', which I made recently which sets out a number of expenditure areas in key areas across government? Could I also table for the information of the committee Climate Smart 2050, which is our energy strategy and also deals with climate change. Also,

there is a document detailing the nine years of achievement of my government which deals with other issues relating to the budget. Also, I will be talking a little later—assuming I get appropriate questions—about clean coal technology, and I might hold those documents until then.

I conclude my remarks by saying this: we set a strategy in this budget which is a continuation of our philosophy of building the Smart State, but we are investing in key infrastructure. I know that the first part of estimates today deals with the independent agencies in my portfolio. As is normally the case, obviously I take the questions. I believe as Premier that I should do that. If there are matters that need to be specifically answered, then I will obviously make reference to the officers concerned but I believe it is my responsibility to answer those questions.

In terms of the success of Smart State, the fact that we have unemployment levels at 3.5 per cent is clear proof of how that strategy has worked. When you consider that the national level of unemployment is much higher, you can appreciate that Smart State has brought our level of unemployment down. When we first came to office, the national level of unemployment was in fact lower than the state. We have reversed that. That is what Smart State has meant. This budget is about building the new Queensland and that is what my portfolio expenditure reflects.

CHAIR: Thanks, Premier. You sought leave to table those documents. Is leave granted?

Leave granted.

CHAIR: I now call on the member for Callide to commence questioning with the first block of non-government members' questions.

Mr SEENEY: Thank you, Madam Chair, and thank you, Premier. Premier, my first question relates to the Office of the Public Service Commissioner, and I would refer you to page 3-3 of the MPS, where the output for the office is defined as follows—

... to promote and assess the overall effectiveness, efficiency, economy and appropriate management of the public service ...

That is fairly broad, as you would appreciate. I want to ask you some questions concerning the government's policy and guidelines in respect of the employment of consultants and contractors. First of all, is there a set of guidelines and established policies in relation to the employment of consultants and, more particularly, contractors?

Mr BEATTIE: Madam Chair, as you would appreciate, if I recall correctly there were a number of questions asked in relation to consultants and contractors. Basically what we do as a government is to try to get as much work done in-house as possible, but there will be from time to time appropriate consultants employed and we do provide those lists of consultants. If I remember correctly—and you might help me with this—we actually have provided that in answer to questions on notice.

I think it is important, with the complex nature of modern government, that there is an opportunity for government to employ consultants from time to time. Let me give you some examples. Recently we sold the retail arms of Energex and Ergon, as you would be aware. Naturally, what you need to do to go through that sale is to make sure that you have some clear understanding of what would be the appropriate cost involved, because when you go to the market you need to have some understanding of what you are likely to get. You also need to ensure that you get professional advice as to how to go about that to maximise the return for the taxpayer.

In terms of principles, the principles are that if we need to go outside for consultants to get specialist advice which otherwise would not exist within government then, yes, we will do so. That is basically the rule on that, and we provide that information to you. Secondly, in terms of contractors that will depend on the circumstances again, but obviously if you are building, for example, a Water Grid or major infrastructure, naturally the government does get involved with contractors. I think the basis of your question focuses on consultants. If you want any more particular information, I am happy to provide that.

In terms of contractors and consultants, they are engaged pursuant to the State Purchasing Policy, which as you would be aware is administered by the Department of Public Works. We have had quite a debate to make sure that appropriate preference within the guidelines is given where possible for Queensland manufacturers, but we need to make certain that there is a competitive position so that taxpayers get good value for money.

Contractors and consultants are typically engaged to access skills not available within the Public Service. That is basically the heart of it. We try to keep it at a minimum, but when you consider that we have such growth going on in Queensland, which you and I both know about, it would be remiss of us if we did not get the best possible advice available to government. You saw from the census statistics last week—and I am going on memory now—that the Sunshine Coast has increased its population in I think the last 10 years by about 36 per cent; the Gold Coast, by 33 per cent; and Brisbane, by 20 per cent. This is in that 10-year period. When you consider that nationally the increase was about 11 per cent, for the sort of infrastructure that we are building, which is the biggest since Federation, we do need to get specialist advice.

The other problem which is associated with this—and I am happy to talk to you about this further—is that quite often because of the skills competition that exists in the world now we are finding a lot of our people are being poached by the private sector. Hence, that is a real challenge for government in an overheated situation of building infrastructure.

Mr SEENEY: Premier, my interest revolves around the accountability and the transparency of the process of employing consultants and contractors. The Public Service reports full-time equivalents for employees. Where do any of the budget documents report the level of expenditure on contractors and consultants?

Mr BEATTIE: In terms of the reports, the Public Service Commissioner obviously would report on full-time equivalents—you are quite correct—in terms of employment. You would notice in relation to those figures that there have been significant increases in areas like police, teachers, nurses, doctors, ambulance officers and particularly paramedics—and the list goes on of essential service delivery people. They do not include those employed as consultants. They are not part of those figures.

What happens is that consultants are engaged, and they are listed in the annual report, which is obviously tabled on an annual basis. Not only that, the aggregate figure of supplies and services includes contractors, so that is basically covered in the annual report. If the committee wants any more information, as I said, we gave you a list of all of the consultants. If you want any more information on the work that they do, then we will provide that to you.

In terms of consultants, we would employ a particular person to provide advice. Returning to electricity as an example, you would go out and seek expressions of interest from a number of people and see who is the best available. Out of that, you would then engage the person. How many people they employed would be a matter for them. We would not actually dictate that a consultant had to employ 100 people. We would actually get a contract price for the work to be done. The figures that you referred to are not in the Public Service figures but they are in the annual report.

Mr SEENEY: The consultancies are reported in the annual report, but I take it from your answer that the contractors are reported as supplies and services.

Mr BEATTIE: They are under supplies and services.

Mr SEENEY: Bulked in with stationery and paper clips and a whole range of other stuff.

Mr BEATTIE: That is on page 3-11. I am not trying to be rude; I am trying to be helpful.

CHAIR: Can the member for Callide get to asking the question.

Mr SEENEY: Yes. Would you agree that it is impossible to ascertain the amount of money that the government spends on employing contractors from that figure?

Mr BEATTIE: No, I do not accept that at all. If you go to page 3-11 of the 2007-08 Queensland State Budget, Ministerial Portfolio Statement of the Premier and Minister for Trade, Office of the Public Service Commissioner, under expenses you will see employee expenses and it sets out the amount there. It sets out that the estimate for 2007-08 is—you can read it—\$9,881,000. This is done for each entity. Each entity is reported. If you go through you see employee expenses are set out as a separate item. If you then go below you get supplies and services. You made reference to the other costs, yes, but they are spelt out separately from employee expenses. If you then go down you can see them all set out there on the pages. I would have thought, bearing in mind that you can see the cost, that if you are interested in how much, for example, this area has increased, you can see that the amount has gone from \$5,403,000 in 2006-07 through to \$9,881,000. That reflects the sort of work that I was talking about before. But I think it clearly sets out employee expenses and then underneath the supplies and services. You would have a point, I would think, if both of those were combined with grants and subsidies and they were all in one pot, but they are actually separated out.

Mr SEENEY: Supplies and services employ a lot more contractors.

Mr BEATTIE: Yes, but employee expenses are specifically what you are after. If the contractor expenditure is a material amount in the supplies and services line item, the total expenditure will typically be disclosed in the notes to the audited financial statements. You can see notes set out there. Anyway, you asked me did I agree. No, I do not. That is the bottom line. I stress again that these are covered in the annual report. We do not seek to hide these. If I could make this final point: in a complicated, modern government you do need to seek the advice of consultants and contractors from time to time. I think with the income statement and the annual reports we do provide that information. In addition to that, I just reiterate this: we have answered a whole lot of questions that you have asked for more particulars on in questions on notice and we are obviously happy to provide more if people want it. We have nothing to hide here.

Mr SEENEY: Thank you for the answer. To make it clear, my interest is not in the reason the government employs consultants and contractors, it is about the accounting for the costs. You referred to a number of questions on notice that I asked. In one of those questions on notice you provided me

with a list of 300 contractors who had been employed in the marketing and publications area, but you said you could not provide the total cost or the cost for each contract. Does that not indicate that what I suggested to you a moment ago was true: that there is no accountability, there is no accounting reporting for the amount of money that the government spends on contractors?

Mr BEATTIE: As I have indicated, there are the annual reports and there are the statements that I have just referred to. We have given a long answer, and I will go through the one that you made reference to in a minute, but what we have sought to do is provide you with as much information as we possibly can. It is not as if this matter is not fully reported. If you are concerned about particular aspects, you will notice that I have always given comparisons with previous governments, which I am always happy to do and, as the Leader of the Opposition will know, when I do these comparisons we compare very favourably to when your party was last in government. Because that is the sort of people we are. We are very frugal. With my Scottish ancestry I intend to continue to be very frugal. If the Leader of the Opposition is worried in some way that we are out there explaining what the government is doing in key areas then I am happy to plead guilty to that. Your question was in relation to expenditure. If you go to page 2 of those answers you will see that we have set out the number of people employed, the costs involved with that, then we set out every single person—we have pages of this stuff. We do not try to hide any of it.

Mr SEENEY: But you did not provide the costs.

CHAIR: Leader of the Opposition, can you avoid interjections.

Mr BEATTIE: Then if you go to the annual report you get the total costs of it at the end of the year. What you are wanting us to do is give you the list. We have done that. And at the end of the year we give all the costs involved. You know that. I have never hidden it. Every year we give the total amount in terms of expenditure. If you want to take a snapshot part way through the year all you do is provide a false comparison. You have to do it year-by-year and that is what we do and you get it. We are one happy little family, you know.

Mr SEENEY: I think you are very deliberating avoiding the point. The point is how do I or any other member of the Queensland public identify how much money you have spent—you, the government—on employing contractors in any particular area, given that I asked that question directly in the parliament and you provided me with a list of 300 contractors but you will not provide me with the costs. We have no way of knowing whether any one of those 300 contractors were paid \$1,000 or \$100,000 or the total payment to those contractors. It is not in the budget documents. In the annual report consultancies are reported but contractors are not. In the interests of accountability and transparency, which you talk about very often—

Mr BEATTIE: Which we are very good at.

Mr SEENEY:—is it not appropriate to report to the people of Queensland, not just to me but to report to the people of Queensland, the government's expenditure on contractors?

Mr BEATTIE: As I indicated to you, in the statements on 3-11, if I recall correctly, we actually go through and set out the general figure. That is the total amount of expenditure.

Mr SEENEY: A whole heap of stuff, yes.

Mr BEATTIE: Hang on. You asked me who was involved in this. We have given you a list longer than both your arms. The list is 300 long. When your lot were in office you would not know who was doing what. You have never had such accountability. I know you are amazed by the list of 300. I can see you are stunned by that. The facts of life are that we have given you the list of 300 and when it comes to the costs we have set it all out on page 3-11. What 3-11 does, when you are talking about contractors, is it sets out employee costs, supplies—the whole lot. So the total figure is there. You have asked who are the people and we have provided it to you. We have given a full list. All you want to do is give us a hard time about trying to go out and explain to the community what we are doing. I say with great respect—and I am always into great respect, as you well know—that what you are trying to do is establish how much we spend on these programs. I regularly report those in the parliament. You asked how many people are involved. Look at the answer I gave you. It is question on notice No. 109 asked on 8 February. I list all the things and then we go through and we talk about how many people are involved in this.

Mr SEENEY: That is the list of 300.

Mr BEATTIE: Yes, but you are worried about—

Mr SEENEY: But you did not tell me how much.

Mr BEATTIE: Hang on. In the portfolio statements we have given you the total figure of contractors, right?

Mr SEENEY: No. Of supplies and services. Fair go.

Mr BEATTIE: Hang on. I am entitled to answer the question.

CHAIR: Leader of the Opposition, is that another question or is that an interjection?

Mr SEENEY: I am happy for him to take it as another question.

Mr BEATTIE: Stop getting rude.

Mr SEENEY: It is the total of supplies and services.

CHAIR: Leader of the Opposition, if you could cease interjecting.

Mr BEATTIE: Could I actually just finish this? I know you get excited when Bruce turns up and sits next to you. I understand all that. But can you let me answer the question? If you go to employee expenses, if you see supplies, we have actually broken it down. If you want us in future years to put expenses for contractors in one group that is fine, we are happy to do that. But we have actually broken it down. Can we come back to the issue? You asked us about who the contractors were. We have given you a full list. In the income statement we have given you the total cost. You and I can go around in circles all day. The fact is you asked who the contractors were and you have a list longer than your arm. What is the cost? You have expenses set out. I think that is appropriate accountability.

Mr SEENEY: I will take you up on your offer to separate that out as a line item next year.

Mr BEATTIE: I thought I was putting it all together.

Mr SEENEY: Rather than bulking it up with supplies and services, will you give an undertaking to identify it as a line item in future budgets?

Mr BEATTIE: Identify what?

Mr SEENEY: The expenditure on contractors.

Mr BEATTIE: You do get it now. What I said before is that, if you wanted to, I am happy to put employee expenses and supplies and services all in the one figure.

Mr SEENEY: No, you did not. You are backing away again.

Mr BEATTIE: No, I am not. You did not listen to what I said. So this is clear for the record, let me say this: I am quite happy to have this bit of banter but with the annual report you have a look at the format and the categories. They are reported in such a way to meet international accounting reporting standards. Have you actually read what is in the annual report on these things?

Mr SEENEY: I have.

Mr BEATTIE: In that case, if you did, you would know that what you are asking for is provided. These are international standards. Are you suggesting they are not appropriate? This is what happens everywhere else in Australia. At the end of it all, these are international standards. This is not something that I made up. I happen to think that while Queensland is the best place on the planet and we are wonderful and we lead the world, sometimes we have to make sure that we meet international standards. That is what we have done. What you are asking for is for me to breach some international standards. At the end of the day, I think it is appropriate to do what we have done. Let us be clear about this: you always have a go at me saying how accountable and wonderful we are—of which we are both.

Mr SEENEY: Easy to say.

Mr BEATTIE: Absolutely. We are wonderful and we are accountable. This has never happened in Queensland's history before. No-one has ever provided this information before. No-one has ever set out the list of people. You look at all the answers we gave. You asked questions about travel and we gave you every bit of travel and every dollar involved in it. You asked every about airfares that people used. It is there—the government jet. Every single thing you asked for we have answered this year. You go through it and have a look. You have so much information you could not jump over it. You have never had the list of every possible person who has ever done work for the government as a contractor. We have listed it. I appreciate your generosity in identifying the fact that we gave you a list of 300. You tell me when any other government has ever done that before. It has never happened in the history of this state. I think, with due respect—and we are all into this due respect, as we said—that you are being pedantic on this.

CHAIR: Premier, through the chair.

Mr BEATTIE: My apologies. I meant no discourtesy to you or the Leader of the Opposition. Through you, madam chair, we have provided information that has never been provided before. Now you are asking me to breach international standards. I am prepared to have a look. I have no issues with providing this information about contractors. I will have a look at your request and next year, assuming you are still here, I am happy to provide that answer to that question.

Mr SEENEY: These budget estimates are about scrutinising the government's expenditure.

Mr BEATTIE: Yes, they are.

Mr SEENEY: From your answers—

Mr BEATTIE: I will remind you about that later.

Mr SEENEY:—and as I would expect, the government expends a considerable amount of money on consultants and contractors and that has been illustrated by the list of contractors that you have provided.

Mr BEATTIE: Absolutely.

Mr SEENEY: My question is, given the accounting systems that the government has—and the SAP accounting system, for example, has been touted as being a very capable system—is it not possible under the SAP system to provide a breakdown of the costs for each contractor and then the cost that each department spends on contractors, and would not that be an appropriate level of accountability to reinforce what you always claim about being transparent and accountable?

Mr BEATTIE: What we have done here is provide accountability on two grounds: one, it meets international standards that exist everywhere else. As I said before, you have already got the list. Secondly, it would not matter whether you were Premier or I was Premier, I actually want my departments to do some work that is more than just simply going through every piece of nitpicking—

Mr SEENEY: It is one button push.

Mr BEATTIE: Let me answer your question. Wait a minute. You have asked a question, let me answer it. Accountability is important and no government has ever been as accountable as mine, but one thing I know is that we have actually got to do some work, like build bridges and roads and do other things. I want to make the point to you that we are happy to be accountable—my government introduced the international accountancy standards across government in the last couple of years. This sort of macro detail is not provided anywhere else. We have given you more detail than ever before and you still want more. Next week you will be whingeing because my public servants are not able to build something. We are going to build modern Queensland. We are not going to spend all day looking at our navel—not that there is anything wrong with my navel, I should add.

CHAIR: The first block of time for non-government questions has concluded. I call the member for Algester to commence government questioning.

Ms STRUTHERS: Good morning, Premier. Page 3-2 of the MPS highlights that the Office of the Public Service Commissioner is developing a 10-year Workforce Sustainability Strategy. Could you tell us about the workforce sustainability challenges facing Queensland and some of the initiatives aimed at addressing this issue?

Mr BEATTIE: The Public Service Commissioner and I have spent some time discussing this because we are worried about the ageing of the public sector and about ensuring that it has appropriate skills. We have a good public sector. In my view, we have the best public sector in Australia. You need to maintain a long-term strategy. That is one of the things that James and I have been working on.

It is fair for me to say that the public sector is facing increasing workforce pressures from an ageing population, a more competitive labour market and national and international skills shortages. These days skills are international. People can be poached from anywhere. We are constantly under pressure from the private sector poaching our employees. That is a challenge any government would face.

Over the next 10 years it is estimated that around 100,000 current tenured Public Service employees will leave the service as a result of age retirement or to take up other employment opportunities. We are responding to these challenges through a number of initiatives, which the Public Service Commissioner is leading on.

The Workforce Sustainability Strategy currently under development will provide a coordinated and comprehensive response to public sector workforce challenges. We are looking at it over a 10-year period. The strategy will contain a range of innovative projects to enable the sector to employ and retain experienced and expert staff. Projects will be chosen on the basis that they are the most critical actions that central agencies can take to lead the Public Service to achieve its goals. It will set aspirational targets for manifest improvements in recruitment, retention, quality of the public sector workforce and outline an initial five-year program of work to progress towards this target.

My portfolio will implement the strategy in conjunction with departmental chief executives. The impact of the strategy will be monitored by an annual analysis of indicative measures, evaluation of individual projects and review of what has been achieved three and five years after the strategy work commences. The office has already conducted a skills analysis to determine a priority list of areas most susceptible to skills shortages. This in turn has enabled attraction and retention programs to be designed.

The Public Service Commissioner has also developed the Talent Attraction Project, which assists agencies to implement best practice recruitment processes in an efficient way. Pilot schemes were established to identify and develop innovative staff attraction and retention practices in the context of changing workforce demographics.

In addition, a new whole-of-government graduate program has been introduced which aims to develop highly skilled service orientated policy analysis of the future. The mobility of staff across the public sector is an attractive feature of what we do. The executive program supports senior executives and senior officers on a six-month rotation. There are a string of other things.

We continue to sponsor staff in development programs such as the Australia and New Zealand School of Government program. I say to the member for Algeester that, in essence, this is a real challenge for government. We have been responding to it. As we continue to have to build infrastructure this is going to be a continuing source of pressure on the government and the public sector. We have good people but we have to keep them and we have to recruit new ones.

Ms STRUTHERS: As I look around the room here I feel as though you must be snapping up all the young and active ones, Premier, for your portfolio.

Mr BEATTIE: We have a pretty good lot here today.

Ms STRUTHERS: It does not look to be an ageing workforce in this room.

Mr BEATTIE: We brought the best along today, I think.

Ms STRUTHERS: My second question relates to page 6-3 of the MPS. I note that the Commission for Children and Young People and Child Guardian delivered 174 risk management workshops. Could you outline how these workshops promote safe service environments for our children?

Mr BEATTIE: This is an area of enormous challenge. As you know, this has been an area of traditional underfunding in Queensland going back decades. In one of the documents I tabled talking about the new Queensland I deal with this issue. I think the children's commissioner has responded to that. We are committed to fostering safe service environments for young people. I have to say that I get distressed when I see the level of abuse that takes place in our community. It does not matter about our politics; we are all committed to families. When you see this happening it really is sickening. It is a shame that government has to be, if you like, the big brother or the big sister to protect children, but that is a fact of life. The children's commission has been doing a good job.

In 2006-07, over 3,200 people attended 170 workshops and awareness raising sessions run by the commission throughout the state. These workshops provide participants with the necessary tools to consider and evaluate the important elements of their risk management and how they could apply this thinking within the context of their organisations. In other words, this is an educative program to get organisations to reach their full potential to protect children.

As a result of the commission's workshops organisations are better placed to create safe service environments for children by implementing effective policies and procedures which address these sorts of things: appropriate standards of behaviour for interacting with children and young people, getting the rules right; suitable recruitment, training and management of staff in addition to blue card screening—it is actually about training your staff and not just employing them and having an ongoing program to do it; appropriate handling of disclosures and suspicions of harm, and we all understand how important that is; and involving children and young people in the development of risk management processes. They are the four key ingredients that the children's commission has been pursuing.

For many organisations these workshops are their first exposure to a formal risk identification and treatment process. We have covered this stuff up for too long. We have to find ways to bring it out. Once you bring it out in the glare of public analysis then attitudes change and we get cultural change. We have seen that happen in society in terms of smoking and we are seeing it now with child abuse and domestic violence. We have changed our attitudes to those things. This is part of what the children's commission is doing.

I am pleased to report that the client satisfaction survey conducted by the Office of Economic and Statistical Research indicates that these workshops increased the understanding of the participants from organisations providing services to children of the benefits of child-focused risk management strategy. The commission will continue to work with service providers to build their capacity to provide safe environments for children.

No-one is perfect in this world. I think the children's commission is doing a very good job. I congratulate Elizabeth on the work that she has been doing. This is not easy. It is very tough. They have been doing a good job. I know these estimates are about money but I think it is important that we put on the record when people do a good job. I want to do that.

Ms STRUTHERS: Thank you, Premier. Page 4-2 of the MPS refers to the independent nature of the Queensland Audit Office. Would you outline to the committee the importance of the independence of this office?

Mr BEATTIE: It is independent, all right. It always gives us a hard time down that end of the table. I am only kidding.

Ms STRUTHERS: Could you outline the importance of the independence of that office?

Mr BEATTIE: I think that Glenn Poole has demonstrated his independence. It is very important to have an Audit Office that clearly demonstrates that. Some of the areas that he has addressed have not been easy for us. He has brought down a series of reports recently in relation to Indigenous communities. He is working with those communities to try to ensure that public money is expended appropriately. They are not easy reports. There have been a number of areas where the Auditor-General has demonstrated his fierce independence. I think both sides of politics have a high regard for the Auditor-General. That is certainly my view. I acknowledge his contribution.

If we look at its independence we find that the Financial Administration and Audit Act establishes its independence from executive government. It provides that the primary accountability of the Auditor-General is to the parliament, and he takes that seriously. The Public Accounts Committee acts on behalf of the parliament in reviewing the results of the audit programs tabled in the parliament. The Auditor-General must act and be seen to be acting independently in carrying out his powers and duties. He does that. This independence is the foundation of the role.

The Auditor-General will meet with me from time to time to go through reports and highlight areas where the government needs to improve its act or lift its performance. They are very professional meetings. He does what I think an independent Auditor-General should do which is why we take what he says seriously in local government and elsewhere. I think the member for Ipswich West, being skilled in this area, would understand the importance of it. We certainly do.

Explicit reinforcement of the Auditor-General's independence is provided in the Financial Administration and Audit Act. Within the Queensland Audit Office the policy safeguarding independence is in place, together with an annual review of independence declarations by all the staff. The Accounting Professional and Ethical Standards Board has approved APES 320 quality controls for firms. By following this standard the independent manner in which audits by the Auditor-General are undertaken is reinforced. The office does need to sometimes get some work done outside but it is done under very strict supervision and within its standards.

I make the point—I think it is a very important one—that I remember Sir Max Bingham, the first chair of the Parliamentary Criminal Justice Committee, I was once chair of that committee, had a saying, 'You can have the best systems in the world but if you have not got the right people they will not work.' You can actually have the worst systems in the world but if you have good people they might have a chance of working. I think that comes down to the Audit Office and the key officers that I have here, including the Public Service Commissioner. We have good people in these offices. The fact that we have good people means that they will do their job. Glenn Poole has indicated through his independence that he is determined to do the job and get on with it. That is exactly what he does do.

Mr WETTENHALL: Good morning, Premier. Page 3-6 of the MPS refers to the first whole-of-government graduate policy officer program. Can you tell us why this has been introduced?

Mr BEATTIE: I mentioned before some of the issues involved with skills and skill sets within the public sector and the need to attract good people. The whole-of-government graduate program is an initiative aimed at developing highly skilled, service orientated and creative thinking policy analysts who can make a difference to the lives of Queenslanders. That is what it is all about.

The graduate program is part of the wider strategic response by the government, which is what I was talking about a little earlier, to the increasing competitive labour market and will help ensure that we can continue to deliver top class services to the people of the state. The program was instituted to address the forecast loss of more than half the SO and SES officers from the QPS due to ageing and tighter employment markets. If you think of that figure you understand the challenges that we face. This is one of the reasons I actually asked James to do this job. In the early meetings we had we set this as a priority and target to deal with the problem. We forecast the loss of more than half of those senior people. That is a real challenge.

The trends were identified by a range of processes including analysis of data, the Talent Attraction Project and other research activities. These solutions I partly talked about. But, as I said, we face major challenges over the coming decade as a result of the combined impacts of an ageing workforce and contracting labour markets. The commissioner has established that as many as half the current senior management ranks will leave the sector within the next 10 years. These separations will exacerbate the already strong demand for staff.

The whole-of-government program complements the agency specific graduate programs. Some of the departments run these as well. The program's first intake commenced on 12 February 2007. Competition for the program's 21 places was intense with over 900 applications received. We were pretty pleased by that. That is a good indication. I am pleased to say that my department is sponsoring three places on the program. I believe this program will be a great success and will make a further important contribution to making Queensland the Smart State.

The program is open to graduates from all disciplines, with the 2007 cohort holding qualifications in a range of disciplines including science, law, journalism, international relations, marketing and psychology. The cohort also includes representatives from each of my government's EEO target groups.

It is designed to develop skilled policy analysts who can work with a variety of disciplines. Over the 18-month period graduates will be rotated through four work placements in four different agencies with one week of structured training between each placement. There is a lot more detail on that. I will table that for the information of the committee.

Leave granted.

Mr BEATTIE: Could I just add that what we are finding is that the private sector will continue to do this. Part of that is a wage issue. We are having to address that. I know from time to time people attack the public sector in terms of wages and so on. We actually pay our public servants appropriately. If we did not we would lose more. The disparity between the private sector and the public sector is such that we are still losing good people. This is a real challenge that the Public Service Commissioner and I will have to continue to address, and we are.

Mr WETTENHALL: In chapter 6 of the MPS the Commission for Children and Young People and Child Guardian outlines its statewide role and how it contributes to the government's priority of protecting our children and enhancing community safety. Can you advise the committee how the commission fulfils this role in regional and remote Queensland?

Mr BEATTIE: Being the member for Barron River, I guess you would be asking this question, and appropriately so. The commission has had a focus to make sure that we are statewide focused in protecting children. We all know that the abuse of children is not limited to Brisbane. That is why the commission does undertake a number of regional visits each financial year. The aim of those is to build the sort of understanding and partnerships I talked about before when I was talking about the workshops that the children's commission has been running.

Given the issues of disadvantage experienced by Indigenous children, which is an area of major problem, as we would know from what we have been doing with alcohol management programs and the expansion of Child Safety, the commission has built on its efforts in previous years in terms of meeting Indigenous stakeholders. Discussions have centred on the commission's role and children's issues of concern to outline how the commission may be able to assist the community to improve child safety. The commission has met with elders, officials, service providers, community members and young people in a series of forums which were organised on Thursday Island and the outer islands of Sabai, Badu and Yorke in August 2006. The Children's Commissioner returned in March 2007 to formally meet with the Torres Strait Regional Authority. What the commission is doing is getting out statewide and going to areas of greatest need.

The key issues raised with the commissioner by the stakeholders included improving access to schooling. We all know the issues involving Indigenous abuse, whether it is of children or alcohol. The only thing that will save Indigenous children for the next generation is education. That has to be the heart of it, so I am not surprised that schooling was raised. Other issues were housing, sport, recreational activities and effective alignment of Child Safety services and support for families. Key matters raised by young people were reducing community violence, substance misuse and gambling and wanting more quality time with family and fun and things to do and that sort of thing. The visits have subsequently been followed up with the provision of community visitor services and the provision of risk management workshops. The commission will also promote its services for the first time at the Croc Festival in the Torres Strait in July 2007, which we are also putting money into.

The commission also attended the March negotiation table in Cherbourg, and I heard there has been progress. The commission has had a rolling program across the state in Townsville and the list goes on. I will not go through any more of that detail other than to say this: in terms of Indigenous communities, we know that this is a major problem. The alcohol management plans are starting slowly to reduce the amount of violence and attendance at schools is increasing. It is reducing crime and reducing health attendances, but we have a long way to go. I met recently with the Prime Minister and the federal minister for Indigenous affairs. Our difficulty is that we are doing this in the lead-up to a federal election, but I hope that we will be able to maintain some partnership with the federal government to get real changes for Indigenous children. That is what we need to do.

Mr WETTENHALL: On page 4-6 of the MPS the Queensland Audit Office reports that it has been undertaking performance management systems audits. Could you outline the purpose of these audits and how they contribute to good public administration?

Mr BEATTIE: The answer to that is yes. The performance management systems, or PMS, audit process is an independent examination which determines whether an entity or part of an entity's activities has performance management systems in place to enable management to assess whether its objectives are being achieved economically, efficiently and effectively. This is an area of enormous importance for government delivery, as you would understand. A performance management systems audit focuses on forming an opinion on whether the systems and controls used by management to monitor and measure performance assist the entity in meeting its stewardship responsibility—in other words, is it doing what it is supposed to do?

The intent of a performance management systems audit is to provide independent assurance to the parliament and add value to the quality of public administration by assisting entities in the discharge of their governance obligations. It is a little bit like a dose of Epsom salts, if you like, through departments. They have a very clear view that this is being looked at and they respond. My experience as Premier has been that when you have these powers and the Audit Office does it the senior management in each one of the departments—DGs and others—know it is going to happen so they actually get on and deal with these issues in advance. The audit itself has a therapeutic value beyond the nature of the audit per se.

While a performance management systems audit will not review or comment on government policy, it may extend to include an entity's performance measures. However, in the Auditor-General's opinion, the performance measures purposely and fairly represent the entity's performance. The Auditor-General's performance management systems audit mandate was expanded from 1 January 2007, as you may be aware, and audits may now also include an assessment of the relevance of published measures used by agencies to assess their performance. So we have actually broadened the opportunities here for the Auditor-General to do his thing. You would have noticed that the Auditor-General tabled four reports to parliament on the results of performance management systems audits conducted this year. I might just table that information if I could.

Leave granted.

Mr BEATTIE: It sets out all of the details of what they were.

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

Mr SEENEY: Thank you, Madam Chair. Premier, can I refer you to page 3-7 of the MPS and specifically the section dealing with the Office of the Integrity Commissioner. Premier, did you seek the advice of the Integrity Commissioner before you leaked Sir Laurence Street's report the day Sergeant Chris Hurley was charged?

CHAIR: Premier, before you answer that question I make the point that drawing that issue to that particular matter of appropriation is a long bow. The question is therefore technically out of order, but I will leave it to your discretion as to whether you choose to answer it.

Mr BEATTIE: It is a very long bow and the Leader of the Opposition said that this was all about the budget a little bit earlier on which I said I would remind you of. Let me now say that I am reminding you of what you said earlier. But my philosophy, Madam Chair, is that as Premier I should answer any question. Even though it has nothing to do with the estimates nor the expenditure and it is quite outside the rules, being such a generous person who believes in accountability, hence my point earlier, I am happy to answer. The answer is, no, I did not and nor should I. Let me make it absolutely clear: I make no apology for releasing that document publicly. It was in the public interest to do so. There were all sorts of porkies being told about it and what was in it, and I believed the public had a right to know; it paid for it. I wrote to the CMC, and you have asked me for material. I should tell you, just so you know—

CHAIR: Through the chair, Premier.

Mr BEATTIE: Sorry. I meant no disrespect, Madam Chair; you are absolutely correct. Through you, Madam Chair, can I inform the honourable member that on my web site you will see the letter that I wrote to the CMC indicating that I had released it and it was in the public interest. You will see a letter that it had written to me prior to that and you will see its letter in response to my letter to it. So both letters from the CMC are on my web site along with my letter where I wrote to the CMC and simply said that this was in the public interest. This was a matter of considerable public interest. My view is that the public had a right to know. I know that there is a political agenda here; I understand all of that. I have been around long enough and so on, but I indicated to the CMC that when the Hurley matter was finished by the court I would publicly indicate that I had released it, and that is exactly what I did.

Let me make it really clear: this was a report that was paid for by public expense and therefore the public had a right to know. I know, Leader of the Opposition, you would be appalled if I had sought to keep this confidential, because as someone who is committed, like I am, to open accountability, I think you would share my view that the public had a right to see every single aspect of that report and for it to be released publicly, and that is exactly what happened. I should mention the fact that the Police Union was also provided with a copy of it prior to the trial, and that came about as a result of a meeting that I had with the Police Union on a range of matters including CCTV in watch-houses where it requested it and I said that I would assess that within the law and if it could be provided with a copy it would be, and it was. It took a little bit of time, but it was. You cannot complain about the accountability around here.

Mr SEENEY: I would contend that these questions are about money, because I am referring to the Office of the Integrity Commissioner, which is part of the budget. Premier, the—

CHAIR: Leader of the Opposition, before you go on I note your dissent on the ruling. There are a couple of ways we can go here. I can let that go through or we can adjourn and you can actually dissent. Next question.

Mr SEENEY: Fair point and I withdraw the comment.

CHAIR: Thank you, Leader of the Opposition. Next question.

Mr SEENEY: However, Premier, I refer again to the MPS where it defines the role of the Integrity Commissioner as giving advice to the Premier on issues concerning ethics and integrity, including standard setting for issues concerning ethics and integrity. Premier, if you felt the need to refer the matter to the CMC, why was there not a role for the Integrity Commissioner in setting the standard for ethics and integrity in this particular instance? If the Integrity Commissioner does not have a role in this particular instance, why do we have an Integrity Commissioner at all?

Mr BEATTIE: Again, I am happy to answer this question, just noting again for the record that this does not fit specifically within page 3-7, but as part of the accountability processes I am very happy to answer this question in the public interest through you, Madam Chair. When we established the Integrity Commissioner, which was a piece of legislation that I introduced—and the Integrity Commissioner was an idea that I thought was worth pursuing, because what it does is it gives senior people like premiers and ministers an opportunity to seek advice about areas where there is some doubt about conflicts of interest and appropriate behaviour. It was never meant to be a political football and it was designed in this way so that if the Premier of the day or a minister of the day wanted some advice from an independent officer then they could get that advice. There are some things that are black and white. To me, this was a matter that was black and white.

Mr SEENEY: So why did you have to go to the CMC?

CHAIR: Cease interjecting, Leader of the Opposition.

Mr BEATTIE: I am happy to answer this. Do not get too excited. I know Bruce is next to you and you are getting excited again. Actually, he is the one who should get excited.

Mr SEENEY: Come on. Come on.

CHAIR: Premier, if you are going to answer it—

Mr BEATTIE: Through you, I just do not want anything to happen to his health. The issue here is that the Integrity Commissioner was established to look at conflicts of interest or that sort of advice. If you look at dot point 2 on page 3-7, it says continue to give advice to the Premier at his request on issues concerning ethics and integrity. If the Premier of the day has any doubt, he will seek that advice. In terms of the CMC, you misunderstood what I said. You may recall—and I cannot remember whether this was one of your many public utterances or complaints; I am not sure, because there are quite a few of both—there was a matter raised in terms of the CMC when the document was released publicly. The CMC wrote to the government asking what were the circumstances of the release and what were the protocols about who owned what in terms of what could be released. I wrote back to it. As I said, the letter is on my web page. I thought you read my web site every day.

Mr SEENEY: So it wrote to you; you did not refer it to it?

Mr BEATTIE: That is exactly right.

Mr SEENEY: I misunderstood.

Mr BEATTIE: Through you, Madam Chair, this was a matter of public debate. Can I suggest you go to my web site, because it is all there. It wrote to me about the ownership, if you like, of the report. I wrote back to it and said that these were the circumstances and not only that but I released it. I said that not only did I release it but I released it in the public interest, and I stand by that release. As a result, it wrote back to me and said, 'Fine.' That was it. That was the end of the matter. It was no longer interested. This is not some Perry Mason investigation; this is actually black and white. It is on my web site, and I refer you to my web site. It is good reading.

Mr SEENEY: Premier, in relation to the Office of the Integrity Commissioner, how many other issues have you referred to the Office of the Integrity Commissioner in the past 12 months and how many issues have been referred by other ministers?

Mr BEATTIE: Let me go through all of this. In the period from 1 July 2006 to 30 June 2007, the Integrity Commissioner received 10 requests from ministers and parliamentary secretaries, three requests from departmental CEOs—because they are included in it as well—five requests from government members and seven requests from other designated persons, but one of these requests has not yet been accompanied by a signed authority to seek advice from the chief executive officer of the department in which the persons were employed, and that is the rule. There were also five requests from non-designated persons, thus there was no jurisdiction, and four verbal requests for preliminary discussions were received. I made five requests for advice, making a total of 35 written requests for advice for the 2006-07 year. The length of time taken to deal with the requests for advice varies considerably. Some can be answered in an hour whereas others take considerably longer. Requests are always dealt with promptly, and I want to thank the Integrity Commissioner for that. He is very prompt—very prompt indeed—and he gives very good advice.

In the first financial year of the former Integrity Commissioner's appointment he received 14 requests for advice. In 2005-06 the Integrity Commissioner received 23 written requests for advice and five preliminary inquiries. In 2004-05 the Integrity Commissioner received 26 requests for advice and seven preliminary inquiries. So I made five requests for advice, making a total of 35 written requests for advice for 2006-07 in that year.

I just want to reiterate: the reason why I established this was so that you could get informal advice. There are many areas where you are not sure, and I will give you an example of one of them. Lindsay Fox, who is a member of my business advisory round table and who is one of the owners of the Bank of Queensland, had his 70th birthday party in Sydney. I was invited. It was the best networking opportunity that any Queensland Premier would get. There were business leaders from around Australia. All the senior businesspeople were there. We had a large number of businesspeople from around the world. Bearing in mind that it was a great opportunity to network and encourage investment, I was not going to miss the opportunity.

The Victorian Premier went at taxpayers' expense. I wrote to the Integrity Commissioner. He basically raised issues with me about things that I had to satisfy. He left the decision to me but raised a number of issues about whether taxpayers' money should be involved in it and subtly suggested to me that perhaps I should not go. I still went, but I paid for my own air fares and I paid for my own accommodation.

That is an area where you are just not sure. Was there a benefit for Queensland? You bet. The Victorian Premier went at public expense. The Integrity Commissioner here raised issues, which I thought were quite sound issues, and because of my prim and proper Scottish ancestry I thought I should pay. Let me tell you that it cost a lot of money for the return air fare. I took my wife as well. As you know, partners in these things are very useful. So I paid for that out of my own pocket. Can I tell you it hurt, but it was good for Queensland so I went. It was a good time, too. Lindsay Fox is a good guy. He probably votes for you a lot more than me—I mean the Liberals. He has probably never voted for my lot in his life, but he is a good bloke.

Mr SEENEY: I refer you to that definition of the role of the Office of the Integrity Commissioner and particularly the reference to setting standards for ethics and integrity. If the office is going to have a role such as that, would it not be more appropriate for the recommendations that the Integrity Commissioner makes to be made public to assist the public to understand the levels of integrity or the precedents that are set in terms of defining appropriate levels of integrity? You have referred to one example of the five references that you made. Would you undertake to make available to the committee the other requests that you made so that we can compare them with the issue of Sir Laurence Street's report?

Mr BEATTIE: Now you are trying to abuse my generosity. I am such a generous human being, but you are now trying to take advantage of me. The reality, though, is that they were never meant—and you know that—to be publicly released. I have been fairly generous about them. I have given you one example. I think that the system I established is designed to encourage people to go and ask the tough questions and to get the advice. If you release every single one of them, you destroy the whole basis of having the Integrity Commissioner and it will not work.

Just think about this. If you were Premier and you got caught in the sort of ethical dilemma that I was in in relation to going to the Lindsay Fox occasion, you can either do one or two things: you can either do it or you can seek advice.

Mr SEENEY: There was no ethical dilemma with Sir Laurence Street's report. That is what you are saying.

Mr BEATTIE: No, there was none.

CHAIR: The Leader of the Opposition will cease interjecting.

Mr BEATTIE: The answer is there was none, no, because it was black and white. It was a matter of public interest.

Mr SEENEY: You could have tabled it in parliament.

CHAIR: Leader of the Opposition, if you would cease interjecting.

Mr BEATTIE: Jeffrey, behave.

Mr SEENEY: Couldn't you? You could have tabled it in the parliament.

CHAIR: Leader of the Opposition, will you cease interjecting. You will get another question in two minutes.

Mr BEATTIE: This was established to actually encourage people to go to the Integrity Commissioner so that they could get advice. Let me come back to the second part of your question, because you will find this strange. The second part of your question is actually a good one. I know you are surprised at me for saying that, but it was a good question, because when this was established I spent a lot of time thinking about this aspect of the Integrity Commissioner's advice. If you look at the second dot point on page 3-6 it refers to giving advice on issues and it refers to standards.

The way that that advice becomes public though is, for example, in how the guidelines for gifts are handled by ministers and how the guidelines for expenditure are handled by ministers. So if the Integrity Commissioner gives us advice, while you may well not know that advice, any changes as a result of that advice will be published on the net and published as part of the guidelines for expenditures, or gifts, or whatever. You would be aware that recently we agreed to table the gift register in the parliament. Bruce, you will remember this, because you raised some issues as a result of it. I think consequent to that we agreed to table the gift register in the parliament on an annual basis as part of the transparency.

Any changes to the guidelines are published and published as widely as possible. So I think that is the way there is public accountability. If you require the publication of every advice the Integrity Commissioner gives, you might as well give it away, because in the end people will not go there and seek advice—they will make every decision on their own—and that will not be good. That is why we do not do it.

Mr SEENEY: On 21 July 2006 you appointed Helen Ringrose as the Chief Executive, Whole of Government Projects. I have looked through the MPS and I cannot find any reference to the position or outcomes from that position. Can you tell us what the Chief Executive, Whole of Government Projects has been doing, how many staff she has and what outcomes have emanated from that provision?

Mr BEATTIE: Yes, good question. In July 2006 Helen Ringrose was appointed to the role of Chief Executive, Whole of Government Projects in my department. I needed the experience and administrative ability of a director-general to deal with a range of extremely complex and sensitive issues. Her projects have included reviewing the City of Brisbane Act—and you can understand how sensitive that is. That has been warmly embraced with such enthusiasm that I needed someone senior and sensitive to deal with it. Her projects have included reviewing the City of Brisbane Act and the Local Government Act and overseeing a number of major capital projects.

Ms Ringrose is ideally placed to undertake these most complex tasks. As you know, she was employed in the Brisbane City Council some time ago. Hence she has experience and is the ideal person to be reviewing the City of Brisbane Act, having gained broad public sector management experience over 30 years with senior management positions in Health, Education, Local Government, Treasury, Corrective Services, Premier and Cabinet. I am happy to report to the committee that, in successfully carrying out the tasks that have been assigned to her, Ms Ringrose has again demonstrated that she possesses unique management, administrative and negotiating ability of the highest order. She has one staff member and is working with local government officers. I think that answers all of your questions. I do not know that there is anything else that I can tell you.

Mr SEENEY: The full story. When would you expect those reviews to be completed. Have there been any outcome from them?

Mr BEATTIE: The reviews are ongoing.

Mr SEENEY: Yes, I took that from your answer. When would you expect them to be completed?

Mr BEATTIE: Let me just see if I have a date here. I am not quite sure that I do. I do not know the answer to that. But that is not an unreasonable question. Madam Chair, with your permission can I provide the committee with those dates on a future occasion? I do not have them here but it is a fair question. I will get the information and provide them to the committee.

CHAIR: Premier, you can take that on notice. We require answers to questions taken on notice by this Friday but we will formally advise your office of that time frame.

Mr BEATTIE: As you know, I do not usually take questions on notice, but that is a fair one. So I will answer that.

Mr SEENEY: I am happy with that. On page 3-2 of the MPS there is reference to the robust recruitment practices that the Public Service undertakes. I presume that those robust recruitment practices would include advertising the vacancy, short-listing candidates, holding interviews and checking references. When you appointed an incumbent to the position of executive director in your department on 16 October 2006, Steve Bishop, were any of those recruitment practices followed?

Mr BEATTIE: The answer to that is yes. I am happy to tell you that Steve Bishop was appointed in an acting capacity, not in a permanent position. The director-general, Ross Rolfe, at the time followed all the rules and indeed—

Mr SEENEY: Just in the interests of clarity, he was appointed in an acting capacity and then recruited after that?

Mr BEATTIE: No, no, no. I am really pleased you asked me this question, because there is a sting in the tail. So just wait patiently. If you were a fish, you would not get passed tiddler stage. The role of the Executive Director, State Services had been advertised on 13 October 2006. On 16 October 2006 Mr Steve Bishop commenced in the position on a temporary basis. This time the substantive appointee to the role, Mr Douglas Watson, was on transfer to the EPA as part of the SES mobility program—as I have said before. The position was advertised in the *Government Gazette*, the *Courier-Mail*, the

Weekend Australian, and the SmartJobs and Careers web site. A selection process was initiated. No appointment was made from the selection process. An external review of the State Services division was commissioned. Mr Bishop continued his temporary engagement—temporary engagement.

On the week ending 27 April 2007 Mr Bishop's position was readvertised and a second recruitment and selection process is currently underway. Mr Bishop has announced his intention to resign effectively at the close of business on 6 August 2007. So he is retiring.

Mr SEENEY: He was only ever temporary.

CHAIR: Leader of the Opposition, your time has expired.

Mr BEATTIE: He was temporary and he has left. So you cannot even beat up on him. He is retiring. He is going to get a life with his wife. He is a really good guy.

Mr SEENEY: He obviously did not like his boss.

Mr BEATTIE: No, he did not like your rudeness in your questions.

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

Mr WENDT: On page 3-7 of the MPS the Office of the Integrity Commissioner reports that various activities had been undertaken to promote greater awareness of the role of the office. Can you advise the committee of some of these activities and how they promote ethical conduct?

Mr BEATTIE: I can, and I thank the member for the question. One of the functions of the Integrity Commissioner is to contribute to public understanding of public integrity standards by contributing to public discussion of policy and practice relevant to the Integrity Commissioner's functions. Upon their appointment the Integrity Commissioner seeks to meet with all new ministers, parliamentary secretaries and directors-general to discuss his role and functions.

I have to say that we have been particularly lucky with integrity commissioners. The current Integrity Commissioner is very good. Sometimes in these positions you end up with people who are okay and sometimes you end up with sensational people. He gives us incredibly good advice. He is a very ethical and decent man. Frankly, I think we are very lucky to have him.

As part of the Queensland integrity regime, the Integrity Commissioner also meets with the integrity committee. The purpose of this is to promote high standards of integrity and behaviour and ethical decision making. One of the major responsibilities of the Integrity Commissioner is to provide resources within the public sector to help public officials avoid conflicts of interest. I have said this before in relation to the question asked by the Leader of the Opposition, but it is worth repeating, I think. The reason for this is that the Public Service Commissioner is responsible for the administration of both the Public Service Act and the Public Sector Ethics Act.

The Integrity Commissioner willingly provides his time to attend the quarterly meetings of the Queensland public sector ethics network. That is where officials working with agencies discuss issues that arise. It is through this forum that the Integrity Commissioner is often approached for assistance in ethical issues, the drafting of codes of conduct or policy development such as the gifts and benefits policy. This is what I was trying to say before to the Leader of the Opposition. The Integrity Commissioner actually helps in doing this work. When those documents are finalised they are released publicly—everyone can see. But he has that level of involvement. The real test of these issues and the reason public confidence can be had in the Integrity Commissioner is the quality of the person involved. I have never heard any suggestion from anyone that there is anything other than a person of integrity here.

The web site, which now contains a good deal of information about policy and practices relevant to the Queensland Integrity Commissioner's functions, contributes to public understanding of public integrity standards. Without going into more detail on this, I just want to make this point: everybody also knows that if they seek the Integrity Commissioner's advice and they have that advice then that is also a bit of a protection, too, in that they have that ethical advice. If they wanted to, they can release that advice—and some people have. It is a matter for them personally to do so. But I think it works very well.

Mr WENDT: I also note on page 3-6 of the MPS that the Office of the Public Service Commissioner refers to a directive about intellectual property created by public servants which is successfully commercialised. How does this promote the Smart State strategy?

Mr BEATTIE: Of course, this is an area of some interest, as you would understand, because we are developing the Smart State. We have some really creative people, whether they are in medical research, or whether they are in food. We are trying to pave a long-term role for the department of primary industries in this area of food research, because I do not think that we have done enough. We have done a lot of good work, but I think we can do a lot more in food. I am talking about grains right through to stock in terms of continuing research and becoming even more competitive internationally in the primary industries sector. We invest significant amounts of money in research and development—billions of dollars, as people would be aware.

On 12 March 2007, the intellectual property directive rewards for creating commercially valuable intellectual property came into effect. The directive prescribes the conditions for offering monetary rewards to eligible Public Service employees who develop intellectual property that is successfully commercialised with positive revenue returns to the Queensland government. This is a balance between rewarding the individual and taking into account that it was done on government time and expenditure. The intellectual property covered by the provisions of the directive cover copyright patents, design, circuit layout rights and plant breeders' rights. I can tell you that the last one is not without its bumps.

Recognition and rewards for public sector employees generating significant revenue for the state through the creation of intellectual property will assist agencies to attract and retain highly qualified staff and, in turn, give practical effect to Smart State objectives. This is another way to get people and keep them because, put simply, if you do not reward them in some way you will lose them. Therefore, it is a very important strategy. It will optimise the potential for agencies such as Queensland Health and the Department of Primary Industries and Fisheries to identify key intellectual property initiatives and realise commercialisation opportunities. In turn, this maximises the likelihood for innovative development such as new vaccines to become publicly available. Applying contemporary competitive business practices such as these enables the public sector to continue to deliver tangible benefits for our communities.

While the directive does provide for monetary rewards of up to \$20,000 per employee per year with a cap of \$100,000, it requires agencies to go through a comprehensive and rigorous planning and approval process before rewards are payable to eligible employees. The offering of monetary rewards to employees creating commercialised intellectual property puts Queensland's public sector on a competitive footing with private sector organisations and other public sector jurisdictions competing for highly skilled workers. As the directive is relatively new, no monetary rewards have been approved at this time.

I thank you for the question, because this is a really important part of us not just building the Smart State but rewarding people who have initiative and are innovative. The Smart State is all about creating the intellectual fire power to be creative. If we do not do this in the public sector, we will lose them all to the private sector. We will miss out as a result. This is a very important initiative. It is new. I know that in future years I will be asked about it. It is a bit risky in a sense, but I think that it is worth taking the risk because I want to reward public sector creativity.

Mr WENDT: On another matter, page 6-3 of the MPS refers to the Commission for Children and Young People and Child Guardian's engagement with children and young people. Can you elaborate on some of the initiatives in this area?

Mr BEATTIE: I can. Again this is a huge and difficult area of human endeavour. As you know, the commission places high priority on engaging with children and hearing their views. That is one of the ways that we can better respond to their concerns. Earlier I tabled an address entitled *The New Queensland*, in which I talk about one of the surveys that the children's commission did of its client base. It showed that 99 or 98 per cent of children in care who were surveyed are positive about the sort of support that they are getting. That has not always been the case, so those programs are working.

In 2006-07, the commission engaged children in a range of activities to help inform and advise other agencies that deliver services to children and improve the commission's own policies and programs. At the individual level, the Community Visitor Program engages regularly with children in out-of-home care. Community visitors listen to any issues of concern that children may have, so that they can respond and work on resolving those matters in the best interests of the children involved. If matters cannot be resolved locally, the commission raises them with the relevant director-general whose department is responsible for those service delivery matters. Community visitors perform an important advocacy role to ensure that the views of the children are heard.

Significantly, the commission actually surveys children in care. They are the ones at risk in many cases, although I want to be really up front here: we have some wonderful carers. Too often in these debates we lose sight of all those really good people who take children in. They are fantastic people. Can you imagine doing that? Too often they get caught up in the stigma because a tiny per cent of abuse has occurred. We should not lose sight of how good those people are.

The commission surveyed children in care to collect information on their views and the issues that are important to them. The outcomes of the survey were released in May 2006. That has helped focus the commission's systemic advocacy activities on promoting more stable care arrangements and improving contact for families with children in care.

In addition, the commission conducted focus groups with young people across the state to gain an insight into how best to engage children from different cultural backgrounds and those living in regional and remote areas. The young people involved include those from Aboriginal and Torres Strait islander backgrounds, rural and remote areas, those with disabilities, and young people in residential facilities and detention.

The commission is also coordinating with young delegates a program for the 2007 Australasian Conference on Child Abuse and Neglect. The program will include young people presenting their views to conference participants. In 2007-08 the commission will enhance its youth participation policy to promote the role that young people can play in developing and reviewing government policies.

This is about engaging young people so that we better respond to their needs. We have to remember that we are not the font of all wisdom. That is what the commission does and I think that it is running an effective program.

Ms STRUTHERS: Page 4-7 of the MPS states that the Queensland Audit Office will continue to encourage all public sector entities to maintain a strong focus on accountability. What are some of the ways that the Queensland Audit Office is engaging with stakeholders to achieve this?

Mr BEATTIE: I guess engaging with clients to publicise and discuss accountability workforce practices and reporting is essential to maintaining high standards of reporting and accountability. I think that is the heart of it. The Audit Office provides useful and relevant information to its clients through client information sessions, contract audit workshops, a technical journal, better practice documents and presents to parliament commentary and reports on emerging cross-sector issues.

The reality is that when the Audit Office engages agencies and they know that the auditor is having a look, as I said before, for agencies it is a little bit like having a dose of Epsom salts. They all say, 'Whoa, we should perform here.' That is a good way to act, because at the end it is all very well to do reports and embarrass people, but this is a really important part of what the Auditor-General does. But they know that the fear of that is there and that also produces good measures. I think that is a good thing. It is a little like driving down the highway and seeing a police car on the side of the road. People put their foot on the brake. It is one of those preventative measures. There may be no policeman in the car and there may be no speeding device, but at the end of the day it has an effect.

Each of the initiatives enables people to learn through assessing the information provided and using continuous improvement principles to always better incorporate government's practices. Each year the Audit Office conducts client information sessions for its internal and external stakeholders to promote public sector accountability and to enhance its relationship. There is a lot of interaction between staff and clients. Those sorts of things have to be worked on.

This year, the QAO conducted two client information sessions: an accounting and financial reporting update in February 2007 and a performance management system audit update in May 2007. The key topics discussed at the accounting and financial reporting update included a general audit update, discussion of the audit processes and audit themes for 2007, strategies for achieving each, early closures and an update of changes to the whole-of-government financial report. It was that sort of stuff.

The key topics discussed at the performance management system audit update included a general discussion of the basis of the selection of audits, the performance management system audit processes, findings from recent reports to parliament and an update on current audits. A workshop for contract auditors was held on 20 April 2007 to discuss usage related to audits, and the list goes on. The client newsletter *Inform* was relaunched in February 2007. There are opportunities for the development of better practices. There is the management machinery-of-government changes. There is a long list of things they do.

In terms of Indigenous councils, a significant level of advice and assistance was provided to local governments, Aboriginal shire councils and Torres Strait Islander councils directed at improving governance and accountability. This is a difficult area. They are working as hard as they can to improve those systems. It will take time.

Ms STRUTHERS: On page 4-7 the MPS states that the Queensland Audit Office will continue to benchmark its practices with other audit offices. Could you advise the committee how this has improved the services provided by the office?

Mr BEATTIE: Benchmarking is really important, whether it is done in health, education, in the Smart State, science, research or whatever. Benchmarking is important. Over the past 13 years the Australasian Council of Auditors-General has conducted an annual macro-benchmarking project. Going to that would have been a real hoot, Glenn!

This project was coordinated by the Office of the Auditor General for Western Australia, with a survey being conducted by an independent consultant. The objective of the project is to provide comparable information to audit offices across Australia on quantitative and qualitative benchmarks of the operations of audit offices and specific characteristics of each jurisdiction. In essence, all state, territory and Commonwealth audit offices took part in the 2005-06 survey, and the cost of conducting the survey was shared across the offices. During 2006, the benchmarking project was reviewed and a number of refinements to the process were agreed, which have improved the comparability, utility and accuracy of the benchmarking information provided to audit offices.

Benchmarking supports the Audit Office management in tracking how the office is both performing and progressing in terms of comparisons with other audit offices. That is pretty smart. While I was being a bit humorous before in relation to this project, Glen and his predecessor have told me on a number of occasions that these benchmarkings enable you to compare how you are performing. You all learn from one another. Around Australia there have been some tense moments—and I think Victoria was one—in relation to auditors-general. You all learn from that. Therefore, I think the benchmarking is very important.

Senior management support benchmarking in assessing internal operating matters such as staffing levels, average audit costs and staff attrition rates. You can do that comparison with similar jurisdictions to see how your staff ratio goes, how the costs compare and so on. The regular review of these measures further aids in monitoring the implementation of office tools, techniques and the achievement of anticipated benefits. You can pick up good ideas from other jurisdictions, as I said before, although care needs to be exercised in making direct comparisons because of the potential for different operational policies.

A review of the benchmarking report indicates the following key benchmarks for the QAO compared to other states and territories: QAO provided the largest number of financial audit opinions, 653 opinions including 234 local government opinions; and the second largest number of overall audit opinions. That is not a bad record. QAO's elapsed time for the finalisation of performance management system audits is considerably lower than the results of other jurisdictions. At 14 per cent, the QAO continues to have one of the lowest staff attrition rates amongst other audit offices. Not only is it benchmarking to improve, but if you look at this benchmark it also says that our Auditor-General and his officers are doing a fantastic job. Statistics never lie—unless they are in the hands of politicians!

Ms STRUTHERS: Premier, on page 6-3—

Mr BEATTIE: I was talking about Ray, not me. Ray got excited and Bruce is back. They should stop conspiring over there.

Ms STRUTHERS: Page 6-3 of the MPS states that the Commission for Children and Young People and Child Guardian collaborated with other Australian and Queensland agencies on research to improve processes and discussion papers. Could you provide the committee with an overview of what this collaboration has achieved?

Mr BEATTIE: Yes, I certainly can. Much has been achieved through the commission collaborating with other agencies. For example, at the national level collaboration with other state commissions has actioned issues of shared national interest. This is a little like the benchmarking that we were talking about, but different of course. It is about sharing experience. The state commission has actioned issues of shared national interest including: the exchange of information about initiatives addressing issues of disadvantage for Indigenous children, which is a huge issue and clearly we can all learn from one another—a national approach is needed and I suspect that it is sort of getting there; greater consistency in the screening of people working with children to achieve a national approach to safe service delivery environments; and the development of a standard database for reporting on child deaths. Some of this has not happened across jurisdictions, which is why it is important to have a joint approach.

There is also a joint submission to advocate for the strengthening of civic and electoral education for children. The commission's Child Guardian Report 2006 details state level collaboration undertaken to establish agreed key outcome indicators across the continuum of government services. This has seen the 10 government agencies with service delivery responsibilities commit to the commission's initiatives of reporting publicly about outcomes from the perspective of children in care, and I have spoken about getting the children's views and the statistics I referred to.

The commission has collaborated with the Department of Child Safety, Department of Education and Training and the Arts, Department of Health and the Department of Communities to conduct a biennial survey of children in care. The first survey report was published in 2006. Cross-agency input has been included in the second survey, which is currently being distributed to children in care and will be published in early 2008. The survey complements the work of the commission's community visitors, who made 39,808 visits to children in care during 2006-07 and published systems level data to enable agencies to focus service improvements where they are most needed. There is a number of other things in there. Madam Chair, could I mention one other thing?

CHAIR: We have about one minute. But we will give you a chance to mention one other thing.

Mr BEATTIE: In relation to the question initially asked by the Leader of the Opposition earlier on, I do have some more information. Note 12 on page 66 of the annual report to the Department of the Premier and Cabinet audited financial statement provides a breakdown of supplies and services expenditure for 2005-06, and I refer him to that. The department spent \$2.88 million on professional services in 2005-06. Professional services incorporates expenditure on consultants and contractors. The total expenditure on consultants is listed on page 20 and was \$577,132 in 2005-06. Contractors is a broad expenditure category incorporating, for example, some administration staff engaged on a short-term basis and specialist technical staff, for example, IT programmers. The department's financial

statements are prepared in accordance with the Australian equivalent of the international financial reporting standards and are audited by the Auditor-General. There is some more information to help the Leader of the Opposition in the question he asked, which continues to demonstrate how accountable we are. That is total spend on consultants. We will clarify that if we can.

CHAIR: The time for questioning in these areas of your portfolio has now concluded. We thank your advisers Mr Poole, Ms Fraser and Mr Purtill. We are sure they had plenty of accumulated wisdom at the table. The committee will now break until half past 10 for a quick cup of tea. We will be back in a moment. Thanks Premier.

Mr BEATTIE: Thank you very, very much.

Proceedings suspended from 10.02 am to 10.30 am

CHAIR: It being half past 10, the committee's hearing will resume. From now until noon we will consider the expenditure for the Department of the Premier and Cabinet. I invite the Leader of the Opposition to commence questioning from the non-government side.

Mr SEENEY: I thought the Premier was going to make another five minute statement, but I will not give him the chance.

Mr BEATTIE: That is a great offer. I am impressed with the generosity of the Leader of the Opposition.

CHAIR: It is a kind and generous offer but, unfortunately, the standing orders preclude it. I will ask the Leader of the Opposition to commence questions.

Mr SEENEY: I refer you to page 1-41 of the MPS and the numerous references to ZeroGen. What is your department's total investment in ZeroGen and how many shares do you own?

Mr BEATTIE: I am happy to do that. Let me say a couple of things about ZeroGen so there is some understanding about it. We are strongly committed to clean coal technology. You would be aware that we have tabled for the estimates the Climate Start 2050 that talks about energy for the future and the importance for developing clean coal technology. Indeed, cabinet yesterday approved the body involving the coal industry representatives and the government representatives who will actually make the determination about where the research money will be spent—the \$1 billion: \$600 million from industry and \$300 million from the state government.

I want to make it really clear that ZeroGen is one of the options that is being considered. When I was in the United States earlier this year I had discussions with representatives from FutureGen. We will be liaising with FutureGen to be part of a national approach to deal with clean coal technology. But ZeroGen will have to obviously stack up. One of the people—I can share this with you—who will be on the committee is Professor Paul Greenfield, who is the Deputy Vice Chancellor of the University of Queensland. Any decision will be made on science.

ZeroGen was acquired by the state through the Department of the Premier and Cabinet from the Stanwell Corporation on 16 March 2007. ZeroGen Pty Ltd is currently undertaking a feasibility study into the use of advanced carbon capture technology and storage using geosequestration to drastically reduce carbon emissions in the coal-fire generation of electricity. Funding of \$102.5 million has been allocated by the state from the Future Growth Fund for the completion of the feasibility study. Funding of \$29.602 million was provided as an equity injection in ZeroGen Pty Ltd in 2006-07 by my department. The remaining funds committed in the budget to be provided to ZeroGen are as follows: \$56.759 million in 2007-08 and \$16.139 million in 2008-09. To 31 May 2007 expenditure of \$17.905 million has been incurred in the project. The directors of ZeroGen are Elizabeth Nosworthy, chair, Denis Byrne, Dr Kelly Thambimuthu and Patrick Vidgen. I think that answers all the details of your question.

Sorry, the total number of shares is 29,602,005 shares. That is what we currently own. That gives you the full details. Just before we move off it, though, I should highlight that this whole thing is vitally important for the future of the state. If you have a look at the development of the commercial scale of clean coal, you can see over the years—and this graph relates to CO₂—the change from conventional to IGCC and others. This is a very important part of guaranteeing the future for the coal industry.

Mr SEENEY: Premier, is your investment in ZeroGen capped, or do you expect further investment apart from what is identified in this budget, which I think you said is \$102 million?

Mr BEATTIE: We are not anticipating that there will be further specific investment in the project other than what we have done. You obviously re-evaluate these things depending on circumstances, but that is our current position. I should say that expenditure is committed to the detailed feasibility study for 2006-07. That was the \$29.602 million I mentioned. The further commitments that I mentioned—\$56.759 million in 2007-08 and \$16.139 million in 2008-09 respectively—will be made with successful progress of the detailed feasibility study and the achievement of milestones and after consideration of the broader review of integrated gasification combined cycle scale and configuration. So even that money is limited to milestones being reached to make sure that we can actually get what we want out of it. To be perfectly honest, we are not of the view that it will go beyond that. However, let me make this point: when the clean coal technology committee, I think we have called it that, was established—

Mr SEENEY: Board.

Mr BEATTIE: No. We are talking about different things here. This is the advisory board set up by the coal industry, which has five representatives, five from government, and I appoint the chair. Remember we had this discussion in parliament and you asked me questions about it? They will determine where the research money will go. That is the \$600 million from the coal industry and \$300 million out of our Future Fund. If at a future date they decide that this technology will be taken to a baseload power station in, say, 2011-12, obviously there would be further investment in that power station using that technology. That may then mean further investment in ZeroGen if they are chosen. If CS Energy is chosen or some other project, then they will get that.

If you have a look at the timing of these things—and I am happy to talk to you at some length about this—what we are doing is going from where we are at the conventional stage, which is coal fired, right through to the hybrid through to the partial PCC, then oxyfiring through to gasification. If you have a look at the dates here, you see that 2011-12 will provide for a coal-fired power station based on clean coal technology. That depends on whether it is ZeroGen, CS Energy or something else—one of those other projects. Then there will be investment in the power station itself. I cannot say to you unequivocally today that that will not mean that if ZeroGen wins—and they have to pass the test of approval that this group has established—that if the scientists determine that it is the best project, then there may be some additional investment. But they have to win the right to then become the preferred research project for the coal-fired power station. I should take this opportunity to talk a little bit about where we are and what this graph means.

CHAIR: Do you want an extension of time, Leader of the Opposition?

Mr SEENEY: I do have some other questions. I am sure the Premier will take the opportunity. Premier, you did pre-empt my line of questioning a little. I will cut straight to the essential point that I was trying to drive at. Why was it necessary for the government to buy shares directly in ZeroGen rather than have it funded through the process that you identified?

Mr BEATTIE: For two reasons. You have to look at the timing of this. ZeroGen was the lead project, in fact it is one of the lead projects, in the world for clean coal technology. This was an evolving process. We wanted to actually get at the head of clean coal technology. A few years ago—and I cannot remember exactly when—I met with a number of proponents in New York who were part of the FutureGen strategy. It was very clear to me that we needed to have a project here so that we are at the forefront of clean coal technology. Bearing in mind that we have 250 years of coal—and I was concerned about where we would sell this in the world—we needed to make sure that we had a project. That is exactly what happened. That project was designed to put us as a leader. Not everyone in the coal industry believes that it is as good as I believe it is. Some people do; some do not.

To resolve that issue, we talked to them. You may remember all this hoo-ha about whether there would be a levy or whether they would invest in a voluntary one. We ended up with a voluntary one and the legislation is in the parliament. They wanted to make sure that it was determined on scientific criteria which would go ahead. That is why there are five coal industry representatives and there are five appointed by the government. A number of those are lead agencies in addition to Paul Greenfield and the chair—and I intend to chair that group. We will take scientific advice to determine which project will go ahead. This is about actually cleaning up coal not only to deal with climate change but to guarantee the backbone of our economy. That is why we did it.

Frankly, I think it is a great investment. If they do not end up being the best project, that is fine. They can do other things with it. But if we can get this technology, we can not only clean up our own generators but also we can sell that technology to the world—China, India and so on—which will guarantee a huge amount of material for us in terms of income. The intellectual property alone of this will be significant. As you know, this is Shell technology, but the intellectual property opportunities are enormous. We then make a world contribution to cleaning up the planet. I deal with this in the climate change document. That is why we invested in it. Why is it now open to some contestability? This is my judgement. The majority of people in the coal industry think it is the best project. Not everybody does. Therefore, the way to resolve that is let science speak, let science determine which is the best project. If science says another project is, so be it. But unless you have these players in the field to choose from, you will not be able to have some competitive arrangements to determine if we get clean coal technology. Our problem is that if we do not protect the future of the coal industry and we do not clean it up, not only do we lose jobs and the backbone of this economy but we then make a negative contribution to world climate change and greenhouse gas emissions. That is the reason for it.

Mr SEENEY: Premier, I certainly share your commitment to protecting the future of the coal industry. What I am concerned about is the government's investment in ZeroGen. If it is that further research for the funding that you spoke about is not directed towards ZeroGen, does it follow as a consequence that the \$102 million that you identified as your input is lost?

Mr BEATTIE: No, because there will be other opportunities. Let me go back and explain a bit better than I did to answer your question because it is a good question. ZeroGen Pty Ltd was acquired by the state from Stanwell Corporation in March this year. It was decided that the state was the most appropriate owner of the project.

Mr SEENEY: Why?

Mr BEATTIE: On the basis of its R&D nature, the scale of the R&D funding will require investment from a variety of sources such as the Commonwealth government and industry. We have been trying to get money out of the Commonwealth on this and so far they have not been forthcoming. I am not trying to bash the Commonwealth. I have spoken to the Prime Minister twice about this including again quite recently. They have put money into a project in Victoria which has brown coal. Why you would put research into Victoria alone without investing in ours is beyond me. I do not have any problem in investing in Victoria because, like Queensland, Victoria is a science state and I admire what Steve Bracks and his government have done, but they did not invest here and I think they should have.

There is a need to ensure collaborative access to experience gained in the project. ZeroGen is clearly on the agenda as part of the effort to develop clean coal. ZeroGen proposes to build and operate at Stanwell a world-class low-emissions baseload electricity generating demonstration plant that integrates a complete cycle coal gasification power plant with the capture and storage of carbon dioxide emissions. The government has allocated \$300 million towards the development of clean coal technology—you know about this—from the Future Growth Fund. That includes the \$102.5 million to fund the ZeroGen detailed feasibility study and undertake drilling programs to test the capacity and effectiveness of a carbon dioxide geosequestration site. So that site is going to be useful whatever happens.

One of the other amounts in this document is \$10 million, which is to find appropriate sites for where the appropriate rock is to store the CO₂. That \$10 million is specifically allocated to do that. As part of this program that makes sense. I have already talked about the expenditure. My department is the lead agency on it. The objective is to accelerate the development and demonstration. That \$100 million came out of the Future Fund. Frankly, leadership must be provided on this. We did not get money from the Commonwealth. We now have investment opportunities for the future. We carried the responsibility initially because the Commonwealth would not get involved. Now we have this funding for the project, for the future, for clean coal technology in power stations outside the cost of the power station itself. Now we have a joint fund with industry to do this. So that burden is two to one if you look at the expenditure—the \$600 million and \$300 million.

Mr SEENEY: You have to get funding from that fund. ZeroGen has to get funding from that fund?

Mr BEATTIE: Yes, that is right. That is what I was saying before. They have got to be successful. Unless ZeroGen was there, we would not be in a position where we would have the industry investing \$600 million. As it was—and you wonder why I get cranky about this—they were going off looking at projects in Western Australia and elsewhere. I said, 'We are the big producer of coal; we want that investment here.' There are going to be other opportunities. Do not forget I said that some of that cost goes into rock identification for the storage of CO₂ and it will be money well invested.

Mr SEENEY: Premier, is ZeroGen being run by your department, or does it have a degree of independence? And who will make the application for the funding?

Mr BEATTIE: The board will, and I mentioned the board before when I went through the board members. Pat Vidgen from my department is represented on the board, but the directors will have to make that application, and they will be Elizabeth Nosworthy, Denis Byrne, Kelly Thambimuthu and Patrick Vidgen. They will have to make that application as a board and they will have to succeed.

I have said repeatedly that, while I personally favour the ZeroGen project because it was first on the board, I will be influenced by science. As I said to you, we now have five representatives from the company. Cabinet approved this on Monday. We have not even announced it yet, but you have asked me a question so I am trying to give you a sensible answer to a sensible question. There were five from the industry and five government nominees, but that includes Paul Greenfield, who is a scientist. He is the Deputy Vice-Chancellor at the University of Queensland.

Then we have the other players who will have to deliver this, and that includes the head of Treasury and Stuart Booker, who is in charge of future strategies in my department. Stuart produced this document with other key people in my agency. In addition to that, we have the head of energy involved in it. But we will go out and get scientific evidence. From my point of view, at the end of this we will have to make the decision on science. The industry will insist on that and we have agreed to that. I have been very up-front with you and have said that not everyone is as enthusiastic about ZeroGen.

That I think is the answer. But can I say one other thing about this because I think it is important that people understand it. This is going to be a really difficult challenge technologically but it can be met. There will be some people who will try to undermine clean coal technology because they do not understand how this will work. As I have said, if you can look at the conventional model here, we move to a hybrid system. This is the sort of hybrid system where in around 2011-12 you may have a power station based on coal but part of the technology will be driven by clean coal technology, to use the general term, and then it will be converted over time. If you look at how it goes, you get partial and then you get right through to the total project. Can I table both of those with your leave, Madam Chair?

Leave granted.

Mr BEATTIE: I think it is really important that we have some appreciation of the time line here. It is actually a gradual transition. Let me be really clear about this: while I am clearly on the public record supporting ZeroGen—and I do that again today—ZeroGen has got to be the best project. The Premier is going to chair this group, and if you were successful at the next state election you would be chairing this group and you would be making a decision on what is good for Queensland and what is the best science to produce clean coal technology, because this will not come to fruition until long after I am out of this office and who knows what the future is. I think the Premier should be chairing it but making the decision based on science, which is what I am trying to do.

Mr SEENEY: Premier, your answer pre-empts my line of questioning again. Don't you see a problem with a situation where you, as Premier, are chairing a group that is deciding about allocating funding to a range of applicants, one of whom you have an investment of \$102 million in?

Mr BEATTIE: I understand the point of the question. I only accepted to be the chair because the industry asked me to, because they felt that if the Premier of the day was not driving it then, frankly, they would not get the results they wanted. I was asked by industry players to do it. The questions that you raise were ones that I thought about. I have championed ZeroGen but only because I wanted to have a clean coal technology research project underway and there was not any. Remember that \$50 million has also gone to CS Energy and that has gone from the industry—

Mr SEENEY: That is OxyGen.

Mr BEATTIE: Yes. It is a different technology

Mr SEENEY: Yes, that is right. It is different altogether.

Mr BEATTIE: That is right. But at the end of it you have two projects where there will have to be a decision, and there may be more. The industry asked me to do this because they felt that the Premier of the day should be driving it. It does not matter who is sitting there. You are going to pick the best science. If you do not pick the best science, FutureGen's project in California will be the one that will get up. Then you will have difficulties selling that technology. The strategy that we have here is really clear from my point of view, and that is that I want this technology to be able to be selling it to India and to China. If we have someone somewhere else that has better technology, we are not going to win. ZeroGen has to be the best. So that there is no doubt in anyone's mind, let me put this clearly on the record today as a result of your question: ZeroGen has to prove that it is the best technology, and we will be taking advice based on science. If they are the best they will win; if they are not the best, they will not.

You can imagine how the five industry members who are going to be sitting on this panel will play merry hell if we choose a technology that is not the best. These are the people who are putting \$600 million into it. It is their investment from the coal industry. We are putting \$300 million from the futures strategies fund into it, but these people would play merry hell.

It is a Clean Coal Council that will advise me about the priorities for funding, that assesses and makes recommendations on relevant projects to be funded, that considers intellectual property issues and that coordinates the state's involvement in international research collaborations. I am out of time, but it is a council and not a committee.

Mr SEENEY: I am happy for you to continue—

CHAIR: If you have more to say, please continue, Premier.

Mr BEATTIE: Thank you. I was wrong; you were right. It is not a committee; it is a council. The council will be formed by five representatives of the government, five representatives of the coal industry, a chair and other relevant experts. The council will be provided secretariat support out of existing departmental resources.

I say to the Leader of the Opposition that if at some point we were to choose a technology that was not appropriate the industry would just play up on us. I tell you what I am prepared to do out of this, because I appreciate the questions that you have asked about this. They are appropriate questions which should have been asked, and I am not trying to be smart. I think it is important that we keep you, as Leader of the Opposition, informed. I will arrange for Bruce from my department who will be on the council to keep you regularly briefed on a confidential basis—you and you alone—on this matter. We will do that on a three-monthly basis. I give you that commitment to do that today, because clearly we both share an interest in seeing the future of this. Clearly some of the issues you raise are going to be difficult juggling acts for us. I completely understand this. I knew they would be when I went into this. My eyes were open, but if we were ever going to attract \$600 million worth of investment we had to have a player in the field who was credible. That is what ZeroGen has done. If we did not have ZeroGen, the industry would not have put in that \$600 million. They are the facts of life. Where is Bruce? Is he here? This is this gentleman here. Sorry, it is Stuart, not Bruce. Stuart Booker is going to be on the council. Stuart will provide a briefing to you and he will arrange to do that in the next couple of weeks. I just gave him a name change!

CHAIR: Thanks, Premier. The time for non-government questions has expired. I call the member for Barron River.

Mr WETTENHALL: Premier, we are all concerned about climate change. Page 1-7 of the MPS refers to the development of policies to manage climate change in Queensland. Could you tell the committee about some of the government's initiatives in this area?

Mr BEATTIE: I am happy to do that because I know you have a particular interest in this which you have talked to me about. What we have tried to do is to come up with a fund that will provide investment and be a catalyst for encouraging people to implement technologies, whether it is in energy or personal use that can actually save the planet, to use the broadest possible term and cliché.

The document represents an investment of \$440 million. There is \$300 million from the Queensland Climate Change Fund, \$50 million from the Queensland renewable energy fund, \$55 million for the smart energy savings program and \$9 million in an education and regional rebate initiative. What we are trying to do is to use the levers that government has to bring about a change in energy mix that will reduce greenhouse gas emissions but protect jobs and protect the economy. A few years ago we developed the energy policy. What that did was it changed the energy mix. Generation from coal was about 97 per cent. We reduced that to 85 per cent. We brought in 13 per cent from gas and two per cent from renewables. What that did was it pulled the levers of energy generation and what we ended up with was a billion-dollar coal seam methane industry as a result. We were hoping the PNG gas pipeline would happen, but it fell over. What that has meant is that we have been able to take coal seam methane to Townsville. It means that we have had a whole billion-dollar industry. You see it out near Chinchilla and Dalby. It has become a huge growth area out there directly as a result of this policy. If you talk to Origin Energy and all of those people, they will tell you that specifically.

Because we have to pull these levers slowly to protect jobs and income, we are saying that by 2020, which is in roughly 12½ years, the energy mix will change for gas from 13 to 18. That again continues to coal seam methane. We have a lot of this. It is a finite resource, but we have a lot of it. It will go from 13 to 18. Again, we will see a lot of regional cities and a lot of country towns that will get jobs that otherwise would not be the case. It will reduce greenhouse gas emissions. We will increase renewables from two per cent to 10 per cent by 2020.

We have to be smart about how we use renewables. Geosequestration is one of the answers which we have been talking to the Leader of the Opposition about. We are also going to look at two other areas of technology—one is geothermal and the other is solar gas. I have had the various companies in for geothermal. It is difficult. We have to get the technology right. It is not easy. None of these things are going to happen overnight. But if you have a look at the hot spots around the planet you can see that there are large numbers of these in Central Australia. They border the basin between South Australia and Queensland. If we can do this—and we have a way to go as these things take years; it will not happen overnight—you inject water into the earth's crust in these hot areas of the planet, it turns it into gas and you can use generation. You then build powerlines to Brisbane and that then goes into the grid. That is basically how it works. South Australia does the same into Adelaide, so it links into the grid.

They are some of the things that we want to do. There are a lot more in this document but we are committed to 60 per cent greenhouse gas emission reductions based on 2000 levels by 2050. If we do these things, we can do it. If you clean up coal you still protect the future of coal at the same time. So in a sense you end up with a different energy mix but you then can tackle greenhouse gas emissions.

I do not have the graph with me. We did not bring the other graph with us, but Stuart and I were talking yesterday and there is a graph that shows that about 40 per cent of our greenhouse gas emissions—if I have this right—is linked to generation. Then you look at transport, which is the other major component. I think Stuart was saying yes. About 40 per cent comes out of generation. If we can change the energy mix we can dramatically reduce the greenhouse gas emissions. I have forgotten the transport component. About 14 per cent or so is the transport component. That is one of the reasons we are investing significant amounts of money in public transport and reducing where we can. Transport is not a matter that we totally control, by the way. That is an emissions issue with cars.

Mr WETTENHALL: Premier, page 1-2 of the MPS highlights the development of clean coal technologies and, in particular, the ZeroGen project. I note that you have taken some questions on ZeroGen, but can you outline to the committee some of the latest developments?

Mr BEATTIE: I certainly can do that. Shell International—and I partly referred to this with the Leader of the Opposition's question before—is providing technical input into the design of the gasification plant and the test drilling and evaluation programs. It has the option to acquire a 10 per cent interest in the project under the terms of the framework agreement executed in June 2006. It obviously has a financial incentive to make sure that this works. If it takes off, clearly it wants a slice of the action but you have to start somewhere with this technology. It reminds me when we started with biotechnology. Getting in at the time we did was fundamentally important. We are now one of the world leaders. To try to start now you just simply would not be in the race. It takes years to get that critical mass of intellectual fire power to deliver the research and science you need, and the same goes for clean coal technology.

From the clean coal fund that has been established by the coal industry, into which \$600 million has been deposited for the next 10 years, funds will be allocated to clean coal technology projects which may include ZeroGen—and I said ‘may’. If you have a look at the new technology deployment curve for coal—and I will table this for the committee—you can see that not all technologies are at the same level of maturity. If you have a look at this graph which I will table, this is the anticipated cost of fuel scale application and then you match that against time. If you look at this you can see that the cost is going to increase if you match that against time, and then it will slowly start to decrease. In other words, you have to expend a certain amount of money—hence the Leader of the Opposition’s questions about why we invest in ZeroGen.

Not all of these technologies are at the same level of maturity. Not only that, someone has to invest in this stuff. That is why getting the coal industry to put in \$600 million was so important and why I was so aggro to get them to do it. Because if we do not and this technology is developed in Florida, it is developed in Germany or somewhere else, we will get left behind and we will then simply become a quarry. I want Queensland to be more than a quarry. We have to find the technology to value add to actually get our future. As I said, it is not only about protecting the coal industry, which we are all passionate about, and I acknowledge the Leader of the Opposition’s support for it as well. This is about ensuring that we use our value-adding brains and our research to get more than just the jobs out of the coal industry.

That is why science is important to us, research is important to us, and that is why, sure, we did have a bit of an argument with the coal companies, but to their credit they came on board when I sat down and explained the sorts of issues. They asked me very similar questions to what the Leader of the Opposition asked me and they got good answers and they are satisfied, which is why they put their money in. Can I table this?

Leave granted.

Mr BEATTIE: With the minute left, if I could, here is the research. You see the development, the demonstration of employment, then you get matured technology, then you get the sorts of benefits you can see out of the graph. It goes investments, costs, then the technology developments and then the emissions drop. It takes time and this is the problem. It is like trying to turn a huge oil tanker around. You cannot do it on a sixpence, as they used to say when I was a kid. It takes time to do it. That is why you have to get the levers right, which is what this document on climate change is all about. This is why Stuart and all the people in my department and other agencies work so hard on it to get it right. It will work. I think we need to table two copies. It is the same document.

CHAIR: In that case we do not need to seek leave again.

Mr BEATTIE: You have asked for two so we have given you two.

Mr WETTENHALL: Page 1-2 of the MPS refers to the northern economic triangle development. Can you provide the committee with further details?

Mr BEATTIE: I knew a northern member would ask me this sooner or later. What we are trying to do is actually have a number of areas of development. This is about ensuring that we develop as a whole state. We are unique in Australia because we are regional. The regions are the backbone of our economy. Yes, we have got huge growth in the south-east corner, but if you take out the regions in terms of investment then this state is a lot weaker than it is and should be. The northern triangle is a very broad one now. I thought we had a map of this, which I will get Stuart to give me. He has not brought it today. We will give it to the committee. No, there are a couple of mistakes in it so we will not. It is about Mount Isa, Townsville and Bowen. Bowen is an area where there is enormous potential. There are challenges in relation to water in Bowen, but it could be one of the areas, depending on what the research provides, where the clean coal technology power station could be built in 2011-12. That in turn could be used to support other industries. Chalco, as you know, is now pursuing the bauxite development at Weipa. They have got to find a location for downstream processing. That can either be in Gladstone or that can be in Townsville or it could be in Bowen. But generation has to be the key part of it and we are looking at a new power station in that triangle.

I mentioned before coal seam methane and what it has provided in terms of an energy source, but at the end of it I think we have got enormous opportunities for what we call the northern economic triangle. We have committed to the development of it. We will see the emergence, as I said before, of an area of industrial development, but in a balanced, environmental way. The area around Bowen and Abbot Point has been identified as a potential site for future major industry development and a range of government agencies and government owned corporations are undertaking and developing initiatives to accommodate, encourage and facilitate major investment in the area. The resources boom and resultant heavy demands on and investment in the mining and minerals processing sectors has accelerated the need to identify an additional area to host investment in major resource export and minerals processing facilities. Townsville is a great port, Gladstone is a great port. What we have to make certain of though is that we do not put everything in one location. You may have noticed that I was

in Gladstone the other day to announce a review of air quality for the next two years with the EPA and Queensland Health. I want to make sure that we share these things. We have got a big state. We have got to get that air quality and those balances with the environment right.

The recently released climate change strategy, ClimateSmart 2050, provides guidance to the private sector on future energy policies which are considered essential. The government's commitment to advance \$10 million initial funding to identify geosequestration sites in the Galilee Basin—that is what I was talking about before—will provide important inspiration to future developers of new electricity supply in terms of effectively managing long-term carbon emissions from clean coal technology. I should say that we have reached agreement with the CSIRO to work in partnership with the government to effectively optimise investment in this area while protecting our natural assets. We are going to do this in an environmentally friendly way. I know a member like you who is concerned about the environment would want us to do that and we will.

Mr WENDT: On page 1-11, note 3 of the MPS refers to the new Future Directions Strategy Division. Could you tell the committee more about this new division and its achievements?

Mr BEATTIE: Now I have worked out who the chairman of it is. It is not Bruce. I have Bruce on the brain today. Sorry, Stuart, my apologies for that. I only see him every second day; you would think I would know by now. In February 2007 I created a new division within my department, the Future Directions Strategy Division, to address critical issues affecting Queensland. It is a small but very powerful division. It is quickly chalking up some achievements. To date they include this strategic position for the government on climate change. The division was instrumental in the development of the Queensland government's climate change strategy—ClimateSmart 2050—which included the state's energy policy and will continue to play a key role in the implementation of funding initiatives out of this strategy. It is the Queensland government's interface with the state's climate change review—the Garnaut review. I met Mr Garnaut the other day; he came to see me about that review. We will be involved in supporting that because they will want information to do that sort of work. So they will be interfacing with the Garnaut review and a Queensland climate change study by leading consultants, Australia 21, which will provide valuable Queensland-specific information to Professor Garnaut's review on energy policy, some of which we have talked about in relation to your questions and questions asked by the Leader of the Opposition.

The division coordinated the development of an updated version of the state's energy policy in close consultation with the Department of Mines and Energy and also the Treasury department. You can never leave Treasury out, I always find. This policy contains important reforms including a greater emphasis on renewables energy and gas based electricity production. The complex issue of low emissions technology development was also integrated into the state's energy policy with a requirement for new coal-fired power stations to be based on clean coal technology with accelerated deployment of advanced clean coal technology plant increasing over the next decade. It is worth pointing out that Kogan Creek with its latest technology really seriously reduces emissions. It is nowhere near clean coal but no-one should think that the technology that has been put into Kogan Creek is anywhere near as bad as what used to exist. This strategy division is also driving investigations for solar hybrid and geothermal renewables with the CSIRO and Queensland universities—as I said before. I think I have covered the issue in relation to clean coal technology funding and the northern economic triangle—particularly the northern economic triangle. The division is investigating the potential for new power stations there, including clean coal technology and advancing plans for the northern economic triangle. The other thing the division is doing is working through the Clean Coal Technology Special Agreement Act. Stuart Booker will be one of the representatives on that Clean Coal Council. All in all, that is the sort of future strategic work. What Stuart does is actually go out and tap into the resources of a number of agencies so that you can actually get a collation. But think futuristic. You know that we had a future strategic cabinet meeting back in February, which is one of the reasons why this emerged. There will be another strategic cabinet meeting some time in late August, early September. It is all about thinking well beyond where we are now—five, 10, 15, 20 years, in this case almost 43 years, down the road trying to get the long-term strategies for the state right. With the increase in population moving here we have to be strategic. That is what we are trying to do. You better get all that right now, Stuart. We have him on the record. He has just gone pale back there with all the work we have given him.

Mr WENDT: On another tack, page 1-2 of the MPS states that your department is developing a program to mark Queensland's 150th anniversary. Could you outline for the committee how the community will benefit from these celebrations?

Mr BEATTIE: I can. I notice that they have managed to allocate most of the money into conservative seats around the state so no-one can say we are being partisan about this. There were a number of great activities that came in from the bush and the regions and I thank those communities for doing that. In 2009 we will celebrate the 150th anniversary since Queensland separated from New South Wales as a colony. The theme for Q150 is 'reflect on our past and imagine our future'. The year 2009 will represent an important opportunity for Queenslanders throughout the state to reflect on and celebrate the contributions that many generations have made through their local communities. There will be statewide celebrations. They will be designed to engage Queenslanders and leave a significant

legacy for future generations. There will be a program of events, celebrations and projects. It has been developed to engage Queenslanders throughout the state. This program includes a Q150 community funding program, to which I was referring, and an education awareness program, a statewide community art program and a program of official celebrations and events.

The amount of \$4 million has been committed to the Q150 community funding program and that is for locally organised community events, celebrations and programs. This funding will be distributed through three rounds of funding. I recently approved grants totalling \$406,244 in the first round of the community funding program for 45 community groups, councils and not-for-profit organisations. This round of grants will help fund everything from a theatrical tribute to Queensland in Cairns to murals in Coominya, even the preservation of one of Queensland's oldest cemeteries, God's Acre at Archerfield. Importantly, there are also a number of Indigenous projects.

In addition to the celebrations program, the Department of Local Government, Planning and Sport is administering a \$100 million legacy infrastructure funding program that is dollar for dollar with councils to build infrastructure for current and future generations of Queenslanders with 95 projects across the state receiving funding through the Q150 legacy infrastructure funding program.

These projects are designed to be lasting. Sure, you have to celebrate the year and I understand all that, but most of the funding will go into long-term projects—bricks and mortar; substance—that will be around for future generations. These significant projects will leave a legacy for generations to come and include items such as the revitalisation of the Bulcock Beach Esplanade in Caloundra to an integrated hub in Caboolture which will include an art gallery, an innovative learning centre, an auditorium and an open outdoor space.

Queensland's 150th celebrations unit, which is in my department and is headed by Mrs Marion McMahon, is responsible for the development, planning, coordination and delivery of the celebrations program for 2009. To oversee the planning I have appointed the Deputy Director-General Governance within my department as the chair—that is Pat Vidgen—of the 150th celebration advisory committee to provide ongoing advice to my government during the development and delivery of the celebrations. In 2009 Queensland will celebrate a fantastic birthday.

CHAIR: The time for government questions is over and I call the Leader of the Opposition.

Mr SEENEY: Can I refer the Premier to question on notice No. 4 as part of the estimates process and, specifically, your department's significant underspending on the State Crisis Centre where you have spent less than 10 per cent of the money you allocated in last year's budget, and even that money was carried over from 2004-05. You said when you launched the State Crisis Centre—you actually put out a 10-page press release—that it would be a state-of-the-art centre to deal with crises relating to terrorism. How does that underspending that you have identified in question on notice No. 4 give us any confidence that the State Crisis Centre is in a position to deal with a crisis?

Mr BEATTIE: We spent the money that had to be spent. To quickly recap where it came from, the London bombings in July 2005 and the second attack in Bali in October 2005 were reminders of the problem, and I think recent events in London have just highlighted the need for it. So there is no argument about that. Following the events in 2005 I did announce a counter-terrorism seven-point plan to reinforce and prioritise counter-terrorism activity in Queensland. In October 2005 I announced a mini-budget to support the plan.

Enhancement of the State Crisis Centre arrangements was one element of the plan, along with improvements in emergency response capabilities, transport security and relations with the Islamic community. In fact, I am meeting the president of the Islamic community this week. The mini-budget did a number of things. It provided additional training, equipment and support for emergency first responders in the Department of Emergency Services—that was \$1.47 million as at 30 May as part of the \$7.36 funding. It established an emergency strike team to operate out of the Cannon Hill special operations centre. That cost was \$1.42 million as at 31 May as part of a \$6 million funding arrangement over five years and that is ongoing. They are not just for this year. That is this year and it will be ongoing over five years, so it was over a period of time. There were security reviews of major transport precincts. There was \$54,000 in 2006-07 and a further \$625,000 to be expended in 2007-08, so more is to be spent on that. Also, the amount of \$700,000 was allocated to multiple activities between 2005-08 under the Muslim community engagement program.

Enhancement of the State Crisis Centre is now involving an emphasis on the application of technology to create a virtual information driven crisis centre rather than the static, fixed-location based facility.

This is a change in direction. It is a change that has delayed further expenditure on its capability. I want a crisis centre that is based on new thinking and the latest technology, not one limited to a particular space. This is about new technology and getting it right. There are advances going on all the time. We have delayed this to make sure we get that technology right.

The new information management exchange system will also be linked to the automated notification system, both of which are being developed as quickly as they can be. But these things take time to develop. In the meantime, if we need to we will use the capability that we already have. In

essence, this is about getting the best technology and getting it into the areas that are needed. That is the reason there has been some delay. I am not worried about the delay because the old traditional capability is still there to provide the service. I would rather make a quantum leap, and that is what we are going to do.

Mr SEENEY: Premier, you said that you are not worried about the delay in the capability for the State Crisis Centre that you announced on 5 September 2005, almost two years ago now.

Mr BEATTIE: Sure.

Mr SEENEY: If we were to have a crisis, and please God I hope we do not, what role would the State Crisis Centre play given that in the two years since you announced it very little of the money that you allocated has actually been spent?

Mr BEATTIE: You have to remember that the State Crisis Centre has a contribution from a number of agencies and it works effectively. There has been no problem with it. What I am trying to do is ensure that we get the latest technology to enhance it, that is all. We could have spent the money on old technology, but I did not think that was smart. That is the reason for it. There is nothing untoward about it.

There is regular testing of counter-terrorism and emergency arrangements. That is essential to ensure robust plans and capabilities. We do that all the time. Those exercises give me the ability to assure people that things are being done. The State Crisis Centre arrangements are just one element of the plan. It is a coordination role and it works. It has not been a problem. We have used it through these tests. I want to make sure that we get the latest technology to ensure that we are able to respond. In the meantime we are using the technology that is currently available.

Let me give you some examples. In October 2006 Queensland was the only jurisdiction to set up screening and health services during Exercise Cumpston, Australia's largest ever health simulation exercise, that successfully validated Australia's planned health response to an influenza pandemic. We did that and led Australia in that regard. As part of the development of the Brisbane CDB emergency plan Queensland government agencies, the Brisbane City Council and local business conducted Exercise Galvanise in October 2006 to critically examine the emergency plan through the major table-top exercise. That is what was done and how it was done.

Queensland government agencies participated in Exercise Maroon Luminary in November 2006 which was a counter-terrorism exercise which practised and evaluated national and Queensland counter-terrorism arrangements in preparation for the Queensland based APEC meetings in 2007. In May 2007 Queensland government agencies participated in Exercise Blue Sky, a national exercise to test both state and national capabilities to respond to emergency incidents at regional airports.

This has all been happening. There have been a number of drill style exercises covering multiagency responses. That is what the coordination role is. The list goes on. I could talk about Exercise Mercury which is going to happen in 2008. As we say in the answer we gave you, funding for the State Crisis Centre project will be rolled over to the 2007-08 financial year to complete the planning and development of the new information management systems to support the State Crisis Centre operations. Other than that it has all been done. That is the only issue.

I am not arguing that it is an appropriate question but there is a good reason we are doing it that way. In the meantime, I am confident we have security measures in place. The only thing I would add, as we have seen in recent days—and I do not know what will happen with regard to the questioning of the doctor on the Gold Coast; I do not know whether he has been caught up by implication or relation or whether he is a real problem—is that if we have doctors involved in terrorism in Great Britain I do not know how we can get a screening system to weed out those sorts of people. If the Leader of the Opposition and I were interviewed and were asked, 'Who would be the last group of people that you would suspect to be involved in terrorism?', I bet he and I would have put doctors in the top 10. Their Hippocratic oath is to save lives and not kill people.

This is the real dimension. It shows how difficult this is. It means that we have to have the best technology to listen where you need to listen. That is exactly what was happening. The *Four Corners* program on the ABC last night dealt with how they have tracked this through with the latest technology. Because we are making a quantum leap, that is why we are doing this.

Mr SEENEY: The other question on notice I wanted to refer you to is question on notice No. 7 which deals with the series of advertising campaigns that your department has invested in at a total cost of over \$800,000. They include things like the police radio campaign, doctor recruitment ads, cervical cancer ads, Millennium Arts Centre ads and various infrastructure program ads. Premier, you would be aware of your government's advertising guidelines where at page 3 it states that the departments are authorised to develop campaigns for policies, initiatives and services that fall within their responsibilities. How on earth does that list that you provided in answer to that question fall within the responsibility of your department as genuine ads rather than political ads?

Mr BEATTIE: The answer to that is very simple. Some of these are done by agencies. Let us take the opening of GoMA, for example. I am going from memory now. There was a program approved for the opening to engage the community and promote GoMA. We have now got the most modern Gallery of Modern Art in Australia and we wanted to show it off. It came in on budget and on time, by the way. The Director-General of the Department of Public Works, who is my director-general, would be only too happy to acknowledge that.

There is a cost involved in this. I will say to agencies like Arts, 'Look, we need to run a program to make sure the people come and see it.' Arts will put in a Cabinet Budget Review Committee submission and it will pick up most of the costs. I will pick up some of the costs out of the reserve. I cannot remember whether it happened in this case. I do not want to take money out of education or arts because they are into delivering services and programs. I think you have to engage the community. I am not saying you are saying this, but I do not think anyone would seriously suggest that you should not make sure that there is a public program to involve people in the opening of a major government facility like GoMA. Inevitably they charge. If you and I ever retire from politics we should go into communications because we would make a fortune. People do charge a lot for their services.

Mr SEENEY: That is if we can get a job with your government we would.

Mr BEATTIE: It would not matter whether it was my government or your government. The facts of life are that they charge a lot. I will talk to you about communication. We can have a spar about all this if you want, but you know what happened when the last National Party government was in office. I will read this out for the record. You know how this works, Jeffrey—through you, Madam Chair. The former Borbidge National Party government authorised the department to spend \$2.34 million in the 1997-98 financial year on promotional advertising campaigns. This expenditure included \$1.8 million for the placement of advertisements and \$0.54 million in production costs. By way of comparison, recently the federal government spent \$5 million on one campaign alone.

If you look at the list I gave you, you will find that they included things like Australia Day. We have to promote Australia Day. Why would it not come out of my department? When the Broncos won the grand final we spent \$4,099. We really let our hair down. The truth is that if we are going to have an event like that, who do they come to? The agencies do not want to fund them. They have to be funded essentially out of my agency. If we go through them, there are the Premier's Literary Awards. They are the normal thing that a government should do. If you were Premier you would be doing the same thing. I would be surprised if you cancelled any of these—maybe the literary awards, but the rest I do not think you would.

Mr SEENEY: That is a bit unfair.

Mr BEATTIE: I accept that.

Mr SEENEY: I thought we were being nice today.

Mr BEATTIE: I think one cheap shot from you deserves a cheap shot from me in reply. We will call it a draw.

Mr SEENEY: I have a question about the Trade portfolio. Page 1-21 of the MPS details the outputs for trade. It is something of a remarkable performance if you look at the figures because the targets match the actual performance exactly. For example, for the number of client firms provided with export assistance the 2006-07 target was 3,000 and the 2006-07 actual was 3,000. The 2007-08 target was again 3,000 et cetera. Every target matches the actual exactly. Is this just an amazing coincidence or are you just making these figures up? How on earth do you explain something like that? Are you serious about the trade section of your portfolio?

Mr BEATTIE: I am very serious about it.

Mr SEENEY: Those figures indicate it is a bit of a joke for you, do they not?

Mr BEATTIE: No, it is not. The truth of the matter is, as you know, I normally lead three trade delegations every year. We have engaged the business community quite significantly in that regard. I set out in one of the questions you asked me all the people who came. It is a very long list of people who go on these delegations. They are all businesspeople. They go on the basis of their business. Even Santo Santoro joined me on one of these quite recently. It shows that we are prepared to take anyone who is interested in doing business. This is an estimated actual which is prepared in March. The actuals are printed in the annual report. That is all it is. I think it is a reasonable way to do it.

Mr SEENEY: It is a target and it is an actual.

Mr BEATTIE: No, it is an estimated actual that is prepared in March and the actuals are printed in the annual report. It is not that much a guessing game if you consider the timing of when it is done. The other thing I want to mention to you is the number of export development initiatives delivered. For the first 10 months of 2006-07 to 30 April 2007 the actual number of exporter development initiatives delivered for 2006-07 was 208. The exporter development initiative includes Getting Export Smart. GES development workshops have commenced.

There is a whole list of where we have been encouraging this. We provide a lot of services. Trade is actually doing an incredibly good job. I want to make this point to you. When we were in opposition and I had a look at what our exports were what I found was that Queensland was a good exporter but in traditional areas like mining. There were primary industry exports, particularly sugar. In areas like that we export about 85 per cent. It is the same with beef. We export a large percentage of our beef.

The truth of the matter is that we needed to broaden the economy. That is what we have done. If you look at export education you will find that it is worth about a billion dollars. We have dramatically improved through our trade offices. Our trade commissioners work incredibly hard. Yes, we have regular meetings where they are brought home and they have to account for it. I am very passionate about trade and I am very passionate about our trade officers who work very hard. I understand the point you are trying to make here, but because of the time of the assessment I think it answers the point you have made.

If you look at our export base you will find that we are not just in things like bioscience, aviation and export education, which I already mentioned; we are now getting a lot of niche foods, which we need to do more of so that we take our primary industry sectors elsewhere. Over the five-year period from 2001 to 2005-06 Queensland's knowledge intensive exports increased by \$1.3 billion or 53 per cent. This is well ahead of everyone else. The rest of Australia was 18.3. To be fair, we came off a low base, but we have aggressively supported trade. I would hope that if you are the Premier one day you will be out there doing the same thing I am trying to do because you will have our primary industry people with you, miners, the lot.

Mr SEENEY: I certainly do support the trade missions and the efforts in trade. I have never criticised trade missions. Coincidentally, I was looking at the itinerary for your trade mission to South Africa and Kenya and it struck me as being somewhat odd that you did not take the opportunity to go to a game park while you were in Kenya or South Africa.

Mr BEATTIE: Do you know why I did not? I knew one day I would come along here and you would ask me, 'Did I go to a game park?'

Mr SEENEY: I would not blame you if you did.

Mr BEATTIE: I was not game; that is the truth.

Mr SEENEY: You did not go?

Mr BEATTIE: Can I make a serious point about that. I know the Leader of the Opposition was being generous and thank you for that. I did not and the reason was that the program was too tight. I did not get a chance to do that. I do not allow time off. When I approve programs for ministers I am very rigid about that. I actually do not think there would have been any great down side to it to be honest, but I did not get time. I was not game.

Mr SEENEY: You were not game to go to a game park.

Mr BEATTIE: That is it.

Mr SEENEY: My next question relates to page 1-1 at dot point 4 where you talk about advancing the cooperation between the states and federation. I noticed last week that your minister put out a press release about the first interstate trading of water. Do you see it as your department's role, as part of its outputs, to negotiate the possibility of purchasing water from northern New South Wales for south-east Queensland?

Mr BEATTIE: I am happy to answer this question. That was the most elaborate way I have found to ask a question that is not in my portfolio or in the budget.

CHAIR: It was a long bow, but I accept that you are going to answer it.

Mr BEATTIE: I am going to answer it because the ingenuity deserves a reward. That tortuous path to get to it deserves a reward.

I have spoken to Malcolm Turnbull about this, and I understand the sensitivity of it in northern New South Wales. We need water in the south-east corner. We need water everywhere; you know that. We have to get on with it. I cannot wait until they resolve the arguments in northern New South Wales. What I know is this: the state government does not support it in New South Wales. The local National Party organisations—and I am not being smart about this—are all out there campaigning against it. So if the Labor government in New South Wales does not support it, the National Party people on the ground do not support it and the local mayors come out against it, the chances of it happening in my lifetime are not very high.

From our point of view, if the federal government and the state government of New South Wales said to us, 'This water is available', of course we would take it and of course we would be part of it. My job is to look after Queensland—all of our jobs is to do that—and I would not say no. But I just think there is a bit of politics in it. I think it is going to take too long to do it. You have to remember that we

have the second city of Queensland—the Gold Coast—right next door. If we could get that water, then we would be in there. That is one of the reasons why our strategy for the Water Grid places an enormous amount of emphasis on the Gold Coast, and luckily the Hinze Dam has had more water than the rest of our dams in the south-east corner. I do not know the level; it is about 60 per cent.

Mr STEVENS: It is 65 per cent.

Mr BEATTIE: It is 65 per cent; thanks. So you can see that it has been in a better position. But I just know this is going to go on like *Blue Hills*, which I am sure you listened to when you were a kid like I did. At the end of it all, you cannot wait until Gwen Meredith stops writing *Blue Hills*. We just cannot wait. We have to build the Water Grid. If Malcolm Turnbull is able to resolve it in some way, then fine. But I do not think it is going to happen. Do I think this is a means to try to resolve it? I just do not think it is one of those things that will happen. Would we be part of it? Yes. If we could use any influences we would. I am still waiting for the New South Wales government to pay its fair share of the Tugun bypass. Again, hell will freeze over before that happens. I do not think we are going to get cooperation. Just because we are Labor governments does not mean we love one another all of the time.

Mr SEENEY: But you are not proactive on the issue.

CHAIR: I am really sorry, Leader of the Opposition, but your time is up and therefore you do not get another question.

Mr WENDT: Premier, the last dot point on page 7-3 of the MPS relating to the Queensland Events Corporation mentions several significant international sporting events that will be held in Queensland next year, and hopefully the Rugby League World Cup will be one of them which I assume Australia will be in which I am looking forward to. Premier, could you advise the committee of some of these events and how they will benefit Queensland?

Mr BEATTIE: The answer to that is yes. Queensland Events is doing a very good job. Des Power and Michael Denton are very good people and are working very hard. I think Des is probably coming to the end of his chairmanship. He wants to talk to me about that, but I want to put on the public record my appreciation for the work that Des Power has done. He has been a little firey source of enormous energy. He and Michael Denton have done a good job. In 2006 my government through Queensland Events continued to pursue a number of events. What it has tried to do is to look at long-term sustainable events. It was behind the bid for the world athletic championships which we went to Mombasa to pursue. We were unfortunately unsuccessful, but we have not given up on athletics. The Mondial Australian Women's Hardcourts is a major event in the Australian summer tennis circuit featuring some of the best female tennis players in the world. The Conrad Jupiters Magic Millions Carnival on the Gold Coast is one of the premier horse sales and racing carnivals in Australia. The ANZ ladies golf masters in 2007 was won by Queensland's own Karrie Webb. The Mooloolaba Triathlon Festival attracts an estimated 20,000 spectators with competitors ranging from six to 82 years of age. I wish I would be doing one of those at 82. I was going to get some medical advice from Bruce, but he keeps disappearing. The 2007 Gold Coast marathon is an internationally renowned event that attracted over 16,000 participants.

In addition, my government has been successful, as you mentioned, in securing the hosting rights and the major components of the 2008 Rugby League World Cup. Queensland will play host to the final and semifinal at Suncorp Stadium in Brisbane and major pool matches at Dairy Farmers Stadium in Townsville and Skilled Park right there on the Gold Coast. We never forget the Gold Coast in this, Ray. The arrangements also secure future State of Origin fixtures and international Rugby League tests until 2012, because we wanted to do an all-up deal. In addition, Suncorp Stadium has been selected as the venue for the Bledisloe Cup match between Australia and New Zealand in 2008 and the Gabba will host test matches, one-day international matches and, for the first time, the second one-day international series final during the 2007-08 cricket season.

The economic benefits are dramatic. We have to remember that tourism cannot be just tourism anymore. You have to have event tourism. You have to have things like, for example, ecotourism. We have to be smart. We have to continue to change, refresh and target where we go with tourism, and you would understand this, member for Barron River, with what the environment means in terms of tourism. But the economic benefits to Queensland of these events is clear. When Suncorp Stadium hosted the Bledisloe Cup in 2006, it was estimated that it injected \$70 million into the local economy. We do not hear a lot of objections about the construction of Suncorp Stadium anymore. That is interesting, because it has turned out to be a real economic boost for this state. There is a lot more to say but modesty prevents me.

Ms STRUTHERS: Premier, you came to visit one of the industrial hubs in my electorate last week—Heathwood and Larapinta, areas that are going ahead really well with lots of companies exporting like B&R Enclosures and others. Page 1-18 of the MPS refers to the success of the government's export strategy. How is this strategy benefiting Queensland's export industry?

Mr BEATTIE: As I alluded to before, when we had a look at this 11 years ago when we were in opposition we realised that we had to broaden the export base. To the credit of Queensland business, that is what they have done in partnership with us. A lot of small and medium businesses have really done fantastic things, and I want to acknowledge that. If you have a look at the implementation of my government's five-year strategy export solutions from 2001 to 2006, which I launched in 2001, it detailed excellent export outcomes for Queensland. It contained three primary targets—a 20 per cent increase in the number of new exports, a 50 per cent increase in the value of knowledge intensive exports—these are the Smart State exports—and an increase in the ratio of exports to gross state product.

The target of a 20 per cent increase in new exporters was achieved in August 2005—so it worked—and a lot of that goes to the trade officers who are very energetic around the world. We have had good trade commissioners, and the appointment of Andrew Craig recently in the United States from the Confederation of Industry—it is now AIG—has continued that tradition. At the end of June 2006 the number of new exporters totalled 892, exceeding the target by 49 per cent. The target of a 50 per cent increase in the value of knowledge intensive exports was exceeded by three per cent—that is, a 53 per cent or \$1.3 billion increase in the value of knowledge intensive exports was achieved. I mentioned that before, but it is so good it is worth repeating. These successful achievements contributed to the growth of Queensland's economy and created more employment opportunities for Queensland. The ratio of exports to gross state product was 25.3 per cent in 2000-01. The ratio declined to 19.1 per cent in 2003-04 due to the strength of the domestic economy and the appreciation of the Australian dollar. In 2005-06 the ratio increased to 24 per cent for Queensland compared to 19.7 per cent for the rest of Australia. So between the 2000-01 financial year and the 2005-06 financial year Queensland's total overseas goods and services exports grew by 52.7 per cent, highlighting that the variation of exports to GSP since 2000-01 is not due to the performance of Queensland's overseas exports.

In October 2006 I released my government's new five-year export strategy, Driving Export Growth for Queensland 2006-2011. The latest whole-of-government export strategy provides a framework for my government to continue to support exporters to continue to expand. In addition to thanking the trade commissioners who do such a great job—I mentioned Andrew Craig, who is new—I do want to thank those who have made great contributions. Mike Ahern, the former National Party Premier, is doing a fantastic job. Bob Gibbs did too in the US. Sallyanne Atkinson, who has recently retired, also did a superb job, as did all of the other trade commissioners. With regard to the late Tommy Burns, I do want to acknowledge his role in China and Vietnam. Those politicians all made significant contributions—two conservative, two Labor. They were people who actually got off their backsides and got business for this state. I want to thank the four of them and all of the other commissioners. They did a good job.

Ms STRUTHERS: Premier, page 1-7 of the MPS refers to the Growing the Smart State PhD Funding Program. Premier, could you advise the committee of the details of this program and how it supports the aims of the Smart State Strategy?

Mr BEATTIE: The answer to that is you bet. I am very delighted to do that. The PhD funding program is a key plank of the government's Smart State agenda, as you said. The program strengthens research capacity, and that is about getting that critical mass, encouraging young people and encouraging researchers to reach their full potential. It strengthens research capacity in universities and builds relationships between the government and the tertiary sector. It also facilitates evidence based policy development in areas of strategic importance for the government. In terms of expenditure, in 2005-06 the government committed \$200,000 per annum to support Queensland university doctoral students researching issues of importance to our development as the Smart State. If we do not do this they will leave and we will continue the brain drain. This is the way to reverse the brain drain, and that is what this is all about. It is about giving our youngest and brightest encouragement to do research in their chosen field and also keeps them here or if they go overseas they come back. So it is about keeping our intellectual power.

Under the program my department offers annual grants of up to \$5,000 per PhD student to a maximum of \$15,000 to fund research related costs such as field trips, conducting experiments and procedures and purchasing equipment. Under the fifth round of the program in 2006-07, my department offered grants to 24 students from five Queensland universities. Since its inception in 2002, funds have been awarded to 113 PhD students. These are the best of the best, and that is what we are trying to encourage. Funding is offered on social, environmental and economic topics such as community resilience to climate change, soil and crop properties that improve irrigation, new methods of estimating driver vigilance and surgical assessment of articular cartilage degeneration. The older I get the more I know I need that to be researched further! Grant recipients provide final reports which are published on the Smart State web site. Research outcomes provide an important evidence base for public policy development. To foster stronger links between research and government policy development priorities, successful applicants partner with a government agency mentor. Mentors are skilled in the area being investigated by the student.

The other benefit of that is of course that not only do you get the sorts of advantages I talked about before but you encourage young people to do research. They will talk about these things. When you talk about a critical mass of researchers in particular areas of excellence, they all spark off one

another. If they know this money is available, then that is the sort of research you get. Anyone who has been through the teenage years and early 20s with their children would know that encouraging them down the road of research and excellence is very important, and I know this from my own children. I am sure this program is working and it is part of our Smart State Strategy.

Ms STRUTHERS: Premier, on page 7-1 of the MPS the Queensland Events Corporation outlines new events that will be staged in Queensland such as the Asia-Pacific Screen Awards, the Screen Producers Association of Australia conference and the Inside Film Awards. We really are the cultural capital of the nation.

Mr BEATTIE: We are getting that way, yes.

Ms STRUTHERS: Could you outline for the committee what the benefits are to Queensland of hosting these sorts of illustrious events?

Mr BEATTIE: Thanks for that, because culture is important. I talked before about tourism having different shapes. One of the things that we need to do more of is cultural tourism. I think Melbourne is a wonderful city in Australia. I cringe, however, that we do not have as much cultural tourism as Sydney and Melbourne. I do not like it, and that is one of the reasons why the Gallery of Modern Art is part of that. It is one of the reasons why we have got to get things like the movie industry here. We are the sun belt, if you like, of Australia. California has the movie industry. We have the Gold Coast's facilities. That is why to me the Asia-Pacific Screen Awards are fantastic. On 17 April I launched them at the Gallery of Modern Art. The inaugural Asia-Pacific Screen Awards will be held on the Gold Coast in November. Movies, Gold Coast, international exposure and tourism mean that people come here. It all dovetails together. This landmark event has been established to acclaim the exceptional standard of film production across the Asia-Pacific region. This is part of my government's ongoing strategy to develop south-east Queensland as a film industry hub and will accompany other signature film industry events which now call Queensland home. In fact, I think there is one of these happening tomorrow which I will leave until tomorrow. These events include the annual conference of the Screen Producers Association of Australia being held in November 2007, the Inside Film Awards, the Australian International Movie Convention and the Brisbane International Film Festival.

In essence, that is a real cultural input. You are right: the Smart State is about making sure that the kids and everybody else reach their full potential. This is about ensuring that industries broaden their base and reach their full potential. Government plays the role of the catalyst, and that is what we are doing.

We have formed alliances with the Paris based International Federation of Film of Producers Associations, the United Nations Education, Scientific and Cultural Organisation—UNESCO—and CNN International to deliver the Asia-Pacific awards. So it will get international exposure. People see that, they see the Gold Coast; they will want to come here. The Asia-Pacific Screen Awards will be broadcast across the CNN International network and affiliates and in three magazine style television programs that are produced in conjunction with CNN International. We have never had that sort of exposure before from movies and film. This program will provide a unique insight into the burgeoning creativity and screen excellence in the Asia-Pacific and profile the Gold Coast as a film industry destination.

The government also assisted in the attraction of the Screen Producers Association of Australia conference on the Gold Coast along with the Inside Film awards. The Asia-Pacific awards, the Inside Film awards and the Screen Producers Association of Australia conference will also coincide in November this year. This creates a critical mass of film expertise that will ensure that the Gold Coast is a focal point for the film industry across the Asia-Pacific region each and every year. That adds another dimension to the Gold Coast economy. It is now getting an expansion of Griffith University. It has one of our Smart State academies. It has the new hospital being built there. All of those will broaden the base of the Gold Coast and create jobs and expertise. That is what we are trying to do. It is another dimension to it.

Mr WETTENHALL: I notice on page 7-5 of the MPS that the government via the Queensland Events Corporation again delivered the Queensland Events Regional Development Program in 2006-07. Could you provide the committee with details of this program and how this investment assisted the development of regional Queensland?

Mr BEATTIE: I can, and I just want to make this point quite seriously. It is the same with the Q150 events. We have made sure that these events are statewide. We have done this in a very non-political way because we actually want to see the whole of the state develop. The regional development strategy came about because I wanted to make sure that we had events held outside Brisbane and to make sure as much as we possibly could that we had them in every one of the communities. They had to put up bids to win them, but the communities have responded to it.

Since the establishment of this program in 2001, we have invested almost \$9 million in some 420 events. Funding of between \$5,000 and \$40,000 was provided in support of a total of 82 events across regional Queensland in rounds 11 and 12. There have been 12 rounds of funding, I should say. The 11th and 12th rounds were held in 2006-07.

All 14 regional tourism organisations were represented—all of them. Queensland Events, which delivered the program, has conducted over 70 workshops and seminars for local communities across regional and rural Queensland to ensure that all areas had a fair and equitable opportunity to gain their share of the money. So we went out and said to them, 'Listen, if you do this you can get money. You might be running this event for some time but you can apply and get additional assistance.'

Events are often the lifeblood of regional and rural communities. We know that. They draw crowds, they attract investment and business. They result in short and long-term employment opportunities for Queenslanders. Supporting, growing and enhancing these events is a key part of our strategy of supporting regional communities.

I will give you some of the successful ones out of the 11th round, if I could. There was the 11th National Historic Machinery Association Rally 2007 held in Biloela. It was funded for \$40,000 out of round 11. The Goomeri Pumpkin Festival has been funded four times since 2002 for a total of \$74,500—in two, seven, nine and 11. There is the Bilo Rockfest in Biloela for \$10,900. You sang in that, didn't you? I know. We will get you to sing. See how much money we give your electorate.

Mr Seeneey: I'll throw a pumpkin.

Mr BEATTIE: You will throw a pumpkin. Just do not throw it at me. There was the Australian Bass fishing international at Gin Gin. That is near your electorate. There was the Biloela Comedy and Food Festival in 2005 with funding of \$12,000. We seem to be overfunding the electorate of the Leader of the Opposition. I might have to refer this to the CMC now I think about it. There was the Kilkivan Great Horse Ride for 2005 with funding of \$10,000. There was the Monto Country Music Festival. I wonder why I have picked all of these out of the electorate of the Leader of the Opposition? There was Gayndah's Year of the Outback Legends of Racing and Rodeo 2002.

I did quite cheekily highlight all of those events out of the electorate of the Leader of the Opposition but only to make the point that we fund these on a non-political basis. All of those programs in the electorate of the Leader of the Opposition or nearby are really good festivals, as he will testify. We have done a lot. We did the same thing with the polocrosse out at Warwick. This is about generating jobs in the regions. It is a very important program and we are going to continue to fund it.

Mr WETTENHALL: Pages 1-18 to 1-20 refer to working with and assisting companies to find and grow export markets. Could you advise the committee of some of your department's successes in capacity-building initiatives in international business development?

Mr BEATTIE: There is a very long list and I cannot go through it. This has been a successful program. To give you some idea, we have supported 14 Queensland organisations in winning more than 50 contracts worth \$103.4 million. Of this, \$20 million are for multiple small-scale contacts. The larger contracts won were \$35.2 million of AusAID funding won by GRM International for development and support programs for the Solomon Islands judicial system; \$27.5 million for AusAID funding won by GRM International for capacity-development programs in Timor; \$10.5 million—there is a string of them. There is one for the World Bank won by UniQuest. There are a string of these programs which I think effectively demonstrate how this works. I wonder if I could table this in more detail. In there is also included a document called Queensland—the smart choice—Queensland exporting to the world and also my trade mission report on the South Africa, Kenya and US trade mission. If I could table this, that would give you some additional information.

Leave granted.

CHAIR: The time for government members' questions is about to expire.

Mr BEATTIE: Can I provide one other piece of information? I was asked by the Leader of the Opposition about Helen Ringrose. I said I would give it to you on notice; I can give it to you now: a review of the Local Government Act, the completion date is 2009; a review of the City of Brisbane Act, the completion date is 2009-10; and her role as a government champion for Kowanyama is ongoing.

CHAIR: The standing orders determine that the non-government side has to have more time than the government side. So with that in mind, we will now return to the non-government side for a single question before wrapping up. I call the Leader of the Opposition

Mr SEENEY: I refer you to page 1-9 of the MPS where you list the future developments. I was quite bemused to read the fourth dot point where, as a future development, you are predicting that you will develop a statewide infrastructure and services plan to identify future need and impact on government resources. Is that not the sort of planning that you should have done nine years ago so that you would have avoided the water crisis and the health crisis that has become such a feature of your government?

Mr BEATTIE: Nice try, but this is actually adding to what we are already doing. As you know, we are already building the biggest infrastructure plan in the history of this state.

Mr SEENEY: Yes, but had you planned for it nine years ago? Had you done this planning nine years; that is the point.

Mr BEATTIE: No, no, but you see, we did. The point I am trying to make here is that we are going to keep doing it. We are going to keep planning.

CHAIR: The Leader of the Opposition will cease interjecting.

Mr BEATTIE: As you know, last year we committed a record capital works program. Do you want me to go through how wonderful we are? This will take longer than two minutes.

Mr SEENEY: Table the plan you made nine years ago.

Mr BEATTIE: I have tabled all the plans and we are delivering it now. No other government in the history of this state has built as much infrastructure as we have. But in addition to that—and I make this point—this is about future planning. This is about ongoing planning. The reason for that is that we have so many people coming here. You have heard me say this until I bore you silly about it. We have an additional 1,500 people every week. The truth of the matter is that we have to keep planning and keep getting it right. That is why this is about the future. This is about identifying needs and the impact on government resources. This is about the future and continuing to do what we are doing now. You know about that climate change plan—a lot of work until 2020 and then until the end of 2050. You see how futuristic we are.

Mr SEENEY: Nine years ago.

Mr BEATTIE: We need binoculars we have so much future vision. That is the way it is. I say to the Leader of the Opposition that we are going to keep planning and we are going to keep delivering. Your children and grandchildren are going to benefit from that.

By the way, just so we are complete here—because we like to be complete—this commitment will further demonstrate my government's long-term planning. It is directing resources where they are most needed to make Queensland an enviable place in which to live and do business. Also, the purpose of the plan is to show how my government will deliver on its priorities across all portfolios using the right mix of infrastructure services and policy initiatives. So thank you for the question.

CHAIR: Thank you very much, Premier. That concludes the time allotted for the consideration of the Premier's estimates. On behalf of the committee, I most sincerely want to thank the Premier and his many advisers. We are all aware of the enormous amount of work that you have put into this. As I understand it, you have now answered the question you took on notice so I do not need to provide any advice to you about getting back to us.

Mr BEATTIE: No.

CHAIR: With that, we thank you. The committee will resume at 1 pm for consideration of the Treasurer's estimates.

Mr BEATTIE: Madam Chair, could I thank you and all the other committee members for your courtesy in the way you asked your questions. I thank you very much.

Proceedings suspended from 11.55 am to 1.00 pm

ESTIMATES COMMITTEE A—TREASURY AND INFRASTRUCTURE

In Attendance

Hon. AM Bligh, Deputy Premier, Treasurer and Minister for Infrastructure

Mr S Fyfe, Principal Policy Advisor (Deputy Premier's Office)

Treasury Department

Mr G Bradley, Under Treasurer

Mr T Spencer, Deputy Under Treasurer

Mr D Ford, Deputy Under Treasurer

Department of Infrastructure

Mr K Smith, Coordinator-General, Director General

Mr S Kessell, Executive Director

Queensland Water Commission

Mr J Bradley, Chief Executive Officer

CHAIR: I declare this meeting of Estimates Committee A now open. My name is Rachel Nolan. I am the chair of the committee and the member for Ipswich. Joining me on the committee are Bruce Flegg, the member for Moggill; Jeff Seeney, the Leader of the Opposition and member for Callide, is a member of the committee but is not here right now; Ray Stevens, the member for Robina; Karen Struthers, the member for Algester; Wayne Wendt, the member for Ipswich West; and Steve Wettenhall, the member for Barron River.

This afternoon the committee will examine the proposed expenditure contained in the Appropriation Bill 2007 for the portfolio of the Deputy Premier, Treasurer and Minister for Infrastructure. Welcome, Deputy Premier and advisers. The committee will examine estimates for the portfolio until 3.30 pm.

Today's proceedings are lawful proceedings subject to the standing rules and orders of the parliament. As such, I remind all visitors that any person admitted to the hearing may be excluded by order of the committee in accordance with standing order 206.

In relation to media coverage, the committee has resolved to allow television film coverage and photography during this introduction and the minister's opening statement. The committee has also agreed to the live broadcast of the hearing via the Parliamentary Service's web site and to receivers throughout the parliamentary precinct.

Before we begin, I ask all of you to make sure that your mobile phones are switched off. The time limit for questions is one minute, and three minutes are allowed for answers. A 15-second warning will be given prior to the expiration of these time limits. An extension of time may be given with the consent of the questioner. For the benefit of Hansard I ask advisers who are called upon to give answers to please identify themselves first.

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

That the proposed expenditure be agreed to.

Deputy Premier, would you care to make an opening statement?

Ms BLIGH: I would. Thank you, Madam Chair, and, to all members of the committee I say hello. I hope we enjoy the afternoon.

I am sure that members of the committee would agree that the state's prosperity and its future are built on having a sound financial base and on continued prudent management. For us to deliver the infrastructure and the services that this growing state needs, maintaining our AAA credit rating is a priority. As Treasurer I am pleased to report that since presenting the state budget last month both Standard and Poor's and Moody's have confirmed that this is, indeed, the case for Queensland.

Again, our government's record in managing finances is second to none. Net debt, the most understandable measure used to judge overall fiscal strength, has Queensland in an exceptional and enviable position. Other states have net debt of \$497 per capita while we have a surplus of financial assets of \$5,931 per capita. For the past year, we again expect to deliver a large operating surplus of about \$2.393 billion and we plan surpluses this year and in the out years.

We are in good times and our forecast performance against the rest of the nation speaks for itself. Queensland's economic growth is forecast at five per cent compared to the national economic growth of 3¾ per cent. Queensland's employment growth is three per cent; the national employment growth is 1½ per cent. Private final demand for Queensland is 5¾ per cent; Australia is at 4¼ per cent. Queensland's unemployment rate is four per cent; the national unemployment rate is at five per cent. Queensland's population growth is at two per cent; the national population growth is at 1¼ per cent. With these solid indicators in mind, as a state we can look forward with confidence.

Our ability to present a \$14 billion capital works program, the largest in the nation on a per capita and a real basis, is proof of a government prepared to build and exemplifies our get-on-with-it attitude. It includes a massive \$5.767 billion for Transport and Main Roads alone.

Even with this record and nation-leading \$14 billion program, we remain a low-tax state. Our taxes per capita remain below the other states' averages. In Queensland, we pay \$2,226 per person in state taxes compared to an average of \$2,371 in the other states. With the fuel subsidy scheme in place, Queensland taxpayers are, on average, more than \$270 per capita better off each year than the average of other taxpayers in other states and territories.

Being in this healthy economic position whilst experiencing very rapid population growth is a challenge and we have not hidden a motor vehicle transfer duty increase, designated for a specific purpose to underpin mental health funding. The better than expected returns from the sale of Energex's electricity and gas retail businesses, the Allgas distribution network and the competitive part of Ergon Energy's electricity retail businesses, including Powerdirect, have meant added investments in water projects, clean coal technology, renewable energy initiatives, social housing and Smart State research.

Other budget highlights include an injection of more than \$700 million to housing assistance, every teacher in every classroom in every state primary and secondary school is to get a laptop computer, health funding is up 12 per cent, disability funding tops \$1 billion and \$100 million has been set aside for a redress scheme for people abused and mistreated as children in our institutions.

Despite modest borrowings, the state remains relatively lowly geared and debt servicing costs remain low, with interest costs as a proportion of revenue averaging just over two per cent of the budget and forward estimates. By way of comparison, a typical mortgage in Queensland now absorbs about 35 per cent of average income.

From 1 July, full retail contestability has been in place in our energy retail market for the first time. However, drought continues across the state and that comes at a price. This drought is hitting the south-east and other parts of the state hard, but we are responding. The Queensland Water Commission is just 13 months old and has shown a lead in helping residents cut water use and offers guidance in developing our long-term responses. Last week, water use in south-east Queensland was 141 litres per person per day, and we have averaged 140 litres or below for the past month. Comparable June figures from before drought-related restrictions were introduced were about 270 litres per person per day. Today I can announce that most on-the-spot fines for individuals and businesses that repeatedly ignore water restrictions will be more than doubled.

I look forward to the opportunity to talk about these and other projects in more detail throughout the deliberations of the committee this afternoon.

CHAIR: Thank you. In accordance with standing orders, the first block of questions is allocated to non-government members. I ask the member for Moggill to commence questioning.

Dr FLEGG: Minister, I refer you to Budget Paper No. 2. The forward estimates show a \$28 billion increase across the period of the forward estimates in borrowings. They also show interest commitments each year for the period of the forward estimates. In determining your forward estimates for interest expenses on these additional borrowings, what bond yield assumption was used in the preparation of your budget?

Ms BLIGH: The current bond yield average is about six per cent. That is the assumption on which this has been based. I have just been advised that it is 6.5 per cent. Obviously it will fluctuate when we go to market, but that is the assumption on which these figures have been based.

Dr FLEGG: The assumption used in the preparation of the document?

Ms BLIGH: Yes.

Dr FLEGG: So it is about 6.5 per cent?

Ms BLIGH: Yes.

Dr FLEGG: I understand that you have just been on a roadshow. In terms of the response to that roadshow, can you tell us where bond yields are expected to be?

Ms BLIGH: The Queensland Treasury roadshow, as you correctly outlined, has just been completed. This is an annual opportunity for members of the Queensland Treasury Corporation, including the chair of the corporation Sir Leo Hielscher, the CEO Stephen Rochester, myself, the Under Treasurer and other officers to go into our major financial markets. This year we attended Hong Kong, Tokyo, Paris, London and New York.

The purpose of the roadshow is to present to both the distribution group that distributes our bonds and the major institutional investors, in some cases on a one-to-one basis with the investors and also to small groups of investors. It is not the purpose of the roadshow to have a defined change to the bond yield at the end of the trip. The trip makes no difference to the assumptions on which we have based our borrowings or the forward estimates about those borrowings.

Clearly, the Queensland Treasury Corporation is absolutely dedicated to getting the best cost per capita and it will continue to do that. I have no doubt about its determination in that regard.

Dr FLEGG: But is it the same yield? The yield has not increased?

Ms BLIGH: There is nothing in the activities of the roadshow that will change our assumptions about the average yield. I do not know whether the Under Treasurer wants to add to that, but certainly if QTC is able to secure a better rate we will certainly accept it. At this stage we have no reason to be concerned about any increases in that. In fact, if anything, the roadshow confirmed—as it did last year—how attractive the QTC product is in the market. There is a lot of interest, particularly from Asian central banks and also other major investors, in the Aussie dollar at the moment. As I am sure you are aware, the Commonwealth has not got much in the market, so Queensland and New South Wales are the two major subsovereigns in which there is a very, very high level of interest. We would expect that to continue and that obviously advantages us in the market.

Dr FLEGG: I refer you to page 167 of Budget Paper No. 2 and Table 9.3 where the interest expense in the non-financial public sector is predicted to more than double from \$1.18 billion to \$2.74 billion by 2010-11. This is a dramatic increase in the interest burden on Queenslanders, which clearly leaves the state much more vulnerable to future interest rate movements. Minister, would you provide the committee—and take this on notice if you need to—an interest rate sensitivity analysis to show what the impact on Queenslanders would be should interest rates over the forward estimates period move away from those that have been used in the assumptions?

Ms BLIGH: Clearly I would require to take something like that on notice and I am happy to do that. As I have said, there is no cause for concern in that regard from any of the experience that we have to date or on advice from the Queensland Treasury Corporation. I might add that the general government sector has a relatively moderate level of debt. The total debt servicing costs are forecast at \$390 million in 2007-08. The current average duration of general government debt is approximately three years. Accordingly, a one percentage point variation would lead to a very modest change in debt servicing costs in 2007-08. I am happy to provide you with the detail that you have asked for, but I would not expect that you would expect me to give an interest rate sensitivity analysis.

Dr FLEGG: I am very pleased to look forward to that. Thank you for that. Minister, your forward estimates show an increase in the general government sector borrowing from \$3.2 billion in 2006-07 to \$19 billion in 2010-11. A massive hike in borrowings in public non-financial corporations from \$19 billion to \$32 billion by 2010-11 gives a combined total borrowing of \$51.7 billion by 2010-11. Minister, can you identify anywhere in your forward estimates where you plan to repay any of these borrowings?

Ms BLIGH: I am very happy to take that question. For each and every one of the nine years that we have been in government it has been the practice of the government to pay down debt whenever we have a surplus and are able to do so. In fact, we have budgeted to borrow in the general government sector, I think, for each of the past five years. It was only in this financial year that we needed to draw on any of that at a very modest level, which I think was close to \$700 million in 2006-07. We will continue our policy. Where we are able to purchase the infrastructure that we have identified without drawing on borrowings, we will do so. What you have in the budget documents are forecast estimates, and I would expect that we will see, over those four years, an opportunity in some cases for us perhaps not to take all the borrowings that we anticipate, as has happened in previous years.

However, we are being up-front in saying that we have a very big infrastructure program. We think that infrastructure program is very, very important to the future prosperity of the state. We have unashamedly borrowed to a level that we think is responsible and we are able to service that debt. We are very comfortable with that program. However, if we are in a position to fund the infrastructure without drawing on the borrowings, we will do so.

Dr FLEGG: I refer to the increase in public non-financial corporation borrowings from \$19 billion in 2006-07 to \$32 billion predicted for 2010-11. This increase will result in almost \$800 million of additional interest burden to be paid for by Queensland customers of our government owned corporations when they use energy, transport, water et cetera. Minister, what provision is there for government owned corporations to begin paying down this debt, and what would be the impact of a debt reduction program on the costs that customers of these government owned corporations would be charged?

CHAIR: Deputy Premier, before you answer that question it should be noted that standing orders in relation to GOCs provide simply for an analysis of whether public moneys are being appropriately expended. GOC borrowings do not strictly fit into that category. I expect that the Treasurer may be comfortable to answer the question, but it should be noted that it is not, in fact, in order.

Ms BLIGH: I am happy to take this question. I think it is important to understand that the borrowings in relation to the GOC sector are largely directed at increasing economic infrastructure that will enhance and expand economic capacity. So in most cases it is not the case that these borrowing programs and infrastructure expansions will lead to increases in costs; simply it means an expansion of services. Ports are a good example. We will see significant expansion of port capacity over the forward estimates. Yes, customers of the ports will pay, but they will not necessarily be paying a higher rate per tonne, for example. They will be able to put more tonnes through the port. It is not necessarily higher costs for customers but an expanded capacity, and it will be a commercial decision for customers whether they want to take on that expanded capacity. Obviously they would only do that if they had customers for their export product. They may overall have the cost of ports as a reduced input if they are able to expand the capacity of their export.

Obviously there is some infrastructure where we have indicated that there may be some price increases, and that is largely in the area of water. Frankly, I think that if south-east Queenslanders are facing the choice of not having the water they need or paying slightly more for it to accelerate this infrastructure they are comfortable with the need to ensure water security, particularly given the very severe drought that we are experiencing and the possibility that with climate change we may experience similar severe droughts into the future.

There is no doubt that the very significant expenditure in the GOC sector, in my view, is warranted. It is an unwarranted leap of faith to say that all of that expenditure will end up in increased customer costs, particularly in the areas of ports and rail and, to a different degree, energy and water. It means expanded capacity. That facilitates industrial expansion and jobs, and for many people will actually contribute to an improved cost of living.

Dr FLEGG: Minister, Budget Paper No. 2 briefly mentions the effect of high petrol prices on household consumption on page 21, lines 9 and 12. Table 6.2 on page 118 of Budget Paper No. 2 also notes the Fuel Subsidy Scheme expenditure came to \$525 million in 2006-07 and \$541 million expected in 2007-08. Minister, in January you mentioned that you established a special task force at the Office of State Revenue to check petrol retailers' books to ensure that the fuel subsidy is reaching road users. What did your review find?

Ms BLIGH: I thank the member for the question. He is right to identify that high petrol prices are causing some issues for consumers, not only individuals but also businesses. It is a significant business cost for many commercial operations. We are concerned about whether or not the fuel subsidy is being adequately passed on, and to that end we established a fuel subsidy task force earlier this year.

I am happy to report to the committee that the task force has conducted audits of all major retailers. A major retailer is defined as someone who has four or more sites. Each retailer in that category—and there is a total of 36 of them—would have received a formal notice requesting information about their processes for passing on the subsidy and evidence that the subsidy was in fact being passed on. These notices covered over 800 sites throughout Queensland. Follow-up interviews and field investigations have also now been conducted.

In addition to what are determined to be major retailers, the Office of State Revenue and the task force have also contacted over 900 small retailers—that is, fuel retailers who have between one and three sites. There are just over 1,000 of those retailers. Each one of those were reminded of their obligations under the Fuel Subsidy Scheme. Given the large number of them, 15 per cent of them were selected for a field audit on a random basis and that has now been completed. Field audits have been carried out in Brisbane, the Gold Coast, the Sunshine Coast, Bundaberg and Burnett, the Darling Downs, Townsville and Cairns, Rockhampton and the Capricorn region, the Mackay region, the north-west region, the central west and the south-west region. That is where we have done the 15 per cent field audits of the smaller retailers.

A principal auditor and 10 experienced field investigators conducted the task force activities. Unfortunately, I am not in a position to outline in detail for the committee this afternoon the results of that. I am sure you can imagine with that much data, the information and the data collected is very complex and analysis is still being conducted by the task force members. I understand, however, that a draft report or a preliminary report is due to the Commissioner of State Revenue by the end of July and that they are on target to meet that deadline. Clearly, the final report may be a little later than that, but I intend to make it fully public.

It is a very complex area. I am glad to see that the member is as concerned as I am. There is no point putting this sort of subsidy into the market if it is not going directly to consumers. If we have any evidence that would support a prosecution under the provisions of this subsidy we will not hesitate to use that evidence. If the audit finds that we might need to have other requirements placed on retailers to ensure that we are in a position to identify the subsidy, we will not hesitate to put those in place either.

Dr FLEGG: I am sure that Queensland motorists would appreciate the challenge of doing that audit the way petrol prices jump up and down every day. Following on from that question, I think the question that every motorist in Queensland would like to ask you is: in relation to the fuel price subsidy,

what is the average discount in cents per litre on fuel sold in Queensland compared with the other states in 2006-07, and are Queensland motorists in fact receiving the full \$525 million subsidy that Queensland taxpayers are paying for?

Ms BLIGH: The price of petrol and the comparative price of petrol is something that is monitored regularly by Treasury. As you would expect, we do see large fluctuations in prices and we look at the trend over the period of time that is being monitored. I do not have at my fingertips the exact average over the last—you wanted 2006-07?

Dr FLEGG: The latest year that is available. That is the latest year.

Ms BLIGH: The most recent data that I have just been handed is the last six weeks to 1 July this year. The average price differential with Sydney has been about 6.3c per litre and with Melbourne about 6.4c per litre. One of the difficulties we have is that we cannot, for example, control price leading activity by retailers, particularly large retailers, looking to price each other out of markets. We cannot account for any discounting that they might put into various retail outlets, particularly close to the border. What we do look for is a trend over a period of time. You can see from that six weeks that, while there is a clear benefit to Queensland motorists on average, it is not the full 8c. That does not mean that a different six-week period would not show a different picture. When I have looked at the data there are sustained periods of time—maybe up to a month—where Queensland motorists are somewhere up to 12c ahead per litre, but then it might drop dramatically back down to 5c or 6c a litre. It is the average that we look at over time.

This is an area that I am actually concerned about. I think it is important that any subsidy that has been paid for by taxpayers to benefit them should actually go to them. As I said earlier, the purpose of doing this audit is to identify to the extent that it is possible that this is actually occurring. If the audit is unable to show any cases where that is occurring, even though we have constant evidence of lower prices or similar prices in other states, frankly we might need to look at the requirements that we put on retailers about how they pass it on and how they demonstrate that to motorists.

Dr FLEGG: On those latest figures that is \$2 million a week that is not being passed on.

Ms BLIGH: But you need to look at it over a 12-month period. If I can get the 12-month data for 2006-07 I am happy to provide it to the committee.

CHAIR: We accept that you will take that on notice subject to your ability to get it.

Dr FLEGG: Minister, I refer you to page 89 of Budget Paper No. 2 and your claim that measures affecting the application of land tax would result in 6,000 fewer Queenslanders being caught in the net than would have been the case if no changes were made. Minister, I note that you are budgeting for a stunning 18.7 per cent increase in land tax receipts for the upcoming year. That is hardly compatible with significant concessions being made to land tax payers. Minister, will you tell this committee how many more Queenslanders will be paying land tax in the current year of 2007-08 compared with the previous year of 2006-07? I am sure that you would agree that the total number of people paying land tax is a figure of considerable public importance.

Ms BLIGH: Let me say first of all that the projected increase in total revenue from land tax is from not only an increase in people paying the land tax but also obviously people who are already paying it who have been paying it for some time will pay more of it simply because we are seeing the valuation of land and property increase significantly across the state. A very large component of the increased revenue from land tax can be attributed to the expected increase in value of the property on which those who are liable for land tax will be paying land tax. In terms of the exact number of people whom we expect to see pay land tax this year, I am happy to take that question on notice and get it back to the committee as soon as it is available.

CHAIR: Thanks, Deputy Premier, we have noted that.

Dr FLEGG: Following on from your comments—and I look forward to getting that response on notice—I think an increase of that proportion, if it has predominantly fallen on existing land tax holders, would be considerable cause for concern. That is a stunning increase if it has fallen predominantly on existing land tax payers. Would you like to comment on the significance of that sort of increase on rental affordability? I think it is clear that these sorts of costs on property owners are passed on, largely.

Ms BLIGH: I think it is important to note that land tax is the combination of a number of—

CHAIR: That does, indeed, conclude your time for this session. Member for Moggill, if you do want to ask that one, you should simply resume with it in your next block. You will get another go. Sorry about that. I should have noticed it was coming. It is time for government members' questions.

Ms STRUTHERS: Deputy Premier and officers, welcome to estimates 2007.

Ms BLIGH: It is great to be here.

Ms STRUTHERS: Budget Paper No. 2 includes forecasts of strong economic growth. Queensland's economy has benefited recently from the resources boom. Is our economic strength based only on the resources boom?

Ms BLIGH: I thank the member for the question because I think in the current public debate around the country there is a lot of talk about a two-economy Australia and an assumption that what is happening in Western Australia and Queensland is pretty much identical and then there is a very big difference in what some of the other states are experiencing. While I certainly applaud the economic growth that is happening in Western Australia, I think it is important to distinguish what is happening here in Queensland from the Western Australian experience, particularly in relation to the growth in the resources sector.

It is true that a very significant part of our recent economic growth reflects very strong activity in the resources sector. However, as acknowledged by the ratings agencies Standard and Poor's and Moody's in their recent consideration of Queensland's economic position, the Queensland economy is very diverse. Unlike Western Australia, which is very dependent on resources, our economic growth is very broadly based. The mining industry in Queensland accounted for 12.4 per cent of nominal output in 2005-06, which is the most recent data. The industries accounting for the largest shares of output in Queensland in that year were mining at 12.4 per cent; followed by property and business services, 9.9 per cent; manufacturing, nine per cent; and construction, eight per cent. In total, those industries constituted 39.3 per cent of the state's total factor income in 2005-06 compared with, for example, 53.7 per cent from the four largest industries in Western Australia.

Despite the boom in mining production over recent years, Queensland continues to exhibit a relatively low industry concentration. More importantly, the surge in business investment associated with mining has been more broadly based in Queensland. For example, the ABS capital expenditure survey shows that over the year to the March quarter 2007, 69.7 per cent of all private capital expenditure in WA was in the mining industry. So almost 70 per cent of all private capital was in WA mining. In Queensland, 24.4 per cent of private capital investment is in the mining sector in Queensland. So there is a very substantial private sector investment in industries other than the mining industry here.

Further, we have seen growth in the output of domestic service industries such as personal and other services. Retail and wholesale trade has been driven by a number of factors including strong population growth, strong wages stability and strong employment growth. So all of those are contributing to consumption and demand, and we are seeing strong growth in tourism and retail and other sectors that Queensland excels in. Obviously we need to use our current good fortune to plan for the future when we may not have the benefit of some of the growth in the resources sector. We are certainly not complacent about the importance of our resource sector, and that is why we are making the investment that we are to see that growth continue.

Ms STRUTHERS: Budget papers Nos 2 and 3 both include information about the state's budgeted capital program for 2007-08. How does our capital program compare with other states?

Ms BLIGH: As I said in my opening remarks, our capital program this year of \$14 billion is the highest of all Australian states on a per capita basis. It is also the highest in real terms. Since the Queensland budget was brought down, the New South Wales budget has been announced and it announced in the 2007-08 year a capital program of \$12.3 billion. If you consider the population size of New South Wales on both a real and a per capita basis, you can see the size of the effort that is being made here in Queensland. Per capita we are investing \$3,212 in capital compared with our nearest rival, which is Western Australia, at \$2,224 per head. So we are 50 per cent ahead of our nearest rival on a per capita basis.

In 2007-08 we will be using the capital program—as I outlined to the member for Moggill—to develop a substantial economic infrastructure to see an expansion in economic capacity. That includes \$5.7 billion for Transport and Main Roads, \$2.7 billion for energy and \$2.5 billion for water. Government owned corporations account for more than 50 per cent of their capital outlays.

The budget further provides for over \$36.5 billion over the three-year forward estimates period—an average of \$12 billion per year for capital investment and capital grants. It is a very strong program. I go back to the member for Moggill's reference to the roadshow that we have just completed for Queensland Treasury Corporation. There was a substantial level of interest from all of the investors in the capital program. They certainly saw this as a very significant input into growing economic capacity and they understood that the security of their investment was protected by this sort of activity. There was a lot of approval given for this investment. I think we will certainly see some increased interest in Queensland government paper as a result, because it sent a very clear message that while we are only 20 per cent of Australia's population we are punching well and truly above our weight in terms of growth now and well into the future. We are thinking now about the next five years, the next 10 years and the next 30 years. That is certainly what much of the infrastructure spend will do this year: either complete projects like the Tugun bypass, for example, or undertake some really ramped-up parts of projects such as the western corridor pipeline, or begin new projects particularly in some of our ports and rail. That will equip us well into the future.

Mr WENDT: Good afternoon, Deputy Premier. Page 1-22 of your MPS refers to changes to mortgage duty, while page 1-33 refers to the land tax relief package. What benefits are these changes forecast to deliver to Queenslanders in 2007-08 and future years?

Ms BLIGH: I thank the member for the question. You are right; the 2007-08 state budget did announce some changes to land tax as well as to mortgage duty. In relation to land tax, I should say that there was a very substantial restructuring of land tax in the last budget that my predecessor, Terry Mackenroth, brought down. Some very substantial restructuring at the time made a very big difference to the way that land tax is paid, who pays it and the amounts in which it is paid. It came at quite a cost—a forecast cost—to the budget.

The commitment made by the government at that time was that each and every year we would continue to look at the effective land valuations and make appropriate adjustments so that the benefits that were identified for land tax payers in that restructuring were maintained and that we would not see bracket creep take those benefits away as land values went up. I think any changes to our land tax arrangements in this year's budget should be seen in that context. They are very much about maintaining the benefit of a very large restructure that was done I think two years ago.

In addition to land tax relief we have announced a 50 per cent reduction in the mortgage duty rate from 1 January 2008, which is the first stage in the complete abolition of that duty. The estimated cost of that 50 per cent reduction is \$79 million in 2007-08 with the full abolition estimated to cost \$435 million in 2009.

The 2007-08 state budget also announced an increase in the land tax exemption threshold from \$500,000 to \$600,000 for resident individuals and from \$300,000 to \$350,000 for companies, trustees and absentees with effect from 1 July 2007. As a result, some 6,000 resident individuals who would have paid land tax will not, and some 4,000 companies, trustees and absentees will not pay land tax from 1 July. Again, it is important to understand that there is a very broad range of people who pay land tax. There are the mum and dad investors who might have one or two properties as a nest egg for their retirement and then there are some very large institutional investors—superannuation funds and others—who are buying major assets that are liable to land tax such as major shopping centres. So they are a very diverse group, and we need to make sure that any adjustments we make are sensitive to all parts of that group.

The estimated revenue cost of the threshold changes in land tax is \$15 million in 2007-08. No estimates are currently available for future years, but we will certainly be working on that. We have also introduced a 50 per cent cap on annual increases in land values and that is effective for the next three financial years.

Mr WENDT: Building on that, Deputy Premier, I note that page 1-33 of the MPS also refers to the payroll tax harmonisation package. How will this package benefit Queensland businesses?

Ms BLIGH: I thank the member. All states and territories are participating in a payroll tax consistency project that is aimed at reducing business compliance costs, particularly for businesses operating in more than one jurisdiction. This might seem like a relatively low-level, boring little piece of work but it is actually very important. There is an increasing number of Australian employers and even quite small businesses who are working across borders. Particularly in Queensland, you might have someone operating in Brisbane and in Tweed Heads or in Ballina or increasingly large population centres just north of the border as well as very large national companies which are operating in many sites across every Queensland state and territory.

Over the years the application of payroll tax has developed separately and differently in each and every different state, so there are different positions, different definitions and different requirements in relation to a number of areas, and states and territories have agreed to work towards a consistent approach in areas such as the timing of the lodgement of returns so that an employer can do it once a year instead of at all different rolling times; the definition in allowances for vehicles and accommodation allowances; the treatment of fringe benefits; the treatment of work performed outside a jurisdiction; the treatment of employee share acquisition schemes; superannuation contributions; and, importantly, the grouping of businesses.

We are not going to align our payroll tax rates. Queensland is happy for everyone to bring theirs down to ours but we certainly will not be lifting ours to theirs. We are aiming as states and territories to significantly reduce all of these compliance costs to businesses with a view ultimately, if possible, to a single software package. That means that no matter where you do business in Australia you can meet your payroll tax requirements for each and every state with exactly the same basic package. I think that would be a huge benefit and a very significant red tape reduction mechanism. We will continue to work towards that and you will hear further announcements as we work our way through. There is a lot of complexity in here but none of it is impossible. There will be some changes in definitions that might be a minor disadvantage to an employer, but there will be some that will be an advantage. We expect this to be revenue neutral, and we expect in most businesses it will be a combination of swings and roundabouts but the ultimate benefit is very significant compliance reduction costs.

Ms NOLAN: I would think that having run a successful accounting firm the member for Ipswich West would be the last person to think that was not interesting stuff.

Mr WENDT: It is great.

Mr WETTENHALL: Good afternoon, Deputy Premier. Page 1-58 of the MPS refers to the Shared Service Initiative having returned \$30.8 million in savings to the government in 2006-07. What were the sources of these savings? Can you also provide an update on progress for this initiative?

Ms BLIGH: I thank the member for the question. Since the inception of the initiative in 2003, the Shared Service Initiative has provided a number of benefits, efficiencies and savings to government. The total savings returned to consolidated revenue by shared service providers and from procurement savings over the four years of the initiative is \$67.7 million.

With regard to procurement savings, to date a total of \$30 million has been achieved in procurement savings right across the sector including during 2006-07. The opportunity for improved whole-of-government, cost-effective procurement practices were identified in conjunction with the Department of Public Works in areas such as office supplies, master media agreements, internet service provision through a preferred supplier panel, print and copy services, and the provision of mobile telephones and other similar equipment. Prior to the Shared Service Initiative every department was making their own arrangements, and considerable procurement benefits have been realised by centralising that.

In addition, we have seen some efficiencies or some improvements in performance returns. Shared service providers have collectively returned a total of \$37.2 million in performance returns to government over the past four years including \$18.8 million during 2006-07. These efficiencies have in part been realised by the shared service providers in CorpTech as a result of a number of key projects. These have included, firstly, the development and implementation of the Shared Service Initiative Accommodation Strategy, which has enabled the co-location and consolidation of each of the shared service providers in CorpTech both in the Brisbane CBD and Queensland regional areas. The regional co-locations moved staff from 18 offices to six hubs, one in each key regional centre. In the Brisbane CBD over 1,300 staff have co-located from 36 to 11 sites. Implementation of IT solutions including connectivity, fusion and infrastructure consolidation enablement projects has seen considerable improvements, as has the establishment of the Shared Service Agency in 2006, when approximately 2,200 staff from three multiagency SSPs, or shared service providers, transitioned to a new entity.

This is really about consolidating back-of-house activities so that we can free up savings from that for direct service delivery and government priorities. Everybody wants to make sure that the people who work for us get paid efficiently and have good HR and IT underpinning what they do, but we do not want to see resources going into that that could be going elsewhere if we were as efficient and as effective as we could be in the design of those services, and that is what shared services is all about.

Mr WETTENHALL: Page 1-26 of the MPS refers to the Gambling Community Benefit Fund and the casino community benefit funds. How much money was distributed to community organisations from these funds in 2006-07 and what type of organisations benefited?

Ms BLIGH: I thank the member for the question. In 2006-07 the Gambling Community Benefit Fund distributed more than \$34.8 million for over 2,000 projects. It is a very significant investment back into community projects. I am sure every single member of the committee has examples in their own electorates where relatively small amounts of money make a huge difference, particularly in voluntary and small community organisations for whom \$5,000 or \$10,000 is an awful lot of money that they can make go a very long way for a very good purpose.

Similarly, Jupiters Casino Community Benefit Fund distributed over \$4.4 million to 183 projects in the last financial year and in the far north the Reef Casino fund allocated over \$525,000 to more than 100 projects while the Breakwater Island Casino, based in the north of the state, allocated more than \$265,000 for over 60 projects. Again they seem like relatively small amounts by comparison to the big gambling fund, but in those parts of the state they make a very significant local difference.

These funds are part of the Queensland government's strategy to make sure that everyone benefits from the levies that are placed on gambling activities. The revenue for these funds all come from levies placed on gambling. Organisations supporting community development, offering recreation and sporting opportunities, establishing environmental projects or providing education and training are just some of the many types of organisations assisted by the grants.

Since the Gambling Community Benefit Fund was established in 1994 with the introduction of poker machines to Queensland, over \$340 million in grant funding has been provided for 30,000 community based projects. It is really a staggering amount of money being put into those little projects that has made such a big difference. I am sure that people on the committee would be aware that grants of up to \$30,000 are available.

The guidelines for the Gambling Community Benefit Fund Committee provide that priority areas for distribution of the funds may be nominated by the Treasurer in consultation with the committee. In 2006-07, in order to ensure that we were providing every possible support for the introduction of the prep year in Queensland's education system, I nominated applications that were targeting assistance for schools in implementing their prep year as a priority area. That has resulted in 52 grants totalling over \$1.3 million being provided to schools to support the prep year initiative in 2006-07. So, again, an important part of our work in the community.

CHAIR: The time for government members' questions is very nearly over so we will return to the non-government side. I ask the timekeepers, with just under half an hour remaining in this session, if that period can be split equally between the two sides. I call the member for Moggill for his next question.

Dr FLEGG: I refer the minister to page 40 of Budget Paper No. 2 and your brief comment in relation to regulatory efficiency. Victoria has introduced cost reduction targets in relation to the burden of red tape and regulation on businesses, while New South Wales has actually introduced a dollar savings target for the reduction of red tape on businesses. The Business Council of Australia's recent report, *A Scorecard of State Red Tape Reform*, ranked Queensland poorly in terms of transparency and stated that Queensland had clear room for improvement in a range of other areas relating to regulation accountability. Why is Queensland making less effort in red tape reduction than the other major states and when will Queensland introduce some transparent and clear-cut targets for the savings from the reduction in the red tape burden on business?

Ms BLIGH: I thank the member for the question, but I would reject out of hand any suggestion that Queensland is not making a very important and substantial effort in this area. We take this issue very seriously. We have a red tape reduction task force that is administered by my colleague, the minister for state development, the Hon. John Mickel. This task force has representation from significant industry players and I frankly congratulate them on the work they have done. The businesspeople on that task force take their job very seriously. They know that they are there not only in their own interests but also in the interests of the business community and the commercial sector generally. I certainly reject any suggestion that they are not doing a very, very good job.

Does that mean that we could not be doing more? No, it does not. We are determined to continue our efforts to reduce the regulatory and compliance burden on business in Queensland. My recollection of the Business Council of Australia scorecard was that Queensland scored around about the middle. Sure, we would like to be right out at the front, and I have asked for advice on how we could be doing more in this regard. I would be happy to advise the member further on that when we have a more thorough look at it. But I would also suggest to the member—and this obviously does not count in relation to interstate comparisons—that there is also a lot of work that could be done between state and federal governments.

There are many businesses that complain to me that they have to fill out one document for the state and almost identical material for the Commonwealth. I would say that that has been identified by COAG as a priority. It seems to me that, if all the states are going to make the next leap, if you like, into cutting back that regulatory burden, working hand in hand with the Commonwealth has to be a very important part of that. I am pleased to see that COAG has put that on the agenda. I would say that I do not get a lot of joy out of federal Treasury when we try to work some of these things through. They are very compliance driven in the federal bureaucracy. I do not think it is confined to the federal Treasury. But, be that as it may, we will continue to fight on to do what we can to reduce duplication, particularly where we see overlap, because when businesses have to do things twice that is just a waste of their time and a waste of their time is a waste of their money, and I understand that.

As I outlined in the payroll tax harmonisation issue, Queensland is working very hard to be right at the forefront of that project. We are working hand in hand with our state colleagues, and that is an area that I think will make a big difference. I know my colleague John Mickel is very passionate about this issue, and I would suggest that further questions about the details of the activities of that task force be directed to him. In terms of transparency, my recollection is that it reports at least annually and it reports in quantifiable terms. It is actually able to identify exact areas of red tape that have been cut and to quantify the benefits of that.

Dr FLEGG: My next question relates to the sale of Allgas and I refer to page 140 of Budget Paper No. 2. I refer you to the asset sales relating to the Allgas assets which are accounted for in the present budget papers. I refer to announcements by the Premier subsequently in relation to mandating additional measures in relation to the use of gas hot-water systems in areas where town gas is supplied. Do you know when the gas hot-water system measures were first contemplated and is it not rather poor business to sell the government owned Allgas assets just before you yourselves are about to dramatically improve the business environment for them?

Ms BLIGH: I note the member for Moggill's contention that the public sector is a better provider of utility services than the private sector with some interest. We will keep that in mind in other debates that we might have on the issue.

Dr FLEGG: I am not sure I am conceding that one.

Ms BLIGH: In relation to your question about the mandating of hot-water systems, that was considered in part of the policy development leading up to the announcement by the Premier of the climate change policy which, to my recollection, I think was announced the Sunday before the budget, so sometime around the first weekend of June. That piece of work was done in the Premier's department in conjunction with the Minister for Mines and Energy, so I cannot give you an exact date of when that was put on the policy agenda. But the first time it was considered by cabinet was, in fact,

during the week before the Premier made that announcement. So the first time it was formally considered and approved by government was that last week of May and first week in June. I know that that was the only time that it has come to cabinet.

In relation to the decision by the government to sell the assets that you referred to, that business was administered by Energex Retail. Once we had made the decision to sell the retailers, we were of the view that it was best to sell all of the assets associated with those retailers. That was a decision that ultimately we think was very beneficial to the state, netting us considerable profit that we have been able to put into areas of activity which we regard as very important to the future of the state.

These are judgement decisions that are made at the time. You may have a view of them. We are very comfortable with the decision we made, and we are very comfortable with the profit it returned and the decisions that we have made in relation to spending that return on other areas of government priority, including putting in place some initiatives that we think will make a considerable difference in the long term such as clean coal technology and renewable energy.

Dr FLEGG: I refer you to the dramatic increase in stamp duties on the purchase of new and used motor vehicles detailed in Budget Paper No. 2, table 5.5 on page 91. In announcing these changes it was claimed that they would produce an environmental benefit in terms of reducing greenhouse emissions. By how much do you estimate greenhouse gas emissions will be reduced, and will you produce for this committee details of the expected loss of market share for larger vehicles that must underpin any assumption that there will be an environmental benefit from this tax increase?

Ms BLIGH: I thank the member for the question. Let me say at the outset that the government identified a number of reasons to make some changes to the stamp duty on vehicles. First we identified the need for us to increase our investment in some areas of social spending, predominantly and overwhelmingly in the area of mental health, which is an area that has experienced a period of underinvestment, frankly, that has gone on for decades. No side of politics can be proud of its investment in this area. It was our view that of all of the areas of responsibility that Queensland Health has and which had been identified in the Health Action Plan this was an area that was still considerably underdone and one that we were not prepared to let languish for another budget or another forward estimates period.

The revenue from this source will certainly assist us to meet the priorities that we have outlined in this year's budget in relation to areas such as mental health spending. In relation to how we structured the stamp duty changes, we could have structured this in any number of ways but we thought it was important to structure it in a way that will have some environmental benefit. We were determined to provide, where possible, some reward and incentive for people who purchase and travel in smaller vehicles that consume less fuel and, on average, are likely to have fewer emissions. We will obviously be looking at this over a period of time.

There has been a lot of work and a lot of discussion nationally in relation to a national emissions trading scheme. All of that, of course, predominantly relates to stationary emissions, stationary energy, and it was our view that the transport sector and the emissions in relation to vehicles is something all governments have to tackle. We do not claim that this is a single silver bullet, but that it will make some contribution over time to encouraging people to have smaller vehicles, particularly in the city where it is possible to do that. I think that there is obviously an opportunity for us over the next couple of years—

Dr FLEGG: So you did not do any work on the impact that the tax change would have?

CHAIR: Member for Moggill, is that your next question?

Dr FLEGG: I am just asking for clarification.

CHAIR: No, you are interjecting. Is that your next question?

Ms BLIGH: I think I have answered the question. I am able to advise the member for Moggill in relation to some of his outstanding questions that, in relation to the fuel subsidy, the average daily price differential for unleaded petrol between Brisbane and Sydney for 2006-97 was 6.9c per litre and between Brisbane and Melbourne was 6.7c per litre. For the financial year 2006-07, the differential between Brisbane and Sydney was 6.9c per litre; Brisbane and Melbourne, 6.7c per litre. If you could bear with me for one more tick, in relation to land tax there will be approximately 3,000 fewer land tax payers in 2007-08 than in 2006-07.

CHAIR: It should be noted that the clock in front of us is wrong. The Deputy Premier does not have a full 10 more minutes in accordance with my request before that that time be split equally. We will have two more non-government questions and then we will cut to the government side.

Dr FLEGG: Referring to the general government balance sheet in table 9.4, I refer you to the very frank, very candid answers to non-government question on notice No. 1 and non-government question on notice No. 2, which clearly indicate that the vast bulk of assets held in the budget as cash and investment are, in fact, moneys held to meet employee entitlements, particularly superannuation. In fact, there is some \$24.7 billion of such moneys in 2006-07 and \$26.4 billion in 2007-08. I refer to the equally candid answer to these two questions that such assets, or the earnings from them, are not available for

any general government purpose. Is it not the case that deducting these assets from the borrowing figures to arrive at a net debt position is, in fact, highly misleading and confusing because these funds, by your own admission, are not available to meet any debt obligation? And is it not the case that total borrowings gives a much clearer indication of the true debt position of the government?

Ms BLIGH: No other jurisdiction fully funds its superannuation liabilities. It is discounted so that there can be a comparable outcome. If you want to compare apples and apples or oranges and oranges across the other states—

Dr FLEGG: I did not make any interstate comparison. I am simply asking you your account—your opinion.

Ms BLIGH: That is why it is deducted—so that it is standardised across the country.

Dr FLEGG: In answer to the question on notice you informed us that these are funds that are not available for general government purposes or for any debt servicing provisions.

CHAIR: That is simply a repetition of the question you have already asked. You should let the Deputy Premier answer it.

Ms BLIGH: I think I have answered the question. As I understand it, the member for Moggill is asking about why those amounts are taken out of the calculation when comparing on an interstate basis.

Dr FLEGG: Not on an interstate basis. I am simply talking about the calculation of net debt for the Queensland accounts.

Ms BLIGH: The reason we do it that way is that that is how the ABS defines it so that there can be interstate comparisons. We do that to comply with ABS definitions so that there can be some interstate and national comparability in the positions of each state. No other state funds their liabilities like we do.

Dr FLEGG: It is not an issue in the other states.

Ms BLIGH: But we do have an obligation to meet national standards of reporting. Our budget papers meet national standards of reporting. Why do we have national standards of reporting? We have them so that there can be some transparent and reliable comparisons between states. The Commonwealth budget reports in exactly the same way. There are ABS standard definitions and we meet them.

Dr FLEGG: Minister, I note again your very candid answers to non-government question on notice No. 2. You indicate quite clearly that virtually all of the slightly over \$3.2 billion in interest income relates to earnings on superannuation and other staff entitlements and that it is not available for general government use. In fact your claim that interest earnings on investments is very minimal in a whole-of-government sense indicates that the interest income derived as part of the general government revenue in table 5.1 at page 86 is not in reality available for use as general government revenue but, in fact, according to your answer, is quarantined to superannuation funds and entitlements. If the \$3.2 billion of interest income in table 5.1 were removed from total revenue, given that you have conceded it is not available for general government purposes, would this not in fact have left a deficit of almost \$1 billion as detailed in table 1.1?

Ms BLIGH: There are a couple of things I would say in relation to that question. Firstly, I am sure that the member for Moggill is not suggesting for one minute that the interest earned on the accumulated superannuation funds should not be returned to benefit the members of those funds. Not for one minute would our government contemplate that. There is not any surprise in that.

In relation to how it is accounted for in the books, can I say that on the expense side of the ledger we also have to account for superannuation costs. I am not really sure what the point of the member's question is. Queensland, unlike every other state, does fully fund all of its liabilities. That gives us substantial financial assets on our balance sheet. Those financial assets earn a substantial amount of interest and that interest is returned to members. There is no secret about any of that. It has never been the case that anybody expects that the interest earned on the members' superannuation savings would be applied to anything other than the beneficial interests of the members of the superannuation accounts. I am a bit mystified by the member's question.

CHAIR: Member for Moggill, your time is just about up. Is this a new question?

Dr FLEGG: I am happy to make it a new question.

CHAIR: You do not get another question; that is my point.

Ms BLIGH: The other point I would make is that every year members of superannuation funds retire.

Dr FLEGG: The point is that that money is treated in your accounts exactly the same as tax revenue and yet it is not available to be spent by the general government sector. It belongs to superannuation funds. It gives you a misleading impression of the financial accounts.

Ms BLIGH: I understand that what the member for Moggill is suggesting is that we should somehow present our accounts differently. As I have said, this does not represent anything other than a very transparent set of accounts. It is widely understood by just about every commentator. It is widely understood that the Queensland budget contains the interest earnings from superannuation. In fact, the way we present our surpluses could in fact be a disadvantage to us because this year we have a surplus of \$3.9 billion and next year we are forecasting somewhere around the 250 mark. On the face of it, it could look like we have a seriously deteriorating position when in fact it is about the difference in interest earnings on the superannuation benefits. It is something that we are very up-front and open about. It might be a revelation to the member for Moggill, but I do not think it is something that is generally misunderstood.

CHAIR: The time for non-government questions in the Treasury section of the portfolio is up. I call the member for Algeester.

Ms STRUTHERS: Let us move to the exciting Commonwealth-state financial relations and the GST. Page 1-9 of the MPS refers to Commonwealth-state financial relations. What does the Commonwealth Grants Commission's latest relativities assessment imply for Queensland's future share of GST revenue?

Ms BLIGH: I thank the member for the question. Despite what it might appear, it is an exciting area of government activity. It always excites some passions as you will have seen from the front page of the *Financial Review* today. The 2007 annual update of relativities indicates a declining trend in Queensland's relativity. This means that the forward estimates incorporate expectations of a downwardly trending relativity and associated underlying decline in Queensland's share of GST funding.

The budget forward estimates assume that Queensland's relativity will drop below one in 2008-09 and remain below one for the period of the forward estimates. This means that the forward estimates for GST include an expectation that Queensland will receive less than a population share of GST revenue from 2008-09 onwards. What this means in simple terms is that the amount of GST Queenslanders pay will not all come back to Queensland; it will be redistributed to other parts of Australia.

Queensland's declining relativity is the result of continued strong economic and revenue growth relative to other states, particularly in mining revenue and stamp duty on conveyances. Our strong performance in the property sector, particularly because of population growth, and our strong activity in the mining sector, particularly in relation to royalties, is certainly behind some of these changing relativities. Our declining relativity is moderated by the inclusion of data for earlier years—that is, there is a five-year averaging process. Without that we would already be starting to feel some of the pain of this. Our budget GST forward estimates include an expectation, as I said, that we will receive less than a population share for the first time ever.

The Commonwealth Grants Commission is undertaking a fundamental review of the GST distribution process with a view to making it simpler while retaining the core objective of equalising a state's capacity to provide an equivalent standard of service. As part of that review Queensland will be seeking consideration of several factors which are not adequately recognised through the current process. Most importantly we will be pursuing the issue of infrastructure and how the commission's process can take into account the unprecedented infrastructure demands placed on Queensland as a result of rapid and continued population growth. That area affects government expenditure in a number of areas including health, education, police and transport, in particular.

You may have seen the front page of the *Financial Review* this morning where it is reported that New South Wales is seeking a considerable change in the formula. While New South Wales may like to go into the public arena for its own purposes on this issue from time to time, at every ministerial council of Treasurers meeting that I have attended it has endorsed the Commonwealth Grants Commission formula. It is being challenged by New South Wales and Victoria because they are being disadvantaged and money is going to the smaller states—namely, Queensland. That is about to change. I would expect that the Commonwealth Grants Commission will take that into account in its deliberations about any changes to the formula.

Ms STRUTHERS: Deputy Premier, you announced in the budget that the government would be selling Enertrade's wind farm and gas assets in 2007-08. What returns do you expect to receive for these assets and for what purpose will these funds be used?

Ms BLIGH: As a competitive sales process is about to commence in relation to these assets I have to be a little careful about speculating about the likely sales outcome. However, we have indicated publicly that the net proceeds from the sales will be used to establish a \$300 million Queensland Climate Change Fund. Clearly, we are hoping that the market will certainly value the assets at around that, if not more.

This initial investment could be expected to provide an ongoing annual funding source of around \$20 million for future climate change initiatives such as the development of hydrogen fuel cell technologies. An implementation team has been established in Treasury to manage the sales process.

The government has appointed Rothchild's as the lead advisers, Allens Arthur Robinson as the legal advisers, KPMG as the accounting advisers and Argyle Capital as the probity advisers. Advertising of the sales process will occur later this month and packages will go to market soon after that.

The government is aiming to achieve a financial close by the end of the 2007 calendar year. There are relatively small numbers of staff employed by Enertrade in the operation of the gas business. These employees are integral to the business and it is intended that they will remain with the business as they manage, operate and maintain the facilities on a daily basis. Obviously the facilities are much more valuable if they are sold in an operational form.

It is intended that the sale contract will require the new owner to maintain existing terms and conditions of employees over the life of the existing enterprise bargaining agreement. There are only a very small number of GOC employees directly involved in the operation and maintenance of the wind farm assets. The government owns five wind farms. Two are located in South Australia, one in Victoria, one in Western Australia and one in Cairns. We expect to have those packages ready to go to market by the end of this month or early August. We would expect financial close on the sales by the end of the 2007 calendar year. Again it is an example of the government continually looking at our asset base and making decisions about what is appropriate for government to own and how we can best be putting our assets to work in the interests of the Queensland people.

We have a very strong view that climate change is a reality that we have to deal with. We have to ensure that we have funds and resources on an ongoing basis to put into emerging areas of technology. We would expect to see applications for those funds from people in the solar energy field. We know CSIRO has an interest as well as those working and researching in the geothermal and hydrogen fuel cell technologies. These are all emerging areas of activity and ones which Queensland cannot afford to be lagging behind in. We think we have particular advantages in relation to sunshine. It is an area we want to do a lot more work in than we have to date.

Mr WENDT: Moving to something dearer to your heart—the SEQ water institutional reform process. Can you prove the committee with an update on current progress?

Ms BLIGH: You are not suggesting that wind and gas are not dear to my heart, I hope—maybe not as dear as they are to the member for Rockhampton. Treasury has established a south-east Queensland water transaction unit which will be responsible for implementing the SEQ water institutional reforms as developed by the Queensland Water Commission and approved by government. I should say that the documents that are in the public arena to date are recommendations from the Queensland Water Commission. While we have indicated that we believe they are a sensible way forward, we have sought submissions and got submissions from the council of mayors and other interested parties, including some of the unions involved. We are currently considering those positions and expect to have a final approval of the structure by the end of July, early August.

In terms of progress to date, I can advise the committee that on 13 June the Premier and the lord mayor agreed to principles for determining compensation for the transfer of certain BCC assets to the state. I thank the lord mayor for his willingness to be involved constructively in this process. I thank the other councillors of the Brisbane City Council for their support. It is a tough area to get through.

KPMG has developed a framework for the acquisition of Brisbane City Council's water assets. This framework is currently being finalised with BCC. The time line for the acquisition of BCC's bulk assets is for the transfer to be completed by 1 July 2008. It is anticipated that other councils will look to adopt a similar date for the acquisition of their bulk assets. The Water Commission originally proposed that this should be completed by October 2008. I am very pleased that BCC has identified an earlier possible date. Clearly, it is in the interests of other councils if they start this in the new financial year and if the new bulk water entities start in the financial year. It is much easier in a long-term accounting sense. We will still try to be as flexible as we can with those smaller councils to get the right outcome.

Consultants have been engaged. These consultants are KPMG for the accounting, Corrs is doing the legal work and Cardno Engineering is doing the engineering consultancy. They have commenced scoping the work required, preparing information requests for councils and other water entities and developing a plan to complete the project. The transaction unit has commenced consultation with councils and the council of mayors. Meetings have been held with all 17 councils, SEQWater, SunWater and the two water boards.

A formal process for engaging unions through a consultative group is currently being discussed with unions and it is proposed to follow similar or existing arrangements that have been set up for transition in the local government reform group. The government has identified as a potential issue the ability of smaller local governments to afford the transaction costs associated with the asset transfers. In recognition of that, we are working with particularly smaller councils to develop an appropriate assistance package. The establishment of bulk water entity No. 1 is planned so that the council interests in SEQWater may be able to be transferred as early as 1 January 2008 to start that first bulk water entity. So things are on track and we are certainly seeing progress being made.

CHAIR: It being a quarter past two, the time for the consideration of the Treasury estimates is over. We thank the many Treasury officials who are here for their efforts in preparing for this today. The committee will now—

Ms BLIGH: With the indulgence of the chair, I might just advise the committee in relation to an earlier question about interest rate sensitivity. In 2007-08 we are looking at a debt in the general government sector of \$6.7 billion. A one per cent change in current interest rates would increase debt servicing costs by about \$70 million in a full year. So I think that completes the questions that I took on notice unless the committee is—

CHAIR: That is certainly my recollection.

Ms BLIGH: I am not aware of anything that is outstanding. I answered the other ones earlier.

CHAIR: It is my understanding that that is all of them. Thank you, Deputy Premier. We will pause for a few minutes to change the faces at the table. Thank you for your efforts, Treasury, and we will see the Department of Infrastructure in a moment.

Proceedings suspended from 2.16 pm to 2.22 pm

CHAIR: The committee will now resume for consideration of the estimates of the Department of Infrastructure. There being no further opportunity for another opening statement, I call the member for Moggill.

Dr FLEGG: Minister, I refer you to page 5-5 of the MPS which lists the development of a system operating plan for the SEQ Water Grid under 'Future Developments' and page 5-7 which shows the release date for the plan to be July 2007. Given that this plan details how you are going to run the Water Grid, please advise which stakeholders have been consulted to date and what was the consultation process? How close to completion is the plan and what are the implications for the grid of a delay in developing the plan?

Ms BLIGH: I thank the member for the question. His assumption is right; it is actually a very critical part of underpinning the operation of the Water Grid and I am happy to advise him of preparations to date. Basically, the system operating plan will provide the operating rules for moving the water around the grid to ensure regional water security and a safe drinking water supply. As a result of the revised institutional arrangements currently being implemented, a single entity—that is, the Water Grid manager—will be responsible for water allocation to areas across the region. Initial consultation has taken place with local councils and the major infrastructure proponents—Southern Regional Water Pipeline, the western corridor recycling project and Sure Smart Water, which is the desal plant. The first system operating plan will initially focus on the contingency drought operation and will include only projects that will become operational between July 2007 to June 2008. The next SOP will focus on the infrastructure projects which will form the rest of the grid. The commission obviously has to incorporate the development of that plan to control the operation of the grid during 2007-08. The commission's main activities to achieve this have been network modelling and operational analysis, stakeholder consultation, monitoring and compliance. I think that project is on track for the end of this month. It is on track to meet the expected deadline of the end of July.

Dr FLEGG: Minister, in relation to budget funding for the western corridor recycling project and the now acknowledged serious shortfall in water to be produced by that project as a result of declining input because of reduced water usage, your original estimate was for 210 megalitres. Since then and the reduced inflows, the latest estimate I saw you release was 142 megalitres. In meeting that shortfall, do you still maintain that the use of brackish estuarine water is a viable option? If so, what do you estimate is the additional cost of using this source of water? What other measures are you investigating to provide additional water to replace this depleted source? Does this include water recycling on the Gold and Sunshine coasts?

Ms BLIGH: I thank the honourable member for the question. There are a number of projects or pieces of work that are occurring at the moment. The member is right; we have been very up-front. While we are seeing extraordinary achievements from the people of south-east Queensland in reducing their water use, that has an undesirable consequence in some respects in that there is less waste and that means less waste to recycle. While the pipeline is being built to meet the drought conditions that we are currently enduring and needs to be in place by the end of next year, it is a piece of infrastructure that will endure for many decades to come. So its capacity is certainly important for the long term but in the short term we do need to make sure that we are getting as much water as we can or as much product into that pipeline so that we can see it make the maximum possible impact on the water balance as we go forward. Hopefully we will be out of drought, but if we are not we need to be looking at that.

We are currently considering proposals from a number of areas particularly in relation to Sandgate and Pine Rivers to augment the supply. I should say that there have been no decisions made in relation to this, but I am happy to discuss with the committee the sorts of things that are being looked at, and these things may or may not end up being feasible. There is the possibility of intercatchment transfer of sewer flows from Sandgate and Pine Rivers. The initial reports provided by Brisbane City

Council and the Pine Rivers shire were provided and assessed in the middle of June. The transfer of sewer flows from Pine Rivers would provide small volumes only and was not really considered viable. However, the transfer from Sandgate of approximately eight megalitres a day has indicated a slightly higher than anticipated cost in the Brisbane City Council's initial report. Discussions have subsequently been held with the Brisbane Airport Corporation regarding access and alternative alignment through its property and further workshops are to be held with Brisbane City Council to review the scope and the costings. The assessment and recommendations in relation to that are to be finalised by the end of July or early August.

Obviously the sorts of considerations we have to take into account are the cost of bringing those extra sewer flows into the western corridor recycling plants versus the amount of sewer flows that we can feasibly and reliably expect to get from those sources. So there is still quite a bit of work being done at the moment about feasibility. In relation to the transfer of brackish flows from the Bremer River, we have now completed our studies of that and it is not considered viable due to the increasing salinity levels further upstream during the drought. So while it may have on the face of it provided some drought measure, in fact the drought has increased the salinity and it is therefore not feasible. So we are continuing to look. I thank the Brisbane City Council and Pine Rivers shire. At this stage there has not been any in-depth work done at looking at the Sunshine Coast and Gold Coast simply because of the distance that would be required and it is likely to be a short-term requirement.

Dr FLEGG: Thank you. Minister, I refer you to details in relation to the northern interconnector project as part of the SEQ Water Grid. I also note that you have claimed that this will be a two-way flow project. Clearly this will require not just a pipeline but also pumping facilities capable of pumping water from Brisbane to the Sunshine Coast. When will such pumping capacity be installed? How much is contained in this budget to fund the pumping capacity for the reverse flow through the northern interconnector?

Ms BLIGH: I thank the member for the question. Firstly in relation to my statements that this pipeline is being built for two-way flow, I stand by those comments. There is not going to be a sign halfway through the pipe saying, 'Stop. Go back.' Water will be capable of being pumped in both directions.

Dr FLEGG: You have to have a pump to push it the other way.

Ms BLIGH: But the member is right. Obviously for water to do that over that distance a pump will be required, and obviously that is something that can be fitted at any stage should it be necessary. It may well be, but I do not resile at all from the fact that we have in the first instance, as I think people would expect, made a priority for those areas that are experiencing drought—that is, bringing water from areas that have it to those areas that need it. In the context of a \$9 billion investment, the priority has to be on those areas that are experiencing water shortages, and that is the Brisbane area. So, yes, the first stages of the program and the first areas of expenditure are targeted at bringing water from areas which have a surplus, which currently include the Sunshine Coast, to areas which have a deficit, including at the moment Brisbane. So in the first instance, the northern pipeline interconnector will bring water from the Sunshine Coast existing surplus to those areas that have a deficit, and that is here in the Brisbane area.

However, it has been predicted—and I think it was Aquagen, which is the council owned water authority on the Sunshine Coast which has identified and publicly put it into the arena—that while the Sunshine Coast has ample supply at the moment it anticipates that I think by 2015 there will be serious water supply issues on the Sunshine Coast. So it is very possible that the Sunshine Coast in the not-too-distant future may well require water to be pumped from other areas of surplus back into their area. As I said, 2015 is only about eight years away. So I would expect that we may well see water being pumped to the Sunshine Coast in that time.

But obviously those questions will depend every year on whether we have seen rainfall and what the current inflows are to the existing shortage areas. It will also depend on things like whether the Commonwealth government ultimately gives approval for the Traveston Crossing Dam, because if there are shortages on the Sunshine Coast the first and most feasible area of supply for them is from the Traveston Crossing Dam. So it will depend on whether the Commonwealth approves it, whether the delays in the approval cause any changes in the current expected completion of the construction of the Traveston Crossing Dam and when and how the dam fills as well as all of the other external factors on which you really cannot be placing too many predictions, such as rainfall. So anywhere between now and 2015 we will have to make continual assessments on the need for water to be pumped north.

Dr FLEGG: Are you aware that in the United States public law requires drinking water facilities servicing populations with more than 3,300 people to perform vulnerability assessments and to prepare an emergency response plan that incorporates the results of the vulnerability assessment? Given that you are dealing with drinking water for more than one million people, what vulnerability analysis and emergency response plan has been prepared, and will you release it?

Ms BLIGH: I thank the member for the question. I do not know the veracity or otherwise of your assertions about what happens in the United States. What I can say is that the provision of water across the state of Queensland overall, obviously, is the responsibility of the Minister for Natural Resources and Water. I have responsibility for building the infrastructure in the south-east corner of the state that is squarely aimed at overcoming the current drought.

Having said all of that, I would say a couple things. I think it is notable that the water providers of Queensland—whether they have been state and council joint ventures such as SEQWater, or whether they have been council owned solely, such as Aquagen on the Sunshine Coast, or whether they have involved private operators as the Sunshine Coast has with Veolia, or whether they have been completely publicly owned—to my knowledge throughout the history of their operations they are to be commended on providing high-quality drinking supplies to the people of Queensland both in drought and in surplus. The safety of that water has been paramount for councils and state governments of all political persuasions. I think the people of Queensland can have a high degree of confidence in the plans and contingencies that been put in place.

I suggest to you that because of the fragmented way in which water has been governed, and continues to be governed in Queensland, there have been different levels of contingency and emergency planning put in place by each and every one of those water providers, whether they are a small council or a water authority, or a large organisation such as SEQWater. Obviously, as I am not the minister responsible for that area, I do not have at hand every single emergency plan that every single water provider has. But, as a citizen of Queensland, I can say that I have a high degree of confidence and I think people are entitled to it, given the history of service provision.

In relation to new forms of water coming into our system, we have an even greater responsibility and, as we take over responsibility for bulk water storages, we take that responsibility very seriously. I can assure the committee that water quality standards for both the purified recycled water and desalinated water have been designed to meet the Australian drinking water guidelines. To achieve this, both have a substantial number of processes that they will go through. In all of the processes there is continuous online monitoring of inflows and outflows through various stages of the process. That is supported by both on-site and off-site independent laboratory testing to ensure that standards are met at all times.

The responsibility for the safety and reliability of water supply generally rests with Queensland Health and DNR, as I have said. Health has specific responsibility for the safety of all drinking water and responding to any public health concerns as they occur. DNR is responsible for the management of drinking water infrastructure and ensuring the continuity of supply. We are currently giving some thought as to how we might best ensure that the drinking standards are maintained, met and tested with these new forms of water coming into our drinking supplies. I am happy to provide further advice publicly when those questions have been settled within government.

Dr FLEGG: For the purified recycled water destined for Wivenhoe Dam, what is the estimated energy cost in kilowatt hours per kilolitre of potable water produced using reverse osmosis? As you are aware, this method of producing water is very energy intensive. What other reverse osmosis plants are currently being considered?

Ms BLIGH: Four megawatt hours per megalitre. I think that was contained in the submission to the Commonwealth in relation to funding for this project. So that has been in the public arena for some time. That is on an annual basis. That is more cost effective than the energy used to provide water from the desalination plant, which I think has the distinction of being the highest energy user in terms of the production of water.

Dr FLEGG: I refer to page 5-8 of the MPS, which shows a \$4.3 million overspend under 'Supplies and services', and note 3 to the Queensland Water Commission income statement, which explains this as the following—

The increased activity underlying the business driving QWC has resulted in increased expenditure.

How much of this increased expenditure related to media promotion and PR activities?

Ms BLIGH: I thank the member for the question. First of all, I am happy to say to the member that I would reject the suggestion contained in your question that there are media and PR activities being substantially funded in any part of the Queensland Water Commission. The Queensland Water Commission is engaged in large advertising campaigns, but they are absolutely critical—absolutely critical—to the water-saving effort of south-east Queensland. I cannot emphasise enough the importance of meeting Target 140. All of the work done on the water balance and all of the predictions made about the levels of our dams in December 2008 are premised on meeting the 140 target and maintaining that use in the absence of any further rainfall between now and December.

This is a substantial change in behaviour for two million people living in the south-east corner. What we have is a series of campaigns targeted at, first of all, telling people the importance of Target 140, telling them how they can do better, providing them with material—that is, information as well as

things like the shower timers that have gone out. I can honestly say to the committee that I do not believe that we would have reached as successfully as we have the 140 average that we have seen over the last month if it had not been for the material that was being put into the public arena about this.

I take this opportunity on the public record to thank Queensland Newspapers for their involvement through the *Sunday Mail* in the early promotions of four-minute showers. I think that has been very, very important to getting the message out as far as we could. But the material that has been sent to households—the television advertising, the radio advertising—these are absolutely critical, as I have said, to the success of campaign Target 140. You cannot expect householders to completely change their behaviour, in some cases more than halve their water use, unless we firstly impress on them the imperative to do so and make sure they really understand why they need to do this and, secondly, if we give them some basic handy hints on how to do it. I do not think we can expect that of people. We certainly cannot be out fining people for water use unless we tell them what the restrictions are.

Largely, the \$4 million can be accounted for by the fact that when the estimates were made we were at level 4 restrictions. We have subsequently gone to level 5. The additional campaigns have been in relation to informing people about level 5 and to really increase the Target 140. We are currently achieving a saving over the first three months of level 5 water restrictions of 43.5 per cent in water use. It is a remarkable outcome and the investment of \$4.2 million to get it is, frankly, worth every cent.

CHAIR: There is only a minute to go. You will get to ask the question but the Deputy Premier will not get to answer it. So we will now go to government members. You should, however, note that the standing orders determine that non-government members have to get the majority of time.

Mr WENDT: Page 5-2 of your MPS notes that the Queensland Water Commission is responsible for water demand management strategies. Given that some in the opposition continue to say that south-east Queensland is going to run out of water before major projects come on line, can you confirm whether or not this is true?

Ms BLIGH: I thank the member for the question. I note that there has been a fair amount of scaremongering on this issue, particularly from some in the opposition. I would like to take the opportunity to put on the record again that south-east Queensland will not run out of water. We are in very difficult circumstances, but plans are in place and as long as we all continue to pull our weight and make the savings that people have been achieving over the last few months we can confidently continue to supply water.

Each and every month the Queensland Water Commission releases a monthly report. In that report, it provides a full update on the progress of all projects underway as part of the water amendment regulation that was introduced last year. It has been providing that every month since November 2006. These reports also carry a section titled 'Water balance'. The water balance section is based on comprehensive modelling, which takes into account a number of factors. It not only considers the current status of all of the projects and the impact of their delivery of water into the dams but also considers evaporation and that is updated based on current storage surface areas. It also takes into account current demand and the impact of water restrictions and new and saved water sources in accordance with current forecasts for the projects being implemented. It also takes into account power station demand, based on agreed flows to Swanbank and Tarong during the drought, and allowing for supply limitations from local sources such as Boondooma Dam. It also takes into account continued storage inflows based on the worst rainfall year on record, which delivered only 3.7 per cent of median annual inflows.

The Queensland Water Commission's modelling on the water balance is based on a system established by consultants Kellogg Brown and Root and is peer reviewed by experts at SunWater. It is a very rigorous model. It has been determined by external experts and it is peer reviewed by the South East Queensland Water Corporation.

Since reporting started for the month of October 2006, QWC has continually reported that our dam levels are secure and will provide sufficient water pending major projects coming online in December 2008. The QWC also advises that, based on historic rainfall, there is a 98 per cent probability that rainfall in any one particular year will exceed the worst case scenario assumption. However, they continue to plan on the basis of that worst case scenario.

We are undertaking the largest urban drought response in Australia's history. We have set ourselves very stringent time frames, and very public reporting and accountability mechanisms. I assure the committee that we will not run out of water.

Mr WETTENHALL: Deputy Premier, page 5-1 the MPS states that Queensland faces its most critical water shortage in recorded history. As inflows continue at record lows, can you please update the committee on what consideration has been given to water supply contingency measures?

Ms BLIGH: In my answer to the previous question I outlined the confidence that I have in the modelling that outlines the water balance that will see us still have useable water in the dam by the time that the major water projects come online. I expect—and I think others would expect—that the

Queensland Water Commission would be planning for a contingency should anything unforeseeable and catastrophic happen to either of those projects. The Queensland Water Commission modelling shows combined storage levels will be maintained above five per cent through to December 2008.

To provide even greater security to the region and as part of longer-term planning, a range of contingency measures is being considered by the Queensland Water Commission and the Department of Infrastructure. On 30 June an expression of interest was called, which invited the private sector to outline proposals for the provision of fast-response non-climate and reliable climate dependent contingency supplies for the medium to long term. The request for proposals will be open for four weeks, closing on 27 July. It will then take probably several weeks to evaluate and short-list the most capable proponents.

To give the committee an idea of how everybody is pulling together on this, I can tell you that there is an endless supply of well-meaning people who have great ideas about helping with the water problem. I have received a number of unsolicited supply options from the private sector. They have been presented to government as a result of the current drought. Obviously we need to have some rigorous process by which we can compare those good ideas and assess them in a transparent and accountable way.

The expression of interest process seeks early private sector involvement with the aim of utilising any private sector expertise and innovation to consider options that might provide short-term and medium-term backup to the existing and future planned reservoirs and water facilities. Proposals will be considered for the supply of potable water at volumes between 50 and 150 megalitres a day. As I have said, the process provides a formal approach by which we can evaluate various commercial options that have come forward to government and others, and that may now come forward as part of that process.

Those options have included the use of temporary or mobile desalination plants and other methods such as the transportation of water from highly secure climate dependent sources such as New Zealand or far-north Queensland. On the face of it there are some very interesting ideas that we need to assess carefully in terms of feasibility and commercial cost. Watch this space!

Mr WETTENHALL: Deputy Premier, page 5-2 of the MPS deals in detail with the measures being taken to secure sustainable water supply for south-east Queensland, both now and for the future. If a Wolffdene Dam had been built in 1989, would we still have had to build a Traveston Dam to provide future water security for the south-east?

Ms BLIGH: The short answer to the question is yes, but I am happy to give you the long answer as well. There has been a bit of speculation in the public arena that if a Wolffdene Dam had been built in the late 1980s, the Traveston Dam or something similar would not be needed. I think it is interesting to look at the history of this. For the benefit of the committee, I will do that.

In 1964, the Department of Local Government requested that the Coordinator-General undertake a major study on the Wolffdene as a prospective dam site. That study was very major because it was finished in 1970. The report recommended that this was a suitable site for a dam and said that, if it was constructed, it would be developed 'to utilise to the greatest extent available the available stream flow'; that is, the capacity of just over one million megalitres with an estimated yield of 133,000 megalitres per annum.

Despite being identified by that major report, the government of the day was not proactive in preserving the site. It did not stand in the market and it did not acquire any properties. Over the next 20 years, development proceeded until approximately 2,000 residents were on the site. It is now a matter of history that in 1989 the Goss opposition gave an election commitment not to proceed with the Wolffdene option. The previous government's failure to actively protect the site meant the potential relocation of approximately 2,000 people.

It has become popular mythology that when it was elected the Goss government did nothing in terms of future water supply. I can advise the committee that upon election the Goss government directed the Department of Natural Resources to investigate possible alternative dam sites. The government was advised that in that region Wyaralong and Glendower were possible dam sites. The government was also advised to consider the future raising of the Hinze Dam.

At that time, unlike the previous government, the Goss government authorised the Brisbane and Area Water Board, which is now SEQWater, to stand in the market and purchase land to facilitate a future dam at those sites. To that end, 15 properties or some 2,600 hectares were purchased at Glendower and eight properties or just on 2,400 hectares were purchased at Wyaralong. Now we have just 18 properties left to go in the Wyaralong area.

In 2005, a preliminary hydrological reassessment of Wolffdene was undertaken for comparative purposes as part of a regional water strategy, but that was done prior to the completion of the Logan water resource plan. With modern assessment techniques, it was revealed that the 1970 study was vastly inflated. It advised that there was a potential maximum yield of 79,000 megalitres. However, even this has to be further qualified because the 2005 study did not take into account an allowance for water harvesting from Canungra Creek into the Hinze Dam. I seek the opportunity from the committee to expand this answer a little further.

CHAIR: With the questioner's consent?

Mr WETTENHALL: Yes.

CHAIR: That is fine, Deputy Premier.

Ms BLIGH: It did not take into account access to rural entitlements included in the Logan water resource plan and there was no assessment of environmental flow performance against flow objectives undertaken. All of those factors would significantly lessen the yield outcome of 79,000 megalitres.

In summary, between 1970 and 1989 the government of the day did nothing to secure the Wolffdene site for a dam. The original yield projections of 133,000 megalitres were vastly inflated. The Wolffdene area has a much smaller catchment, approximately 725 square kilometres, compared to Traveston which is 2,100 square kilometres. Traveston can be expanded at stage 2 to increase yield to 150,000 megalitres per annum. The Wolffdene has no capacity to increase yield beyond that first stage. The Wolffdene would be no answer.

Obviously there is no doubt that if there was a dam there we would have some relief from the current water situation that we are experiencing. However, would it replace the need for Traveston in the long term? No, it would not, and we should not mislead people about that.

Ms STRUTHERS: Deputy Premier, I refer to the MPS and the report on the Queensland Water Commission, which has now been operational for one year. Could you please advise the committee what the QWC has achieved in its first 12 months of operation?

Ms BLIGH: I thank the member for the question. The Queensland Water Commission has become such a big part of our lives because of the current water situation in south-east Queensland that it is easy to forget that it is just on 12 months since the water commission actually started operating. It was created on 19 June 2006, so this time last year it was barely in its infancy. In all fairness, I think it has had an exceptional period of activity.

The commission includes three appointed independent members, Elizabeth Nosworthy who is the chair, David Green and Jamie Quinn. The current drought is unprecedented and it has meant the need for a range of ground-breaking work, and the Queensland Water Commission has led the way there. This ground-breaking work has happened across a number of areas: key policy areas, policy and legislation, some areas of practical water-saving measures, information and advice, and future planning and Water Grid oversight.

During the just over 12 months since the Queensland Water Commission started, it has released draft advice to the government about future pricing structures, proposed institutional arrangements for the management of water resources across south-east Queensland and has developed a whole new model of delivering water that has the potential to put Queensland at the front of Australia.

The commission has been very active in a demand management program to reduce the use of water with a range of water-saving measures. It has had to invent whole new areas of water restrictions, to advise tenants, residents, homeowners and businesses about how to meet level 4 and the new level 5 water restrictions, including high-volume water user programs to assist larger water users to become more efficient. The commission has also had a very significant focus on non-residential water savings with a lot of new requirements and work with businesses.

The commission has sought to achieve the difficult balance of reducing demand due to the drought while minimising the social and economic impacts of the drought. Frankly, I think it has done a good job in getting that balance right.

The water-saving initiatives have led to huge reductions in water use. Prior to the introduction of the integrated demand management plan, in south-east Queensland there was an average total daily water consumption of more than 1,000 megalitres a day. Since level 5 restrictions commenced and business programs started to be put in place, 568 megalitres a day is being used. That is a reduction of 43 per cent. If we take that 568 megalitres a day and compare it to some of the other projects that councils and the state government are putting in place, how much they cost and how much they will yield, the investment in the Queensland Water Commission's work and the success of it has been worth the while.

The commission has been very active in informing the community with the publication of more than 20 fact sheets. It has developed the 140 campaign and distributed more than 1.1 million water-saving kits. It has conducted research across residents to make sure that they are working with them constructively. It is well on track to have the SEQ Regional Water Supply Strategy to government in the second half of 2007. Without talking about the amount of correspondence that the commission deal with, I have to say that it has been an extraordinary year of activity. I place on the record my thanks to the Queensland Water Commission and its staff for the great work that they are doing in very difficult circumstances.

Ms STRUTHERS: With all this talk about the value of water, I feel like I am treating this glass like a good chardy! It is going down very slowly, and it is lovely.

It is amazing where we are with water these days, and I have a further question on water. The South-East Queensland Water Grid referred to in the MPS comprises a number of major projects. One of those is the western corridor recycled water project mentioned in section 4.2 of the MPS, which I understand is due to meet a major milestone in the next six weeks. Can you provide details of the current status of the project and how it will support domestic, agricultural and industrial growth in the south-east corner?

Ms BLIGH: The western corridor pipeline is a very important project that forms the backbone of the Water Grid. It will have the capacity to produce up to 232 megalitres a day of purified recycled water. When you consider, as I have just outlined, that our daily use is 568 megalitres, 232 megalitres will be close to 50 per cent of our supply.

On 29 May this year the Premier and I indicated that purified recycled water for drinking purposes will be delivered in October and not December, so it is two months ahead of schedule. Over the last month the current pipe laying rate averaged more than 500 metres a day on that pipeline. The estimated rate required to deliver the project on time is about 430 metres a day. They are well and truly ahead of the pipe laying requirement to bring the project in on time.

The project is going well and I touch wood when I say it is currently just slightly ahead of schedule. I do expect it will fluctuate though. Putting it into perspective, on current usage the project will have the capacity to deliver around 43 per cent of SEQ's current daily water requirements. The project will also have an enhanced capacity of 310 megalitres a day to allow for future expansion should a government down the track have the opportunity or need to do so.

In terms of the member's specific question, I am pleased to confirm that by 31 August this year we will see the first major milestone of the western corridor project achieved, that is, we will see the first water going from the advanced water treatment plant at Bundamba into the Swanbank Power Station. That has been a very important part of the project and it has required construction of 7.3 kilometres of pipeline between Swanbank and the advanced water treatment plant. It has required construction of three separate 9.6 kilometre pipelines between the Goodna Water Treatment Plant and the new Bundamba plant, each of which is currently about 5.5 kilometres, or 57 per cent, complete. We have 98 per cent completion on the pipe to Swanbank and the construction of the first stage of the Bundamba advanced water treatment plant. We are on track to see that first milestone delivered by 31 August.

Pump station and storage tanks have been installed, including last weekend's delivery of two 20-tonne clarifier tanks via road. It was one of the largest road deliveries ever undertaken in Queensland. Those of you out there might have seen it on its path. It was moving at 1 kilometre an hour. I am pleased to report that with almost 250 days of construction to date we have had 250 days construction free of lost time through injury. Despite the fact that the site is moving very quickly with a lot of public scrutiny and a lot of government expectation about speed, safety is not being compromised and it is a credit to the professionalism and commitment of the workers on site. I pay credit to them.

CHAIR: We might cut to non-government questions again because we will not get through a whole other segment. It being two minutes past three, we should split this time to about 15 minutes non-government and 12 government. I call the member for Moggill.

Dr FLEGG: Minister, I refer to page 2-4 of the MPS regarding the Department of Infrastructure's role in leading and managing a whole-of-government strategy for infrastructure planning, coordination and delivery and page 4-11, which states that the department will—

... develop new mechanisms to assist delivery including a Gateway Review Process.

Given the importance of effective project management, why are you developing a new mechanism, and which project assurance methodology are you currently using to review the overall strategy for energy, water and transport projects? At what stage of each project has the methodology been implemented, and what is the total budget for project methodology for 2007-08?

Ms BLIGH: I thank the member for the question. The Gateway Review Process, as the member referred to, is referred to in the MPS. Why are we looking at a new process? Simply because we do not believe there is any room for complacency and governments with an infrastructure program the size of ours should not be standing still. The Gateway Review Process comes out of an idea that has been operational in the United Kingdom for some time. We think it is important, given the size of our infrastructure program, to continually look to new ideas. Where we see good ideas we are happy to take them on board where we think they will make a difference.

As I outlined earlier, we are currently implementing the largest infrastructure program in the history of the state with \$82 billion worth of projects identified in the south-east corner alone in the SEQIP Plan. To assist agencies to deliver projects to time and to budget and to meet quality requirements, we are looking to implement what we are calling the Gateway Review Process. This process is a series of project reviews carried out at key project decision points by a small team of experienced people independent of the project team. This is about bringing an outside and critical eye to any project and looking at it without some of the involvement that you would expect the project team to have.

The reviews are undertaken on behalf of the project owner who owns the review report to help the owner or, in most cases, the department to ensure that their investment is well spent, that it meets the strategic objectives and achieves value for money. As I said earlier, the gateway process builds on successes, with a similar process in the United Kingdom that was developed by the Office of Government Commerce in the UK. It has been adopted now in Victoria and New South Wales and by the federal government. The UK government estimates that cost savings attributable to Gateway processes in 2005-06 were over £1 billion.

The department of infrastructure is planning the implementation of this process in late 2007 to early 2008 and will primarily be focused on supporting the rollout of SEQIPP but likely to broaden the scope to other projects across the state, particularly major projects. We hope this will assist agencies, as I said, to deliver projects to time and to budget and increase government confidence in its investment by assisting project owners and proponents to identify risks and issues in projects before they become a problem.

There is no specific budget for project methodology within the Program Management Office of the Department of the Infrastructure. Those are generally costs that are incorporated into the costs of each project. We would expect that would be the case with the Gateway Review Process as well.

Dr FLEGG: With reference to the recently released SEQ Infrastructure Plan and Program document for 2007 and page 4-11 of the MPS, did the Department of Infrastructure review each infrastructure project listed in the SEQ Infrastructure Plan and Program document to determine whether they are proceeding on time and on budget? If so, could you produce the report for the committee? Do you have a report which indicates for each of the projects whether they are on time and on budget? If so, we would like to see it.

Ms BLIGH: All of the projects in SEQIPP are reviewed on a regular basis on a number of factors including time and budget. They are reviewed quarterly. Those reviews are published as part of the quarterly report. The publications are available on the web site. So this is a very public process. People are entitled—I take it that is the guts of your question—to know what is happening with these projects. We certainly do not let the projects drift and have a look at them only every now and then. They are reviewed quarterly and their progress is published quarterly. It is possible very quickly to identify projects that for some reason or another are drifting in terms of time or we are seeing either underspends or overspends according to project schedules.

We have a very big infrastructure program. We are being very active managers of that program. About December last year the Department of Infrastructure identified the need to—do not quote me on that timing; perhaps it has been there for 12 months—improve our program management skills across major infrastructure like this. It went to the market calling for—it might have actually been January of 2006—private providers of program management expertise for a long-term partnership contract with the Department of Infrastructure. That has been put in place and we now have a two-year contract with Arup Consulting in the Peron Group and we have established with them what we call the Program Management Office within the Department of Infrastructure. The Program Management Office is responsible for reviewing each of these projects and reporting on them. Obviously agencies are not excused from their responsibilities in relation to these projects and they work hand in hand with the infrastructure department to ensure that there is a constant review of the projects.

I should also advise the committee—it has already been in the public realm however—that we have as a government recently established an infrastructure subcommittee of cabinet. It is chaired by the Premier, me, the Minister for Transport and the Minister for Public Works, and the major infrastructure agencies across government are permanent members of that subcommittee. Ministers who have major infrastructure projects will attend as the agenda warrants. The purpose of that subcommittee is so that at a high strategic political level we are getting regular updates on these projects and identifying where there are any problems and forecasting where we might need to go and dig a little deeper.

Dr FLEGG: In relation to your infrastructure budget as detailed in the MPS, could you please advise the committee how much has been spent in the 2006-07 year on earthworks on any of the dam projects that are proposed and how much is budgeted in 2007-08 for payment for earthworks for any dam project?

Ms BLIGH: The two dams that are in the south-east Queensland water projects being delivered through the Queensland Water Infrastructure company, which is a special purpose vehicle for the development of these two projects—for that level of detail I would have to take the question on notice and come back to you.

CHAIR: Thanks, we will note that.

Dr FLEGG: Minister, in your MPS page 4-1 you state—

... the energy sector is experiencing unprecedented growth due to lifestyle changes and new industrial development. Meeting this demand from fossil fuels is difficult given the need to limit greenhouse gas emissions. To maintain a competitive advantage in energy production we need to bolster gas resources and support new technologies that reduce global warming.

The National Energy Market Management Company—NEMMCO—in their assessment of the adequacy of available electricity supply to meet projected demands for Queensland's supply indicated that we will fall below minimum reserve levels by 2009-10. This assessment was post the commissioning of Kogan Creek and did not allow for the energy demands of reverse osmosis treatment plants. Given that this is only two years away and you have no additional major power station under construction, where do you propose to build new major generating capacity in Queensland over the next few years, or will Queenslanders find that power is like water and it simply becomes a crisis when we run out?

Ms BLIGH: As the member outlined, we do have new generating capacity coming online at the end of this year with Kogan Creek Power Station. Obviously the government needs to make decisions which it has yet to do in relation to whether Kogan Creek Power Station will be expanded to a second facility at Kogan Creek. That has always been a possibility. We do not anticipate that the government will be the only provider of generating capacity. While we have just on 60 per cent of government ownership of generating capacity in the current market and we have indicated it is our intention to retain our ownership of our current generating capacity, we certainly welcome private sector investment—and the member may well have seen very welcome news from Origin Energy that they will be going ahead with a major gas power station at Braemar and ERM, another company, has also indicated a new gas-generated power station will be going ahead there as well. Origin is also looking at another—they are only in the feasibility stage at this time—out at Spring Gully.

There are both public and private committed projects that are either coming to fruition, in the case of Kogan Creek, or, in relation to Origin, that will now start construction as well as feasibility over the next—I would have to take on notice when the feasibility for Origin Spring Gully is due to be complete. Not far off is my recollection.

Given the level of interest in the energy retailers, which I am sure the member for Moggill would agree was a very significant investment in Queensland by those companies—and they made the level of bids they did because it was a very competitive process. There was a lot of interest in getting a foothold in the Queensland market because it is the fastest growing energy market in Australia. That indicated a very strong commitment from those companies. They have already indicated to me—and we see with Origin that coming to fruition very quickly—that they have an interest in being vertically integrated energy companies. We will be looking particularly to invest in generating capacity. We certainly hoped that, when we put the retailers to market, we were not just simply off-loading retailers because of full retail competition and our view that the private sector was better placed to compete in a new fully contestable market. But we did hope that, in seeing new private players in the market, they would make investments in generation, and I am pleased to see Origin do that.

CHAIR: Our clock is out of sync again. The opposition can have six minutes or two more questions, whichever is the longer.

Dr FLEGG: Minister, given your inability in the previous question to give us specifics of where power generation will be built in the state and given that your MPS flags a lack of support for traditional coal fired stations and your government has ruled out nuclear power stations, and clean coal technology, as the Premier told us this morning, is still many years away from being able to supply baseload power, what energy source do you envisage will be developed into power generation over the next few years and how many megawatts of power are you planning to supply to Queensland from that source?

Ms BLIGH: I thank the member for the question. I reject the suggestion that I failed to answer the previous question. I actually named the spot, and that is Braemar. Both Origin and ERM have committed to new power stations in the Braemar region. I further said that Origin was doing a feasibility study in relation to Spring Gully. I should also advise the committee that AGL—and this is in the public arena—has committed to a new gas-fired power station in Townsville and is currently looking at appropriate sites and sources of gas.

We are very pleased to see the private sector so active in this area. As I said, I reject any suggestion that I was unable to identify places. I will drive you out there in a car one Sunday afternoon. The member for Ipswich West would be happy to drive you out to Braemar and show you the activity that is happening. In fact, he can do it, not me. However, I accept the basic premise of the question and that is that finding clean sources of energy is a challenge for this government as it is for every government in the world, frankly.

We have been very up-front about the importance that we place on clean coal technology but equally up-front that that is not going to happen overnight. The energy policy that the Premier released on behalf of the government on, I think, 4 June—on the Sunday when he released the clean climate material—clearly outlines that we see gas as an important transition fuel. That is why we increased the gas target, or the gas requirement, on retailers from 13 per cent to 18 per cent and why we also increased the requirement for renewable energy.

In the renewable sector, Queensland is in a different position than some other states. We are not as easily supplied by wind as other states given the geographic reality of Queensland. That does not mean that there is no capacity for wind, and there is some private sector investment looking at the moment into the feasibility of wind power on parts of Cape York. All that is at this stage is feasibility and obviously that would only supply north Queensland. That is precisely why we put the policy settings in place that we did in relation to the energy policy: to send a very clear message that there will be a market for investment in renewable energy and investment in gas generation, because we have now required retailers to source 18 per cent of all their energy from gas and required them to source a significant increase. I think it goes from two per cent to six per cent and then to 10 per cent from renewable sources.

Dr FLEGG: Minister, I refer to the measure of key stakeholder satisfaction with the quality of implementation processes in relation to the urban plan on page 4-19 of the MPS under 'Urban Management for South East Queensland'. Minister, can you advise who were the key stakeholders and what process was used including both quantitative and qualitative measures to determine a satisfaction rating of 70 per cent? Will you undertake to release to this committee depersonalised details of stakeholder evaluation?

Ms BLIGH: I am happy to advise the member that we do survey a range of stakeholders. I am happy to get that for the member but we would have to depersonalise some of it.

Dr FLEGG: That is understood.

Ms BLIGH: If that is possible to do by the end of the hearing, I am happy to do that. It is a perfectly reasonable question. If you are happy to wait, it might take 24 hours if there is any confidential material in there. I can assure you that it is not a figure plucked out of the air. We survey a cross-section of stakeholders and we publish accurately the responses that we get. As you can see, we have increased the target for next year looking for a higher level of satisfaction.

CHAIR: The time for non-government questions has concluded. I call the member for Ipswich West.

Mr WENDT: Deputy Premier, to go back to the water issue we spoke about before, we mentioned that current consumption is about 568 megalitres a day and that purified recycled water will look like about 232 megalitres. Page 4-3 of the MPS notes that the government and the Gold Coast City Council are working together to construct the desalination plant at Tugun. Can you please give us an update on this project and advise how much manufactured water this project will deliver into the grid?

Ms BLIGH: I thank the member for the question and I welcome the opposition leader to this very exciting estimates committee session.

Mr SEENEY: I wouldn't miss it.

Ms BLIGH: I knew you would not be able to resist. I can advise the committee that the Gold Coast desalination plant is a very important part of the Water Grid. It is entirely non-dependent on climatic conditions so it is absolutely critical if we continue to see the levels of drought that we have experienced. The plant remains on track for completion by its regulated target dates. Construction is set to finish at the end of November 2008. Following the commissioning process it will be fully operational by January 2009 and delivering 125 megalitres a day into the Water Grid, which on current use is about 23 per cent of our water needs. So you can see that between the pipeline capacity and the desalination plant we have substantial capacity to mitigate drought effects on the dam if we do not see any further rainfall particularly over the next wet season.

This plant generates new water. With the exception of short periods where it may be necessary to take it off-line for maintenance, water can be produced no matter how adverse our drought conditions may become. The budget for the project is \$1.2 billion and that includes land costs, the construction of the plant itself, funding for the tunnelling and marine work, and funding for an interconnecting pipeline to join the plant to the Water Grid.

The entire project is almost 25 per cent complete. As at last Friday there were 612 workers on the project and more than half a million working hours had been performed. More than 6,000 cubic metres of concrete have been poured. Two 70-metre vertical shafts have been excavated—and I have been down to the bottom of one of them—and boring of one of the one-kilometre tunnels has commenced. Boring of the second tunnel will commence within a matter of weeks.

It is an extraordinary project. Unlike other desalination plants, such as the one in Western Australia which sometimes this one is compared to, because of its site on the western side of the Gold Coast airport it has to tunnel 70 metres underground and underneath both the airport, the runway, the Pacific Highway, that strip of development there and then underneath the beach. A lot of the costs associated with this project are because of where it is located. The Western Australian plant has nothing like that in relation to output and intake requirements.

On 29 June the first pipe of the 24-kilometre pipeline which will connect the plant to the Water Grid was laid so that has been another significant milestone in the project. At the actual plant itself all foundations for the pretreatment building and the reverse osmosis building, which are key to getting the

salt out of the water, are complete. This project is on track. It is a very important part of the grid. It is also a very interesting project from a civil engineering perspective. I would certainly encourage members who have not had a chance to have a look at it to do so.

Mr WENDT: Continuing on that theme, Deputy Premier, section 4-3 of the MPS refers to the Wyaralong Dam. The government has advised that it intends to progress development of the Wyaralong Dam system subject to environmental approvals. Can you please give an update on this project?

Ms BLIGH: I thank the member for the question. The water regulation requires the delivery of this project by December 2011 and the activity is proceeding to plan. Subject to final approvals, construction is set to commence in early 2009. Located on the Teviot Brook in the Logan catchment between Beaudesert and Boonah, the project has an estimated capital cost of \$540 million including a water treatment plant. At full supply level it will have a capacity of 105,000 megalitres and inundate approximately 1,230 hectares. When operated in conjunction with the Cedar Grove Weir, it will yield up to 21,000 megalitres per annum.

Planning approvals and project development are being undertaken by the Queensland Water Infrastructure company, which, as I outlined earlier, is a special purpose vehicle for the delivery of both of the new dams in the south-east corner. It was declared a significant project by the Coordinator-General in October 2006. The Commonwealth government has determined that it is a controlled action under the Commonwealth Environment Protection and Biodiversity Conservation Act, as is the Traveston Crossing Dam, and that has triggered a public EIS process.

The Coordinator-General has finalised the terms of reference for the EIS and they were released publicly in June. The EIS is expected to be released for public comment in October this year. By early 2008 we expect both state and Commonwealth governments to be in a position to assess the project fully. The government already holds significant land at the site. There are 18 additional properties that are affected. I would note and advise the committee that there are no houses in those 18 properties that will be affected. So that is an important part of the project, but important parts of the properties are people who do own houses on other parts of their site and they may seek for the government to acquire the whole site and that is a matter for them.

We are currently seeking to negotiate an ILUA—an Indigenous land use agreement—with the native title claimants. So far we have two claims—on the north side of the dam by the Jagera people and on the south side by the Mununjali people. We recognise their rights to have this matter deliberated on, and we will certainly be doing that with them. We do recognise that this has significant impacts on the local community, and the Community Futures Task Force chaired by Peter Arnison is working with both communities to overcome any social dislocations. We have appointed Lifeline to provide counselling and to set up a one-stop shop in Boonah, as we have with the Traveston Crossing Dam in the Gympie area. The shop closed recently because the level of public inquiry had dropped to zero. The locals are still able to contact the task force direct. The project remains on track in terms of time and it remains on budget. We have also had two public information days in the broader community so that people understand what is happening there.

I think I have some information that might clarify the question that the member for Moggill asked me earlier in relation to earthworks. He asked in relation to expenditure and budget for earthworks at the dam sites. Both Traveston and Wyaralong will commence only after approval by the federal government, which I am sure you are aware of. The construction costs for earthworks for Cedar Grove in 2006-07 is approximately \$1.45 million. Sorry, it is \$1.95 million, not \$1.45 million. The total budget for works at Cedar Grove and Bromelton is \$48.3 million. I take it from this that we have not broken down the budget in relation to Traveston and Wyaralong at this stage. We are still at the EIS stage. Construction activity will include earthworks at some stage, but at this stage we have not broken down the costs beyond the more global figure.

CHAIR: The time allotted for the consideration of estimates in Treasury and the Department of Infrastructure is now complete. Deputy Premier, I would ask you to note that I think there are still a couple of questions that you have taken on notice that we did not get an answer to.

Ms BLIGH: No.

CHAIR: Is that your recollection, member for Moggill? Maybe they have all come back.

Ms BLIGH: Sorry, there is the survey. I said that I would come back to you on the satisfaction from stakeholders, which we will do. We have run out of time to do it during the committee stage but that is a relatively easy matter.

CHAIR: If at all possible, the information should be with our research director, Rob Hansen, by Friday morning at nine if you can manage it. Thank you, Deputy Premier, for your time and efforts, and thank you very much to all of your many advisers who are with us today. The committee will now break until 4 pm, at which point we will resume with the minister for public works and housing.

Ms BLIGH: Can I just thank you, Madam Chair, and all the members of the committee for their attention to detail in these two portfolios. Can I also thank members of Hansard, parliamentary staff and the research director, Rob Hansen, and all of the officers of my departments, particularly the Under Treasurer, Gerard Bradley, and the Director-General of the Department of Infrastructure, Ken Smith, as well as all of the officers who have ensured that the material is available for all members of the committee in response to their questions today.

CHAIR: The committee will resume at four.

Proceedings suspended from 3.38 pm to 3.57 pm

ESTIMATES COMMITTEE A—PUBLIC WORKS, HOUSING AND INFORMATION AND COMMUNICATION TECHNOLOGY

In Attendance

Hon. RE Schwarten, Minister for Public Works, Housing and Information and Communication Technology

Department of Public Works

Mr M Grierson, Director-General

Mr M Smith, Deputy Director-General, Works

Mr T Waters, Deputy Director-General, Services

Mr W Pashen, Director, Finance (Acting)

Mr J Fennell, Assistant Director Budget, Finance (Acting)

Department of Housing

Ms N MacDonald, Director-General

Mr I Fulton, General Manager, Housing Finance

Mr D Short, Manager, Financial Strategy and Performance, Housing Finance

Mr I Jennings, General Manager, Queensland Building Services Authority

CHAIR: My name is Rachel Nolan. I am the chair of the committee and the member for Ipswich. Joining me on the committee are Ray Stevens, the member for Robina; Bruce Flegg, the member for Moggill; Jeff Seeney, the member for Callide—neither of whom are with us at the moment; Karen Struthers, the member for Algester; Wayne Wendt, the member for Ipswich West; and Steve Wettenhall, the member for Barron River.

The committee will this afternoon examine the proposed expenditure contained in the Appropriation Bill 2007 for the portfolio for the Minister for Public Works, Housing and Information and Communication Technology. Welcome, Minister Schwarten, and your advisers.

Mr SCHWARTEN: Thank you very much, Madam Chair.

CHAIR: The committee will examine estimates for these portfolios through until 6.30 pm. The proceedings today are lawful proceedings of the parliament and are subject to the standing rules and orders of the parliament. As such, I remind all visitors that any person admitted to the hearing may be excluded by order of the committee in accordance with standing order 206.

In relation to media coverage of the hearing, the committee has resolved to allow television film coverage and photography during my introduction and the minister's opening statement. The committee has also agreed to the live broadcast of the hearing via the Parliamentary Service's web site and to receivers throughout the parliamentary precinct.

Before we begin, I ask you please to all turn off your mobile phones. The time limit for questions is one minute and three minutes for answers. A 15-second warning will be given prior to the expiration of these time limits. An extension of time may be given with the consent of the questioner. For the benefit of Hansard, I ask advisers, should you be asked to come to the table to give an answer, if you could please state your name before speaking.

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

That the proposed expenditure be agreed to.

Minister Schwarten, would you care to make an opening statement?

Mr SCHWARTEN: Thank you, Madam Chair. I look forward to addressing any issues your committee may wish to raise with me in regard to my ministerial portfolio responsibilities. This is the 10th year that I have appeared before an estimates committee to answer questions about the portfolio of Public Works, Housing and Information and Communication Technology, and each year I have commented on the challenges facing each agency and the public servants working within those agencies.

The 2006-07 year introduced a new set of challenges for the Department of Public Works and two of the biggest are water and computer technology. In regard to the former, the department has played a major role in ensuring that the government's stock of buildings, parks and gardens were adapted to conform with level 5 water restrictions. In regard to computer technology, the review by the Service Delivery and Performance Commission into ICT governance in the Queensland government has heralded significant changes in the structure and management of ICT within the Queensland government and its agencies. Recognition by government of the importance of ICT to the delivery of government services is reflected in the creation of the positions of Queensland government chief information officer and Queensland government chief technology officer to address whole-of-government ICT issues.

On the traditional public works front, we have a large major capital works forward program which is progressing well, though the building industry continues to face the challenges of shortages in the skilled workforce. The Millennium Arts Project and the building aspects of the introduction of the prep year school program are but two successful major projects delivered during 2006-07.

The business units are performing ahead of budget expectations. CITEC is undergoing substantial change as it refocuses towards a new role in government. I am particularly pleased to report that QFleet this year has returned a profit exceeding \$4 million, which contributed to the overall profits of all the business units of \$42 million for 2006-07.

Turning to housing, we have recently seen the living conditions of people in Indigenous communities spurring our Prime Minister into action after nearly 11 years in the job. In contrast, the Queensland government has a long-term commitment to improving housing conditions for Indigenous Queenslanders. For example, since 2005 the Queensland government has been working with the 34 Indigenous councils to implement the Housing Improvement Program to improve housing conditions in each of those communities over the long term. Last year at an estimates committee I announced that we would be providing maintenance directly through the Department of Housing instead of leaving the maintenance up to individual councils, who were, in my view, being set up to fail. You can see the real spirit and intent of the federal government as it trumpets an emergency response in the Northern Territory while on the other hand it is silently sneaking away from the mess it has left in Indigenous housing organisations throughout Queensland, many of them in urban areas.

The Howard government is creating a policy nightmare. On the one hand it is telling people that land tenure and the Army is the answer, while at the same time stripping Indigenous housing organisations in urban areas of funding and leaving the states and local governments to clean up the mess. There is no holistic plan to solve these problems. Let us look more broadly than Indigenous housing matters and it becomes very clear that for the past 10 years there has been no interest by the Commonwealth in housing issues apart from attacking states and local government.

You would have had to have been living on the dark side of the moon not to realise that housing in Australia is in crisis. The recent census shows that fewer people own or are buying their own homes. This is no surprise given our dwelling prices continue to climb. On average, people now have to spend twice as much on a home as they did a decade ago. Meanwhile rents continue to climb as well.

The current market is under great stress. The safety net of social rental housing has been underfunded by the Commonwealth for years and has not been able to keep pace with population growth. At such a time it would be reasonable to assume the national government would be able to show some leadership and work with states and territories to develop some real responses to the issues facing us. The Commonwealth does not have a minister for housing, something I am pleased to say that federal Labor will deliver. The fact that Mal Brough did not come to the Commonwealth-state housing ministers conference last week says it all about its commitment to affordable housing. Yet this week we have the federal Treasurer telling us that releasing Commonwealth land is the solution to the housing market.

Recently I announced the Homelink proposal to stimulate the private-public supply of affordable housing. This allows the Australian government to be involved in the innovative new solutions, but to date I have heard barely a whisper from them. The time for action is now. I am pleased to say that Kevin Rudd announced a policy along those lines just a week ago. Thank you, Madam Chair.

CHAIR: To commence questioning, I call the member for Robina.

Mr STEVENS: Thank you, Madam Chair. Minister, I look forward to your gentle enlightenment at my first estimates committee. I refer you to page 1-87 of the MPS and, of course, to Goprint. Given that there has been a financial equity injection of \$3.934 million, which is consistent with what you said last year was going to happen—that \$4.5 million—and given that the \$1.786 million loss of Goprint in the 2005-06 financial year was mainly due to the transfer of user charges income from Goprint to the sale and distribution of the business unit within the Department of Public Works, why has this major injection of equity funding failed to realise a substantial profit for the Goprint business arm of the government?

Mr SCHWARTEN: I congratulate you on your first estimates, but you have asked the same question that everybody who has ever sat in that seat before you has asked and that is about Goprint. Underpinning, of course, what you are asking is the notion that you would get rid of it any chance you got. I know that is your stated policy and that is fair enough. As I have said to everybody who has sat there previous to you, that is not my policy. I believe that the government should have a printer and that that costs money. The fact that you get a *Hansard* every morning parliament sits costs money. The fact that all of those sorts of services should be, in my view, a cost to government is a fact of life.

Certainly the government has reviewed on a number of occasions the operations of Goprint. The Keliher commission is currently engaged in yet another review. But I will always defend the need for a government printer. I believe that that will always cost money, just as every other service that we expect any government department to provide will do. Goprint does not have the luxury of going out and competing in the private market. I do not think you would want it to. So it is fighting with one hand tied behind its back in a lot of ways. But I still believe that the people who work at Goprint produce a very good product and are worthy of our support and I will continue to support them.

The installation of the new pre-press equipment occurred in March 2007 which resulted in processes that once took several hours now being performed in minutes. In other words, they have got some new gear this year which an equity injection obviously will have assisted in. Treasury provided a non-appropriated equity injection totalling \$3.934 million to fund the cost of the new pre-press equipment. The list goes on. It is a philosophical disagreement that I have always had with people who sit there. I agree with Goprint. It costs money. I will always strive to ensure that it stays where it is. The performance commission is looking at it. What it comes back with we will wait and see.

Mr STEVENS: Further to the Goprint question, there is about \$17 million worth of printing done on the government side. There is another \$100-odd million that you mentioned last year that is done by outside private sources. Given the fact that you are basically 17 per cent pregnant in the whole deal—you are neither here nor there—and you have said philosophically that you want to stay in the printing business, why do you not go further out to the other \$100 million worth of government printing if you can justify that?

Mr SCHWARTEN: I would love to do that. There is nothing I would love more than to get the rest of government printing. I suspect that the people who have briefed you from the printing industry do not really want me to do that.

Mr STEVENS: That is correct.

Mr SCHWARTEN: To some extent they tried to make it a political issue at the last election and they fell flat on their faces as a result of it. It is interesting that a number of private printers have actually contacted me to say that they believe that there should be a government printer. In fact, the government printer in Queensland has picked up work doing ballot papers and other secure sort of stuff as a result of it. I will see what the performance commission comes back with. Perhaps it will recommend that the mandated services across government is the way to go, because that is what I believe and I believe all work should be.

Just as QBuild is capable of doing all the maintenance across government and has a huge subcontractual chain, as I have said to the printing industry, instead of them fighting against Goprint, they would have been far better off understanding that if all printing work was subcontracted out through Goprint and a prequalification process ensured there might be a better outcome for them. At the moment we have government agencies that do their own printing and have done for a long period of time. Some of those also have contractual arrangements with printers to get printing done, because back when Goprint was formed none of the work was mandated to it and it has been expected to struggle on ever since. Hence, I have always supported the notion that this place, particularly all the reserve services that it does, should be paid for out of Treasury and that is where that equity injection comes from. Welcome aboard, comrade. If you believe in mandating all that work, we will have bipartisan support for that.

Mr STEVENS: Moving to the answer to question on notice No. 1 in which you said there were 246 smoke alarms being installed, I refer you to page 1-53 of the MPS with regard to the installation of smoke detectors. In a follow-up question to that question on notice I ask: can the minister guarantee that all public housing in Queensland is fully compliant with the new laws in relation to the compulsory installation of smoke detectors from 1 July and how many public housing dwellings, along with Queensland buildings, is QBuild yet to install smoke detectors in and at what financial cost?

Mr SCHWARTEN: As far as I am aware they are all compliant at the moment. There is no outstanding public building, as far as I am aware. Unless you know of a building to the contrary, I am not aware of any. It has been over a fair period of time. In fact, I think smoke alarms were mandated into public housing back in Ray Connor's day—the only thing he ever did except get himself into a lot of strife. I think that is true. So they are all in.

Mr STEVENS: I refer you to page 1-5 of the MPS with regard to asbestos management. Following up on my non-government member's question on notice No. 2, I ask: does the built environment materials identification register contain information regarding potentially hazardous asbestos vinyl sheet flooring in a deteriorating condition and have you identified the cost of rectifying the same? That is the BEMIR system.

Mr SCHWARTEN: I will get Max Smith to answer that.

Mr Smith: As you said before, we have a number of building management plans at each one of the schools or each one of the building sites. So they would have in hard copy, if you like, an acknowledgement of the asbestos containing materials at that site.

Mr SCHWARTEN: That is all asbestos at the school?

Mr Smith: Yes, all asbestos containing materials on that site. The intent of the system is to electronically enable the central register and the hard copy that is there on site. The population of that particular database is still in progress because obviously we have only just in the last six months or so gone live with that information system. So in the long term the answer will be that not only will you have the hard copy information at the site but you will also have it at the central register. We are not only looking at floors and all asbestos related materials. The reason for the built environment materials information register system is that we are also looking at other environmental issues such as lead based paint and a whole range of things. We are really looking at not only asbestos but also all ranges of environmentally manageable systems.

The short answer is that the information in terms of the vinyl floors will be in hard copy at the school and in the long term it will be in both the electronic form and hard copy form.

Mr SCHWARTEN: Does that answer your question?

Mr STEVENS: Except that in that question on notice it basically said that there is no identifiable record of 200 schools having potentially hazardous asbestos flooring.

Mr SCHWARTEN: Of 200?

Mr STEVENS: Of 200 schools which have potentially hazardous flooring. But my understanding, and I think your director has confirmed the fact, is that there is an identification process through the BEMIR system that will give you and the schools, with their hardcopy, notice of the fact that they have an area with vinyl sheet flooring that they have to address. I am sure that you have the cost of addressing those issues. That is what I was looking for.

Mr SCHWARTEN: The figure of 200 was your figure, was it not?

Mr STEVENS: We said that figure and the answer was, 'No, that is not correct.' Is the figure 100, 300 or 400. BEMIR will identify it. I am asking what the figure is.

Mr Grierson: The answer to that question specifically relates to you saying there were 200 schools 'having potentially hazardous asbestos'. I guess what the department is saying and what the minister is saying is that there are no schools out there with potentially hazardous asbestos.

Mr SCHWARTEN: It has been removed. That is my understanding of it.

Mr Grierson: There were 68 projects—I think that is the number—that had the vinyl flooring which we regarded as being in a poor condition. As at 30 June, all vinyl floors in the 68 projects have been removed or replaced. The roof program is going ahead but it has been accelerated. That will be finished in the 2007-08 year. The BEMIR system records all asbestos. Asbestos is not hazardous, as we discussed previously, if it is left alone. So there is no school right now where we are saying, 'This school has hazardous asbestos.'

Mr SCHWARTEN: And we have not done anything about it. As far as I am aware, that is the case. The words were 'potentially hazardous asbestos flooring'. We are not aware of any that requires attention because if there was we would fix it. That is my understanding.

Mr Grierson: That is correct. The value of the BEMIR system is that if a tradesman comes into a school the BEMIR system will tell that tradesmen that there is asbestos, for example, on the roof of that building but it is safe. If the tradesman were to drill through that roof that person would need to know that it is there. That is what the BEMIR system is all about.

Mr STEVENS: Minister, I refer you to page 1-73 of the MPS, the financial statement for QFleet. The re-evaluation of the car fleet in June 2006 has resulted in a \$9 million turnaround in your expenses figure for 2006-07. What independent body organised the re-evaluation of the car fleet? Is it a case of readjusting the current inventory to turn a \$2.5 million deficit into a paper surplus of \$2.754 million?

Mr SCHWARTEN: I can assure you that I did not do it, but there is somebody here who can answer that question. There has been no tinkering of the figures by me, by Mal or by anybody else. They have been ticked off by the Auditor-General, as I understand it.

Mr Grierson: QFleet approached the Queensland Treasury Corporation to undertake the review of QFleet's capital structure as a result of the re-evaluation of the fleet. The re-evaluation of the fleet occurred, as you are aware—and we have discussed previously—because of the used vehicle market collapsing. Our discussions with the Auditor-General prompted us to do evaluations of the market at the time. All of our existing vehicles were therefore valued down which gave a true picture of the value of the asset.

Once we had done that it meant that our debt gearing ratio was slightly above what QTC had approved. We had discussions with the QTC which resulted in Treasury doing a small debt to capital adjustment to make sure that our debt ratio stayed around 85 per cent. So 85 per cent of our fleet is debt funded which is a standard figure for that size fleet.

Mr SCHWARTEN: So there has been no dodgy business, in other words.

Mr STEVENS: I am not suggesting that.

Mr SCHWARTEN: You were suggesting that a bit.

Mr STEVENS: Not really, I was looking for an independent valuation. What your director has told me, as I understand it but I could be incorrect, is that your departmental people revalued them.

Mr Grierson: Yes, that is correct, but it was based on market values which we get from the industry. So the industry figures that we look at weekly give us a clear picture of what, say, the value is of a two-year-old Commodore with 45,000 kilometres on it.

Mr SCHWARTEN: With 45,000 kilometres on them they might have been previously worth \$23,000 and we sold them for \$19,000 so they had to value them down. That is how it was done. It was not just a figure picked out of the air.

Mr Waters: The valuation methodology that was used by the department had been agreed with the Auditor-General prior to its application. We were concerned to ensure that there was some independence in how the assets were revalued. We made sure that there was input from external sources, approved by the Auditor-General, to ensure that the revaluation was correctly calculated.

Mr STEVENS: Just following on from that, how was the previous valuation of that vehicle fleet done if it was not done on the up-to-date daily or weekly basis that you mentioned you can do now?

Mr Waters: There had not been such a significant movement in market values previously. So the valuation for QFleet vehicles were set at the time the vehicles were purchased. When QFleet purchased a vehicle it would set an end residual value for that particular vehicle.

Mr SCHWARTEN: Based on the market of the day.

Mr Waters: That is right. The circumstance that caught us out was that there was a very substantial drop in the value of used cars which meant that those residual values that had been assigned to vehicles when they were purchased all of a sudden were inflated relative to market values. A formal revaluation of all of the fleet vehicles was undertaken to bring those values back to a market level.

CHAIR: We have three minutes. Do you have another Public Works question or otherwise we can cut to our side?

Mr STEVENS: Are we coming back to Public Works?

CHAIR: If you want to the answer is yes.

Mr STEVENS: I can do a couple more Public Works questions and then I will be completely finished with Public Works.

CHAIR: We might do that then. We will give you another five minutes. So the minister and his advisers know, we will then get on to housing. It will probably be more like 4.45 pm or 4.50 pm when we start housing. So if your people are ready to make that happen, that will get us pumping through more quickly.

Mr STEVENS: I refer to the income statement on page 1-41 of the MPS. I ask this question with regard to the \$30.495 million blowout in supplies and services under the expenses column between the budgeted amount and the actual amount for 2006-07. Is it true that you have tried to match the figure by adding a readjusted \$15 million in rental figures paid by your own departments to your, I presume, \$3 million in additional interest payments on cash at bank—with no change in interest rates that I am aware of—and a \$20 million book entry by transferring the Gold Coast Convention Centre and Goodwill Bridge depreciation and the funding for the Rockhampton Riverbank Project, water conservation and ICT committed funding to you?

Mr SCHWARTEN: Because of the detail of that question I will refer it to the Acting Director of Finance.

Mr Pashen: The increase from \$243 million to \$274 million mainly relates to outgoings on the building portfolio. That is both government buildings and lease buildings. In addition to that we also have the water conservation program. There was expenditure of \$3 million relating to that. There was

\$3 million associated with the Rockhampton Riverbank Project. In addition to that there were a number of other projects that were carried forward from the prior year. The most significant expenditure in relation to that item is associated with the building portfolio expenses.

Mr STEVENS: I understand where the extra blowout has come from. You budgeted for a \$36 million surplus and you came up with a final \$36 million surplus. What has happened is that you have gone ahead and made another \$15 million in rentals, which is shown in the income statement, to cover those additional costs as well as the other issues I mentioned before. In an earlier period you have rentals coming up. I presume they are from your departments. You have made another \$15 million overnight?

Mr Pashen: The surplus is actually \$36,000.

Mr STEVENS: But it is the same figure.

Mr SCHWARTEN: That is a bit of a difference.

Mr Pashen: The additional outgoings that you refer to are offset by additional rent revenue across the portfolio. The net effect of the additional rent revenue less those outgoings is only \$36,000 on the bottom line.

Mr Grierson: In terms of our building portfolio we have a huge number of buildings for which we collect rent from government agencies and we pay outgoings. If that portfolio increases—if we rent some more space—then we obviously get more rent from the agencies which is reflected in the user charges line. That shows that we went from \$281 million to \$296 million in our revenues. But if you have more space then you are paying more outgoings on such things as cleaning, electricity, rates and rent if it is a leased building and water. Therefore, the expenses increase as well. The difference between the revenue and the expenses is \$36,000 which in a portfolio worth \$296 million dollars is—

Mr SCHWARTEN: Not a lot of money.

Mr Grierson: That is chickenfeed.

Mr STEVENS: I understand what the director-general is saying. The problem I have is that we have a 5½ per cent increase in unbudgeted rental collection since the start of the budgetary year. If you were going to expand, as Mr Grierson has elaborated on, and you were going to take more outgoings on board for the year, you were going to take on new premises, you were going to expand, you would know that at the start of the year, would you not?

Mr SCHWARTEN: Not necessarily because there are things such as the Water Commission created during the year that need accommodation, and the climate change centre and the ZeroGen project that need accommodation. These things come up from time to time. They come knocking on our door and say, 'Go and rent us some space.' That was not foreseeable at this time last year. That happens every year. We think we need to rent a certain amount of space and then all of a sudden some issue comes up. I remember a few years ago when we had the Forde royal commission. We had to find space for that. We had the racing royal commission and we had to find space for that. These sorts of things happen in government. We are the accommodation department. They come knocking at Mal's door and say, 'We need another floor to do X, Y, Z.' It is not unusual at all.

Mr STEVENS: The figure of \$30 million was rather large. I was surprised. I again refer to the income statements on pages 1-41 to 1-47 of the MPS. With regard to the grants and subsidies expenses, how can the decrease between the budgeted amount and the actual amount for the year 2006-07 of \$3.937 million be due to the stated explanation of variances in the financial statements for the project renegotiation affecting the timing of the works on the Mackay convention precinct? A timing matter saves \$4 million? I would love to know how it happens in the building industry.

Mr SCHWARTEN: This is what happens when you get projects downloaded to councils basically. If I have this right, the finances are our worry and getting the project up off the ground is theirs. Is that right?

Mr Grierson: Yes. Would you like me to elaborate?

Mr SCHWARTEN: Yes, go on.

Mr Grierson: This project commenced in 2002. It was a convention centre proposal—

Mr SCHWARTEN: It was an election promise actually.

Mr Grierson: That is exactly right. The state government offered to fund the project, but the city council was going to manage the project. We actually helped it in developing its proposals. It got to a stage where it actually had a contract with a firm named Pradella. But when the firm came back with its first fixed price, it was about \$15 million to \$18 million more than the \$38 million that had been allocated. So at that point the council went back to the drawing board and changed its—

Mr SCHWARTEN: Scope of works and what it wanted to do.

Mr Grierson: Yes. It actually went from a convention centre to enhancing its entertainment centre, doing an aquatic centre and a few other proposals. Basically, we are in its hands. It is its project. It is managing it. Our only role is that the Treasury has allocated the \$38 million to this department to make sure we—

Mr SCHWARTEN: We did not put it in its bank account in other words, because it came to us and said, 'We can build it for that price.' I think the figure was \$38 million. We said, 'Good and well. That's an election commitment. We will deliver. We will give you \$38 million.' It subsequently found out that it could not build it for \$38 million and, as a result of that, went back and cut its cloth. It is still as yet to expend that money, but the commitment stands and unfortunately it appears in our budget.

CHAIR: Thanks, Minister.

Mr STEVENS: Thank you, Madam Chair, for your indulgence. Thank you, Minister.

CHAIR: No trouble. We will turn now to government members' questions.

Mr WETTENHALL: Good afternoon, Minister. Last year QFleet was a topic of discussion because of the impact the second-hand vehicle market had on its financial performance. I am pleased to see that this year QFleet has turned that around and returned a substantial profit. However, QFleet is a business that involves emitting carbon and we are all aware that we must reduce those emissions due to global warming. What environmental strategies does QFleet have in place?

Mr SCHWARTEN: Thanks for the question. As one of the biggest fleets and one of the biggest government fleets in Australia, we have the extra responsibility—and we have always taken this view—that we should be as kind to the environment as we are cruel. To that end, we were one of the first to sign up to Greenfleet and we have planted something like 295,000 trees out of about 400,000 that we have pledged to plant. So we are into the business of buying carbon credits through trees. One of the problems we have had of course is finding places to plant them given the drought, but our commitment stands. The other thing that we are doing is to ensure that we change the profile of the fleet. To that end, I can now report that there are now more four-cylinder passenger vehicles in the 14,000 fleet than six cylinder. In fact, 53 per cent of the passenger fleet is four cylinder. That was not the case before and our procurement used to simply be to buy as many Falcons and as many Commodores as were possible.

We still have some hybrids. Everyone thinks they are the answer to a maiden's prayer. Toyota has done a very good job in selling that piece of technology, but as one of my colleagues Andrew McNamara pointed out to me one day the net energy required to build a Prius is never ever put into the equation. In fact, a Toyota Corolla when weight for age is compared is probably as good. We are going to continue to focus on it. Regrettably, the Australian car industry in my view has been reluctant to pick this stuff up. The director-general and myself went to Germany earlier this year and looked at Volkswagen and Ford and saw the vehicles and the research that they are carrying out, and it is very impressive—biodiesels, turbodiesels and various different types of hybrids using CO₂. There is no question about the target set in the EU. They will meet that. They are putting the onus on cars there, and we can benefit from some of that. But the bad news of course for the Australian car industry is that we simply do not write a cheque for Ford and Holden anymore and we expect to put more and more different types of vehicles into the fleet as we must do to preserve the environment for our future generations.

Mr WETTENHALL: Minister, the MPS refers in several places to the focus on water efficiency in government buildings. At the time of last year's estimates hearing we were on level 3 water restrictions in the south-east. Now that we are on level 5, what additional steps have you taken to ensure that the government plays its part in reducing water consumption?

Mr SCHWARTEN: On 1 July 2006 the Government Buildings Water Conservation Program commenced. The aim then was to reduce consumption by at least 25 per cent. The results of the program to date have been impressive. A comparison of water usage data from 2004-05 and 2006-07 shows that 299,709 kilolitres of water has been saved. This equates to savings of approximately 44 per cent as of 30 June 2007—that is, a 44 per cent saving. Some of the standouts are Queensland police headquarters saving 56 per cent and Education House saving 62 per cent. Potable water use at Roma Street Parklands has gone from a daily average of 320 kilolitres to 36 kilolitres. That is the total potable water use in the place because we are using recycled water to run the rest of it. The overall savings are being achieved through a range of measures such as dual flush toilets, flow restrictors, water efficient shower heads, adjustments to urinals, vandal-proof taps and bubblers, checking for leaks and service maintenance requirements, and use of alternative water sources for irrigation.

By June 2007 retrofitting of 44 buildings in south-east Queensland and 11 in Rockhampton and Toowoomba has been completed. The Department of Public Works has submitted an integrated water efficiency management plan for 39 buildings including those using in excess of 10 and 20 megalitres of water a year. A water monitoring and evaluation program to trial and evaluate new water-saving technologies has been implemented at 80 and 111 George Street in Brisbane. A water efficiency labelling and standards policy was developed and implemented to maintain a high level of water efficiency in new and existing government buildings. Chemical enhancement systems are now being installed in cooling towers of 23 buildings to reduce water consumption.

Ms STRUTHERS: Minister, in last year's estimates hearing you indicated that you were planning a Christmas opening of the Millennium Arts buildings. What have been the outcomes of that project? As a secondary part to the question, I just wanted to check with you that page 1-36 of the MPS refers to the proposed Tank Street bridge and the fact that that is to link GoMA with various government projects on the north side as well. So there is a lot happening. You are the cultural minister in the cultural capital of the nation and these are wonderful initiatives. I invite you to tell the committee about them.

Mr SCHWARTEN: I do not think that I will ever be confused for the cultural minister, but we are certainly good at building buildings. The Gallery of Modern Art and the refurbished library are two projects about which all of us can be proud. Aside from my long-winded speech at the opening, which I make no apology for, it fascinated me that people could be standing there sipping champagne and talking loudly without honouring the fact that all of that work was done by building workers. I think that far too often in this society we forget that people have to work in the hot sun in order to deliver those projects. I remember vividly going past one day in November and there were blokes on the roof screwing the roof down in 40 degree heat. It was almost 12 months to the day that we were all underneath that roof in air conditioning. I think we fail to remember that sometimes. So I did point that out to them. It did not go over very well, but that is life.

I think the Tank Street bridge is a very exciting addition to that whole precinct. I think the whole area lends itself to a great future for this part of Brisbane. With regard to the Magistrates Court which has been done and the High Court which has been announced, they are major projects down that end of the city. I am confident that this department will be able to do as we did with the Millennium Arts Project. There was the initial hiccup when we had to come back to Treasury to ask for another \$48.5 million for the Millennium Arts Project, and at the time that was criticised by your predecessor. I am sure that you would not have done that, because anybody who understood the building industry at the time knew that we had two options. The first was to try to send the subbies broke or send the builder broke and the second was to actually own up to the fact that building costs had soared and to get on and build the project. There is nobody in Brisbane or nobody in Australia or nobody in the arts world anywhere in the world who would not say that the Millennium Arts Project was not worth the investment that we put into it. Bovis Lend Lease, the contractors, did an excellent job. It brought the project in on time and on budget and we were able to do as I said we would and open it before Christmas.

Mr WENDT: Good afternoon, Minister. The early success of the Gold Coast Titans team in the NRL has led to considerable interest in its proposed home stadium, Skilled Park Stadium I think it is going to be called, at Robina. How is that project going and will it be ready for next season?

Mr SCHWARTEN: Yes, it will. It is not like the Wembley one where Mal and I went a few years ago. It looked as though it was going well and it did not and it cost a lot more money to run it.

Mr Grierson: We have the local member.

Mr SCHWARTEN: Yes, there is the local member for Robina who is also keeping an eye on it. It is a good project. It was one that we did on the basis of a select single tender with Watpac. I have been on the site many times. It certainly has made very good progress. I think it will be a very good addition to the stadium that we already have. The Titans did not do so well the other night against the Broncos, and that is a good thing to note. I do not think the member for Robina probably agrees with that, but being a Broncos supporter I think the Broncos are probably looking forward to going down there and giving them a good hiding down at Skilled Park Stadium no doubt and I hope to be a part of it.

Just to give you some of the stats on it and some of the key milestones, in April this year the first of the 30-metre high, 20-tonne curved roof rafters that are shaped like a banana went up. They are brilliant to see. Modern engineering got them to the stage that all of the holes line up and no-one needs to move them around much. Once they are in place they will hold up 30 tonnes of steel on the corners. They are just a massive piece of engineering. A lot of the project is being built off site and being towed down the range from Toowoomba in concrete slabs, which is again assisting. But it is a good project and it is well on time. A contractor will never tell you it is ahead of time, but looking at it they certainly know what they are doing. They have it well and truly under control.

Mr Grierson: The member for Robina would probably like to know about the pitch.

Mr SCHWARTEN: We will not tell anybody where the pitch is, because there is always going to be a hoon who will want to go and drive a car over it or rip up a piece of it. But I can tell you that the turf was planted off site last summer and will be ready for installation in the stadium this spring. The Department of Primary Industries and Fisheries was commissioned early in the project to carry out trials on numerous varieties of sports turf. The variety selected was a standout in growth and durability testing. The biggest problem you have in stadiums all over the world is getting good turf—getting the proper turf—especially if the stadium is shaded. We believe that the turf that has been selected—and I have seen a sample of it—will stand the test of time. As I say, in terms of every stadium that has ever been built in the world, the first real crucial stuff is not the construction but the turf.

Mr WENDT: I will certainly be looking forward to the opening of the new stadium and I will certainly have an opportunity to get down there.

Mr SCHWARTEN: Who will you be barracking for between the Broncos and north Queensland?

Mr WENDT: The Titans I will be going for and the Ipswich Jets. Continuing on the theme of building, it is common knowledge that there is a national skills shortage within the construction industry at the moment. Page 1-53 of the MPS refers to this problem, particularly in the mining areas in your neck of the woods up in central Queensland. What steps have you taken, or can you take, to address this problem which must affect your ability to deliver a huge building program?

Mr SCHWARTEN: Thank you for the question. There is no doubt that we are undergoing the greatest skills shortage since the Second World War. That is right across the board, whether it is the meat industry or the construction industry. There are huge deficits out there. Just ask anybody who is trying to get somebody to do a small job on their house how easy it is to get an electrician, a plumber or whatever the case may be.

I am delighted that since I have been the minister we have had over 1,000 apprentices on our books. I am delighted that our government, when it was unfashionable to train people, has continued to do that. When I first came into this portfolio ironically we were criticised by industry for taking work through QBuild away. It is a bit like your mates in the printing industry. But no-one criticises us now in that regard.

We have also a practice academy for graduate architects which puts them on very worthwhile projects. I have seen some of the work that they have done on the sustainable homes projects all over Queensland. It is excellent stuff for young architects to get their teeth into. We have also the Centre of Excellence for Project Management, which brings private and public expertise together and which offers opportunities for people off the tools, or through university, to get real hands-on experience in project management. One of the biggest problems we have is trying to keep good project managers. The competition out there is very severe. As you well know, that is how the building industry is run now. It is a subcontractual arrangement with project managers taking on the responsibility.

We have taken a role in the Indigenous employment policy of training Indigenous people. We certainly want to do a lot more of that. We will talk a bit more about that in relation to housing, especially in Indigenous communities. That policy offers a way forward. Rather than sending in the Army, we should be sending in people to train people to get some outcome in that regard.

It certainly is a daily challenge for us in all of our projects to keep competent in-house staff. I want to thank the people in the Department of Public Works. We have people who could go into private enterprise and earn a lot more money. Queensland is a better place for the in-house professionals who we have in the Department of Public Works. I thank each and every one of them for the efforts that they make, whether they work in QBuild, Project Services or any other part of our department.

Mr WETTENHALL: The section of the MPS dealing with the ICT responsibilities of your portfolio outlines a large number of new technology initiatives. What do you see are the big issues facing the use of information and communication technology with the Queensland government?

Mr SCHWARTEN: One of the things that we have done, as every other government and as every other business has done around the world—it is funny that we all seem to have made the same mistake—is that once upon a time that gentleman sitting next to me used to run it at the government computer. That was it for the whole-of-government approach. Then as technology improved, I describe it like going from cooped up fowls to free-range fowls and now we are all saying, 'Bring them all back into one.' IBM did it. They had 167 sites across the world and they have brought it all back into one central shared services arrangement. It is the challenge for government to also do that to make sure that we do not get duplication. I see that as a real challenge and I am glad that the Keliher commission has given us the authority, as the department, to bring all of that stuff together. Already in the telecommunications area we are seeing savings. It makes sense to do it in that way both through CITEC and just through our general procurement.

In terms of the future, I have been fortunate enough to have been to some of these expos, CeBIT in Hanover being one earlier this year, to look at where technology is taking us. E-medicine technology is a huge industry around the world, especially for keeping elderly people like my parents in their house in some degree of comfort. I think that in terms of security, you look at vein technology. What I did not know is that you cannot replicate people's veins. So we now have IT readers that will allow your finger to be used for your credit card. It is astonishing stuff when you can get a credit card through finger vein technology. In Japan, you can put your finger in a machine and away you go. Fujitsu did this as a demonstration to show us.

In terms of the general population, I do not know about you but my kids will not do what their grandfather did and stand in a queue with dollar notes in their hand and pay their bills; they will not do what their father has done and stand and pay with a credit card. They want to do it online, they want to do it in the middle of the night and they want to deal with government once. They do not particularly care whether it is the local government, the federal government, or the state government. They want to log in

to government and register a dog, pay their car licence, find out about their Centrelink payments, or whatever it happens to be. That is the future. At the online ministers meeting last Friday, every state and the federal government was cooperating on this. We do not want 15 different readers on people's desks. While they will have different cards, we want the capacity for interchangeability in that regard.

CHAIR: There is not really time in this block for another government question so we might pull up the Public Works section there. Before you go, on behalf of the committee I thank the officers from the Department of Public Works who have no doubt put in an enormous effort into preparing for today. Thank you for your time and your effort. We will now pause for five minutes to change the faces at the table and we will commence estimates hearings for the Department of Housing. Minister, you have something to tell us?

Mr SCHWARTEN: Just in response to a question asked earlier by Ray, which was whether all smoke detectors been installed in all public housing, the answer is yes. I am advised that all have been completed. Is there a program of works? The answer is that a program of works of all hard-wired smoke detectors was completed in 1999-2000. How many were there? How many are there left to do? There are none left to complete. I have not answered the question about how many there were. We will find that out for you. In 1999-2000, QBuild was engaged by the Department of Housing to inspect all properties and install hard-wired smoke detectors. The program was completed in 2000 and 55,000 properties were inspected, including Aboriginal and Torres Strait Islander and community housing.

CHAIR: Thank you. We will resume in a moment for Housing. The committee will now commence hearings on the estimates for the Department of Housing. I call the member for Robina to commence questioning.

Mr STEVENS: I refer to page 2-1 of the MPS on public housing in Queensland. The national average of public housing is 520 units per 10,000, or 5.2 per cent. With record figures of GST flowing into the state, the Queensland figure for public housing is 339 units per 10,000, or 3.39 per cent, with the Gold Coast region faring even less with 245 units per 10,000, or 2.45 per cent. It is a major growth area of the state. I ask: why are we far less than the national average for public housing?

Mr SCHWARTEN: That is an historical fact. It has always been the case. A place like South Australia, for example, is now off-loading wholesale thousands of public housing properties because of the entrance level. That figure of itself does not really tell us much.

I want to make a couple of points. Firstly, with the magic pudding of the GST that you continue to rattle on about every chance you get—and I do not blame you having a dig at that—the reality is that that is used as a mask to cover up for the fact that the federal government has taken the grants away. GST was never, as you well know, intended to replace federal government grants—never. What we have seen—and the federal government's Treasury accept this fact now as the leaked document last week showed—is that public housing has been underfunded from the federal point of view. They have deliberately taken money out of direct funding of public housing and put it into rental assistance. That is what they believe and that is what you people believe—that the private sector will provide.

Historically, before I became the minister, back in the Bjelke-Petersen days, Queensland had less public housing than other states. That was because we had a vibrant private rental market. Of course, now we see that market collapsing and more pressure coming onto our public housing. That is why you see Costello suddenly finding the word 'housing', although he is still talking about freeing up land and so on.

The reality is that since I have been the minister we have doubled the budget for Queensland. We have just announced another \$500 million for the department, \$15 million of which will go into the Gold Coast Housing Co., because we have to find new products. We cannot just build housing.

Over the last decade or more, one thing that Howard has succeeded in doing is privatising public housing by stealth, although most people have not seen it happen. He has ended up with an unaffordable product. The challenge for government is to try find one that works, which is why I put Homelink on the table, which you will be very familiar with. The reality is very simple: public housing is now an option of last resort, but private housing has become unaffordable. We have a crisis on our hands and I warned of this five years ago. I am pleased to see that federal Labor has provided a blueprint and in the next couple of weeks will hold a housing summit to work through all of these issues.

Just three weeks or so ago in my office, representatives from HIA told me that the federal government 'was bludging on the states'. The HIA is hardly a hotbed of communist enthusiasts. It is a pretty conservative organisation. If it is saying it, I believe it.

Mr STEVENS: Minister, I refer you to the capital acquisition statement on page 2-39 of the MPS. Can you explain why you have spent less than the budget amount on the construction of public rental housing for the last two consecutive financial years when the public housing waiting list is increasing at a rapid rate? I think somewhere around 36,000 people are on that list at this point in time. The 2005-06 budget figure was \$92,961,000; the 2005-06 actual figure was \$62,300,000. The 2006-07 budget figure was \$98 million; the 2006-07 actual figure was \$64,300,000.

Mr SCHWARTEN: What is not taken into account in those figures is the transfer of construction into spot purchase. We have been increasing the number of spot purchases, which has the same effect as constructing homes. By and large, we have a number of problems, just as private industry has. The major problem that we have had is actually constructing properties. We have found it cheaper to buy them than build them. We have found it cheaper to retrofit them than build them. If you want some further details on that, I am sure that Professor Ian Fulton might be able to enlighten you on the nitty-gritty of the statistics. By and large, my understanding is that we are spot purchasing more and more than we used to and we will continue to do so if we can find good product.

Mr Fulton: In the management of the Capital Works Program, funds are moved from one area to another to take advantage of market conditions. This is one instance where some funds have been moved from construction activity into the purchase of existing properties.

Mr STEVENS: Minister, I refer you to page 2-1 of the MPS and ask: what environmental strategies, ecofriendly initiatives and water-saving devices will your department include and install in the purchase and construction of 750 public housing dwellings promised in the 2007-08 budget?

Mr SCHWARTEN: I know that we spent about \$5 million on water-saving devices in the greater Brisbane area. They would include taps, shower roses, cisterns.

Mr STEVENS: Did you mention water tanks?

Mr SCHWARTEN: No, water tanks have not been included. It would cost us about \$60 million to put water tanks in. If water tanks were required so that people had access to drinking water, then they would be a must. However, while people like to have a nice yard and so on, it is something that they can live without. I am faced with the dilemma of spending \$60 million either on housing people or putting tanks on the sides of houses so that they can water their gerberas. That is the reality of it.

Mr STEVENS: I ask for clarification on that. Surely \$60 million cannot be for 750 houses?

Mr SCHWARTEN: No, it is not for 750.

Mr STEVENS: I was asking why you cannot put water tanks on the 750 new houses?

Mr SCHWARTEN: I misunderstood. I thought you were talking about retrofitting. New houses will have to have them. That is part of the new laws. They will have to have them.

Mr STEVENS: Water tanks?

Mr SCHWARTEN: Yes. I have the exact briefing note here, so I will stick to the script. All new constructions of detached and duplex-style accommodation will have rainwater tanks installed, the only exception to this being Toowoomba where all new constructions will have rainwater tanks installed and local government authorities that have an exemption from part 25 of the Queensland Development Code water saving targets where no tanks will be installed. Basically, wherever they are required we will put them in. I thought you asked the question that is commonly asked of me whenever I go near public housing, which is, 'Why won't you give us a tank?' That is the answer to that question.

Mr STEVENS: I refer the minister to page 2-15 of the MPS and the level of client satisfaction in regards to public rental housing. It says that clearly the data is not available because the client satisfaction survey is a national survey, which is carried out biannually and the next survey is not due until 2007-08. Does your department collect its own data on client satisfaction as part of your good management process? What is the percentage of people who have been satisfied with the allocation of their public housing accommodation?

Mr SCHWARTEN: I think it is pretty high, but I will pass over to Natalie to answer.

Ms MacDonald: The survey is undertaken every two years. While we do it as part of a national survey, the Queensland data collection is considerably greater than the base sample. That is because we like to get a measure of satisfaction per area office and, in particular, to focus on particularly disadvantaged groups. We also want to get a sense about their levels of satisfaction. While it is undertaken as part of a national exercise, the effort that we put in in Queensland to get a representative sample of tenants is significantly greater than most other states.

That information is used across the organisation to inform a whole range of policies and practice from our area offices, for our maintenance program, for our upgrades program, and also to inform future service delivery. The last survey results showed 78 per cent satisfaction with the service provided by the Department of Housing to the tenants.

Mr STEVENS: Is that document publicly available?

Ms MacDonald: We have a summary of the last survey on our internet site. When the new survey results are available, which should be some time in the next couple of months, they will also be publicly available on the internet site.

Mr STEVENS: Minister, I refer you to page 2-15 of the MPS. I note that the timeliness for average wait times for assistance of new households assisted within three years has dropped dramatically from estimated actuals in 2004-05 of 82 per cent to estimated actuals of 60 per cent in 2006-07. Your estimated target for 2007-08 is 55 per cent. Can the minister explain the significant drop in the ever-increasing list pushing applicants over and above the three year wait time?

Mr SCHWARTEN: I might point out a couple of statistics before we start. Every year we help about 250,000 Queenslanders. That is a fair slab of the state population which this department assists. We have over 60,000 housing solutions to meet people's needs. Despite increasing that from about 52,000 or whatever it was when I started to around 60,000, the list continues to grow as you rightly point out. There are a number of reasons for that.

Nine years ago when I first came into this job, people moved their way through public housing pretty rapidly because they saw better options in the private rental market or, indeed, their circumstances improved. You are seeing a snapshot of people who are very poor in a lot of cases, who have nowhere else to go and who are staying in public housing. Of course, we have improved the quality of our public housing so that it is now as good as or better than what is being offered on the private market. However, nine years ago, for example, there were 500 houses at Inala that no-one wanted to live in because of their parlous state and the state of the neighbourhood.

The reality is that people do not move out of public housing as much they used to. That is why we have introduced reviewable tenancies and currently we have a number of income assessments to assist people into another market. But there is a catch: where do they go to? As I said, in most places the private rental market is in a state of collapse. Where I come from it most certainly is. I am sure that you could say that it is where you come from. I am sure, Madam Chair, it is the same deal in Ipswich and Cairns is the same.

The reality is that people are not investing in the private rental market and we have to find a method for them to do so. That is why I introduced Homelink, which is a subsidy from the state and calls on the federal government and local government to do the same to get people investing in the market again. There are plenty of people who want to invest.

We have a lot of different products. We have the Brisbane Housing Co., which did not exist until I put it in place, and your housing company. We continue to put new products on the market, only to find them quickly filled up because of the demand that is not being met in the private rental market. We did an assessment of 33,000 or 34,000 people. Something like 15,000 or 16,000 of people on our waiting lists could maintain a reasonable rent in a reasonable private tenancy and, indeed, have always done so, but that product is no longer there for them. All the eggs were in the basket of private rental, but the basket has dropped and the eggs have broken. Now we have to get some intervention in the process from the federal government, which is what I have been saying for a long period.

Mr STEVENS: Minister, I refer you to page 2-39 of the MPS regarding the capital acquisition table. Can you confirm whether any existing public housing and private housing properties have been sold off to any real estate agencies for investment purposes? If so, if the combined estimated actuals for 2006-07 of \$60,600,000 for public and private existing housing purchases, how much revenue has this brought into the state coffers, either the department or Treasury?

Mr SCHWARTEN: It would be the department. With anything we sell, the money comes back to the department and gets recycled into new housing. I did not quite follow your point on real estate agents? What was the point?

Mr STEVENS: Selling the properties basically to other investors in the real estate—

Mr SCHWARTEN: The people renting them?

Mr STEVENS: Correct.

Mr SCHWARTEN: There would be an element of that. I do not know whether we have stats that would show that. What we have done is sold them to tenants and I encourage that and we want to continue to do that. For all the programs, we sold 122. That includes vacant land. Let us go to housing; we sold 109. Of those, 59 went to tenants, 35 of those were sold onto the open market and there were 15 blocks of land sold. We have gone through the business of selling off housing so that we can decamp communities. The housing shortage is such that we can no longer do that. We have to make do and manage the tenancies that we have. As you can see, 60 per cent were sold to tenants and the other 35 per cent quite possibly could have gone to other investors. I would not have a clue who they were sold to. We do not have the right to say at an auction that a person cannot buy a house from the government.

We have tried to sell to first homebuyers as part of that Community Renewal Program in places like Cairns, Inala and so on. At the end of the day I cannot sit here and say that a real estate agent somewhere has not bought a house. I am confident that some people have bought them as investment properties and have probably done all right out of them. At the end of the day if they are in the rental market and the rent is affordable, we gain another house in the private rental market.

Mr STEVENS: Following on from that, you just mentioned 15 land sales. Why have you sold those land blocks when they could easily be built on for public housing?

Mr SCHWARTEN: They probably could not be. If the lord mayor were here I would chew his ear about two of them, or you might like to. One is at Rode Road and one is at Richmond Road. They are particular pets of mine because one of your Tory mates, a former local councillor, got elected on the

basis of not having that land built for 'those' people. Reluctantly, we went down the path of trying to get a DA through council which did not bear fruit. At the end of the day Blue Care came forward and said that it wanted to buy it for nursing home facilities. We still have not sold it, but that is two parcels of land that I could readily point to on which I would have put public housing.

Of course, your friend and mine Michael Caltabiano was out there declaring war on public housing in what was his electorate—and thank God it is no longer his electorate. It does not help matters at all when politicians get involved in this business and we get a lot of anxiety from locals. Sometimes we have to do what we did with the land on Rode Road, especially when we do not have a council that is very helpful to our cause. I will die in a ditch before we ever part with land in that circumstance, but it became apparent in both of those circumstances. They are just two. I do not know all them. I am sure you do not expect me to.

Mr STEVENS: Thanks, Minister. I think you have clarified it for me.

CHAIR: We will now cut to government questions.

Mr WETTENHALL: Minister, I refer you to page 2-3 of the MPS and the issue of affordable housing. I understand that you attended a housing ministers conference last week. Given the parlous state of housing for low-income and disadvantaged Queenslanders, can you tell the committee what the Commonwealth's current state of thinking is about a new Commonwealth-State Housing Agreement along with housing affordability in general?

Mr SCHWARTEN: Unfortunately Minister Brough did not turn up, but he sent a senator from the Northern Territory who is a junior minister, Senator Scullion, along in his place. He was quite a nice bloke but was not able to answer any of our questions. What I was able to glean is that there is at least some commitment to another Commonwealth-State Housing Agreement. We do not know what it will look like or do. I suspect that the announcement by the Treasurer the other day, which I welcomed as the first statement on housing—normally whenever we hear the Prime Minister open his mouth he says that it is a responsibility of the states and that is all he has ever said, and he talks about keeping interest rates down. Everyone forgets, of course, that when he was Treasurer the rates were at 22 per cent or something.

CHAIR: That is my understanding.

Mr SCHWARTEN: Everyone forgets about that. That is what the Prime Minister's mantra has been. I have been saying this for a while: I think it is game on for housing at the next election. Most people I talk to have grave concerns whether it is about the purchase or the rental of houses. I was talking to a fellow the other day whose son is a police officer who was transferred to Mackay on promotion. He has to dip into his savings to rent a home—and he is a police officer. It is an enormous problem that has been absolutely ignored by the current federal government.

I challenge anybody to find me any document anywhere that illustrates anything other than a lack of interest by the federal government. There has been no work done on where the rent assistance goes. An amount of \$2.2 billion every year goes out the gate. Rents have gone up by \$150, yet rent assistance has gone up by \$15. You cannot keep writing out a blank cheque; we all know that. They have been sitting there blindfolded writing out cheques and hoping that the problem is going to go away. It has not and it has got worse.

I think that we will see homelessness if something is not done at a federal level—and there are plenty of levers there. There is negative gearing, and negative gearing will always be there. One of the issues with negative gearing is where it is skewed to. Is it skewed to the top end of the market, which is where you make the most money? If you actually have money, why would you invest it in housing? It is going to cost you to do that because there is no reverse negative gearing. In other words, there are no tax credits.

I was delighted to hear Kevin Rudd talking about tax credits because we are about the last country in the world to embrace that. I think it has real benefit when we have a trillion dollars sitting in superannuation funds. I would have thought that the current federal government would have thought about that. I have been saying it for five or six years, but it has not been an issue that has grabbed the media as it has in recent times. If you go back over what I have said in parliament over the years and read the speeches I have made about this in a whole host of forums, I have been warning that this has been coming and I am delighted to see our Labor federal colleagues really on the ball with it. This is great stuff.

Mr WENDT: I refer to page 2-10 of the MPS and expenditure for Aboriginal and Torres Strait Islander housing in particular. There has been a lot of recent publicity concerning planned reforms to Indigenous housing on remote communities following the federal budget announcements and the Australian government's emergency response to child abuse in the Northern Territory. Can you please detail how the federal government's reforms will impact on remote Aboriginal and Torres Strait Islander housing in Queensland?

Mr SCHWARTEN: One of the things that they are on about is land tenure and thinking that is somehow going to be a solution. I am blessed if I can see where that is going to take us. The reality is that a whole new thought process is required, which is what we have already done. The reason you do not hear Queensland featured in relation to the housing sector too much is that, as I told the estimates last year, we intended to intervene in that market and we have. If you want some evidence of it I have some photos here, for example. Here is a photo of a house in Hope Vale. That is what the kitchen used to look like and that is the one that we have repaired. It is no good just going in there and repairing it; you have to get a proper maintenance regime, and we have done that in our 34 DOGITs in some communities. There are four now that we are managing. There are other communities that want us to manage their tenancy for them. They know it is beyond them. They are very small communities and their skill set is very short on the ground. Yet they are expected to fight above their weight in managing these sorts of properties.

I do not get any sense whatsoever from the feds. They have recently written to me to talk about Palm Island and Mornington Island as being two target sites for some process they intend to go through. However, I get the distinct impression from the questions that I asked the Northern Territory senator and minister last week that they have not got a clue what they are talking about, that they actually have not done the forensic analysis of just what the underpinning problems are. I heard Brough saying recently that we would teach people to grow vegetables and all the rest of it. That is to assume that their children want to stay there and eat them. I would have thought that one of the aspirations is to actually get people to do what Noel Pearson has done and go away to school and play their part in that regard.

In housing I am confident that we have pursued this matter in the right direction. Is everything 100 per cent tickety-boo? No, it is not. I was in Lockhart River earlier this year and in a number of Aboriginal communities and they told us that the damage to the housing in those places—and the member for Ipswich West was with me—has gone down as a result of alcohol management plans. The women's shelter is hardly used. In fact, in one place—Kowanyama I think it was—they were talking about converting it into another house, which is great news. Where these communities are embracing our intervention to assist them—we are not trying to take the problem away, but we are not going to throw money at them or pretend that the Army is going to arrive and fix this problem. This is about actually helping to build capacity at a local level and providing some inspiration for people to say, 'Look, you don't have to stay in Hope Vale,' or 'You don't have to stay on Palm Island. We will support you in housing elsewhere.'

Mr WENDT: Continuing on that theme then, I refer you to page 2-3 of the MPS under the heading of Indigenous housing. Twelve months ago you introduced a more centralised maintenance regime for housing in the 34 remote Indigenous communities across Queensland. This is to be managed by QBuild, but I understand that funds allocated under the new arrangement have not been fully expended. Can you outline the reasons for this and can you also advise of any progress that has been made through the reforms?

Mr SCHWARTEN: That is a good question. It highlights the frustration with how this has been implemented. It highlights how stupid the quick fix mentality that is coming from the federal government is. The reality is that we went into this where we had QBuild on the ground in those locations. We had experienced people in maintenance management. We have experienced staff who can manage tenancies and so on. We have a skill base that the federal government does not have for a start. We have expended \$10 million for maintenance. I am quite pleased that we were able to spend as much as we did.

All the mayors came to the Atherton community cabinet, for example, and they do not like our approach to identifying what maintenance is as opposed to capital expenditure. We had a bucket of money for maintenance. Say, for example, we were to do that kitchen. That is not a maintenance issue; that is a capital replacement. We really needed to sit down with the communities and identify the nature of the program and make sure the money was in the right bucket to expend it.

We spent \$11.5 million on maintenance last year and we carried \$20 million over, and there is \$35 million or something this year to spend. It is a lot of money. One thing I am not going to do is write out a cheque and spend the money with a contractor and say, 'Off you go and fix the problem.' That has been done before and we would be back to square one if we did that. We need the communities to own this problem and they are doing that for the most part. We also do not want to go into communities and take our own people in when they have their own to do the work. That point was made to us at one of those communities that you and I visited earlier this year.

Certainly it is a costly business; there is no doubt about that. It costs us \$300,000 to run each of the four communities in terms of their rent. We have other communities queuing up for us to do it because they see the benefit of us doing it. I say to Canberra that if they want to fix some of this problem they should come on side with us. They should not just say, 'We're going to bring in the Army. We're going to do this,' like the nonsense up at Hope Vale the other day on land that is held in freehold title by the council. That is an easy one. That is like low-hanging fruit: you can pick that one easily. They should look at the harder tenure issues and make up their mind whether or not home ownership is the cure to this problem. I am not sure that it is.

Mr WETTENHALL: Minister, I cannot locate any reference to peak organisation funding in the MPS. However, I know the department does fund a number of organisations to provide a range of strategic services for the social housing sector. I am also aware that a review of peak funding arrangements commenced some time ago. Could you please advise of any outcomes of that review and what arrangements have been, or are being, made to continue peak funding?

Mr SCHWARTEN: No doubt you and other members have received some correspondence on this from certain of the organisations. I am surprised that the shadow minister has not also. With regard to these peaks that exist at the moment, we have the Queensland Disability Housing Coalition, the Queensland Youth Housing Coalition, the Queensland Public Tenants Association, Queensland Shelter, Queensland Community Housing Coalition and the Tenants Union of Queensland. It is a mouthful in any terms.

By and large, I have to say that I am unhappy that we have so many peaks all funded by the taxpayer, all of whom have a niche that they are supposed to operate in, and it does not really reflect what the sector is expecting of government. What they are saying to government is, 'We want a whole-of-government approach,' and I think anyone with any common sense sees that as a worthy, noble objective and something that is achievable and is being achieved. We have a \$235 million homelessness project which goes across portfolios.

When it comes to the sector, I expect that they should be doing the same thing. Imagine what the building industry advocacy would be like if you followed that model. We have the Master Builders in Queensland predominantly and the HIA, but they are peaks. Master Builders, for example, have a number of divisions of different types of work that builders carry out. It is the same deal with the MTAQ. They speak to government with a very strong, powerful and united voice. These organisations do not. This is not a business of penny-pinching, but I am of the belief that we are long past the day when the Public Tenants Association should be advocating necessarily for tenants' rights. We have a tenants union that does that and that looks after people.

I find it a little patronising, to tell you the truth, that we have a little government funded body over here that protects tenants' rights. Sure we have a body of tenant participation which I know the member for Ipswich was particularly involved in. I went up to her electorate on one occasion, and we want to keep that harmony going because of the amount of unfortunate misinformation that is created in communities. But for the life of me I cannot see why we cannot have two peaks—one that provides some housing sector advice to government and one that advocates on behalf of tenants. I really cannot see why the difference and why there cannot be an umbrella organisation when it comes to this sector, like Shelter, for example, that has all of these units within it that advocates for people with disabilities.

Quite truthfully, I pick up more advocacy from community cabinet meetings than I pick up from any of these organisations. I have had a meeting with them. I know that change is always very hard, but I was delighted that the Queensland Community Housing Coalition has embraced this and did so straight off. Mr Ogle, who has been around for a long time, embraced this and that is good to see. We will continue to work down this path, and I would look for some bipartisan support in that regard.

Mr WETTENHALL: Minister, as noted on page 2-14, dot point 1 of the MPS, would you please outline what has been the outcome of implementing the ongoing eligibility policy up to now?

Mr SCHWARTEN: I referred to this briefly before as a by-product of continuing to re-examine whom we house. The one social housing system is designed to identify those in greatest need getting the greatest subsidy and that tapering off as people's circumstances improve. As a result of that, we have identified an \$80,000 family income as being a cut-off point to evaluate whether or not people should stay in public housing. It is a great front-page headline to say that somebody on \$90,000 is living in public housing. When you distil down their circumstances, you find out invariably that there are a number of people, for example, who live in the house. The family income is \$90,000 and it includes two people on disability pensions, for example.

I am sure when the letters went out every one of you got somebody knocking on your door saying, 'We're going to be thrown out on the street and here are our circumstances.' There were 188 households that were identified, and of this number 73 households have moved to the private rental market. So there was a capacity for those people to find something that was suitable for them. We were able to assist them in that regard. A further 16 households have purchased their property under the Sales to Tenants program. It is a real win as far as I am concerned that we have encouraged people down that path. As a result of that, we have 89 more houses to put back into the pot. Ninety-nine have been identified as households seeking to remain in social housing, and 95 of those have been approved for a variety of reasons.

None of this stuff is cut and dried or black and white. You have circumstances where people have a temporary improvement in the household income. That is, they have somebody at the age of 25 living with them who is a tradesman, for example, and you have an aged mother and father and their pensions all add up to \$80,000. One of the hardest things I have ever tried to do is to get this story out through the media that saying that there are people living in public housing on \$90,000 a year income and they are bludging on the system is just a wrong message to send. I think this exercise has proved it. The

percentage is very small. Overall there is only 188 so far, and there is another group of people that will be identified in the next round as the undeclared rent. But this is the way to do it rather than just making a blanket rule and having all of you people getting into me because I am going to throw somebody out who has a couple of disabled pensioners living in the house with them. It is about trying to match people's needs to the housing.

Mr WENDT: Minister, throughout the MPS there are references to the acquisition and/or redevelopment of land for the social housing sector including the purchase of land for possible leasing to local government and community providers to achieve social housing outcomes. However, Minister, I am also advised that the department recently transferred some parcels of land to the Environmental Protection Agency for open space or parkland. I was wondering if you could provide comment on this and whether or not this can be justified in the climate of unprecedented demand for social housing outcomes.

Mr SCHWARTEN: That is a very good question. The reality is that it is a question that needs to be addressed, because we have inherited large parcels of land that were purchased after the Second World War, when the big estates at Carina, Carole Park, Kuraby and all those places were established. The reason the government of the day bought a big parcel of land is that in those days you chopped down anything that grew and shot anything that moved. We are a bit more advanced in our thinking these days. We understand that it is pointless having cheek by jowl housing with no green space. Ironically, we are always the department from which people want green space, because they do not want public housing—that is the real reason. But they say, 'Wouldn't it be great to have green space?'

A couple of years ago we went through the process, because the last thing I want to do, being an animal lover, is to destroy habitats of worthy Australian species. That is not my brief as an elected member of parliament and I do not think anybody with any brains sets out to do that. We have to try to find a balance between livability for humans and livability for species. We have not done that too well in the past, I do not think.

The reality is that we had a proper assessment made and we found parcels of land that should not be developed. We went down the path of saying to the Brisbane City Council that they should buy them from us at parkland rates. The Brisbane City Council refused. They are at odds with the Gladstone City Council, which did just that a few years ago. It actually did buy one. But we have identified parcels of land at Carole Park, Kuraby, Holland Park West and Oates Hill that have been bought, or are in the process of being bought, by the EPA. So we get our money for housing and the environment gets a good result. I congratulate the Treasurer, Anna Bligh, for doing this. It is a great thing. It is a good outcome for the animals and for the people of Brisbane.

CHAIR: We now have about 10 more minutes of non-government questions. I call the member for Robina.

Mr STEVENS: Minister, I have a question regarding the RTA. I refer you to page 4-3 of the MPS and to a follow-up question to a government member's question on notice No. 20. I note under the RTA that, with proposed changes being passed, lessors will be able to pass on water charges to the tenant. What will be the effect to a tenant where a leak occurs on the lessee's side of the water meter, or the lessor's—in other words, not the council's side; the lessor's side? Won't the tenants be liable for the leakage amount of that water consumption? And how will the leakage be identified?

Mr SCHWARTEN: The capacity to hand on the water charges will be predicated on the basis of the landlord accepting responsibility for the proper maintenance of the property. It is a very good question that you raise because it is something that has exercised my mind. On the one hand, you could have a situation which you currently have now where a tenant could fill up a water tank with a garden hose and sell it to somebody and the landlord would pay for it. Vice versa you could have a landlord who has all the leaky taps under the sun and does not do anything about them.

The reality is that not doing anything about it is not an option. We will ensure that, where WaterWise has been approved into a house, the landlord will have the opportunity to hand that on. But just as with any other cost that might be handed on to a landlord we would watch that very carefully. If any grubby landlord would not fix that, we would assist that person, I think, through the RTA to go to the Small Claims Tribunal and get a summary notice back against the tenant. But it is a very good question that you raise because sure as hell it is likely to happen at some stage. It is one that we will be very careful to take notice of in the implementation, and I thank you for your very thoughtful contribution on that.

Mr STEVENS: Minister, hopping over to the BSA, I refer to page 3-1 of the MPS which states—

A principal role of the Authority is the provision of remedies for defective building work which includes an insurance scheme that provides compensation to consumers for defective or incomplete construction.

If a builder failed to complete the contracted building work, why is there not provision for insurance from the date that client has to terminate the existing contract—which he does under direction from the BSA so they can call for tenders—with the failed builder until the time of appointment to carry out the works by the BSA-appointed remedial contractor?

Mr SCHWARTEN: I think I am right in saying the answer to that is that we give the builder the first chance to fix it. We give them an order to fix it. That is right, isn't it?

Mr Jennings: Yes.

Mr SCHWARTEN: We give them a certain amount of time to do it. If he does not do it, we then go out and get a builder to fix it.

Mr STEVENS: What I am saying is that when you give them the order that is okay, but they have to cancel that existing contract as part of their legal requirements—

Mr SCHWARTEN: That is right.

Mr STEVENS: And there is a period between then and when the BSA have appointed a new contractor to finish the work—they have to call tenders et cetera—that that project is uninsured. In other words, it is like a half-completed house and it can get broken into, have things stolen and all the rest of it at the owner's expense. Why isn't there insurance for that period?

Mr Jennings: What you are talking about is liability insurance for the builder. What occurs is that all builders take out an annual policy to cover their construction work for such things as personal liability on the site and those sorts of issues. What we require an owner to do is to terminate the contract, because the contract is still on foot until it is terminated. If a contractor has gone broke or ultimately has disappeared, the contract has to be terminated. There is no product in the insurance industry, given the risks, where an owner can get cover for their home while it is non-completed. I have searched the market, I have spoken to our reinsurers and I have spoken to insurers to try to get a product out there. It is a risky product which insurers do not want to get into. The issue of cover to a home is given to a builder for all his jobs. They do not give it on an individual project and they will not give a cover of an insurance policy to a homeowner.

Mr SCHWARTEN: So there is no product available.

Mr STEVENS: My question is why can't the BSA when it comes into it through its insurance policy extend it to that time? I know that there is difficulty in underwriting that. You are telling me that there is no underwriter for the product.

Mr Jennings: Our re-insurers will not underwrite the product. It is an insurance risk that would be borne by, I suppose, the insurance funds and premiums would need to go up to compensate—to cover that scheme. It is a question of: do you want to pay a higher premium for that risk or should they try to pursue their own cover? What we try to do with regard to non-completion is try to complete the home as quickly as possible. We had a particular builder that collapsed in the south-east corner and Mackay, where I had a team on the ground within two days to try to solve the problems and get the contractors on the job. Then their policy will cover those particular jobs. So the aim of the BSA is to get in there with a rectifying contractor as soon as possible to make sure that the new contractor will cover it under his own policy. There is a time period and the aim is to as quickly as possible get in so that their insurance will cover it.

Mr STEVENS: Hopping back into housing again, I refer you to page 2-3 of the MPS. The minister explained or confirmed that there were 200 departmental public houses which were available on the private rental market through the Ray White Real Estate agency at Chermiside. It is a previous practice. Does this private rental situation still exist and, if it does, would that not for individuals of public housing in some small way alleviate the backlog if they were put back on to the public rental market?

Mr SCHWARTEN: I have to say that us doing this is a matter that I have never been really comfortable with. The reason we did it was that we had sites for redevelopment. Under our tenancy laws there is tenancy for life. So you can go along to a house to redevelop it and the people will say, 'Well, we don't want to move.' So we put them into a private rental market for a varying period of time until we can buy into other areas or wait for other people to leave or die or whatever. It was a tool to try to manage that program.

We have at the moment a total of 131 properties throughout Queensland. There are 59 through private real estate agents and 72 are head-leased through a community agency, and I do not have a problem with them. I do have a level of discomfort about using this. Some of them we have used in the coalmining centres where we have a proportion of public housing that is appropriate, but we have had the companies hand them back. I do not know whether you know the old Joh scheme where they did a deal—I do not know where they got the money from, but I suspect they got it out of the CSHA. They wholesale provided properties through the housing budget to coalmining companies and leased them for 30 years. We have still got some of the hangovers of those in some of those coalmining areas, and rather than put them back into public housing we have put them into the private rental market until we can work out what the best solution is. We are getting out of those progressively.

At one stage we had a couple of hundred of those all over the place. But that was when the coal boom had disappeared. Who would have ever thought that the ones we shifted out of Blackwater to Birdsville and all of those places because the council was up us like a rat up a rope—those vacant blocks of land that we were virtually giving away in those days or we could not sell—would be worth

hundreds of thousands of dollars now? I agree with you that it is not an optimum solution, but we have been driven down that path because of a quirk of circumstance, and it is not one that I wholesale encourage, I can tell you.

CHAIR: Member for Robina, have you got another question or are you all done?

Mr STEVENS: Timewise we are just about shot.

CHAIR: Yes, but you have offered up that time, so I am obliged to give you more if you want it.

Mr STEVENS: I will make the last one a simple one because you have given a philosophical workover of the federal government, so I might as well just ask another question. Considering that under the Commonwealth-State Housing Agreement from 2003-04 to 2007-08 the Australian government has contributed \$940,457,000 and the Queensland state government has contributed \$344,454,000 to assist Queenslanders with housing—which is basically a third—and if you consider that the Australian government funding for rent assistance is added to the funding under the CSHA, the Australian government contributes \$4 for every \$1 provided by the states and territories for housing. Is that something that you are proud of?

Mr SCHWARTEN: You have got Minister Scullion's briefing notes from last week? That is what you have got. We are actually contributing \$961 million over that period of time. The \$340 million is the money that we are expected to put in in matching funds, but we have been topping that up over a long period of time. That did not used to be the case, if you want to have a look at the figures, in the Hawke and Keating government when they outspent us two to one. We are now expending more money on housing than the Commonwealth in Queensland on our housing products. Leave aside the federal government's scheme of private rental assistance. That is not our product. On our product, part of the CSHA, we are now expending \$961 million—you are a gambling man; I will bet you any money you like—to their \$940 million. That is what our figure is. The matching funds, as I say, is what you sign up to on the first day. They say that is the minimum you must put in, and that is what we put in on top of that.

I am delighted with the extra \$500 million our Treasurer has found for us over the next five years. That is a very considerable investment. I hope that when Rudd is elected as Prime Minister that we see the halcyon days of Labor governments interested in housing policy return.

Mr STEVENS: Through you, Madam Chair, thank you, Minister, for your very complete answers.

CHAIR: There being no further questions, that concludes the examination of the expenditure for the portfolio for the Minister for Public Works, Housing and Information and Communication Technology. Thank you, Minister Schwarten, thank you to your ministerial staff and the officers from the Department of Housing. In concluding the hearing today I also want to thank both the government members for their keen participation and the non-government members who have been most civil all day.

Mr SCHWARTEN: Thank you, Madam Chair, well chaired and thank you for your contributions and your courtesy this afternoon. I thank the Department of Housing people for all the efforts that they have put in over the last couple of days and the Department of Public Works people. There is a lot of effort that goes into this and we have been able to conduct ourselves, I think, in a very good manner this afternoon due to your excellent chairmanship, as always.

Committee adjourned at 5.51 pm