

## TUESDAY, 13 JULY 2010

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### ESTIMATES COMMITTEE A—LEGISLATIVE ASSEMBLY

#### Estimate Committee A Members

Mr SD Finn (Chair)  
Mr MW Choi  
Mr PA Hoolihan  
Mr J-P H Langbroek  
Mr TJ Nicholls  
Mrs JA Stuckey  
Mr WE Wendt

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#### In Attendance

Hon. RJ Mickel, Speaker  
Mr N Laurie, Clerk of the Parliament  
Mr M Ries, Deputy Clerk  
Mr M Hickey, Director of Corporate and House Services  
Mr C Atkinson, Manager, Financial and Administrative Services

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#### Committee met at 8.30 am

**CHAIR:** Thank you and good morning, Mr Speaker. I declare this meeting of Estimates Committee A now open. I would like to start by acknowledging the traditional owners of the land on which this hearing is taking place today.

My name is Simon Finn. I am the member for Yeerongpilly and chair of the committee. Joining me on the committee today are: Michael Choi, the member of Capalaba; Paul Hoolihan, the member for Keppel; John-Paul Langbroek, the member for Surfers Paradise and deputy chair; Tim Nicholls, the member for Clayfield; Jann Stuckey, the member for Currumbin; and Wayne Wendt, the member for Ipswich West.

The committee will examine proposed expenditure contained in the Appropriation (Parliament) Bill 2010 for the Legislative Assembly and the Appropriation Bill 2010 for portfolios of the Premier and Minister for the Arts, the Treasurer and Minister for Employment and Economic Development, and the Minister for Public Works and Information and Communication Technology. We will examine the estimates in that order.

The proceedings today are lawful proceedings subject to the standing rules and orders of the parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded in accordance with standing order 206. In relation to media coverage of the hearing, the committee has resolved to allow television coverage and photography during my introduction and the opening statements by Mr Speaker and ministers. The committee has also agreed to the live broadcast of the hearing via the Parliamentary Service's website and to receivers throughout the parliamentary precinct.

Before we begin, I would ask that mobile phones be switched off. I note at the opening of proceedings today that there is some computer equipment in the room that has not been in the room previously, including some printers. I note for members of the committee that I am happy for the printers to be here but if they create a noise that disrupts the proceedings of the committee then I will ask that they not be used.

The first item for consideration in this estimates hearing is the estimates for the Legislative Assembly. I welcome you, Mr Speaker, parliamentary staff and advisers. We will examine estimates for the Legislative Assembly until 9.30 am. The time limit for questions is one minute and for answers it is three minutes. A warning bell will chime 15 seconds before the time runs out. An extension of time may be given with the consent of the questioner.

For the benefit of Hansard, I ask that if advisers are called to give an answer they state their name before speaking. I now declare the proposed expenditure for the Legislative Assembly open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Mr Speaker, would you like to make an opening statement?

**Mr SPEAKER:** Thank you, Mr Chairman. I wish to highlight how the hearings of the various estimates committees, which commence today and will proceed over the course of this week and next week, demonstrate the parliament undertaking one of its primary roles—that is, providing an opportunity for the government to be accountable and for this parliament in this session to be accountable. Though we are not meeting in the Legislative Assembly chamber, the Assembly is very much in session; it is in committee. These estimates committees are, in fact, very much the same as the committee stage of a bill being considered by the parliament in the normal course of events. In due course, the reports of the seven estimates committees of their consideration of the two appropriation bills and the expenditure they provide for will be debated in the Legislative Assembly chamber by the House as a whole.

I mention these procedural aspects of the hearings of the estimates committees for a number of reasons: firstly, to highlight how they represent the parliament in action discharging its role of providing for accountable government; secondly, to highlight the fundamental importance of the parliament's committees—currently they are under review; and, thirdly, to highlight how this kind of formal consideration of the business of the House outside the actual Legislative Assembly can and does happen successfully and provides the basis for its wider application.

It is 12 months ago to the day that I first appeared before this estimates committee as Speaker, responsible for the budget estimates for the parliament. I again feel honoured to appear before the committee today. Over that 12 months it has been reinforced to me repeatedly, and I appreciate to a much greater degree, the important role that the parliament plays in our democratic system of government and the paramount importance of the funding proposed to be made available through the Appropriation (Parliament) Bill, which enables the parliament to perform its role on behalf of the people of Queensland. The spending of all public money is an important and serious matter, and I want to assure the people—the taxpayers who provide the money—that it is being spent prudently and properly and that they are getting value for money in terms of the services provided.

The year just completed was one of achievement and consolidation for the parliament and the Parliamentary Service. The standout achievement, of course, was the 150th anniversary of parliament's first sitting on 22 May 1860. One hundred and fifty years of unbroken democracy is a significant milestone for our state. There are relatively few places around the world where that has been the case.

Setting the scene for the various P150 events in May was the launch in April here in this chamber of the Parliament House Conservation Plan. The plan not only documents what we have by way of buildings and contents and other assets; it also provides the blueprint for the parliament to conserve and protect the building, contents and other assets into the future. This chamber provides an example of how the plan will shape the way things are done. The large and extremely heavy centre table, for instance—a piece of heritage furniture dating from the very beginning of the parliament—has routinely been removed to make way for activities here in the chamber such as estimates hearings, increasing the risk of damaging not only the table but also other features and fittings of the chamber each time it is moved. From now on, that will happen only where it is absolutely necessary.

Other achievements I should mention include finalisation of the security upgrade for electorate offices, a matter raised at last year's hearing and, in keeping with an undertaking I gave at the time, one on which I have kept all sides regularly informed. Further information is provided in answer to one of the questions on notice. There has also been important initial work done on a strategic review of the parliament's buildings in terms of their management and maintenance, their fitness for purpose and their compliance with relevant building codes and related requirements. Several reports have been produced and over the coming year recommendations arising out of this review as well as the conservation plan will begin to be implemented.

In all it has been a blended year—a blend of the old and the new, a blend of doing the same things the same way because experience has shown that it is the best way, of doing some other things in a different way because there is a better way involved, and also of doing new things altogether. Examples are the inaugural multifaith service we had in this chamber last December and the first two citizenship ceremonies ever held here at the parliament—one last December on Proclamation Day, 10 December, and the other just last month on Queensland Day, 6 June—again, both right here in this chamber.

I take this opportunity to acknowledge both sides of the House and members individually for their support and cooperation in matters relating to the functioning of the parliament, both inside and outside the chamber. I remain cognisant of the need to consult with and receive input from members generally on matters affecting them and the operation of their place of work, which encompasses not just the actual Legislative Assembly but also the parliamentary precinct and members' electorate offices. Mr Chairman, I wish the committee well in its deliberations.

**CHAIR:** With the conclusion of those opening remarks, I would ask that the media now leave the room. I now call the member for Surfers Paradise to begin questioning.

**Mr LANGBROEK:** Welcome Mr Speaker, and members of the Parliamentary Service. I refer to page 4-3 of the Service Delivery Statements. Under the section 'Strategic direction', at dot point 2 it mentions that you are going to continue to develop strategies for the parliament to engage with the community of Queensland. Part of that engagement is to ensure that Queenslanders can freely, safely and confidently raise issues with their member of parliament. You, of course, would be aware of reports where it is claimed that the member for Mount Isa received a complaint from a constituent relating to Labor's privatisation plans. The member for Mount Isa then supposedly sent that verbatim complaint to the constituent's employer. This is not about appropriate computer use. I would like to know what guidelines are in place that guarantee a constituent's privacy when they write to an MP. Was the member for Mount Isa entitled to refer a verbatim complaint from a constituent back to the constituent's employer?

**Mr SPEAKER:** In answer to the honourable member, I am aware of media reports regarding the member for Mount Isa and an alleged inappropriate use of resources in relation to emails. I am aware that the Parliamentary Service has a policy in place governing the use of information communication technology, including the use of emails. Generally this policy applies to staff and members. However, there are certain exemptions in place for members.

As I understand this, the allegations have been referred to the Crime and Misconduct Commission. Accordingly, I do not believe it is appropriate for me to comment at this stage, particularly as I have not been formally presented with any allegations to investigate. I will be happy to cooperate with any investigation where it is appropriate.

**Mr LANGBROEK:** I do not see that the CMC is necessarily the appropriate agency to investigate this. My question to you, Mr Speaker, is: are there guidelines that stop an MP seeking retribution against a constituent who writes with a concern? When we are new members we all get a handbook about ethical issues for members of parliament. Has consideration been given to whether we need to put some sort of guidelines into that for MPs to consider or do constituents write to MPs at their own risk, at the risk of losing their job? That does not seem very democratic to me.

**Mr SPEAKER:** The advice to me is that the Privacy Act does not and, as I understand it, has never applied to correspondence with MPs. If there is a matter of privilege involved or you think there is, I would ask you to send that to me in the formal way and I would be happy to investigate that formally.

**Mr LANGBROEK:** In your opening statement you spoke about doing things that we have either done before or improving our techniques or mechanisms for dealing with issues. This is obviously an issue that we need to deal with—that is, whether we issue ethical guidelines. One would have thought that the privacy issue and the confidentiality issue are not issues that would have to be explained to someone. I would be interested to have your response as to whether you may consider extending the ethical guidelines to new members of parliament either by direct instruction from you as the Speaker or via the Clerk in terms of the orientation process that we all go through.

**Mr SPEAKER:** My answer to the honourable member would be this. If the honourable member has a concern in relation to this—I am not cognisant of all the facts. I am aware only of a media report; I think it was in the *Sunday Mail*. I have had no material presented to me as a member or indeed as Speaker. If the honourable member feels that there is a further matter to come before and to be considered by the Integrity, Ethics and Parliamentary Privileges Committee then I think it would be better that the issue were tested in that forum. I say this: I would not want to see MPs constricted by unintended consequences with their correspondence. If this is a matter of such moment then I would prefer that that be sent to me and I will send it on to the committee for you. Over and above that, we do have the code of ethical standards and training for new MPs.

**Mr LANGBROEK:** That is right, Mr Speaker. I understand that you may not have heard my question there, because I am happy to get off the specific issue here and ask whether you may now—not necessarily in this case, but given that we have now seen apparently an unprecedented case of something that one would have expected would not have been dealt with in the way that it was—consider as part of our induction course for MPs some sort of revision or some sort of addition to the code of ethical standards that we provide for new MPs.

**Mr SPEAKER:** The issue for me is simply this: I honestly do not know the facts in relation to this.

**Mr LANGBROEK:** I am not speaking about this case, Mr Speaker. I would presume you would say that of course we need to consider it in the light of any information that comes to hand and that we may well consider the code of ethical standards.

**Mr SPEAKER:** The committee of itself can, as I understand it, have a look at these issues, and I would welcome it having a look at that. As I say, I would rather be in full possession of the facts here. I do not know the mitigating circumstances of the woman in relation to her contact with the member. I am only going on what I have been told was in the *Sunday Mail*.

**Mr LANGBROEK:** Thank you, Mr Speaker. Can you outline what is your understanding of what constitutes an independent officer of this parliament?

**CHAIR:** I just want to remind the member that we are examining the appropriation, so I would ask for a reference to the appropriation in our questioning so that we can put this in terms of the scrutiny of the appropriation.

**Mr LANGBROEK:** Certainly, Mr Chairman.

**CHAIR:** Is there a reference to the—

**Mr LANGBROEK:** Sorry, but it is part of the functions of the role of the Speaker.

**Mr SPEAKER:** I am quite happy to answer that. I think it is a perfectly legitimate question.

**CHAIR:** Sorry, I was not trying to rule the question out of order. Just for the benefit of questioning, we need to make reference to the appropriation.

**Mr SPEAKER:** And I am quite happy to take it because I understand there are some issues in and around this. I think I will attack it this way in terms of an officer of parliament. Section 6, for example, of the Integrity Act 2009 provides that an Integrity Commissioner is an independent officer of the parliament. However, the Integrity Commissioner has this description in common with a number of other officers. For example, section 123 of the Right to Information Act 2009 provides that the Information Commissioner is an officer of the parliament. Section 11 of the Ombudsman Act provides that the Ombudsman is an officer of the parliament. The Auditor-General is regarded as an officer of the parliament, although not expressly stated to be so in the Auditor-General Act 2009. This is the difference: none of the above officers, however—none of them—are officers of the Parliamentary Service. Because they are not officers of the Parliamentary Service, I am not responsible for their appointment or the administration of their offices or other resources. They are to be contrasted, for example, with the Parliamentary Crime and Misconduct Commissioner, who is an officer of the parliament and appointed by the Speaker as an officer of the Parliamentary Service under the Parliamentary Service Act 1988. As an officer of the Parliamentary Service I am responsible for the resources, including accommodation, of the Parliamentary Crime and Misconduct Commissioner. So I am drawing that distinction.

**Mr LANGBROEK:** Mr Speaker, 'Goals of the Parliamentary Service' dot point 1 is to assist the parliament, its committees and members to fulfil their parliamentary responsibilities. In line with the reforms that you have brought about over the past year and given the report by the then Members' Ethics and Parliamentary Privileges Committee report No. 89 that criticised the Treasurer's failure to give a complete answer to questions on notice, will you outline what level of compliance you would like to see by ministers in answering questions on notice?

**Mr SPEAKER:** I think the question is in two parts. Firstly, for questions on notice I have ensured that the 30-day rule is complied with for questions on notice. Secondly, as per rulings given down through the years, the way the question is answered is completely up to the minister.

**Mr LANGBROEK:** As per the standing orders?

**Mr SPEAKER:** As per the standing orders. One thing I want to emphasise with you is that we have been insistent upon the 30-day rule applying.

**Mr LANGBROEK:** Mr Speaker, you and I have had discussions before about our art collection here at parliament. I know we have had meetings with the Art Gallery. Can you advise us about the current holdings and how the collection is being preserved and expanded?

**Mr SPEAKER:** I will start it off. It has been a sense of enormous frustration, and I do thank the Leader of the Opposition for his advice and for his understanding on a frustration we both share in trying to get the artwork here upgraded. I have, in view of the heritage plan, asked that the artwork that was donated by councils be moved from this building—this heritage building—to another building. We are also engaged in an asset audit to see what artwork we have here. I might ask the Clerk to finish off my answer in relation to this.

**Mr Laurie:** Mr Langbroek, just recently as part of the Speaker's review of the artwork within the precinct what we have done is gone back into the parliamentary archives to determine the artwork that was provided to the parliament during the course of the restoration of the building in the late 1970s and the building of the Parliamentary Annexe in the 1980s when there was a significant body of artwork that was donated by local councils. Currently that artwork is spread throughout both the Parliamentary

Annexe and the parliament building here. We believe it was the intention that that artwork would be essentially for the new building—that is, the Parliamentary Annexe. From the archives we have identified where each item of artwork has come from. We have also discovered correspondence between the councils and the then buildings restoration committee, I think it was called or something of that name, whereby the councils actually provided some details on the artwork when they were providing it.

What we hope to do is identify each of those items of artwork, which are all here. They will go back over to the Annexe as a first step. Not only will they be placed in the Annexe where they were meant to be originally, but we anticipate that we will have an explanation with each piece of artwork explaining exactly where the artwork is from and explaining something about the artwork. In relation to artwork in the old House in particular, I do point out that part of the conservation plan was also about its contents as well as the building itself, which included artwork. As part of that conservation plan and as part of the project of the conservation plan, we are going to identify artwork that relates to this building to try to organise it in a logical sequence so that matters that pertain to the same thing are in the same area, once again with full explanations.

**Mr LANGBROEK:** Thank you. Mr Speaker, you and I have obviously discussed the acquisition of new works and what we might aim for in the new building obviously—not in the heritage part of the building—in terms of what the aims might be of the art collection, whether we want to make it a Queensland artist or whether they, as you and I have discussed but not most recently, might be just works that we might borrow from the Art Gallery that are of prominent Australian artists. Do you have a view on that?

**Mr SPEAKER:** I have a view that, in view of the frustration that we both shared with what was offered to us by way of replacement, I think we should look at over time an acquisition program. It should not be an acquisition program based on my tastes; it should be an acquisition program. I have found, frankly, the Speaker's Advisory Committee a very good venue for making sure that issues right across the parliament are ventilated, and that would be the type of venue that I would want. If we are going to go down an acquisition program, I would want to be confident that a cross-section of members are happy with that. I just want to answer if I can your previous question by saying that one of the things that I think we have to be careful of—the heritage plan provides us with this—is the sacrileges of the past with respect to artwork, and I am thinking now of the portrait of the first Speaker, which was brutalised. It is a bad precedent to brutalise artwork of former Speakers.

**Mr LANGBROEK:** Mr Speaker, with regard to some of the portraits of the premiers that we have over there compared to other parliaments, I think we should honestly be looking at those as well.

**Mr SPEAKER:** You are quite right. There is nothing further I can add to that; you are quite right.

**Mr LANGBROEK:** I am certainly happy to work with you, Mr Speaker, in a spirit of—

**Mr SPEAKER:** I appreciate that. The other thing that I think needs to be done with a lot of the work around here is larger captions so that people can read them. As you know—and we have discussed this—I would really like with some of the presentation as you move through this building for it to be themed much better than it is. I think if you look at it as a committee, if you walk through the parliament you will see that it is quite unthemed. In fact, the Strangers Dining Room is very unthemed, even in its presentations of things that are Queensland.

**Mr LANGBROEK:** Thanks. Mr Speaker, I just want to go back to my question about answers to questions on notice, and this is under 'Goals of the Parliamentary Service' in terms of assisting members to fulfil their parliamentary responsibilities. Mr Speaker, I know that you mentioned that you have made sure that ministers respond within 30 days. As I understand it, at times questions come back as late as 7 pm on the 30th day, which of course may coincide with the end of a week in terms of the media cycle. In other words, if we in the opposition get our answers to a question on notice after 7 pm on the 30th day, it does not come through until the 31st day and I would ask again for your clarification about what the 30th day means in terms of time frame.

**Mr SPEAKER:** What I would say in answer—and this is for the benefit of all honourable members—is if they are finding that an incident such as the one proposed in the question is occurring, then that does interfere with the privileges of a member of parliament. In terms of the 30-day rule, the office here closes at 6 pm. If the question is supposed to be in on the day and members are finding that that is being misused, then that goes to the heart of the privileges of a member of parliament and I would ask them to raise that in the appropriate forum. The Standing Orders Committee can also look at that and I think the Standing Orders Committee has been diligent this year in its meetings, either in physical meetings or by flying minutes. So there are two avenues there. If there has been an instance where the 30-day rule has been flouted, I would ask any member to raise that as a matter of privilege.

**Mr LANGBROEK:** Thank you.

**CHAIR:** The time for the first block of non-government members' questions has come to an end. There will be another opportunity at the end of the first round of government questions. Mr Speaker, in coming to government members' questions, I note your answer to a question on notice regarding the

outcomes of the electorate office security upgrade program. I am quite aware of the security upgrade program. As a local member there have been significant improvements to the physical layout and the facilities in my office, but I would particularly like to ask about the staff training program which was part of the overall security improvements. Can you advise of details of the training conducted and the feedback you have received?

**Mr SPEAKER:** Thank you. Prior to the security review being finalised, the Parliamentary Service developed a training course for electorate office staff. The course was developed in consultation with the staff as part of the enterprise bargaining commitments and a pilot course was held in June 2008. As part of the security review, the Queensland Police Service noted that the training course that was being developed should cover areas that the police thought needed to be addressed to improve security, particularly in managing difficult situations and clients in electorate offices. Following the completion of the security review, some modifications were made to the training course so that electorate office security was covered in more detail during the course.

The rollout commenced in June 2008 and eight training courses were conducted, the most recent course being held on 26 and 27 May 2010. A total of 193 electorate office staff have completed the course. The course consists of two days. Day 1 was dealing with challenging situations and clients, conflict resolution, building and maintaining resilient relationships, withdrawing from aggressive client scenarios and managing emotional responses to challenging situations. I might say that that whole issue of dealing with challenging clients seems to be one that is on the rise and seems to be on the rise right across the jurisdictions, and I think that is regrettable.

On day 2 of the program a variety of security and non-security topics were covered, including electorate office security systems, security resources, reporting security incidents and tips on personal security. They were delivered—and I thank them for this—by the Queensland Police Service. The non-security topics were information privacy, cultural competency training, superannuation, library resources and manual handling in the workplace. I am told that the feedback was positive for the overall training course. I really do think it is essential that our electorate staff, who serve us so well in our absence, are given the appropriate training. As I said, most of the first day was given over to training, particularly in dealing with challenging constituents or challenging situations.

**Mr CHOI:** Mr Speaker, it is my understanding from your Service Delivery Statements that members' satisfaction with the services provided by the Parliamentary Service is a key performance measure and indicator. How is this being measured and what action is taken to address any concerns expressed by a member of parliament?

**Mr SPEAKER:** The Parliamentary Service seeks the views of members, but I also seek it in my own dealings with members. But to go to the Service Delivery Statements, on 24 November 2009 we provided a questionnaire to all members. Fifty-three responses out of 89 came back. Members were asked to rate the Parliamentary Service as very satisfactory, satisfactory and not satisfactory. Eighty-seven per cent of respondents rated it at the highest level. No respondent rated the overall service as not satisfactory. In nine of the individual activity areas, at least 80 per cent of respondents considered the standards of service to be very satisfactory.

There were some areas of concern, and these concerns have been raised and received by management. For example, a number of members raised concerns regarding the healthy eating options in the various dining areas within the precinct. These issues are being addressed by discussions with the Heart Foundation and the development of a healthy eating program. Issues raised by members in relation to cleaning and general maintenance have also been noted and efforts have been made to improve service delivery, and issues concerning computer equipment seemed to generate a lot of activity. They will be addressed with the new equipment being rolled out in the coming months.

**Mr WENDT:** With reference to the community engagement goal of the Parliamentary Service at page 4-2 specifically, I am particularly keen on whether you could inform the committee of any new strategies of engaging with young Queenslanders to learn more about the role and functions of this parliament.

**Mr SPEAKER:** Thank you. I am very pleased to inform the committee that we are trialling a new initiative in the Redlands at Sheldon College. It is our hope that this activity will be a model that can be rolled out to other regions such as Toowoomba, the Sunshine Coast and the Gold Coast. Recently the principal of Sheldon College wrote to me to ask whether parliament would be prepared to conduct a youth activity at Sheldon College as part of the United Nations International Year of Youth. I wrote back suggesting that the parliament conduct a half-day youth parliament at the college in September.

What I have asked them to do is not confine it to the students at Redland Bay but to take in the surrounding areas—Cleveland, Capalaba and Springwood was my recommendation—the whole idea being that if we have it at one place for one half-day we can engage the students there in regions. If the schools are happy to host that then obviously there is a huge saving to the Parliamentary Service, because we do not have to hire halls. I think the youth get a lot out of it, because they can get to see the parliament in their own area.

One other thing I have proposed with that—I think so much of the youth parliament is about debate—is that they also set aside a time for questions and answers of the acting Speakers and the Speaker as to why we ruled in particular ways. So that will be a challenge for those of us who participate in that. What I want to do, too, is see if we can extend that. We found—I think it was in Townsville—that when we did a Public Service seminar there we also set aside time for a teachers seminar on teaching teachers to teach parliamentary procedure. It was extraordinarily well attended. I do not know where we are up to with that one at Sheldon College. I think Michael was getting back to me on that.

**Mr Ries:** Yes.

**Mr SPEAKER:** That is part of the template. It means that we will go to the regions and hold the youth parliament there, but what I want is for one school to host it. We will bring in youth from around that region and, provided the school is willing to host it, I think we can make more use of community engagement in that way.

**Mr WENDT:** Thank you, Mr Speaker. In fact, I would like to put in a bid for Ipswich and the western corridor while I have the opportunity.

**Mr SPEAKER:** In that case, get on to a school that may want to host it and we will take it from there.

**Mr WENDT:** Thank you.

**Mr SPEAKER:** I want to reassure members of the committee that it will be done in a bipartisan way. There is no attempt to show favour to one member or another.

**Mr HOOLIHAN:** In relation to a question on notice regarding the progress of the stonework restoration program, could you outline the challenges facing the completion of the program? You mentioned the Speaker's Green area. Can you outline the implication for the Speaker's Green during this part of the restoration?

**Mr SPEAKER:** This is a very important question, because I think it is fair to say that the stonework upgrade has been appreciated and it has certainly been appreciated by people who visit the precinct. The next stage of the stonework restoration—namely inside, if you like, the Speaker's Green—is going to present us with some problems. It is simply this: it is going to, by its necessity, impinge upon part of the Speaker's Green, which means that scaffolding will gradually move along here so the area that is set aside as the Speaker's Green will be impinged upon. Obviously, with that sort of stonework we need cranes to come in there to lift the stones, some of which can weigh 1½ tonnes. Those cranes will need to operate from within the Speaker's Green. A decision is yet to be made as to whether a mobile crane will be used or a fixed crane structure will be required. Cranage for works in the centre tower behind me will pose particular challenges given its height. When work on the western elevation of the Alice Street wing is undertaken there will also be implications for traffic in the Annexe forecourt.

Unfortunately, the combination of scaffolding and cranes in the area will impact upon the typical use of the green, including functions and events. It will not cancel them; it will just impact on them. I am eager, of course, to minimise the extent of this impact. That is why I will work in consultation with the people undertaking it, but I think what we as a Parliamentary Service have to do is keep members fully informed so that if they are planning a function, they may have to plan around it. I commend the work that has been done in restoring this magnificent building to date. I am not going to walk away from the fact that, over time, as that work moves along this building, it will become more complex with potential for a greater impact on the Speaker's Green.

**Mr WENDT:** I note that in your response to a question on notice regarding the Parliament House Conservation Plan you made mention of the Speaker's Advisory Committee and you have also mentioned that again this morning. Can you outline to this committee how you see the role of your advisory committee and the part it is able to play in the overall management of the parliament and the Parliamentary Service?

**Mr SPEAKER:** Firstly, I want to place on the record my appreciation for every member who is involved in the Speaker's Advisory Committee. I have found that a very worthwhile activity in addressing the issues that members have. Section 9 of the Parliamentary Service Act 1998 empowers me as Speaker to establish a committee of members to advise me of issues arising under that act. I set this committee up in accordance with the act, and the terms of reference are to provide me with advice on matters affecting members.

The membership is made up of me as an ex officio member and the member for Cook is the deputy chair, but I am happily joined by the member for Toowoomba South, the member for Kallangur, the member for Nanango, the member for Callide and the member for Toowoomba North. The committee is supported by the Clerk as research director and Kellie as the senior research officer.

The sorts of issues we have discussed over the past 12 months have been the strategic review of parliamentary buildings, the Parliament House Conservation Plan, the stonework restoration program, the electorate office security review and, I think just as importantly, the Parliament House capital works program. As I said, I want to place on record my thanks to all of the members who have been involved in that. I think they have done a wonderful job and carried out their work in the best traditions of this place.

**Mr CHOI:** Mr Speaker, in your Service Delivery Statements, one of the goals of the Parliamentary Service is to continue to develop strategies to engage with the Queensland community, including those Queenslanders with a multicultural background. I understand that the Community Engagement unit has undertaken several activities to engage with Queensland's culturally and linguistically diverse community. Can you advise the committee of these activities?

**Mr SPEAKER:** I thank you very much for your question. I also want to acknowledge estimates committee members who have attended the various functions that have been held here that I said in my opening statement were groundbreaking. I particularly instance the culturally and linguistically diverse community that we have here in Queensland. That is why we had the multifaith service held in the last week of the year's parliamentary sittings. It is my intention to hold that event again. There was the introduction of citizenship ceremonies here at Parliament House. The multifaith service was conducted with an audience of more than 100 people and many members of parliament attended that. Multifaith leaders included people from the Jewish, Hindu, Daoist, Buddhist, Christian, Muslim, Sikh, and Baha'i faiths. In recognition of the difficult economic times experienced by Queenslanders in recent times, the theme for the service was Caring for our Community.

The other initiative I referred to was the introduction of citizenship ceremonies here at Parliament House. I am pleased that, in addition to Her Excellency the Governor, who attended the first ceremony, we were joined by the honourable Leader of the Opposition and ministers, and I think for the last one we also had the Police Commissioner here. Ninety-two people from 28 countries were welcomed in June of this year, and in my role as presiding officer I want to thank the federal departments for their assistance with our Parliament House committee in relation to ensuring that we could carry out that work here. As a result of these two initiatives more than 700 people have now visited Parliament House just in respect of those two events, and I hope that those people have gone away from the parliament with a view that this place is the symbol of parliamentary democracy and freedom.

**Mr HOOLIHAN:** Could I also go to the Service Delivery Statement. In the performance statement I note that the Parliamentary Service has a number of shared services clients. Could you advise what services are provided to these external agencies?

**Mr SPEAKER:** Since 2003 the Parliamentary Service has provided services to a number of agencies as part of the Shared Service Initiative. In 2010 services were provided to the Queensland Audit Office, the Office of the Governor, the Office of the Ombudsman and the Office of the Information Commissioner. The Queensland Audit Office is provided with certain payroll system support services—Aurion. The Office of the Governor is provided with full payroll processing services and will in 2010 be provided with a new service—financial systems support. The Financial and Administrative Services area within the Parliamentary Service will be assisting the Office of the Governor to implement the parliament's financial management information system. The Office of the Ombudsman is also provided with full payroll processing systems, financial systems support and some information technology infrastructure support. The Office of the Information Commissioner is provided with the most comprehensive suite of services: full payroll processing services; full financial systems, accounting and budget support; and full information technology support services. I want to congratulate all the staff here within the service who are providing that service.

**CHAIR:** I would like to make reference to the Service Delivery Statement regarding the Parliamentary Reporting Service, a service that I as a member of parliament value fairly highly to make sense of the words that I deliver in the chamber. I understand that when parliament is not sitting staff from this area undertake reporting for other clients on a fee-for-service basis. I am wondering if you can provide details of the service provided and the associated revenue.

**Mr SPEAKER:** The Parliamentary Reporting Service has an annual revenue-raising target of \$25,000. The Parliamentary Reporting Service on a fee-for-service basis assists other parliaments, such as the Commonwealth parliament and the Tasmanian parliament, to transcribe hearings of estimates committees via the internet. Subject to the sittings of the Queensland parliament, this transcription work is undertaken in February, May, July and October.

The Parliamentary Reporting Service also provides fee-for-service transcription services for events held by Queensland government departments, for example the Reef Summit and the Cyclone Preparedness Summit which were held in the 2008-09 financial year. For the 2009-10 financial year, the reporting service's fee-for-service work included the transcription of sound files for Commonwealth estimates hearings and the transcription of the Climate Change Summit for the Department of the Premier and Cabinet in October 2009. In addition, during 2010 the reporting service transcribed sound files for Tasmanian estimates hearings. The Parliamentary Reporting Service exceeded its revenue-raising target for the 2009-10 financial year, with total earned revenue of \$26,500.

Could I just clarify an answer to the earlier question raised by the honourable Leader of the Opposition. The standing orders are silent on the time that answers have to be recorded on the due date. Answers received prior to the close of business are always processed on the date received. Answers received after the closure of business are processed the next working day. That is when they

come in by email. The issue of answers being received after close of business has not been raised as a matter of privilege in recent times. The matter was raised in the Standing Orders Committee to place a time limit on the due date, but it was not progressed. Thank you for that indulgence, Mr Chair.

**CHAIR:** We have about 13 minutes left, so we will put eight minutes on the clock for non-government questions. I call the member for Surfers Paradise.

**Mr LANGBROEK:** I want to come back to a question that I asked in the first section of non-government questions. I asked about independent officers of the parliament. I suppose this is under 'Strategic Issues' or 'Departmental Services'. On his website the Integrity Commissioner states that he is an independent officer of parliament. I acknowledge that you said in your first answer that he is not part of the Parliamentary Service as defined—that he is not under your financial control as Speaker and neither are his activities. But I am interested, given that the word 'parliament' is part of his title on his website, in a clarification from you about your understanding of the term as per the Westminster understanding of that term. I do not recall this parliament or any parliamentary committee appointing the current Integrity Commissioner. Therefore, is he an independent officer of this parliament?

**Mr SPEAKER:** As I understand it, the Integrity Commissioner is responsible for providing advice on integrity and ethics issues and maintaining the lobbyist register. Under the Integrity Act he can give written advice to ministers, MPs, senior public servants and others about ethics or integrity, including conflicts of interest. He may also meet with and give advice to MPs on ethics and integrity issues in relation to their declaration of interests. The Clerk, as registrar, provides advice to members as to what matters are required to be declared and the Integrity Commissioner is responsible for maintaining the lobbyist register and monitoring compliance by lobbyists and government with the act.

The commissioner is appointed by the Governor in Council after there has been an advertising process and consultation with the Integrity, Ethics and Parliamentary Privileges Committee. The commissioner produces reports for the Speaker and the committee. But the Integrity Act does not provide that the Integrity Commissioner is an independent officer of the Queensland parliament. I certainly do not appoint him in the same way as the Parliamentary Service appoints other officers.

**Mr LANGBROEK:** Can I ask for clarification? You just said that he is not an independent officer of the parliament.

**Mr Laurie:** If I may, Mr Chair, my recollection is that the act that establishes the Integrity Commissioner does say that he is an independent officer of the parliament. That is what the act actually provides. The point Mr Speaker is making is that he is different, for example, from the office of the Parliamentary Crime and Misconduct Commissioner because the Crime and Misconduct Commissioner is appointed by the Speaker on the recommendation of the committee whereas the Integrity Commissioner, in common with the Ombudsman and other officers such as the Auditor-General et cetera, is appointed by the Governor in Council, obviously on the recommendation of the government, after consultation with the committee. I understand that in the act that was passed by the parliament there were some transitional provisions in relation to the current Integrity Commissioner because he had been appointed prior to the passage of that act.

**Mr LANGBROEK:** Can I come to a couple of answers to questions on notice. In answer to question on notice No. 6, which was about the location of regional parliament, where I asked about the location of regional parliament and the ability of the Office of the Leader of the Opposition to erect information booths, in section A you said—

Should the Leader of the Opposition seek bipartisan input into future decisions he should raise the matter with the Premier.

Given that Mackay will host our next regional parliament—and we are all looking forward to going to Mackay, as we have been in the past to other regions of Queensland—and that is clearly a parliamentary precinct that comes under your auspices, my question is why the Leader of the Opposition should be seeking bipartisan input into decisions where clearly you as the Speaker have jurisdiction.

**Mr SPEAKER:** The answer to the question is in a couple of parts. The precinct will be determined by the government. Once the precinct is determined, that comes under my jurisdiction. It is like the precinct of this parliament. Accordingly, once the precinct is determined I will ensure that the dignity of the parliament is maintained. As I understand it, though, if there is an area outside that precinct where information booths or whatever want to be established then that would be a matter for you and the Premier to work out. But once it comes within the precinct as determined I will work that out.

**Mr LANGBROEK:** Thank you. The answer to question on notice No. 2 was about security measures. I see that we have had over 76,000 visitors to the precinct and, of course, I join with you in welcoming them and opening the parliamentary precinct and the parliament itself to Queenslanders. We have had even more contractors. I see that we have had 122 confiscated items. My question is about security reviews in this day and age of our security awareness being heightened. Can you tell me about what reviews have been conducted and what increased security measures have been implemented or upgraded in the parliamentary precinct or are intended to be?

**Mr SPEAKER:** I do thank you for putting the visitation in context. There have been 76,000 people visit, which is a lot of people. You are quite right: there is a review being undertaken. Each year the executive management group arranges for at least one service area within the parliamentary precinct to be reviewed. The purpose of these reviews is to ensure ongoing efficiency. A review of the Security and Attendant Service will be conducted this year. That review will be conducted in-house by the Deputy Clerk and an officer from Human Resource Management. The Deputy Clerk and the senior human resource officer are sufficiently experienced to conduct the review. I note, however, that an external consultant was engaged during the preliminary stage of the review to expertly test the validity of the physical security practices and procedures on the precinct. The first phase of the review was the physical security testing which took place in the May sittings of the parliament with a report received in June. The methodology and terms of reference for the second phase of the review were circulated for comment in June and July, with stakeholder interviews to commence in July. A final report is anticipated in September.

**CHAIR:** That concludes the time for non-government questions. According to the clock we have time for one more government question. I know that the member for Capalaba has a question.

**Mr CHOI:** Mr Speaker, in relation to your answer to a question on notice regarding activities associated with the 150th anniversary of the first sitting of this parliament, can you provide more information about the open day held here on 22 May this year?

**Mr SPEAKER:** I certainly can. The parliament was thrown open to the people to visit on 22 May, which was exactly 150 years after the first parliament met. More than 2,000 people visited parliament. They were able to take a behind-the-scenes tour of the parliament and enjoy free live entertainment. The tour included parts of the building not usually open to the public, including a glimpse of the secret staircase and various reception rooms. I believe visitors were particularly interested in the role of Hansard and viewing the real-time machine shorthand demonstrations by the parliamentary reporters. Visitors also learned about the art of stonemasonry from the stonemasons.

Among the visitors were 100 people from Queensland's deaf community who enjoyed a special guided tour that was interpreted in Auslan. I had the privilege of meeting with them on the veranda outside. One special visitor I had the privilege of meeting with was a descendant of parliament's first Speaker. Mr Gilbert Oakes travelled all the way from Warwick to honour his great-great-grandfather, the first Speaker, Mr Gilbert Elliott. I did not tell him about the painting.

The open day commenced with the unveiling of the P150 legacy project, the Speakers Corner, which will be similar to the famous Speakers Corner in London's Hyde Park—only, unlike at the House of Commons, our Speakers Corner will be right outside the parliament, a designated area marked out in front of Parliament House. I want to thank also the council for not going ahead with what would have been a huge interference with that, and I want to thank Jane Prentice for her work with that.

I want to thank also Her Excellency the Governor and other members of parliament who were available on that day to launch that. Adding to the ceremony of the unveiling were Auntie Carol Curry from the Brisbane Council of Elders, the Australian Army Band of Brisbane and the city of Ipswich town crier, Mr Mark Overell. He made a substantial contribution to the proceedings on the day by composing and delivering a special cry for the launch of the new Speaker's Corner and later donated his time to work with us as a master of ceremonies. I know the member for Ipswich West would probably know Mark. I ask if he can convey our thanks to him.

Other visitors included the Australian Army Band Brisbane, the Australian Army Band Brisbane Jazz Ensemble, the Brisbane River City Clippers, the Bollywood Dhamaka, the Jaran Aboriginal Dance Troupe and the inspirational choir the Transformers. Free activities were also provided for children including face painting and there was the educational One Punch Can Kill display and a free sausage sizzle. I also want to acknowledge the fact that the Queensland division of the Royal Flying Doctor Service was here as were the representatives of Foodbank, who do such a wonderful job. They made this day especially memorable. Above all, I want to thank particularly the Parliamentary Service staff who volunteered to work on this special day and made it, I think, a huge success.

**CHAIR:** Thank you, Mr Speaker. The time allotted for consideration of the proposed expenditure for the Legislative Assembly has now come to a close. I know over the years it has been very clear to me the amount of work that your office and the advisers and officers of the parliament put into this estimates committee process. I would like to thank you all for your participation in the scrutiny today.

**Mr SPEAKER:** May I thank you and the committee for your courtesy today. I would hope that the committee would also thank the officers within the parliamentary precinct, both for preparing all the answers, which I hope I have delivered to the committee in the style in which they presented them, but also for the diligence and the courtesy they extend to me in my job and I think to each and every member of parliament and also to the visiting public. So on my behalf, thank you very much for what you do. Have a great day with the committee. I am sure the rest of the day will not be as controversial as this session has been.

**CHAIR:** Thank you. On that note, could I ask that the changeover happen efficiently and rapidly as we do have a long day on this committee.

**ESTIMATES COMMITTEE A—PREMIER AND CABINET AND THE ARTS****In Attendance**

Hon. AM Bligh, Premier and Minister for the Arts

Mr L Smith, Senior Policy Adviser

Mr D Wilson, Senior Policy Adviser

**Department of the Premier and Cabinet**

Mr K Smith, Director-General

Ms S Bailey, Executive Director, Office of the Director-General

Mr N Elliott, Chief Financial Officer

**Arts Queensland**

Ms L Tabrett, Deputy Director-General, Arts Queensland

Ms S Rowlands, Executive Director, Arts Strategy Coordination

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**CHAIR:** Good morning, Premier.

**Ms BLIGH:** Good morning.

**CHAIR:** Good to see you again. At last year's estimates we were a bit closer. We now have the table between us. The Speaker has informed us in the previous examination that this heritage table is going to be moved as least often as possible for its best protection. That is why we have this distance between us this morning.

**Ms BLIGH:** It will keep us all out of trouble then.

**CHAIR:** I declare this meeting of Estimates Committee A now open. I am Simon Finn, the member for Yeerongpilly and chair of the committee. Joining me on the committee today are Mr John-Paul Langbroek, member for Surfers Paradise and deputy chair. Government members are Paul Hoolihan, the member for Keppel; Michael Choi, the member for Capalaba; and Wayne Wendt, the member for Ipswich West. The non-government members are Tim Nicholls, the member for Clayfield, and Jann Stuckey, the member for Currumbin. The committee will examine the proposed expenditure contained in the Appropriation Bill 2010 for the portfolio of the Premier and the Minister for the Arts beginning with Arts Queensland and its associated agencies and companies. This will conclude at 10.30 am. We will then resume after a short break at 10.45 to examine the estimates for the remainder of the Premier's portfolio concluding at 12.45 pm.

The proceedings today are lawful proceedings of the parliament and are subject to the standing rules and orders. 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 Premier's opening statement. The committee has also agreed to the live broadcast of the hearing via the Parliamentary Service's website and to receive this throughout the parliamentary precinct. I ask that all mobile phones be switched off for this hearing.

The time limit for questions is one minute and three minutes for answers. A warning bell will chime 15 seconds before the time runs out. An extension of time may be given with the consent of the questioner. For the benefit of Hansard can I ask advisers if you are called to give an answer to please state your name before speaking. Premier, you will see a screen in front of you that has the number of minutes remaining for questions and at the bottom of that blue bar is how much is remaining for each block of government and non-government questions.

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

That the proposed expenditure be agreed to.

Premier, I would like to offer you an opportunity to make an opening statement.

**Ms BLIGH:** I say thank you very much to the chair and the committee. I also say good morning and I am looking forward to the session.

This time last year members will recall that I outlined the government's plan to get our state through the aftermath of the global financial crisis. Our plan was squarely focused not just on keeping Queenslanders in jobs but on creating new jobs to see the economy grow. Our plan was also about

ensuring that the economy was stronger going forward and that we were well placed to meet the challenges of the future. That was not just about re-engineering the structure of our public finances, but about building the Queensland of tomorrow by investing in the infrastructure needed for a growing population, investing in the education and skills of all Queenslanders to drive productivity, and investing in new and emerging industries to diversify our economy.

Tough decisions were taken in last year's budget and a clear and decisive plan was put in place by the government to meet those objectives in the toughest of economic times. By undertaking those economic and structural reforms and maintaining our investment in infrastructure, we are now delivering what we set out to achieve. As the latest ABS jobs data shows, we are well on our way to meeting our target of 100,000 jobs. In fact, we are more than halfway there with less than 40,000 to go. It has been this government's relentless pursuit of our goal that has meant we have delivered more jobs for Queenslanders and we are delivering them sooner. Our government understands how important it is for Queenslanders to have dignity and work and how important it is to Queenslanders that the state's finances are managed responsibly.

As this budget shows, we are determined to return the budget to surplus. In fact, last year's forecast for a return to surplus has been brought forward in this budget. Again, decisive action and responsible management of the state's finances means we can invest in things that will make Queensland stronger in the future.

In this budget the government has continued our investment in the industries of the future such as LNG and solar. A great example is our \$35 million investment in a carbon reduction program that will be spent on the 44 megawatt solar thermal plant at Kogan Creek. This will be the largest solar thermal installation in the Southern Hemisphere. In this budget the government has continued our investment in the education and skills of all Queenslanders such as early learning and industry focused skills. A great example in this budget is the bringing forward of an additional 40 new kindies into this financial year, taking the total number to 108 new services being delivered between now and 2012. Again, in this budget we are continuing to invest in the infrastructure and the incentives that our growing state needs such as schools, hospitals, rail and regional housing. For example, in this budget you see a regional first home owner's grant of \$4,000 encouraging people to consider buying their first home in regional Queensland.

Without undertaking the reforms that we have committed to, these measures along with many others would not be possible. As you will see in the first part of this session, Queensland continues to enjoy a thriving arts sector. In fact, it is an arts sector that is now the envy of the rest of Australia. Investment in the arts is something that is made possible by the budget decisions that we have made. Our government is determined to build a Queensland that is firmly focused on the future and a future that is stronger, smarter, healthier, greener and fairer.

**CHAIR:** Thank you, Premier. I would now like to provide an opportunity for non-government members to begin their questioning. I call the member for Surfers Paradise.

**Mr LANGBROEK:** Welcome to the Premier and staff and members of the Arts Queensland staff. Premier, my first question is in reference to SDS 1-4 and Screen Queensland, the former Pacific Film and Television Corporation. It is about the movie *In Her Skin* and I would like you, if you could, to advise the committee who was responsible for the decision to drop action against Liberty Films and to pursue Omnilab Media and Mapp Group Holding seeking the recovery of \$2.3 million?

**Ms BLIGH:** You are asking who was responsible for the decision? Can you start the first part—

**Mr LANGBROEK:**—to drop action against Liberty Films and instead pursue Omnilab Media and Mapp Group Holding?

**Ms BLIGH:** As I understand, that was a decision of the board of Screen Queensland.

**Mr LANGBROEK:** Thank you. I refer then to SDS 1-4 and Screen Queensland Pty Ltd. Screen Queensland's revolving fund was left \$2.3 million short following its investment in the film *In Her Skin*. Whose decision was it to enter into a decision with Omnilab and Mapp Group Holdings regarding this loan? How much of the outstanding \$2.3 million was recovered? How was the Screen Queensland CEO, Maureen Barron, a producer on the movie in Queensland, insulated from the decision-making process?

**Ms BLIGH:** I can advise that in October 2009 the Screen Queensland board decided to discontinue the action against Liberty Films and initiated action against Omnilab Media in June 2009 to recover the \$2.3 million concerned. Settlement was agreed between Screen Queensland, Mapp Group Holdings and Omnilab Media on 11 February this year. The conditions of that settlement were fulfilled on 9 March this year. All parties have agreed to a confidentiality agreement regarding the details of the settlement. Suffice it to say, Screen Queensland has now paid back the full balance of its loan to Queensland Treasury Corporation.

**Mr LANGBROEK:** The final part of that question was about how the CEO of Screen Queensland, who was a producer on the movie, was insulated from the decision-making process.

**Ms BLIGH:** As I outlined to the committee last year, the person concerned, while given a credit on the film as executive producer, was not a financial producer in that sense so had nothing to do with the financing of the film.

**Mr LANGBROEK:** Thank you, Premier. For clarification on the aspect of the question about repayment, the money has gone back into the Revolving Film Finance Fund?

**Ms BLIGH:** Yes.

**Mr LANGBROEK:** So the fund has been topped up to its previous levels?

**Ms BLIGH:** Yes.

**Mr LANGBROEK:** In that case, I come to my next question which relates to SDS 1-19 and Screen Queensland Pty Ltd under 'Receivables'. What rate of return is anticipated to be received from the investment of the \$8 million raised for Screen Queensland in 2009-10?

**Ms BLIGH:** The return on the investment?

**Mr LANGBROEK:** Yes, the money raised for Screen Queensland on the balance sheet at 'Receivables'. At page 1-25, item No. 20 states—

An increase in non-current receivables due to outstanding loans made to Screen Queensland Pty Ltd.

That is at page 1-25. It is \$8.1 million.

**Ms BLIGH:** I can see the item that you are referring to. I am happy to take that on notice and come back to you.

**Mr LANGBROEK:** Thank you, Premier, my next question refers to SDS 1-3 and investment in the small to medium arts sector. I refer to the 2010-11 Matilda Awards. The winner of four awards across 10 categories was *The Pillowman* by 23rd Productions. This highly regarded company has failed to receive funding from Arts Queensland for three years running. I ask: why does this funding program continue to exclude highly talented Queensland artists?

**Ms BLIGH:** As I think you will have seen in the answer to a question on notice in relation to the grants programs funded by Arts Queensland, and as I said in my opening remarks, we have a thriving arts sector. That means it is a highly competitive one. I think we were able to fund 45 of the 64 applications that were made, expending the entire \$10 million available. I do not think you would ever want an environment where there was not competition for grants like that. Unfortunately in a competitive environment, in every grant program across government, it means that there are worthy projects that are not able to be funded in that round. You will appreciate also that these decisions are made by committees of peers that have background and recognised expertise and reputation in making the artistic judgements necessary to ensure that the funds of taxpayers are going to the most deserving and to those with the most artistic merit.

I do not dispute for a moment that of the 19 applicants that were unsuccessful in the round some would be very meritorious, and if we had more money in the grant program we may be able to fund them at a future time. Certainly in every grant program there is a very competitive round. As I said, I think competition for these grants is a good thing. I think a competitive round drives all of the applicants to a degree of excellence and that is a good thing. Of course, the down side is that, from time to time, you see projects of merit unfortunately miss out in any funding round, whether it is in the arts or any other area of government.

**Mr LANGBROEK:** Thank you, Premier. My next question is also about the matter you just referred to, which is industry peer assessment. As you just said, obviously it is partly about how some of these decisions are made. At SDS 5-1, the percentage of funding decisions informed by industry peer assessment is the reference. For the last two years, Arts Queensland has failed to meet its target of industry peer assessment when making funding decisions. That is taken from the 2009-10 budget, which had a target of 70 per cent but an estimated actual of 68 per cent. In this year's 2010-11 budget, at page 5-1, 65 per cent was the estimate. It is now a discontinued measure—

**Ms BLIGH:** I am sorry, but it might be helpful if I interrupted. The SDS does not have a page 5-1. I am wondering if you could correct the reference. They are all 1-something in the SDS.

**Mr LANGBROEK:** I have State Budget 2010-11 Service Delivery Statements, 'Discontinued performance measures'. On the bottom of my page it has 5-1. It is book 5.

**Ms BLIGH:** It is book 5, okay. Thank you. We are on the same page, thank you.

**Mr LANGBROEK:** I will go back to the question. Page 5-1 mentions the percentage of funding decisions informed by industry peer assessment. In your last answer you said some people get funding based on industry peer assessment. I note that the government has chosen to discontinue this performance measure. I ask: why is it discontinuing this performance measure rather than, obviously, having industry engagement with regard to meeting its targets, given that the targets have not been met over the past couple of years and now it is a discontinued measure?

**Ms BLIGH:** Thank you. I refer you to the footnotes in relation to that table. You will see that the measure refers to funding decisions made as part of a competitive or open grants program and it does not include targeted funding decisions. What the calculation assumed in the previous measure was that all grants are the same, regardless of the funding value. As a result, a large number of small grants that do not require industry assessment can influence the performance measure. That measure has been discontinued, but it has been replaced with an alternative and I think more accurate measure of the same activity that reflects the proportion of grant funding subject to industry assessment. The previous one—if you can get the difference—was the number of grants subject to peer industry assessment, which included even the tiniest of grants which you would never expose to industry assessment because it does not warrant it, giving a percentage that did not really accurately reflect the amount of money, if you like, that was subject to industry assessment. So there is a performance measure that does reflect industry involvement in the granting of funding, but it is now as a proportion of the funding that is subject to industry assessment.

**Mr LANGBROEK:** Thank you. In reference to that, I see that at SDS 1-15, which refers to the measure you just talked about, the percentage of grant funding informed by industry peer assessment is 95 per cent. That is the estimate. My question is: who supplies the industry expert advice, what selection criteria was applied to determine the composition of the industry expert advice and was the membership compromising this industry expert advice open to all applicants or hand-picked by Arts Queensland?

**Ms BLIGH:** First of all, as an example of the sorts of grants that would not attract industry assessment, Arts Queensland offers career development grants. They are a very quick response grant, they are less than \$5,000 and they are judged and determined by the internal staff of Arts Queensland. In terms of industry assessment, they are done by panels. The panels are formed after calling for expressions of interest. The expression of interest documents include reference to levels of experience and require information about people's background in the industry. It is based on a spread of expertise across particular forms of the arts. I think we have actually got very strong industry assessment panels. The membership of those panels is publicly available on the website of Arts Queensland. I think you will find that those panels are made up of people with very strong reputations in the arts. If you know of someone who would like to be involved in those services, we would be only too happy to hear from them.

**Mr LANGBROEK:** Premier, I ask about SDS 1-15, under the heading 'Service: Arts and Culture Service' and the subsection 'Percentage of funding provided to people from target groups'. It refers to a number of recipients who may come from a number of sections there. The reference is note 9 on page 1-17. My question is: on what basis are target groups for funding determined? Do they reflect groups in specific need or are they groups that the government particularly wants to cultivate or assist?

**Ms BLIGH:** Again, if you go to footnote 9 specifically in relation to that item, you will see that it lists the target groups. It states—

This service standard refers to grant recipients who self identify with one or more of the following target groups: Aboriginal people; Torres Strait Islander people; people from culturally and linguistically diverse backgrounds; children; young people; people with disabilities; Australian South Sea Islanders; and older people. It does not include funding programs dedicated to specific target groups.

It is just a way of measuring whether the funding that is going to artists working in Queensland is going in relatively even amounts to those people who would otherwise be considered potentially disadvantaged in the funding process.

**Mr LANGBROEK:** Thank you for that, Premier. I see that the target is that they get 40 per cent of the funding. On what basis were those particular target groups determined and how did the percentage that is to go to them come about? How was it derived?

**Ms BLIGH:** If you look at the list of target groups you see that it is a very broad group. All of the available data tells us that, with people such as those from Aboriginal and Torres Strait Islander backgrounds, people with a disability and people who come from culturally and linguistically diverse backgrounds, unless you make some effort to include them or to ensure that special measures are taken to ensure, for example, they know there is a funding round, these groups might otherwise miss out. I do not think in a diverse and multicultural society like Queensland we would want that to happen. It includes groups as broad as children, young people and older people. If you include children, young people and older people—

**Mr LANGBROEK:** You have 100 per cent.

**Ms BLIGH:**—you would want, I would say, at least 40 per cent of your grants to go to those areas. As I said, it is just a measure for Arts Queensland internally to satisfy itself that it is ensuring that a diverse range of people have access to and are receiving grants available to artists across all categories.

**Mr LANGBROEK:** I understand that, thank you. When I look at the recipients and the broad spectrum that it covers, I wonder about the particular percentage that is arrived at—that is, 40 per cent. It is a bit perplexing given that we have, as you said, younger people and older people. That almost covers the gamut of all Queenslanders, so I was seeking clarification about the 40 per cent.

**Ms BLIGH:** It seems to me that middle-aged people get the other 60 per cent, from looking at that.

**Mr LANGBROEK:** We will have to look at the definition of that, then.

**Ms BLIGH:** On a serious note, I think it should be recognised that Arts Queensland and some of our major cultural institutions have a very well deserved national reputation, for example, in providing artistic opportunities for children. I do not think there is any program similar to Out of the Box, which is operated by the Performing Arts Centre. For more than a decade—maybe it is getting closer to two decades—it has provided established activities for children aged zero to eight years. Similarly, for many years now the Gallery of Modern Art, on all of its major exhibitions, includes a specific children's activity as part of the exhibition, thereby making the gallery and its blockbuster exhibitions accessible to families. It is those sorts of programs that we are looking at—those very targeted children's programs. Children are not generally going to be getting small to medium arts grants, but if you look at how the major institutions are ensuring that families, particularly with young children, can be involved in the arts from the earliest of times—and I have mentioned two of them but there are many others—Queensland has a reputation for doing some of the best work in the country in that area. I applaud those who have been working on it for a long time.

**Mr LANGBROEK:** My question is to the Premier with reference to page 105 of the Capital Statement under the section 'Queensland Art Gallery' and the spending of \$2.1 million to purchase works of art for the gallery's collection. Premier, could you advise the committee how much art has been purchased for each managed gallery and of those purchases how many were for art created by Queensland artists? I am happy for you to take that on notice.

**Ms BLIGH:** I think we will have to take it on notice. You are asking about funds expended in the previous financial year rather than going forward?

**Mr LANGBROEK:** No, in 2010-11.

**Ms BLIGH:** They will invest in that. So they have not yet. I do not think we are able to answer your question in relation to that.

**Mr LANGBROEK:** Do we have a target then in terms of what we acquire from Queensland artists? Is there a rule of thumb?

**Ms BLIGH:** There is not so much a rule of thumb. The gallery, as you would appreciate, has opportunities to purchase works that often cannot be predicted in advance. However, I can give you by way of an indication the acquisitions program for 2009-10 which I think gives you a flavour of it. A total of 598 works were acquired in 2009-10 at a value of \$7.6 million. Forty-five per cent were gifted to the collection, a further 42 per cent were purchased through private donations or through the Queensland Art Gallery Foundation, and the remaining 13 per cent were purchased with funds from the government. I think you get a sense of just how well loved our gallery is and how well supported it is by non-government funds, and donations and bequests.

Of the total acquisitions, 184 works, or 31 per cent, were by Queensland artists. These works were valued at \$1.79 million and represent the work of 63 different Queensland artists. What I do not have is how much of those were from government funds versus how many of them were donated. But you would expect that percentage to change every year. For all we know, some very wealthy benefactor may unfortunately pass away this year and bequeath an entire collection to the gallery. These are things which, as I said, you cannot necessarily know in advance.

Similarly with the government funds, the gallery has to make strategic decisions. It does not know, for example, what might come on to the art market this year. There may well be something that comes on to the market which would be in Queensland's interest and strategic interest to purchase. If there is and we have the money for it, I would hope it would make a strategic decision. It is possible, for example, that in one year 100 per cent of the government money might buy one particularly important and significant piece of international art that would add to the reputation and calibre of the gallery's collection. In the next year there may be no international art purchased simply because there is not something that comes on to the market that falls into that category. These are the sorts of factors that would influence that in any given year. I think you would not want to constrain that too much with specific targets or restrictions. However, I think the gallery has a well-deserved reputation for acquiring, collecting and displaying the work of Queensland artists, both well-established artists and new and emerging artists, and particularly Indigenous artists. So I think you can expect to see that continue well into the future.

**Mr LANGBROEK:** Thank you, Premier.

**CHAIR:** That concludes the block of non-government questions. We will come back to non-government questions but, Premier, now for some government members' questions. I have asked you in the parliament previously about the fantastic Greek festivals we have here in Queensland, but I would now like to refer to the SDS at page 1-4 and recall that last year we announced the new annual Brisbane Festival incorporating Riverfestival for the first time, which in my recollection was a great success. I am

wondering whether you can report to the committee how planning for this year's Brisbane Festival is progressing and whether you have any advice on any particular events that might be of interest to members of the committee.

**Ms BLIGH:** Chair, I am very pleased to provide you and the committee with further advice. I was pleased last week to launch the festival program at the Powerhouse, together with our major sponsor and partner the Brisbane City Council. The program this year will go from 4 to 25 September. I suggest that everyone put those dates in their calendar. This is the program: it looks like this. It is all in one book and I encourage people to have a look at it. I think the only problem you will have is trying to limit the number of things that you can possibly see in what I would describe as an avalanche of theatre, dance, music and the visual arts.

We have had a period of time in Brisbane where we have had a number of festivals alternating in different years—some run by the council, some run by the state. I think it has been a very important strategic move for the capital city of our state and our artistic reputation nationally that the state government and the Brisbane City Council have come together—put aside different political persuasions, put aside different levels of government—and acted in a way which I think is in the best interests of Brisbane. The mayor of Brisbane likes to talk about creating Brisbane as Australia's next world city. If you are going to be a world city, you need to have, in my view, a well-recognised and well-established festival so that everybody understands what time of year it happens and that it is going to happen every year. That is what I think we are now well on the way to establishing.

The second festival that is funded in this way, as I said, will start on 4 September. There are so many highlights that it is hard to say which ones I would draw to your attention. I cannot not talk about the fact that it will have a very Cuban flavour. First of all, we will have an [Havana club, which will feature Cuban music. Most notably, we will see Cuba's leading modern dance company, which is known as Danza Contemporanea de Cuba, put some sizzle into the festival. I did want to read these reviews because I think they add a bit of sizzle into our estimates. One review says, 'Every pelvic thrust and every entry is a sprint,' and another says, 'Passages are performed in such perfect sync and with such sexual intensity that you cannot tear your eyes away.' I thought I would draw that to your attention. They will be performing for the first time on the same festival program in a Brisbane exclusive with one of the world's greatest ballet companies, and that is the Ballet Nacional de Cuba, performing *Don Quixote*. The contemporary dance company of Cuba and its national ballet have never performed together outside of Cuba, and it will happen for the first time in Brisbane. Eighteen months later New York will be getting the same treat. So New York will be riding on our coat-tails, and I think that is great for Brisbane.

I did want to draw to the attention of the member for Clayfield the need to break out the picnic rug and the pillows at Eagle Farm on the 11th and 12th for a shot of some very accessible culture. We will be seeing the *Marriage of Figaro* performed by Opera Queensland on the Saturday night and 'Symphony at Sunset' on the Sunday night.

**CHAIR:** Thanks, Premier. I recall you informing the House that I love a good Greek festival. I think you have informed the House that you love a good Cuban festival. I now hand over to the member for Keppel.

**Mr HOOLIHAN:** Premier, I would like to move a little further afield and possibly a little more up-market with the Cairns Indigenous Art Fair at page 1-3 of the SDS.

**Ms BLIGH:** I am sure it will sizzle as well.

**Mr HOOLIHAN:** I note the funding for that. I know that you attended that fair last year. It is due to kick off again in August. Do you consider last year's a success and what is planned for this year?

**Ms BLIGH:** I thank the member for the question. You are right: arts is alive and well right across Queensland. While we are seeing some great things happen in our capital city, it is well and truly matched by what we are seeing in the regions of Queensland. We do expect this year to see the Cairns Indigenous Art Fair build on a very, very good start last year. It is a remarkable celebration of Queensland's two unique and distinct Indigenous cultures—mainland Aboriginal Australia and that of the Torres Strait. What we will see is both traditional and contemporary dance, visual arts and music. There will also be artists' talks and demonstrations, children's art activities and a symposium on Indigenous art.

Last year we saw 10,000 people flock to Cairns for the first art fair. I have to say that it created quite a buzz on the arts scene. There were many people from art galleries and art acquirers from around the country who had had little or in some cases no exposure to the work out of Cape York, for example, or some of the modern urban Indigenous artists who were also displaying their work. Similarly, a number of them had either not been to Cairns ever or had not been for a very long time and were very, very pleased with the turnout that Cairns put on. Cairns really shone putting on what is a national festival.

We have allocated an extra \$1.2 million this year for the 2010-11 events. It brings the total investment in our building Indigenous arts program to almost \$12 million over the four years from 2007 to 2011. There is more in this year's program for children and families including Indigenous markets on the Cairns esplanade. Screen Queensland will be showcasing a series of Indigenous films throughout

the fair. We will also see Message Sticks Indigenous Film Festival. What I think this festival does is give an opportunity for the artistic voice of the Indigenous peoples of Queensland, but particularly of Far North Queensland and the Torres Strait, on the cultural stage of Australia. I know there are some major art institutions that are considering whether or not they can host their annual general meeting or one of their board meetings in Cairns at the same time as this is on because there are so many people who now want to be part of it. It is a great feather in the cap for Cairns. Not only does it feature some wonderful Queensland artists and give them a chance to sell to the world; importantly it puts a lot of people in motel and hotel beds and into the restaurants and tourism resorts in and around Cairns.

**Mr CHOI:** On any given day, the South Bank cultural precinct is buzzing with people, more so on the weekends of course. I also note in the SDS that a lot of statutory authorities and institutions are moving into the precinct. Can you please advise the committee what has been the government's strategy to make this area so popular and successful?

**Ms BLIGH:** I thank the member for Capalaba. It is great to have you join us this morning. You are right: the cultural precinct on the south bank of our river is growing and is a great part of the city which is a drawcard for residents and visitors. You can feel the buzz there at any time but particularly on weekends. There are many cities in the world that claim to have an arts and cultural precinct, but there are few anywhere in the world where you will find the concentration of artistic institutions and performance spaces co-located with such a fabulous parkland.

This year I want to acknowledge that the Queensland Performing Arts Centre is celebrating its 25th anniversary—25 years of outstanding performances for people across Queensland. For many people in regional Queensland, a weekend in Brisbane often means a show at QPAC. I think it has done itself proud and exceeded all expectations. I was very pleased to be one of the throng there on Saturday afternoon when I saw Bangarra Dance Theatre's performance of *earth & sky*, a visually stunning performance, in the newly renovated QPAC performance areas. As well, across the precinct last Saturday—just to give you a taste of what happens there on a weekend—we had an international musical, a play, a comedian, a free show on the QPAC forecourt, an evocative and I think very moving exhibition in the gallery on the work of Ron Mueck, Callum Morton's 'Ghost World' exhibition for kids, free films and a lot more. It is little wonder that you see so many people in that precinct as often as they possibly can.

It is extraordinary what has happened with the gallery since we increased the investment there some time ago. What we are now seeing is that the Queensland gallery has more than trebled attendance across the two sites since 2006—double the gallery but treble the visitors. I think that is a great credit to the staff and leadership of the gallery. Forty-one per cent of visitors, for example, to the Asia Pacific Triennial were visitors to Brisbane. So they had come from other parts of the state, other parts of Australia and other parts of the world.

We have seen 250,000 people attend the HATS exhibition. We are still seeing people queuing up for the Ron Mueck exhibition. We still have two weeks to go, but 115,000 people have already gone through it. Obviously we are gearing up now for the next big exhibition—a Queensland exclusive that starts on 7 August with Valentino. This is the first time that this exhibition has gone outside of Europe. It will be the only place in Australia that is showing it. I think we will see people from other parts of Australia flock to it. We have also seen a very successful performance this year again of 'Out of the Box', with 58,000 little people having a great time. I think it all shows that investment in cultural infrastructure can be transformational for a city.

**Mr WENDT:** Premier, the SDS at page 1-3 advises that a number of art sector organisations are supported through the small to medium grants competitive process. We have heard a little bit about that this morning. I am particularly aware that the Australian Festival of Chamber Music, based in Townsville, is one such successful organisation. What can you tell the committee about the event?

**Ms BLIGH:** I thank the member for the question. This is again another really good example of a strong regional festival that has passed the test of time. The Australian Festival of Chamber Music based in Townsville will this year celebrate its 20th anniversary. That is quite an achievement. I do not recall the debate about it at the time, but I suspect there were at least a few eyebrows raised about whether a national chamber music festival in Townsville would cut it. I think it is important to recognise the extraordinary reputation that this festival now enjoys.

From July 1991 the board has taken the festival forward. I do want to recognise the vision and commitment of the former Vice-Chancellor of James Cook University, where this started, Professor Ray Golding, and the artistic director of the festival, Theodore Kuchar. The festival chair, Jenny Bott, and her board and the outstanding artistic director and international pianist Piers Lane, who was raised and studied in Brisbane, of course should also take a bow.

The festival will run from 30 July to 7 August. Attendances grew to almost 13,000 people last year. They were a little worried about whether the V8 race might put some of their patrons off, but, in fact, they enjoyed an increase in support. That is encouraging. What people will see is more than 25 concerts. They will all not just be in Townsville. North Queensland will feel the benefit of a nine-day injection of culture with concerts in Mount Isa, Charters Towers, Karumba and Magnetic Island.

You will see some of the luminaries of the classical world such as Queensland guitarist Karen Schaup, violinist Dene Olding, Queensland didgeridoo player William Barton and Brisbane's Camarata of St John. They will join some international artists, including cellists Young-Chang Cho from Korea and Louise Hopkins from the United Kingdom, clarinettist Michael Collins from the UK and pianist Bernadene Blaha from Canada.

I look forward to being in Townsville on 30 July for what I think will be a sublime program of Haydn, Brahms and Mozart. This is a festival that I have been at before. I have always been very impressed by its quality. In that 20 years it has every year actually increased its reputation for the strength of its program. I think it is a great credit to the arts community in Townsville that this program has developed into such a well-established one.

The small to medium funding also supports 13 regional arts companies as well as festivals such as the Woodford Folk Festival and the Swell Sculpture Festival at Currumbin, which I am sure the member for Currumbin would appreciate. Its reputation is really growing. It is terrific for the Gold Coast and it is great for Queensland sculptures.

**Mr HOOLIHAN:** That is dealing with some of the bigger centres. For many of us a cultural experience is jumping on a bus or taking a short walk to the local theatre or art venue. You have given us some of the range of experiences that you can have. It is a bit different for Queenslanders living in the regions. As you know, I am from Central Queensland. On page 1-3 of the Service Delivery Statements it raises the Regional Arts and Culture Strategy. Can you detail how the government is supporting the export of art and cultural experience to the regions.

**Ms BLIGH:** I thank the member for his question. Before answering the question, I note how pleased I was that at the recent community cabinet in Yeppoon one of my deputations was from a recently formed arts group who have formed a community orchestra. Again, that is picking up on not only the extraordinary talent of people in regional Queensland but also their hunger for the arts. They are a great example of a small organisation starting off. They have set themselves a high bar. They are going to perform Handel's Messiah this year in their first outing on Sunday week. I am looking forward to hearing reports of that.

In January this year we had a touring program to ensure that regional Queensland can benefit from some of the opportunities. We commenced a new touring program in the performing arts for regional Queensland this year. It replaced the previous program, the Arts Regional Touring Services, managed by the Queensland Arts Council as part of their general business.

The new initiative has been set up under a stand-alone business unit within the Queensland Arts Council. The state government is contributing \$1.9 million. Touring will commence from July this year. The program on offer is now selected by an arts touring committee comprising a panel of seven experts from the arts sector—from schools and the community. They review the performances on offer from a range of sources—local, national and international.

What they have come up with is a touring menu that local venues can then select from. The venue could be a school, an RSL, a church hall, a local council building, a school of arts, a scout hall or indeed a library. In our first year we have had 55 applications from schools, community groups, performing arts centres, local arts councils and regional councils for support to deliver shows available from the menu and 37 have been approved.

What Queensland regional audiences will see as a result is the same sold-out show that received rave reviews in London and New York when Circa tours later this year. I think it is a very exciting menu that has been selected by the panel. It is not just about works from companies in Brisbane. For example, some of the program includes work that comes from the regions, including work from Tropic Sun Theatre Company, now known as Full Throttle Theatre Company, in Townsville. It has been selected to tour a great production called 'Three blokes and their barbie'. I suspect it will work anywhere in Queensland.

There has been even more interest for 2011 with 84 applications received and 55 being approved. The applications for 2011 actually do not close until 30 July. If you know of a local group or venue they should get their applications in quickly. The opportunities for people in Queensland to enjoy the arts wherever they live requires us, in my view, to have a very strong touring program. Obviously people in the regions do like to come to Brisbane from time to time to be part of the life of a capital city, but we need to make sure that anybody can access the arts and that is what this program will do.

**Mr CHOI:** Page 1-3 of the SDS makes reference to the Queensland Design Strategy. As you know my wife, Doris, is an architect and in fact Priscilla is graduating from architecture next Wednesday. I have been instructed to ask you about the Queensland Design Strategy. What is the government doing to nurture good design in Queensland?

**Ms BLIGH:** I thank the member for Capalaba for the question. Our design strategy was launched in February last year—February 2009. What we did was put together and release a whole-of-government framework that is dedicated to promoting the value of design and inspiring its take-up by Queensland business, by the community and by the public sector.

We are looking at the design from the broadest possible perspective. The four-point action plan looks at strengthening the Queensland economy through design, fostering a design culture, building design knowledge and learning, supporting public sector innovation, helping to solve global and regional issues and creating new ways of living as well as inspiring new commercial opportunities.

We see this as something that might have originated in Arts Queensland but something we hope to permeate right across all sectors of the economy. If you look at an economy like Italy you can see how a culture of design has driven so many sectors, whether it is motor racing design, fashion, furniture, interior design et cetera.

This year we have invested \$1.5 million to host Queensland and Australia's first design triennial for the Asia-Pacific region. We are building on our expertise in tropics and subtropics and working within our region, particularly building on the great strength and momentum created by the Asia-Pacific triennial in the visual arts.

That is a first. That will coincide with a program called 'Optimism' as part of Icograda Design Week which brings international leaders in business, government, design and academia to Brisbane for two weeks of design activity. There is more, but I have to stop.

**CHAIR:** I think we have about five minutes for non-government questions.

**Mr LANGBROEK:** Thank you very much, Mr Chairman. Coming to the Queensland Events Corporation, I refer to the SDS at page 1-53 and the Regional Development Program that you referred to a couple of answers ago in response to some government questions. At 1-53 it says that the Regional Development Program assisted 98 events in regional Queensland. That is out of 147 applications outlined elsewhere in the budget papers. The year before there were 154 programs that were supported in regional Queensland and there were only 138 applications notated. Why does the Queensland Events Corporation seem to be turning its back on regional corporations, supporting 56 fewer events in 2009-10 compared to 2008-09 despite receiving more applications?

**Ms BLIGH:** I thank the member for the question. I am happy to take some further advice on this from Queensland Events. My understanding is that they fund events on the basis of applications made. Obviously some events are applying for greater amounts of money than others. Some events that have been going for some time grow and need more money to support them. Others may, in fact, having had government support for some time, reach a point where they are self-sustaining and no longer require government funding.

There are a number of examples of programs that are of a one-off nature. For example, this year we will see the Davis Cup match in Cairns. That will be supported by Queensland Events. These are the sorts of opportunities that come and go and Queensland Events needs to have the flexibility available to it.

If you look through the list of programs that are supported by the regional program—and I do not know of any other state in Australia that provides the strength of regional programming in events that Queensland does—you will see some of the really successful events in regional Queensland. In places like Airlie Beach where you would expect to see a strong program we have Airlie Beach Race Week. In places where you would perhaps not expect to find programs succeeding they are and have been for many years. For example, the Birdsville races is part of this. Others are the Childers Festival of Cultures, the Cooktown Discovery Festival, the crocodile trophy in Cairns, the Gemfest in Anakie and the Heart of Gold International Film Festival in Gympie. I think if you look through the program what you will see is the highest level of support for events in not only the regions of Queensland but also some of our most rural and remote parts of Queensland. Frankly, if you were in similar places in other states of Australia you would be very unlikely to get an event off the ground let alone get government funding for it.

I think our events program in the regions is one that we should be singing about from the rooftops, frankly. I do not think there is any surprise that, on an annual basis, it will fluctuate. There are some opportunities that only come every now and then. There are some opportunities that require different funding amounts in different years. There are some years where you do not have big events so you have an opportunity to spread a little bit around to some smaller opportunities. That is to be expected.

**Mr LANGBROEK:** My next question relates to the SDS at page 5-1 and discontinued measures. I refer to public art projects completed. You will see that there were 40 estimated and 26 that were completed. There are a couple of notes associated with that that refer to why there were variations between the estimated actual and the target. Notes 4 and 5 are an extension of project time lines as a result of delays in capital infrastructure projects and engagement of appropriate artists. Which capital infrastructure projects were behind schedule? I am interested in the details of the artists whose works were commissioned and the value of these commissioned artworks that resulted in Arts Queensland's failure to meet the target of public arts projects completed.

**Ms BLIGH:** I am happy to take that on notice. I do not think there is any surprise in it. What the government wants out of performance measures is that we measure performance which is within the

control of the agency. If the agency is charged with commissioning a piece of public art for a public space associated with a new building and the new building is changed in scope or changed in timing then it is not within the control of Arts Queensland to meet that performance measure.

I do not believe that there is any particular project that has led to that measure being discontinued, I think it is just a recognition that it is not a particularly accurate measure of the efficiency of Arts Queensland. If there is any particular project of concern then I am happy to come back to you on that. I think it is more about looking at what is in the direct control of Arts Queensland. I think we need to look for measures that will actually measure those things which go to the efficiency of the public art program.

**CHAIR:** Thank you, Premier, that brings to a close the scrutiny of the Arts aspect of your portfolio. Did you have a final comment?

**Ms BLIGH:** No.

**CHAIR:** Before the break, can I acknowledge in the gallery my father, David, and Ms Ann Short. David and Ann are what you would call the quintessential visual arts tourists. Given the arts program that we have had in Queensland in recent times that means I get to see them fairly often.

**Ms BLIGH:** I hope they are here for Valentino.

**CHAIR:** I understand the amount of work that goes into preparing for the estimates process. I thank all of your advisers and staff in the Arts portfolio and associated agencies for their work and presence today.

**Ms BLIGH:** I join the chair in thanking all of those who have been available to assist the committee. I think we have at least one question I have taken on notice and we will come back to you on that.

#### **Proceedings suspended from 10.30 am to 10.47 am**

**CHAIR:** I now declare the session of scrutiny of the portfolio relating to the Premier reopened. It is time for non-government questions. I call the member for Surfers Paradise.

**Mr LANGBROEK:** Thank you, Mr Chairman. Premier, my first question refers to the 'Departmental Overview' at 'Strategic Issues' at page 1-2 relating to the Queensland state budget where it says—

supporting and advising the Premier and Cabinet, Ministers and agencies to ensure the structures and processes of government run efficiently.

Premier, I refer to 29 June when you and the Deputy Premier held your press conference to talk about the findings of the Auditor-General regarding the government's handling of the Health payroll system, and I ask: will you reveal the whereabouts at that time of the elusive Minister Schwarten?

**Ms BLIGH:** As I understand it, he was visiting, as I recall, I think it was a skills centre in Brisbane and he travelled to Rockhampton that afternoon.

**Mr LANGBROEK:** Thank you. I was going to ask the Premier to confirm—

**Ms BLIGH:** No, I think that was on the Wednesday.

**Mr LANGBROEK:** That is right. As I understand it, Premier, I am asking if Minister Schwarten was actually enjoying a long lunch at the five-star restaurant ARIA whilst nurses were not able to buy groceries or get their pay instead of him facing up to his responsibilities as a minister of the Crown.

**Ms BLIGH:** You will have to direct that question to Minister Schwarten. As I understand it, he was in Brisbane on that day. He was available for the press conference had I required it. So I am not sure the point of the question.

**Mr LANGBROEK:** Well—

**CHAIR:** You will be given the opportunity later today.

**Ms BLIGH:** You will have an opportunity later today.

**Mr LANGBROEK:** Yes, that is right; thank you, Mr Chairman. Well, once again this does come under the strategic issues in that we are talking about the department that ensures the structures and processes of government run efficiently. The Premier heads the government, and so my question is then this: if it is established that Minister Schwarten was actually at ARIA living the high life instead of being accountable for his incompetence, will you finally do Queenslanders a favour and sack this minister?

**Ms BLIGH:** Minister Schwarten is responsible for ICT across the government. As the Auditor-General's report identifies, there are a number of issues that need to be resolved in relation to not only the Health payroll but also the structure of the government's arrangements in relation to finance, human resource management and ICT in relation to roles and responsibilities of the shared services agency and particularly the CorpTech component of it. Minister Schwarten, along with the Minister for Health and myself, will be responsible for implementing the recommendations outlined in the Auditor-General's report and those that I announced on 29 June on which the Queensland government committed to take additional actions overseeing a comprehensive review and a potential overhaul of the shared services initiative and the CorpTech arrangements.

I understand that the Leader of the Opposition might want to make some mischief on this issue, but what we have is an issue that the government regards as very serious and expects the two ministers with responsibility for it to be implementing those recommendations. I am pleased to advise the committee that the Minister for Information and Communication Technology, Minister Schwarten, has in fact already begun to talk with CorpTech employees and the shared services agency about the components of the review. In fact, I am pleased to advise the committee that we have engaged PricewaterhouseCoopers and Roger McComiskie to undertake that review. I can table for the benefit of the committee the terms of reference for that review, which is now set to get underway.

**Mr LANGBROEK:** Thank you, Premier.

**Ms BLIGH:** I will get the document and table it for you then.

**Mr LANGBROEK:** Certainly, thank you. Premier, my next question refers to page 1-2 of the Service Delivery Statements which of course says that the department is responsible for advising the Premier to ensure the structures and processes of government run efficiently. I would ask the Premier if she could remind this committee why she refuses to have a stand-alone royal commission into corruption and misconduct across government?

**Ms BLIGH:** The Leader of the Opposition continues to run this line. I understand at a recent press conference when he was asked what such a royal commission would inquire into his answer was 'everything'. As if any government might commit the funds of taxpayers to just investigating any old thing any old time! What Queensland has is a standing royal commission of inquiry, and that is the Crime and Misconduct Commission. If there is any matter which the Leader of the Opposition believes constitutes a matter that is in your view inappropriate or would constitute misconduct or corruption, then in my view you have an obligation to refer those matters to the Crime and Misconduct Commission. If you do so and the Crime and Misconduct Commission believes that it is of sufficient gravity to require the establishment of a full commission of inquiry or a dedicated inquiry, that is entirely within its legislative power to initiate.

I am unaware of any matter that you have referred to the CMC which it believes is outside of its jurisdiction or it is unable to investigate or which would require it to establish a dedicated inquiry. However, as I said, if there is such a matter I would encourage you to take it forward and I would expect if you did so that the CMC would deal with it in the same rigorous and independent way as it has with similar matters in the past. I can actually table the terms of reference.

**CHAIR:** The Premier seeks to table. Is leave granted?

Leave granted.

**Mr LANGBROEK:** Thank you. Premier, I note then that you stand by your claims that the CMC has the powers or is a constant standing royal commission. I just want to read to you a letter I have received from the chairman of the CMC dated 30 June 2010 and ask for some clarification from you then. He says—

The CMC's jurisdiction is unlike that of a stand alone commission of inquiry (Royal Commission) which is established on the advice of the executive government of the day, and acts pursuant to specific terms of reference reflecting public concern about a particular topic or event with funding approved by the Governor in Council for that particular inquiry.

So I ask, Premier, for some clarification as to this, and I am happy to table this—

**Ms BLIGH:** I think the chair of the CMC is stating a self-evident truth. The comments that you have just read out from the chair do not go to the question of the powers of the CMC. The CMC has powers similar to, and in many cases identical to, a royal commission in terms of its investigatory powers, its powers to call witnesses, its powers to hear matters under oath, its powers to require documents et cetera. It is of course open to a government at any time to have a royal commission of inquiry if there is a matter which would fall outside of the jurisdiction of the CMC. I, as I said, am unaware of any matter that would require a commission of inquiry in your view that is outside of the jurisdiction of the CMC.

For example, the government established the Forde commission of inquiry because by its nature it would be taking evidence from people about long ago historical matters and we were looking to establish an environment which was perhaps less legalistic and less intimidating to some of the people who might bring their matters forward. We wanted to ensure that there was a specific term of reference or terms of reference that would enable all of those matters from a very long time ago in some cases to be heard and understood. That was a good example I think of the sort of thing that might fall outside of the normal jurisdiction of the CMC because it was historical in nature.

However, as you will be well aware, in the last decade there have been a number of dedicated inquiries established by the CMC to look into matters of public administration and matters involving allegations of corruption. If the member has any particular issue which, as I said, he believes the current legal and justice framework is incompetent to deal with because of their limited jurisdiction as opposed to their powers, of course I would listen to it. But, as I said, when you answer the question of what it is you would want the commission of inquiry on with the word 'everything', I do not believe there is a government anywhere in the world that would set up a commission of inquiry with the terms of reference of 'everything'.

**Mr LANGBROEK:** I am not very happy to be quoted out of context there, Premier, so I will quote again from the Chairman of the CMC's, Martin Moynihan's, letter to me where he says—

Your suggested inquiry into the whole of government culture within Queensland is a wide reaching topic which is outside the scope of the CMC's statutory jurisdiction to inquire into official misconduct.

And, Premier, I am happy to quote issues like corruption issues that go to the cabinet table within your government and also issues within your own staff where they have been employed in the past by companies and you have refused to acknowledge, apart from an eyeball test, or advise exactly whether those companies—

**Ms BLIGH:** Is this a question?

**Mr LANGBROEK:** Yes. The question is: what is your response to the fact that the chairman of the CMC says this is outside the scope of the CMC's jurisdiction given that I have now identified clear issues within your government?

**Ms BLIGH:** I think if you want me to answer questions about the correspondence you will have to provide it to me. I understand the chair of the CMC—

**Mr LANGBROEK:** Mr Chairman, I am happy to table it. Mr Chairman, I am happy to—

**Ms BLIGH:** If you could do that, I am happy to comment on it.

**Mr LANGBROEK:** Would you like me to table it?

**CHAIR:** The member seeks leave to table. Is leave granted?

**Mr LANGBROEK:** I did not—

**Ms BLIGH:** In order for it to make sense as a response—

**Mr LANGBROEK:** We do not need to seek leave to table—

**Ms BLIGH:**—it would also have to be accompanied by the letter from yourself.

**CHAIR:** Member for Surfers Paradise, you cannot say, 'I'm happy to table but we didn't seek leave to table.' Are you tabling it or are you not?

**Mr LANGBROEK:** Mr Chairman, all I said was I am happy to table it—

**CHAIR:** Are you tabling it or are you not?

**Mr LANGBROEK:** I am now tabling it and, as I understand it, I do not need to seek leave to table it.

**CHAIR:** Thank you. The member seeks leave to table. Is leave granted?

Leave granted.

**Ms BLIGH:** I think it is probably useful for me to fully outline what the commissioner says which, of course, the member did not do in his opening question. What he says is—

Your suggested inquiry into the whole of government culture within Queensland is a wide reaching topic which is outside the scope of the CMC's statutory jurisdiction to inquire into official misconduct. Even if the Government enacted legislation necessary to give the CMC jurisdiction to conduct such an inquiry, one has to ask if the end result would justify the considerable time, cost and disruption.

It seems to me what the chair of the commission is saying is that in order for any commission of inquiry to be held you need to have specific terms of reference and you cannot simply have a specific term of reference that says 'The culture of the government'. It is a patent nonsense and, as I have said, if the member has any evidence of any corruption or misconduct that he believes satisfies any evidentiary level, he should put it forward. I do not have with me and I cannot comment on the chair of the CMC's response fully because I do not have the facsimile that he is responding to. So I would ask that the member also table the fax dated 21 June that this is a response to. Otherwise I do not think that it can be fully understood or commented upon.

**Mr LANGBROEK:** Premier, I just want to read you your quotes where you say the CMC has royal commission powers. You have repeatedly told state parliament that it has the same powers as a royal commission. On 25 November you told parliament the role of the CMC is to use its powers under its act as a standing royal commission to investigate matters that come before it. On 5 August 2009—

The CMC in Queensland, unlike many other states of Australia, is a standing royal commission that has all the powers necessary to identify if there has been any improper influence.

Premier, will you explain why the CMC chairman says he does not have royal commission powers?

**Ms BLIGH:** Again, I quote from the letter from the chair of the CMC, which says at page 2—and this is a quote directly from Martin Moynihan, the chair of the CMC—

The CMC has available to it all the powers of a commission of inquiry and in some circumstances probably greater powers to uncover and report on official misconduct.

That is the purpose of the CMC. It does have, as I have said, and I will repeat it—Martin Moynihan, the chair of the CMC interpreting his own legislation says—

The CMC has available to it all the powers of a commission of inquiry and in some circumstances probably greater powers to uncover and report on official misconduct.

I would suggest to you that if you have a look at the definition of official misconduct, it is sufficiently wide to pick up on any matter that seriously undermines or corrupts any government. In fact, if you look at some of the investigations that he refers to in his letter they go directly to the behaviour of ministers, ministerial staff, public servants and, in fact, a former Speaker of the parliament. So I do not think there is any ambiguity in Mr Moynihan's statement about his powers at all

**Mr LANGBROEK:** Thank you. Premier, obviously you enjoy reading from the CMC chairman's letter. So I would ask you to read out aloud the last paragraph on page 2 and explain to this committee what is meant by best practice.

**Ms BLIGH:** Sure—

As you point out, the Fitzgerald Report recommended that positions such as that of the Commissioner of Police should be advertised to draw applications from a wide field. Such a process is consistent with best practice and can provide greater transparency to the appointment process.

Again, the self-evident truth—something that was never practised when your side of politics was in government—

The decision makers can compare the performance of a current Commissioner seeking reappointment against the skills and attributes of other applicants seeking appointment to the position. Those things said, there is no legal requirement to advertise the position.

I think it is important to understand you have to read the Fitzgerald inquiry with a heavy dose of common sense. I have read the Fitzgerald inquiry in relation to the requirement to advertise positions and what it says absolutely clearly is that it is appropriate to advertise positions for which there is a vacancy. I think it is important to understand that in relation to the Queensland Police Commissioner, the commissioner is currently employed under a contract of employment. That contract provides expressly for the extension of his contract for a further two years without advertisement, without any process. In this case, the government seeks to reappoint him for a further three years, but I put it to you that there is, in fact, no vacancy because he holds that position with a contract that has an express clause providing for an extension of two years.

It would be a patent nonsense and nobody could, in my view, sensibly read the comments and recommendations of Tony Fitzgerald to mean that any government—anywhere—would employ their CEOs on the basis that every three years they would go through a national and international search process. Frankly, you would not get and you would not keep senior people of high calibre. There is nowhere else in the world that would do such a thing, as I said, with senior people. There are express provisions in place under the Public Service management guidelines and, again, you would have to read Tony Fitzgerald's comments in the context in which they were made. This is the context where the appointment of the Police Commissioner had been profoundly corrupted by your side of politics—a circumstance where positions in the Public Service were not advertised, where police were not appointed by advertisement but by time served. I think on any measure the advertising requirements of our government are consistent entirely with the requirements of the Fitzgerald inquiry and consistent entirely with best practice across government systems in Australia and around the world.

**Mr LANGBROEK:** Thank you, Premier. I find it interesting that you are now saying that Tony Fitzgerald's report should be read with a dose of common sense, which means open to interpretation. So the Fitzgerald report says that it is best practice—

**Ms BLIGH:** No, I think it is common sense that you cannot advertise a position that is not vacant.

**Mr LANGBROEK:** So it goes on interminably. You could be Police Commissioner for 10 or 15 years.

**Ms BLIGH:** No, you have a contract that provides expressly with a clause that is legally enforceable for an extension of two years. That is not a vacancy.

**Mr LANGBROEK:** Thank you. Let us go to the appointment then of the Police Commissioner. Premier, I refer to your answer to question on notice No. 5, where I asked for documentation pertaining to the appointment of the Police Commissioner. Attached to that question is an email to your chief of staff and director-general from the office of the Minister for Police. This email states that the chairman of the CMC is happy for you to make a statement on the appointment of the Police Commissioner. The time on that email is 9.09 am on 25 February. Parliament was due to sit at 9.30 am on that same day when you were to make a ministerial statement. How much notice was given to the chairman of the CMC that you intended to make a statement?

**Ms BLIGH:** I think it is a matter of public record and extensive commentary by both the chair of the CMC and the Minister for Police and, indeed, myself that a phone call was made to the chair of the CMC. The Minister for Police understood the content of that phone call to be an agreement by the chair of the CMC, as I note for the parliamentary record in the question on notice to which you refer. There is

now clearly a difference of opinion. There is no doubt about that. But I think it is a difference of opinion genuinely held by two decent, honest and genuine people. I do not suggest for one minute that either of them is in any way being misleading. So as I have said, I do not think that there is anything new in this. There was a phone call made. The police minister genuinely understood that he had the agreement. He provided that information to me and to my office and that was the basis on which we acted.

**Mr LANGBROEK:** Premier, you also said about this appointment that no company in the world would readvertise a CEO's position when they were up for reappointment. But if a CEO had been found by an independent report to be responsible for a culture of cover-up, do you think a company would reopen that search in their attempt to find the best candidate?

**Ms BLIGH:** I think you are verballing the Police Commissioner with that question. There is no suggestion in my view that the Police Commissioner has, as you accuse him, been involved in—

**Mr LANGBROEK:** Premier—

**CHAIR:** Order.

**Mr LANGBROEK:** Point of order—

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

**Mr LANGBROEK:** There is a personal reflection there, Mr Chairman. I asked a general question about a CEO.

**Ms BLIGH:** I think you were making a personal reflection on the integrity of the Police Commissioner and I do not think that this is the appropriate place for you to make these sorts of disparaging and, frankly, offensive remarks.

**CHAIR:** Thank you. Before coming to government members' questions, whilst I do not rule or state that the line of questioning was out of order I remind members that wide latitude is given in the scrutiny process but we are here to scrutinise the appropriation bills that are before us. So I remind members that that is the purpose of us being here and not necessarily to promulgate the broader political arguments of the day. In coming to government questions, and turning to the appropriation, in this section of government questions government members would like to examine issues relating to jobs and employment. I read on page 1-3 of the SDS reference to cabinet and government decision making. I ask: can you advise the committee of the tough decisions made since the last election, the alternative options that were available to government that were rejected and the outcomes of these decisions reflected in the budget outlook?

**Ms BLIGH:** I thank the member for the question. Just before I take a moment to answer it, can I advise the committee of the answer to the question I took on notice in relation to receivables in relation to Screen Queensland. The \$8.1 million relates to repayable loans made to Screen Queensland from the Revolving Film Finance Fund provided by QTC. The process is that Arts Queensland borrows the funds from the QTC and then on-lends to Screen Queensland. Screen Queensland enters into loan agreements with producers following board approval of the loan. The rate of return to the QTC is determined on each loan drawn down by calculating the prevailing cash rate plus a margin. As cash rates have changed, the rate charged to borrowers, or return on investment, has moved with those changes. The rate of return has recently been between 5.1 per cent and 5.3 per cent.

I thank the member for the question. There is no hiding from the fact that during tough times tough decisions are called for and that is what we faced last year, with a significant revenue wipe-out and the worst global economic conditions since the Great Depression. We did have to evaluate our choices and, rather than stick our heads in the sand, we confronted the economic downturn and the choices before us and prioritised the jobs and services that support everyday working Queenslanders.

This year's budget brings forward the return to surplus by one year. Making the tough decisions is helping us to reduce deficits sooner. The government's resolve to modernise the Queensland economy is stronger than ever. What we said we would do is keep the building program going, because it supports jobs and that is what we have done. We said that we would deliver 100,000 jobs within this term and we are on track to deliver that promise. We said that we would keep Queensland a low-taxing state and we continue to be a low-taxing state.

To deliver on these commitments and to keep delivery of services relied on by Queensland families, we had to make choices, as I have said, and we chose to put passenger trains for commuters and our investment in that network ahead of coal trains for mining companies. We chose to put schools and hospitals ahead of running a commercial timber business and we chose to put roads for the regions ahead of running commercial port berths. We have done that while ensuring that Queenslanders pay around \$400 less tax per person than in any other state by ensuring that we retained the lowest payroll tax in the country and that we kept taxes low while continuing with the nation's biggest building program.

We realise that for Queensland families every dollar counts and that is why this budget puts in place new rebates to assist. We have an increase in the pensioner water rebate, a 50 per cent discount on car registration for pensioners, council rebates for pensioners on rates and new increases in the

electricity rebate and a new rebate for people who have medical conditions requiring constant temperature control in their houses. Having said that we came out of tough times, Queenslanders have a very good reason to be confident and optimistic about the future.

**Mr WENDT:** I refer to page 1-2 of the SDS and the reference to building tomorrow's Queensland. Could the Premier advise the committee of the rationale behind maintaining Australia's largest infrastructure building program?

**Ms BLIGH:** I thank the member for the question. We, as I have said, went to the last election with a very strong commitment to jobs and our budget last year and this year have maintained that commitment. Our jobs plan has been clear from the beginning. There are four planks to our jobs plan: first, keep the building program going and keep it going at strong and high levels; two, develop the skills for the future so that we do not see a skills shortage develop out of periods of unemployment; three, support new industries as well as focus on traditional strengths; and four, invest in specific job-creation programs. Our commitment to the building program is the first of those planks and this budget sticks to that plan. We said we needed to deliver the nation's biggest building program to support jobs and that is what we are doing—a \$17.1 billion program, which I think remains the single biggest difference between what Labor offers Queenslanders versus what the LNP offers.

The building program actually accounts for one per cent of GSP. It has kept the economy moving during the GFC. I think there is a sense that we have come out of it better than people expected. There is a very good reason for that: it is because we continued to invest particularly in large construction projects that are driving investment not only in the south-east but also right across the regions of Queensland at a time when the private sector had to withdraw because of their inability to get finance for any major projects.

This year we note that there is still very sluggish activity in the construction sector. While we are seeing some encouraging signs in the housing market, we are still seeing very, very poor performance, very low levels of performance, in large-scale commercial and civil investments and we do not expect that to recover in the short-term.

We are delivering on some of the biggest projects in Australia. I was out yesterday at Airport Link. There are just on 3,400 people working on that project at the moment and it will continue to ramp up as we see it really hit the peak of its activity. This year's budget enabled us—because we took tough decisions, because we can be confident about our strategy going forward—to bring forward and fast track the rail to Springfield. I was pleased to join the Minister for Transport recently as we saw the first track being laid for the rail that will now go from Darra to Springfield.

Over the last 10 years Queensland has invested in a lot of activity on the suburban network but largely it has been about duplicating existing lines or extending existing lines such as the rail to the Gold Coast. This track, Darra to Springfield, will be the first new suburban branch line in a decade, a very important part of our network and just one example of the activity that we are putting in place in our program. Over 50 per cent of our building program will be spent outside the Brisbane statistical division. The growth areas of the Gold Coast as well as regions such as Cairns, Townsville, Mackay, Darling Downs and others are all seeing investment.

**Mr CHOI:** I refer to page 1-3 of the SDS and the need to respond to growth challenges in South-East Queensland. Can you please advise the committee of any initiatives in the budget that assist in developing skills for the future and help avoid skills shortages?

**Ms BLIGH:** Thank you. I am very pleased to answer this question because the second plank of our jobs plan has always focused on skills development. We understood that while we were in a very serious economic slump the worst thing for Queensland going forward would be if out of that slump we saw a drop off in skill formation. We have seen, to their credit, many employers maintain the apprentices they had in place and maintain their trainees, but we have seen them struggle to take on new apprentices. There will be a lag effect as a result of that. We need to be prepared, as the economy improves, to take advantage of the opportunities that we know are coming.

We said that we needed industry to tell us what skills they need ahead of the curve. That is why we have decided to establish the industry led Queensland Skills Commission that was announced in the budget. This skills commission has been a key outcome from the jobs task force that I established in January 2009 in response to spiralling unemployment. In recent months we have seen unemployment slowly fall. The early signs of recovery in relation to the employment figures are certainly there. We have now seen 11 consecutive months of jobs growth.

The jobs task force has, in fact, been dealing with agenda items such as skills shortages for some months now and is looking particularly at the formation of this new commission. In light of that the jobs task force at its last meeting resolved that it would now transition to working on the establishment of the skills commission. The members of the jobs task force have now all been invited to be part of the steering committee that will work to bring the commission into being and defining its key roles and responsibilities. I think it is a sign of the times that the jobs task force has resolved that the best way it can assist government, as we move into the recovery, is to work on skills formation which, as I said, has been one of its priorities in the last couple of months.

The new skills commission will be appointed as an independent statutory authority and all major employment sectors will be represented on the commission. It is likely that some of the members of the task force may ultimately form the board of the commission, although some industries may wish to nominate a different person, but that will be a matter for them. It is important to recognise that the jobs task force has put in place a number of very good outcomes and that we are building on the skills formation agenda with more than \$500 million in our budget for vocational education and training, including \$133 million for new infrastructure in the trade training facilities in Mackay, Cairns and South Brisbane and refurbishing the Bundamba and Nambour TAFE campuses.

We have also seen this budget deliver more than \$106 million for Skilling Queenslanders for Work. That has provided staggering opportunities for 24,000 Queenslanders with skills training and job related assistance. It has been a very important part of keeping those people in skills formation so that they have opportunities when the recovery happens.

**Mr HOOLIHAN:** Could I go back to the question asked by the member for Ipswich West in relation to building tomorrow's Queensland. You mentioned in that answer new industries. Could you outline for the committee more detail about the government's commitment to the emerging industry of LNG.

**Ms BLIGH:** I thank the member for Keppel. As you would be aware, the third plank of our jobs plan was to support new industries as a way of diversifying our economy. The member for Keppel would be aware, more perhaps than many members of parliament, of the opportunities that emerge for communities, particularly in regional Queensland, with the successful development of our incredible mineral resources.

In Queensland we have realised the extent of our coal seam gas resources over the last five years and we now have a number of companies very interested in exporting this product to the world, processing it in Gladstone, taking CSG, creating liquid natural gas and sending it to the world and predominantly to Asia as a cleaner form of fuel for those emerging economies. We now have multiple companies on the verge of final investment decisions and multimillion dollar contracts, some of the biggest ever seen in Australian history, for companies to export LNG to the world.

The government has worked very closely with the industry and with the companies to make sure that these things can be realised. While we are very pleased to see so many large companies wanting to invest, none of this would have got to the stage that it has without significant activity by government. We have developed an LNG blueprint which gives industry a very clear line of sight about the industry's long-term development, including certainty around royalty regimes, environmental conditions as well as domestic supply of gas. We have established an LNG industry unit as a one-stop shop for proponents so that we can accelerate, where appropriate, approvals rather than having people continually knocking on various doors around government. That gives government an opportunity to have more of an assessment of the cumulative impact as well by centralising and getting an understanding of how quickly or slowly various proponents might be moving.

We have established an LNG cabinet subcommittee to give the industry the consideration it needs at the highest level of government. We have secured an LNG superhighway for the pipeline into Gladstone. We have declared a state development area on Curtis Island while safeguarding over 75 per cent of that island as environmentally protected land and we have put in place a strategic 30-year western basin master plan. We have launched the Surat Basin future directions planning process, because this will mean quite significant changes in the south-west, but big opportunities as well. Importantly, we have committed to a \$10 million LNG industry skills fund. I have been very heartened about the amount of interest from people across Queensland in gaining the skills and upgrading their skills to work in this industry.

We will be hosting a community cabinet in Roma, the heart of the Surat Basin, on 25 and 26 July. This was at the invitation of some of the mayors, particularly after the terrible flooding they had, but there are some very big issues in the Surat Basin about mining and farming and I am looking forward to talking to people from that community about those issues.

**CHAIR:** I would like to refer to page 1-2 of the SDS in relation to the need for government to make informed decisions on issues, trends and developments that potentially impact on Queensland. This is particularly important in relation to jobs and employment. Can you advise the committee of the progress of job creation and job retention programs since March 2009 and any decisions made in the budget to continue such programs?

**Ms BLIGH:** I thank the member for the question. You are right, this budget does continue to deliver on our promise to create jobs sooner. A very central part of that has been our commitment to maintaining job creation programs. There were a number of governments, at all levels, of all political persuasions, that invested in these programs with the economic downturn in the nineties but most governments moved out of this area as the economy went through a boom cycle. Queensland, I think unique among the states, maintained a level of investment in these programs because even in boom times there are people who have significant barriers of entry into the labour market and who would otherwise be condemned to unemployment or a lifetime of unemployment.

What that meant was when the GFC hit, Queensland had already a well-established framework, a well-established, if you like, bureaucratic structure around these structures and well-established relationships with potential employers such as councils and non-government agencies that we could ramp up very quickly and that is what we did. Recovery in this area again is no accident.

What we have put in place, for example, is new initiatives like the Green Army. In the first year of its operation the Green Army has delivered some 1,418 jobs in total. It has been funded again in this year's budget as part of a \$57 million three-year commitment. It has seen 1,088 work placements across 72 projects worth some \$18.3 million and a further 259 Green Army traineeships with councils worth \$2.6 million, along with 71 traineeships with community organisations worth \$1.35 million. Since July we have seen a further three projects approved involving another 64 jobs.

The figures do not really tell the story as well as examples of some of the projects. On the Gold Coast, for example, we have partnered with the Gold Coast City Council to do work with this program on the Federation Walk on The Spit at Main Beach. That provided 20 jobs. It sounds like a small amount but this is a very precious little piece of beach and parkland, which I am sure the member for Surfers Paradise would agree with. As I said, because we have that relationship with councils we can bring those projects on very quickly. In the member for Keppel's own area, 10 jobs were secured with Jobs Queensland Limited on the Moores Creek project at Mount Archer. With the Ipswich City Council 30 jobs were secured on the Rosewood showgrounds project. The member for Ipswich West would be aware of some of the good work that is done there. There was also the green troop project in Yeerongpilly that created eight jobs in partnership with the Brisbane City Council's green troop. These are not only giving people jobs and work experience and employable skills, they are leaving behind legacies of recreational areas and green spaces for the communities that they have been operational in.

**Mr WENDT:** I am aware of the Rosewood project and it is fabulous. I was there just the other day. Referring to page 1-52, and I am going back to the Queensland Events Corporation issues that we discussed briefly before, could you please provide the committee with an overview of some of the key initiatives Queensland Events will be involved in during the 2010-11 year?

**Ms BLIGH:** I thank the member for the question. I did want to talk about the Queensland Events program because I think it is important to understand that this is also an important jobs generator across Queensland. Queensland has a very significant tourism industry and event based tourism is an important part of not only generating new jobs in regions but also supplying demand for existing organisations, commercial businesses et cetera. Queensland Events Corporation continues to seek opportunities to invest in a diverse portfolio of events including sport, the arts and tourism based events. These are events, as I said, that not only invest in the economy but also are very important to Queensland's social fabric. They bring us together as communities as well as give people from other parts of Queensland, other parts of Australia and other parts of the world a very good reason to come and visit us.

I was very pleased to be able to visit the V8 Supercars Townsville 400 on the weekend. This is the second time the event has been held. I have not seen finalised gate numbers yet but certainly on Friday they were seeing an increase and they are very, very pleased with that. The experience in Townsville—and the Gold Coast I think sees something very similar with the car racing event there—whether or not people are particularly interested in car racing, is an event that the whole city becomes involved in. All of the accommodation in Townsville was just about booked out. It was very hard to get a table in a restaurant. Taxi drivers were all full and happy—full of passengers, I should stress. You could actually see the people on the street going in and out of shops spending money. That was very good for the local economy.

One event that we are working very hard to secure for the Gold Coast is the Commonwealth Games in 2018. We expect that that will bring a wealth of benefits to both the construction and tourism industries during its lead-up and then of course provide a very significant infrastructure legacy as well as being a major boost to employment. For example, if we were to secure the Commonwealth Games for the Gold Coast, then it would require us to upgrade the swimming facilities at the Broadwater to a world-class aquatic event and that would then enable the Gold Coast to bid for things like the world swimming championships. It is a very important investment in their economy.

**CHAIR:** That brings to an end that block of government questions. I call the member for Surfers Paradise.

**Mr LANGBROEK:** Premier, I want to come back to the date of 29 June and the press conference you had when the Minister for Public Works and ICT was not present. The Service Delivery Statement at 1-13 says that you provide nine staff to the minister—for Robert Swarten. Those nine staff are contracted to you and, therefore, there is a budget responsibility there. Where did they say Rob Swarten was on that day?

**Ms BLIGH:** I say to the chair that I can only answer questions for which I have portfolio responsibility. Of course I employ through MSB the staff of all the ministers' offices. It might come as a surprise to the member for Surfers Paradise that I do not interrogate every one of them every day.

The Minister for Public Works—and I know there was a bit of fun had at his expense during this week—is a regional member. There were suggestions that he was somehow unavailable to the media. He made it clear to a couple of media outlets that he had nothing further to add to what I had already said on behalf of the government as Premier—on behalf of the government I responded to the Auditor-General's report—that he agreed with the government's position. In fact, he had been a part of putting it together. He issued a public statement to that effect, that he supported it, and he was getting on with the job of implementing it. He was subsequently available and gave comment to both his local paper and his local radio station. In fact, on the Thursday he issued an alert to somewhere between 10 and 20 journalists about a press conference that he was holding on the Friday. I know that there is some suggestion that he was unavailable. I do not think that that is necessarily borne out by his public comments.

Yes, he was not present at the press conference on the 29th. It is not unusual, in my view, for a Premier to conduct a press conference on behalf of the government responding to a matter that involves more than one agency of government. The Deputy Premier and Minister for Health was present because this is, largely, an issue that relates to the Health portfolio—not exclusively but largely. So, again, I do not think there is anything unusual about that. Frankly, it is my experience that if you end up with three or four ministers at a press conference it makes it difficult for the journalists as much as anything else because you have microphones moving and people going to and fro and it all becomes very messy.

Yes, I held a press conference on 29 June and yes, I was assisted in that regard by the Deputy Premier and Minister for Health. I articulated the government's response. That was a response supported by members of my cabinet including the Minister for Public Works.

**Mr LANGBROEK:** I want to turn now to the Office of the Integrity Commissioner under the section of Public Service Commission at 1-93 where it says that the Integrity Commissioner is responsible for providing you, the Premier, with advice on issues concerning ethics and integrity and 1-95 where it says that he continues to meet with the Auditor-General, chairperson of the Crime and Misconduct Commission, the Ombudsman, the Information Commissioner and the Commission Chief Executive of the Public Service Commission to discuss matters of common interest and his website which claims that he is an independent officer of the parliament. I wonder if it would be possible if I could ask the Integrity Commissioner a few questions, please, about the appointment of the Police Commissioner.

**Ms BLIGH:** I think you fully understand the rules of an estimates committee. The rules require me as the responsible minister to answer your questions. If I require assistance in that regard I can certainly seek that assistance. If I do, I will do so. So I will ask you to put the question to me.

**Mr LANGBROEK:** Thank you, Premier. It is interesting that Gordon Nuttall allowed the deputy director-general to answer a question but I note that you will not do so.

**Ms BLIGH:** You might hold Gordon Nuttall up as an example; I do not.

**Mr LANGBROEK:** The question I would like to ask of the Integrity Commissioner is of course the Fitzgerald report which said that the position of Police Commissioner should be advertised and that the police minister should be made aware of all eligible candidates for the position. The CMC chairman has confirmed to me in writing that he believes that this would be best practice and I am interested as to whether the Integrity Commissioner is satisfied that this process has been followed.

**Ms BLIGH:** I suggest if you want to question the Integrity Commissioner you do so at some other time. This is an estimates committee for the portfolio statements of my portfolio. If you have a question for me in relation to my portfolio budget requirements, I am more than happy to answer it. If I require the assistance of any officer, including the Integrity Commissioner, I am happy to seek it. I have yet to hear a question from you that would require that in that regard. In fact, I have answered, in my view, at some length your question in relation to the Fitzgerald inquiry and I repeat: the chair of the CMC confirms in his correspondence to you that there is no legal requirement for this position to be advertised. I press again that the holder of this position is employed under a contract of employment that has a clause that provides expressly for a two-year extension. So I would suggest to you, with respect, that there is no vacancy. Therefore, the provisions and recommendations of the Fitzgerald inquiry which relate expressly to vacancies do not apply, and that is confirmed in the letter that you tabled from the chair of the commission.

**Mr LANGBROEK:** Have you sought the advice of the Integrity Commissioner in this matter?

**Ms BLIGH:** I think you know as well as I do that the legislation provides for confidentiality. I think it is an inappropriate question. However, I am happy to say that on this matter, no, I have not and nor am I required to.

**Mr LANGBROEK:** My next question is about the charter of goals for the health minister. I just want to ask could you provide for me the most up-to-date Ministerial Charter of Goals for your health minister, or is the charter of goals posted on the website the most up to date?

**Ms BLIGH:** As the member would know, I have made it quite public that I intend to issue, on an annual basis, a charter of goals for each of my ministers. The charter of goals articulated last year is currently on the website. I am in the process of updating each one of those charter of goals' charter material. When they have been finalised they will be placed on the website. Of course, the charter of goals is an overarching, high level, strategic charter including implementation, for example, of election commitments. It does not mean that other responsibilities that come on to the minister's area of portfolio responsibility are not also included in my requirements of him or her. You would expect that a charter of goals is an annual document and it is updated accordingly. There are many other things that happen during a year for which ministers become responsible and there are a number of public statements generally about those things. Of course, the health minister has a number of responsibilities that have come on to his portfolio obligations, for example, the recently tabled Auditor-General's report in relation to the Health payroll. There have been public statements about his involvement in the implementation of those recommendations.

But I can assure the member that the updated charter of goals, when they are completed—I have been working my way through each one of them. They are documents that are important to me and I expect them to be important to my ministers. I therefore pay attention to the detail. I would note that I do not believe that the member for Surfers Paradise puts in place any similar performance documents for his own front bench. I can only encourage him to encourage them to consider the question of performance at least every now and then. He might like to outline what his expectations of them are and make them public for the people of Queensland to see in some detail.

**Mr LANGBROEK:** I note then that the charter of goals that the Premier mentioned is constantly being updated. Premier, could you explain why the 42-page charter of goals for the health minister does not mention the most elementary and most pressing goal facing him and that is paying our health workers and fixing the health payroll system? I ask why this is not there and when we can expect it to be there?

**Ms BLIGH:** If the member wants to spend the estimates committee listening to me repeat the same answer to the same question, I am happy to do that. So let me start again. The annual charter of goals is just that, something that is updated on an annual basis. It is not updated on a weekly basis or a daily basis; it is an annual charter of high-level goals. However, for every minister there will be matters that come across their desk for which they become responsible or have an additional obligation as a result of issues that might arise from time to time in their portfolio. What is absolutely clear is that in addition to all of his other responsibilities, including the implementation of election commitments and a very substantial capital program, reduction in waiting lists and the Q2 goals, particularly in relation to health and wellbeing, the Minister for Health has a very significant responsibility to implement the recommendations of the Auditor-General's report and the additional initiatives that the government has determined that we will put in place, all of which were articulated on 29 June.

I think you need to read the charter of goals in conjunction with other public statements. I would refer you to comprehensive press releases in relation to the Health payroll matter where I have outlined the decisions of government and the responsibilities that the Minister for Health will be undertaking.

I take the opportunity again to draw the attention of the committee to the fact that the Leader of the Opposition sets no performance criteria for his front bench and I would venture to say that it shows. There is clearly no expectation. I know that there are a lot of people in the office playing Solitaire. At least they are in the office. There is no indication that performance measures are driving or motivating the front bench of the Leader of the Opposition. However, I encourage him. It is a very useful process and I would encourage him to set some indicators and to make them public so that the people of Queensland—as I do with my ministers and my ministers understand that—can make an assessment on whether or not they are achieving those performance indicators.

**CHAIR:** Order! Member for Surfers Paradise, I am not uncomfortable with your line of questioning. However, it is a well-established practice that as part of the scrutiny of the appropriation we do make reference to where these matters relate to the appropriation. Can I ask you to go back to that practice and continue to do so?

**Mr LANGBROEK:** Thank you. Certainly. I ask in relation to the departmental overview that has strategic issues of supporting and advising the Premier and cabinet, ministers and agencies to ensure the structures and processes of government run efficiently and once again referring to the charter of goals, this time in the Treasurer's charter of goals. When that was first published, it did not have 'restoring the state's AAA credit rating' as one of its goals and now it has appeared. I ask: when did this goal appear and why was it not a goal right from the very start?

**Ms BLIGH:** The restoration of the state's AAA credit rating is part of our fiscal strategy articulated in last year's budget and reaffirmed in this year's budget. We have a very clear plan to restore the AAA credit rating. In fact, I would refer you to the Budget Strategy and Outlook document on page 5 at chart 1.2 which shows very clearly how the government's assets sale program will put us squarely back into the credit rating range for a AAA program. Given that you do not support the sales program, I have yet to hear anything from the Leader of the Opposition that would constitute a plan to restore Queensland's

AAA credit rating. What I do hear on a relatively regular basis is ideas on which he believes we should or could be spending more money. Of course, spending more money means borrowing more money. I can only assume that the economic strategy of the Leader of the Opposition and the LNP is that they will restore the AAA credit rating by borrowing more money. It is an extraordinary economic strategy. It has no credibility and I would venture to suggest again that it has absolutely no hope of working, unlike the government's strategy, articulated clearly by the Treasurer, that will not only see us embark on a restructuring of our asset portfolio but, importantly, also exercise a considerable amount of wage restraint and put in place savings across government which are already reaping benefits. You see that in the outcome of this year's budget. What do we see? Lower than forecast deficits, lower than forecast debt, stronger economic growth than previously forecast and more jobs coming into Queensland than previously forecast and coming sooner.

I think you would have to say that this is an economic strategy that is demonstrably working, is delivering the things that we said it would deliver and that we are well on track to see the AAA credit rating returned. It is, in fact, the strength of the Treasurer's performance that is driving much of what you are seeing happen in the economy. As you would be aware, in the machinery-of-government changes after the election the Treasurer assumed responsibility for the employment portfolio. I think the investment that we are seeing in the budget in those employment driving projects is a very clear indicator that our economic strategy is one to which we are committed and one which is working in the interests of Queenslanders.

**Mr LANGBROEK:** I was interested in your answer when you talked about being on track to getting back the AAA credit rating. Can you advise the committee when you anticipate this will be, given that we are now on track to see it returned?

**Ms BLIGH:** Again I refer you to the budget papers where it makes it very clear that we expect to be within the credit rating range some time around 2011-12/2012-13. Obviously, these are forecast expected returns from the asset sales. Unfortunately, credit ratings downgrade you on forecasts but only upgrade you on actuals. Until we actually see the return from those sales, it is impossible to do anything other than forecast. But I refer you to chart 1.2 on page 5 of the budget strategy and outlook document for this year's budget.

**Mr LANGBROEK:** I am interested to hear that, because that seems to be a somewhat shorter time frame than was expressed as recently as only a couple of weeks ago by the Treasurer.

**Ms BLIGH:** Let me clarify: it could be as far as 2013-14, it could be 2014-15. This is not something that is in our control, as you know. It is something that credit rating agencies are making a judgement about. What we are doing is putting ourselves back within the range. That is what we need to do. That is what Queensland needs to do and we have a clear strategy to do it. On the other hand, you have a strategy that says you will borrow more money as a way of returning the state to a AAA credit rating. You simply cannot get into that range on your program of borrowing more.

**Mr LANGBROEK:** Premier, that means that we basically are the only mainland state to lose it and now we are guessing when we might get it back. That is what you have just said in your answer. You gave about four different prospective dates when we might get the AAA credit rating back.

**Ms BLIGH:** As the member would be aware, we have a strong and clear economic strategy to return Queensland to a AAA credit rating. By very stark contrast, the member for Surfers Paradise makes continual promises that he will have a strategy, but to date he has none. Last year you promised to outline your strategy to return Queensland to a AAA credit rating. You made a promise that you would do that in your budget reply and you failed. You then made a promise that you would do it at your media club lunch and you failed. Earlier this year you made another promise to present it to a CEDA lunch and you failed. At this stage, the only strategy I have heard, whenever you talk about economic matters, is that there are things you believe we should be spending more money on, which of course requires borrowings. Therefore, you believe that borrowing more money is the way to restore the AAA credit rating. The only other economic gesture that I have heard you come close to expressing was a very strange reference, I think in your last CEDA speech, to recovering the AAA credit rating through windfalls. Any time you want to explain the economic basis of windfalls, or maybe the member for Clayfield would like to explain what a windfall is and how it might be achieved, we would be very interested. I am sure the financial press would be just as interested.

Clearly, it is a matter of forecasting when the sales will occur, what they will return and when we get into that credit range. It is then a matter for the credit rating agencies to determine. As I said, we have a very clear strategy. What I said was that we will get into that range somewhere between 2011-12 and 2012-13. Being in that range is clearly a precursor to getting the AAA credit rating back. We have a clear strategy to get into the range; you haven't got a clue.

**Mr LANGBROEK:** I note from the estimates committee of 2008, in answer to a question from the former Leader of the Opposition, that two years ago you said it was your goal to keep the AAA credit rating.

**Ms BLIGH:** You bet.

**Mr LANGBROEK:** Clearly it was a goal that failed, even though you were warned. You still have not explained why you did not put it into the original charter for the Treasurer. Why did you leave it out of the Ministerial Charter of Goals for the Treasurer?

**Ms BLIGH:** The Treasurer is required to meet the fiscal principles of the budget. The Treasurer's Charter of Goals expressly provides for him to deliver the annual budget and that means delivering on the fiscal principles within it. I think you will find that the Charter of Goals does not go through every single detail in the budget. It is absolutely clear that in any government the Treasurer has responsibility for delivering on the budget and delivering the fiscal principles that underlie it. I do not think there is any doubt in anybody's mind anywhere in Queensland that the Treasurer is driving an economic strategy and that he is driving it with a great deal of commitment and, frankly, it is a strategy that is delivering. It is employing people right across Queensland at a time when if your strategy had been put in place people would be losing their jobs. Your strategy was to cut spending at a time when the economy was spiralling out of control. Your view was that you should take even more money out of the economy. At a time when the private sector was contracting, your view was that government should contract with it. Of course, that is the sort of strategy that led to the worst outcomes of the Great Depression. It is not a strategy that is employed by most governments anywhere in the world. In fact, it is largely discredited everywhere except within the bastions of the LNP of Queensland.

**Mr LANGBROEK:** Finally, in reference to jobs and job creation, Premier, in your opening statement you said that 46,000 jobs had been created. How many were bread winners; how many were full-time jobs?

**Ms BLIGH:** Of course this is something that the LNP continues to bang on about.

**Mr LANGBROEK:** Using your words from the election campaign.

**Ms BLIGH:** Absolutely. You have a view about a bread winner that differs from mine. I believe that in many cases people who are working part time are making the difference between whether or not their families pay the mortgage. You seem to live in a world somewhere in the 1950s where one-parent working families are the norm. That is no longer the Australia of the 21st century. This is a matter of significant public record. The Australian Bureau of Statistics collects data on unemployment that is relied upon by all governments of all political persuasions at all levels.

I maintain absolutely that particularly working women—because let's face it, most of the part-time workers supporting families tend to be women—and the contribution they make to their families, to their families' wellbeing, to their mortgages and to other significant financial obligations is important and I recognise them for the work that they do. You may want to wipe them out of the statistical picture; I do not. I am pleased to advise that in the past month 7,300 of the 7,900 jobs created in Queensland were full-time jobs. We are seeing the economy move into a period where more full-time jobs are being created, but in my view that in no way takes away from the contribution that particularly working women make to the livelihoods and wellbeing of their families.

**CHAIR:** Thank you, Premier. It is now time for a block of government questions. In this block of questions, government members are keen to scrutinise the budget and appropriation in reference to the future and Tomorrow's Queensland. In opening this block of government questions, firstly I would like to come to page 1-4 of the SDS and, in particular, the reference to the Queensland Research and Development Investment Strategy 2010-2020. Premier, for the committee, could you detail some more information about this strategy?

**Ms BLIGH:** I thank the member for the question. He is right: for some years now, as a government, we have held a very strong view that investment in research and development is what will drive the economies of the 21st century and we want Queensland to be very well positioned in regard to that. As you know, we have actively pursued a Smart State strategy that has formed the basis of my Q2 goals. Queensland has made a \$3.6 billion investment in science, research and development over the past decade. That has seen the development of 36 new research institutes and has more than doubled the number of researchers working in Queensland now. At a recent bioconference, where I was joined by the member for Clayfield, I spoke about the delivery of the next 10-year R&D investment strategy. I am very pleased to advise the committee that the strategy is now complete and will be available on the website. For the benefit of the committee I table a copy of the full strategy.

This strategy has been developed by the Chief Scientist in conjunction with a whole-of-government research and development committee. Basically this is a first in that, in the past, different agencies of government have had their own R&D strategies. For example, the Department of Primary Industries would have its own R&D strategy, the Department of Health would have its own and so on. This has pulled together all of the research capacity across government to focus on the whole-of-government requirements and identified priority areas going forward.

This strategy looks at achieving Queensland's research and development goals in five areas: firstly, the need to focus on both our needs and our existing strengths; the need to build critical mass; the need to skill the workforce; the need to connect researchers, end users and investors; and the need to engage the community. This looks at some of our priority industries, so that we are well on the way to

really building in those areas of priority. The six priority areas for investment under the R&D strategy are: enabling sciences and technology, and particularly getting the foundations right in maths, physics, chemistry and biology; environmental sustainability, incorporating ecosystems, land, atmosphere and water; smart industries incorporating knowledge intensive industries such as biotechnology, nanotechnology, food and fibre industries, energy and resource industries, and infrastructure and planning industries; tropical opportunities; health and wellbeing; and safeguarding Queensland, including incorporating biosecurity, natural disasters and crime management. I expect all government agencies to be making an appropriate level of contribution to the development of the R&D strategy. This is really giving guidance to where their future investments should go.

**CHAIR:** In planning for tomorrow's future, one of the challenges that faces our state is responding to growth challenges in South-East Queensland over 2010-11. Can you provide the committee with information about budget initiatives in managing this growth that will help meet the public transport needs of South-East Queenslanders, with particular reference to the Cross River Rail project?

**Ms BLIGH:** I thank the member for the question. As a member who represents a seat within the Brisbane boundaries, he understands the potential that cross-river rail has to revolutionise the Brisbane CBD and public transport across South-East Queensland. It is a genuine city building opportunity. Cross-river rail is critical to our future growth because it will create a new tunnel under the river and under the city that will enable us to move up to 120,000 people in the morning peak into the inner city from the north and the south. It would take a 30-lane motorway to match that in capacity.

As committee members may be aware, we are currently undertaking a detailed feasibility study into the project. Today I am pleased to advise the committee that the study has reached the next milestone in its development and has determined where we should see the underground railway stations. The feasibility study has determined that the best place to build the CBD's first new train station in 100 years is at lower Albert Street. A station in Albert Street will provide a link directly to the heart of the CBD and make travelling to popular destinations such as the mall, the Botanic Gardens and QUT Gardens Point Campus a lot easier. In fact, for people travelling to QUT Gardens Point Campus, it will mean an easy 400-metre stroll from the station to the centre of the campus.

This is the best chance to remake the heart of the CBD since the construction of the Queen Street Mall more than 20 years ago. The preferred locations for the whole of the underground part of the Cross River Rail have been identified at Roma Street, Woolloongabba and the Boggo Road Urban Village precinct, in addition to the Albert Street station. As well as reshaping the heart of the city, it also has the capacity to reshape how people across SEQ get around. It is important to understand that while the Cross River Rail will be in the CBD, it is critical to the expansion of the suburban network into new and emerging suburbs such as the south-west corridor through to Springfield and beyond, through to new and emerging communities in Flagstone and Yarrabilba, as well as continuing on to the Gold Coast, the north and the Sunshine Coast. We need that extra capacity to grow the entire network.

The question always asked about this project is: how will it be funded? The cost is something that we are closely looking at as part of the project's business case. We cannot secure funding for the project until we have a thoroughly researched business case that documents and underpins the costing. It is important to remember that every major project starts out this way. You do the business case and then you make the investment decision. That is what happened with Clem7. When it first appeared as a line on a map, there was no funding for it, nor when it went through the feasibility and business case stages. This project will require different levels of government and, I think, private sector investment, but you cannot hope to get private sector investment without a thoroughly researched business case. Why the Albert Street station? I have run out of time.

**CHAIR:** I will allow you to continue. I have another question about it, but if you would like to finish please do so.

**Ms BLIGH:** Just briefly, it is centrally located on a key street. It supports the new green heart in the CBD. It supports the Brisbane City Council's plan to link Roma Street Parkland with the botanic gardens. It also has greater value capture and redevelopment potential and a better interface with the Roma Street connection, and community feedback during the consultation phase also told us that people believed that this was central to what they are more likely to be doing in and around the city.

**CHAIR:** Thanks, Premier. That is an exciting announcement for the future development of our CBD. I come back to the point you made about the awareness of this project in my community. Probably members of my community would be the most informed of this project and where we have got to. It is bringing a lot of excitement to the local area. In particular looking forward, how will local residents be consulted about this nation-building project?

**Ms BLIGH:** I thank the member for the question. I do understand and appreciate the legitimate interest of his constituents—indeed all of the people in the south-east. This project has been the subject already of extensive investigation and community consultation. In fact, the last time I spoke publicly about this project it was to draw attention to the tugboat in the river that was undertaking seismic surveys and to advise that we were undertaking a comprehensive audit of the basements of the CBD, because some of the foundations are very old and we did not have a comprehensive audit of them. That work has informed these recommendations about location.

We will now go into the next round of community consultation about these locations. The first round of consultation was held in April-May, and that was an opportunity for the community to give their views on the study corridor. During that first round we saw more than 600,000 newsletters distributed to residents and businesses in South-East Queensland; more than 1,500 people made contact with the project team; more than 500 attended a community consultation event; more than 370 industry representatives attended project briefings; and more than 45 submissions were made on the draft terms of reference for the environmental impact statement. The next round of consultation events will start in the next fortnight and they will continue until mid-August. Nine events will be held during that time, and Cross River Rail staff will be available at the Transport and Main Roads display at this year's Ekka.

The events will be an opportunity for the community to find out more about planning for this vital project, as well as provide feedback about the key elements. The Cross River Rail team are also continuing consultation about where the tunnel route will connect both north and south of the river. On that question, I know that the member for Yeerongpilly has strongly supported the tunnel emerging around the Clapham rail yards. That is still being investigated and I encourage the member for Yeerongpilly and interested constituents to engage directly with the project team.

As we engage the community in consultation, we are also progressing key elements of the project. Residents, as I said, will have seen the tugboat. They will now potentially see drilling along the existing train lines, testing the geological material in the corridor. The ULDA, the Urban Land Development Authority, is planning for a major new transit oriented development at the Goprint site at the Gabba now that it has certainty about where the station will be located. I should say that the Gabba station is proposed to be closer to the Mater Hospital end of the site as opposed to the Gabba sports field end, largely because the Mater Hospital is a very big trip generator and we think that will work better.

Over coming months we also expect to finalise the reference design, and early next year the Cross River Rail EIS will be available for public comment. The consultation event details will be advertised on the website and in the *Courier-Mail*, *mX* and local Quest papers. So I do hope to see similar levels of response to the next round of consultation and encourage the member for Yeerongpilly to be talking to his residents about that.

**CHAIR:** Thanks, Premier. I started that line of questioning regarding the R&D investment strategy and bounced that into managing the growth of South-East Queensland with a very exciting project for my local area. But I think the member for Keppel wishes to follow on with some questions about the R&D strategy.

**Mr HOOLIHAN:** Premier, could you outline for the committee how the overall R&D strategy fits with the government's broader investment in innovation and industries for the future?

**Ms BLIGH:** I thank the member for the question. The R&D strategy provides a blueprint, really, for the next stage of Queensland's Smart State development. We have indicated that we think it is now time to move, if you like, from bricks to brains—investing in bringing scientists here and investing in the work that they do, having significantly upgraded and expanded the facilities available for them to do that work. That is not to say that we are not going to invest ever in bricks and new facilities, but it is a slight reprioritising, if you like.

It is worth reminding ourselves, I think, of how much that investment in infrastructure has seen—which, as I said, is more than 30 new institutes. We are well on our way to seeing some of the best facilities and the best precincts anywhere in the country. The Queensland Bioscience Precinct at the University of Queensland, I think, is probably now second to none in terms of university based research facilities. The tropical sciences precinct at James Cook University, which is about to start construction, will be a world-class tropical sciences facility. The Da Vinci Precinct at Brisbane Airport has brought together private sector investment, along with aviation Queensland.

The new Ecosciences Precinct at Boggo Road is, I think, going to be of great significance to our strategy. The Ecosciences Precinct brings together for the first time scientists from the CSIRO in the Commonwealth jurisdiction and scientists from the state across a number of different government departments. So for the first time we will have scientists who are working, for example, on water—whether they are from the CSIRO, whether they are from the Department of Environment and Resource Management, whether they are from the former EPA—all working in the same laboratories. They will all be bringing their combined expertise and research grunt, if you like, to tackling the problems of water.

What you will see in that precinct is the new Translational Research Institute located at the back of the PA Hospital. So the PA Hospital and research and teaching hospitals, the Translational Research Institute, the pharmaceutical school of excellence and the Bioscience Precinct will all be within walking distance of each other and a five-minute bus trip across to the University of Queensland. I suspect it will end up being the highest concentration of scientific researchers anywhere in the country. It will have the same characteristics for science as perhaps the cultural precinct does for the arts. I think it is impossible for us to fully predict the sorts of synergies that we will see as a result of having all of those people located together.

What I want to see coming out of all of that investment is some of our priority industries in areas such as aviation, biofuel and renewable energy continuing to underpin the strengths of our mineral resources and our agricultural sector all being driven by research and innovation.

**Mr CHOI:** Premier, I refer you to page 1-2 of the SDS, which refers to *Toward Q2: Tomorrow's Queensland*. Given that one of the stated Q2 ambitions is 'Strong—creating a diverse economy powered by bright ideas', would you please outline what role solar power plays in delivering tomorrow's Queensland and what initiatives in the budget support this vision?

**Ms BLIGH:** I thank the member for the question. There is no doubt that access to readily available and relatively low priced sources of industrial energy in the form of coal has underpinned the economic development of Queensland, particularly in the last half of the last century. But we all know that going forward, if we are to be a strong economy of the future, we are going to have to diversify our fuel resources and our energy sources. Both oil and coal are finite resources—they are not renewable—and both of them, particularly the burning of coal as a source of energy, have significant repercussions for our environment. Like other jurisdictions around Australia and other countries in the world, we need to look at alternatives. Of course, here in Queensland solar has to play a big part in that in my view and in the government's view.

Queensland is driven by our resources, and one of our most significant resources is our abundant supply of solar. The more intense solar radiation is, the better the energy generation it produces. Monitoring shows that Queensland has some of the best solar resources in the world. It seems that not all sunshine is the same. This budget sees us invest in every level of the solar industry and its development in Queensland. We want to double the solar use over the next five years, and that will require a determined effort by government working in partnership with industry.

Since I became Premier, over \$190 million has been invested in solar projects. As a comparison, \$130 million has been invested so far in clean coal projects. Our \$35 million investment in the 44-megawatt solar thermal plant at Kogan Creek is an investment, as I said earlier, in the largest solar thermal installation in the Southern Hemisphere. I understand that the largest is in Spain and it is 100 megawatts. So that gives you a sense of how embryonic this technology is if we were to look for large-scale supply. But if we are not in it at the ground level as part of generating the research and development capacity on this then we are at risk of missing out.

We have five projects in Queensland that have been short-listed for funding under the federal government's \$1.5 billion Solar Flagships initiative. We are already putting a solar panel on the roof of every Queensland state school, with 908 of 1,250 schools already with solar panels installed. We have committed to 400 kindergartens being solar kindies, which would mean another 600 kilowatts of installation. The biggest rooftop PV system in Australia, at 1.2 megawatts, is being installed at the University of Queensland with our government's assistance.

The Carrara Stadium redevelopment is going solar, with 220 kilowatts of PV integrated into the construction of the roof. We are investing \$60 million in solar hot water rebates and we have seen Queenslanders take up the feed-in tariff at unprecedented and unpredicted rates. Two years ago there were around 1,200 grid connected solar PV systems on roofs. The latest figures show that there are now over 30,000. So we have gone from 1,200 to 30,000. When we established the Solar Bonus Scheme, our feed-in tariff, we estimated that it could take 10 years to install eight megawatts of solar panels. In fact, we now have 50 megawatts in just two years. I think that tells us that Queenslanders are keen on sunshine and they want to be part of a solar revolution, and we want to be partnering with them to achieve it.

**CHAIR:** Thank you, Premier. We are down to 30 seconds, so we will call an end to this block of government questions. I call the member for Surfers Paradise.

**Mr LANGBROEK:** Premier, I want to come back to the issue of the appointment of the Police Commissioner. This goes to the departmental overview and general governance principles and the strategic issues and the objective of supporting and advising the Premier and cabinet. Of course it is not an insignificant matter to the budget of salary. I want to refer to the findings of the CMC report into Palm Island at page 178 where the chairman of the CMC says—

The Commissioner of Police is responsible for the culture in which the flawed Palm Island review was produced and hence he must be held accountable for it.

I ask: do you still think that his contract extension—that is, the Police Commissioner's—is as cut and dried as you have made it out to be in your earlier answers and that his position should not be advertised?

**Ms BLIGH:** Of course the Police Commissioner is responsible for the culture of the Police Service. He accepts that responsibility and he has made public statements to that effect, and I have observed him over a number of years take a number of very appropriate actions to change and improve the culture of the Queensland Police Service. I think the difficulty that you, as the Leader of the Liberal National Party, have in talking about this issue is a serious issue of credibility.

We know that your side of politics has a pretty strong view. It signed up to a memorandum of understanding to the effect that the Queensland Police Union should have veto power over the appointment of the Queensland Police Commissioner. That is not something that is supported by our government. In fact, we regard it as potentially a very serious corruption of public administration. That MOU was signed by your side of politics. It was signed at a time when, of course, your current shadow minister for police was a member of the frontbench and a minister in a government that then went on to set up a commission of inquiry whose express design was to nobble the CMC and reduce its powers to oversee the police as a watchdog. I think you have about four or five frontbenchers who are part of the cabinet that decided to set up that inquiry, and you established it with a person who was subsequently found by a Supreme Court to be manifestly biased in relation to his duties as a commissioner.

Of course that, I think, is now compounded by the fact that you have decided to take on as your chief of staff someone who has for a number of years been working for the Queensland Police Union. I think this line of questioning is hardly surprising, I think it does you no credit and I think it continues to erode any credibility that your side of politics might have in relation to the sound and accountable administration of a good-quality Police Service in Queensland. As I have said, I have not heard you or anybody on your side of politics repudiate the provisions of the notorious Mundingburra MOU. In fact, as I said, one of the members of the government that developed it has been made the shadow minister for police under your leadership. I think Queenslanders would have a lot of question marks about your credibility on this issue.

**Mr LANGBROEK:** Thank you.

**Ms BLIGH:** I am happy to repeat it, if you like.

**Mr LANGBROEK:** That is just a courtesy thank you because I am very courteous. My next question is about the minerals resource rent tax which is of course a major budget issue. I note in your press release of 2 July that you have ticked off on the federal government's minerals resource rent tax and petroleum resource rent tax. Could you now release for the committee's investigation all economic modelling of these taxes done by your department, Treasury and other state government departments?

**Ms BLIGH:** I thank the member for the question. As the member is no doubt aware from public statements by the Prime Minister and other federal ministers, the original proposed resource super profits tax has been considerably remodelled. It has been remodelled in a way that industry advises, both publicly and to me personally, is now structured in a way that will facilitate and encourage investment in the development of the mining industry in Queensland.

As previously advised, the government did not undertake any modelling of a tax that had yet to be finalised. I think this was announced about a week ago. I am unaware of any modelling that has been done in that week. What I can tell you is that I have discussed the outcome personally with, for example, Marius Kloppers, the head of BHP, who used words to the effect that this is a good outcome that will encourage investment and we can expect to see BHP's scheduled projects to go ahead as planned. Similarly, you will have seen public statements by Xstrata saying that their projects are now all back on the front burner and are being brought forward. What we are seeing is an increased likelihood of an even greater commitment to private investment in the expansion of the mining industry in Queensland. I should say that I have had conversations with a number of proponents in relation to the liquid natural gas industry who believe that the PRRT in the form that is proposed will satisfy their investment criteria.

What all of that means is that the forecasts in the 2010-11 budget and the forecasts in the Treasury figures are now well on track to being achieved. If there is any reason to update that then that will be done as it always is in the midyear review. For example, those forecasts were done on the basis of the advice to us from BHP, Rio Tinto, Xstrata and the other major companies on their likely contracted volume and their likely increases over the forward estimates. There is no reason now to question any of those on the basis of both the public and private statements of the companies concerned. On that basis, I would refer you to the forecasts in relation to royalty revenue contained in the budget figures and advise that, as always, if there is reason to update them at the midyear review then that will be done.

**Mr LANGBROEK:** My next question is on the privatisation matter and the Queensland Audit Office at page 1-103. The Queensland Audit Office report *Best practice guidelines for the sale of material public sector assets* on the Queensland Treasury website at recommendation 2.4 states—

The advantages and disadvantages and the impact of the sale need to be considered from the perspective of the various stakeholders ...

Will you provide the committee with a copy of the risk analysis that was performed in compliance with this recommendation and what the impact of the sale was identified to be on the state's taxpayers, customers, employees and regulators of Queensland Rail, the Port of Brisbane, Abbot Point port, Queensland Motorways and Forestry Plantations Queensland.

**Ms BLIGH:** I thank the member for the question. I would refer him to statements from both me and the Treasurer in the parliament outlining the economic rationale behind the asset sales, the likely outcome from each of those sales and how they will be carried forward. I would refer you to the budget papers which refer, in a number of cases, to these proposed sales. I would also refer you to the

numerous pieces of legislation which have been brought before the House and debated in which the interests of stakeholders in each of these particular asset classes have been contemplated and the provisions of those various pieces of legislation that have been put in place to protect the interests of the various stakeholders.

I can also advise you that there are discussions occurring with all of the unions representing employees working in each of these assets to ensure that the industrial interests are protected and that they can transition to the new entities with a fully established industrial instrument that will ensure the protection of the entitlements of each and every one of their members. The response to the member's question is contained in a number of documents, in a number of answers to questions without notice in the parliament and ministerial statements as well as in the contents by and large of the legislation that has been put in place to protect the interests of various stakeholders.

**Mr LANGBROEK:** I note then from that answer that there is no risk analysis that I have seen in any of those things to which you have referred. I refer again to the Queensland Audit Office at page 1-103 and the best practice guidelines that I referred to in my previous question. Recommendation 3.7 states—

To manage the costs associated with the sale, a comprehensive budget should be established. The budget should identify the specific nature and timing of these costs and include salary and related administration costs with regard to public sector employees assisting in the sale process.

Budget paper No. 4 states that the out-of-pocket expenses for the privatisation campaign so far are \$185 million. Can you confirm that that amount relates only to advisers and disbursement expenses not internal costs? Can you quantify what the cost of the commercial asset sales team within Treasury will be in addition to this amount?

**Ms BLIGH:** I thank the member for the question. The member will be aware that the responsible minister for the asset sales team and the portfolio responsibility rests with the Treasurer. I would suggest that the shadow Treasurer might like to ask a more detailed question of the Treasurer in that regard. But I can advise that of course there are costs associated with the asset sales. That is a matter on the public record. It is not uncommon with assets, particularly of this size and complexity, that the interests of the Queensland taxpayers are protected by ensuring that we have the best possible financial advice available to ensure that we get the best possible return for the taxpayer.

In relation specifically to your question, consultancy and other external costs for the commercial transaction team are included in the expense measures section on page 66 of budget paper No. 4. I would refer you to the Treasurer if you want further details about that. It is not a matter under my portfolio responsibility. But I can assure you that there is a budget for this and that it will be subject to audit as all of the activities of government agencies are.

**Mr LANGBROEK:** Let us move with regard to the Queensland Audit Office report to the post sale activity. Recommendation 5.2 states that you must undertake a review of the sale process. Has a review been undertaken of the asset sold so far—Forestry Plantations Queensland—and will the Premier table it for this committee?

**Ms BLIGH:** As the member would know, the sale has only just been completed. I would certainly hope that a review has not been completed because it would not be a very comprehensive one. I understand that the Treasurer, as the responsible minister, will ensure—and that is why it is referred to in the document that you refer to—a review is undertaken. This is not something that governments at any level enter into on a regular basis so it is important that when we do these things we review them and ensure that we can satisfy ourselves that it was a rigorous process that saw value returned. If you want more details about that review I would refer you to the Treasurer, but that review will be undertaken.

**Mr LANGBROEK:** I understand that, and I know that the shadow Treasurer will be pursuing that matter subsequent to this examination by the committee. These are best practice guidelines set by the Queensland Audit Office. The risk of the asset sales process not being carried out in accordance with these guidelines could see the state lose multibillion dollars worth of funds. Would you confirm for this committee that your government has complied with the best practice guidelines that include risk assessment and evaluation of alternatives and if not why not?

**Ms BLIGH:** I can confirm that the government has complied with the best practice guidelines. Going back to your previous question, my recollection is that settlement in relation to Forestry Plantations Queensland occurred on 30 June so it is only 14 days ago. I do not expect that you would see a comprehensive report in that time.

In relation to the best practice guidelines, yes the government has complied with them. In fact, I have advised this parliament about some of the alternatives to sale that the government considered. We considered a number of alternative economic strategies which we believed were the wrong ones to pursue for Queensland and would have had a much more damaging effect on the Queensland economy and a serious effect on individuals.

For example—and I have outlined this before—one of the options presented to government was a total wage freeze. One of the options presented to government was cutting all pensioner rebates. These are the options that we actively looked at but we discarded. I think we made the right decision. They would have had a very serious effect on individuals and the cost of living for them. We moved to not pursue them.

**Mr LANGBROEK:** My next question to the Premier refers to the estimates committee hearing in 2008 when you were asked about your government's debt repayment strategy. You stated—

You would be aware that we also have a number of assets that will be going into the market this financial year—that is, the two airports and our share in the Brisbane Airport Corporation. Depending what comes back from the Brisbane Airport Corporation, it could be used for other regional infrastructure or it may be that it could be used to retire some debt ...

Can you confirm that the proceeds of the sale of the government's share in the Brisbane Airport Corporation were not used to retire any government bonds?

**Ms BLIGH:** My recollection—and this is something that I would have to confirm for you—is that those funds have been allocated to regional infrastructure.

**Mr LANGBROEK:** In terms of privatisation I am interested in strategic issues for whole-of-government matters given that they have significant effects on the budget. The probity advisor for the privatisation campaign was, I understand, a company called O'Connor Marsden. I am interested to know what involvement the Labor campaign strategist Ken McPherson of GCRS, Damian McGreevy or Jim Elder of Enhance Corporate have had with the sale of Forestry Plantations Queensland and what the success fee or any other arrangement was that was paid?

**Ms BLIGH:** As the member well knows success fees have been outlawed in Queensland. I can assure you that no success fees that I am aware of have been paid in relation to any government contract—these or any other. If the member is aware of such, I would suggest he has an obligation to bring the evidence forward so that it can be dealt with under the act that this government introduced and passed earlier this year.

I am not aware of the involvement of any of the people that you mentioned in the sales process, but, as I said, I am not the minister responsible for the daily running of the commercial transaction team. If you want the answers to these questions at that level of detail I refer you to the responsible minister.

**Mr LANGBROEK:** I refer to and table a copy of an email from Adrian Noon from Queensland Treasury on 30 April 2008 where it mentions that Damian McGreevy from your office was there. That was why I was asking about that. I will table that. I am happy for you to investigate that. That was clearly a year before the election when there was obviously no talk about privatisation. I note in that that it says that the government's view is not necessarily fixed on these assets which is at odds with things that you said to the people of Queensland before the election.

**Ms BLIGH:** I thank the member for the question. This is a matter that I think has already been extensively covered in the parliament. Damian McGreevy in April 2008 was a member of my ministerial staff. So I am not sure what point the member is trying to make. As I have said, this was a meeting that is well known. It is on the public record. This company had an interest and they spoke to Treasury. It is hardly surprising. They come through the door all the time.

**Mr LANGBROEK:** I want to ask again about the issue of electricity prices. In relation to the ministerial direction given by you and the Treasurer each year to calculate the next year's retail electricity prices, can you confirm that retail electricity suppliers make excessive monopoly profits in a regulated market because of a cosy deal to provide head room in return for higher prices to the buyers of Energex and Ergon's retail arms?

**Ms BLIGH:** I would refer the member to the legislation that clearly sets out the formula by which the Queensland Competition Authority is required by law, passed by this parliament, to determine electricity prices. The process that is required under the legislation enables a number of players to put submissions in relation to their various costs and requirements in relation to the price.

That includes retailers that put submissions in and it includes the government. I think you would be aware that the government has put in extensive submissions seeking a lowering of the electricity price. In fact, the government's submission in relation to this most recent price round did, as I recollect, bring a slightly lower than originally forecast increase. It was certainly nowhere near as much as I would have liked, but certainly the government's submissions had some effect in that regard. In relation to the ability for retailers to put in submissions, of course they have that ability and you would expect them, as you would see in any other regulated industry, to be putting their best case for a formula outcome that sees them get the best return. There is nothing surprising about commercial operators seeking to do that. That is why you have an independent competition authority that is required to ensure that price gouging does not occur and that exploitation is not a feature.

I would encourage the member if he has any evidence of anything not being applied correctly as per the formula outlined in the legislation to immediately bring that to the attention of either me or the Minister for Energy. This formula is well established, well known and publicised and, as I have said, it is a requirement for the QCA to apply it and to apply it independently. As I said, it is no surprise that

commercial operators—it happens in rail; it happens in every other regulated area—seek to get the best possible outcome for their commercial interests. That does not mean that they get what they ask for. That is why you have an independent regulator. As I said, if the member has any other concerns then he should bring the details to my attention.

**Mr LANGBROEK:** Thank you.

**CHAIR:** That brings non-government questions to a close. We have 15 minutes remaining for government questions.

**Mr WENDT:** Premier, we briefly discussed the *Toward Q2: Tomorrow's Queensland* vision earlier. Given one of the stated Q2 aspirations is green, which is of course protecting our lifestyle and environment, would you please outline how this budget helps deliver on such aspirations, particularly through the delivery of new protected environmental areas?

**Ms BLIGH:** I thank the member for the question. Frankly, there has never been a better budget than this one for national parks in Queensland. This budget provides \$56 million over five years from this financial year to acquire more land for protection, particularly national parks. Queensland already has the largest national park area of any Australian state or territory. Our parks cover an area bigger than Tasmania and are equivalent to one-third the size of Victoria. National parks are an essential part of our strategy to manage growth in Queensland because we want to ensure that there is a refuge for wildlife and a boon for nature based tourism and green spaces that make the lifestyle here in Queensland so attractive. The new parks will contribute towards our 2020 target of achieving 12.9 million hectares, or 7½ per cent, of the state as protected national park.

I announced the expansion of our target for a national park estate at the Centenary of Parks back in March 2008. That is a target of 12.9 million hectares by 2020. We were at 7.6 million hectares then and we have so far added 500,000 hectares, so we are up over eight million right now. It is a very big target. Unfortunately, you cannot just simply buy a park of five million hectares in size—or under four now. You have to get there park by park and expansion by expansion. We have added 33 new national parks or new national park areas since the announcement. Some 5,000 hectares have been added to the Macalister Range National Park in the Wet Tropics and the cassowary habitat, 1,500 hectares to the Girringun National Park, which is a mahogany glider habitat, and 2,000 hectares to the Glass House Mountains National Park, which is home to 490 species of plants and animals and 13 of the 14 peaks of the Glass House Mountains. Some 6,500 hectares have been added to the Paluma Range National Park near Townsville where the recently discovered Patterson's Gorge gecko lives. The D'Aguilar National Park has expanded from 2,400 hectares to 38,000 hectares, growing more than 15 times its size, and it now covers an area more than 170 times the size of the Brisbane CBD.

Of course, we have indicated that one of our next significant national parks will be North Stradbroke Island, and we are very much looking forward to working to ensure that 80 per cent of North Stradbroke Island will be protected national park. We expect to see some 50 per cent of the island covered by 2011. People do not realise that less than two per cent of North Stradbroke is currently national park, and that is really only the area around Blue Lake. I think it is 1.7 per cent. By the end of next year we will ensure 50 per cent of North Stradbroke Island is protected as national park and we will then work with the mining companies. We intend to bring legislation before the House that will outline the lease expiry dates for all remaining leases so that they are all expired and rehabilitated by 2027. Some might still be being rehabilitated, but the legislation will put that time frame in place.

**Mr HOOLIHAN:** Premier, I turn to another area. The second dot point on page 1-3 states that your department will lead the development of the second stage of reforms for the government's integrity and accountability agenda in Queensland. Can you outline how Queensland's integrity and accountability framework has recently strengthened and how the second stage reforms will build on that?

**Ms BLIGH:** I thank the member for the question. Yes, we are committed to ensuring that Queensland continues to lead the nation on integrity and accountability. As the member would know, about 12 months ago we went to the Queensland people asking them how they thought our integrity and accountability framework could be strengthened. Since then we have been working tirelessly to see those ideas put into practice. From top to bottom, the Queensland government is reforming the way that we do business on a scale not seen in a generation. We are leading from the front and we are building on our achievements going forward.

We have some very strong foundations to build on. Our Crime and Misconduct Commission, for example, has a well-deserved reputation as one of the strongest watchdogs in the country. I think it is easy to take it for granted—and many Queenslanders I suspect do not realise—that there are only three states of Australia that invest in an independent corruption watchdog. We also invest in an Integrity Commissioner, an Auditor-General and an Ombudsman, all of whom are ensuring that the highest standards are upheld.

In just the last 12 months we have moved to ban success fees by lobbyists. We have regulated the lobbyist industry and banned lobbyists from government boards. The role of the Integrity Commissioner has been significantly expanded with new responsibilities, new powers and additional staff. There is a new ethical standards branch established in the Public Service Commission, and the jurisdiction of the CMC has been expanded to cover government owned corporations.

On top of tough laws and a strong watchdog, we are also opening government up to Queenslanders. Queenslanders now have unprecedented access to information under our right to information laws. They have the ability to directly put questions to the government through our new people's question time, which adds to community cabinet, giving Queenslanders wherever they live and whatever they do the chance to directly put questions to ministers.

Because we have strong systems in place, all of those systems would not be doing their jobs if they were not regularly identifying areas for improvement, and one area where work is underway right now, based on the work of the CMC last year, is ensuring the clarity in the roles of ministerial staff, particularly in relation to public servants. The government works at its best, I think, when roles and responsibilities are clearly defined, and that is why on this issue we are rewriting the standard ministerial staff contract, amending the codes of conduct and issuing a communique to staff outlining the expectation that we have of them to make it crystal clear the kind of interaction that is and is not acceptable.

In the next few months—I am targeting August—we will introduce legislation to implement the second phase of the integrity and accountability reforms. The new legislation that, as I said, I am targeting for the August sittings will completely overhaul our whistleblower protection legislation, will provide a completely new act governing the employment of ministerial staff, will create a statutory requirement for MPs to provide a register of pecuniary interests to parliament and will create a statutory basis for a single Public Service code of conduct. There will be similarly at the same time a number of administrative changes progressed as outlined in our response to the integrity white paper, and we will be moving to put in place significant election campaign finance reform. That will be the subject of separate legislation that will be consulted on in the second half of the year.

**Mr CHOI:** Premier, 13 days ago—1 July—was the first-year anniversary of the right to information legislation. Would you please inform the committee what the legislation has delivered for Queenslanders in terms of transparency and openness?

**Ms BLIGH:** I thank the member for the question, and he is right: our RTI reforms are now 12 months old. I am very pleased to advise the committee that they are delivering, with unprecedented access to government held information. We are now the most open and transparent government in Australia. Queensland has led the way and other jurisdictions are now following. The Commonwealth, New South Wales and Tasmania are all reforming their FOI laws, and many of them are looking to a model that mirrors much of Queensland's model.

Since the commencement of RTI on 1 July last year there has been an overall increase in the workloads for RTI officers across the public sector. People are accessing information like never before, and I think that is a good thing. I am advised that indicative figures show that there has been a 14 per cent increase across government in RTI applications. Last year approximately 11,200 RTI and privacy applications were made to Queensland government departments. That compares with approximately 9,800 the previous year under the old FOI Act. The full picture on RTI will become clear when we finalise the annual report on the two acts over the first year of operation. However, we are dedicating more resources to ensure that the act can be complied with.

Combined with the government's commitment to pushing information into the public domain wherever possible, it is clear that the reforms are making more information available to a wider audience. We have also of course with the reforms made it cheaper to access RTI than FOI, with applicants' fees being waived for the first five hours of processing. I am pleased to advise the committee that on 27 and 28 September this year the Attorney-General and I will participate in a right to information day forum and a new Solomon lecture. The Queensland government has provided \$30,000 in sponsorship for the event and it will explore the implementation of RTI and the change to a culture of a more open government.

It is clear, I think, that Queensland has set the benchmark for the reform of freedom of information across the country, and it is a benchmark that other jurisdictions, as I said, are following. I am going to absolutely horrify Michael McKinnon by quoting him. For those of you who know Michael, he is a fearless user of RTI around the country. When he was recently speaking on behalf of Australia's right to know at a Senate committee inquiry into the Commonwealth FOI bill, he had this to say—

I would also make the observation that I work in FOI regimes across the country. The new Queensland act has seen a significant transformation in the culture of the Public Service. It is working very well. That is because I think Premier Anna Bligh has made it very clear she is in support of FOI. We are now getting documents a lot more easily than we ever had in our lives. I pinch myself wondering how long it will last ...

Well, so far it is doing just fine.

**Mr WENDT:** This last question is specifically to do with the need to respond to growth challenges in South-East Queensland at the current time. Can you please advise the committee of any initiatives in the budget or outcomes of the Growth Management Summit to address this important matter?

**Ms BLIGH:** I can advise the committee that managing growth is one of the key priorities for my government. You will be aware that at the end of March we convened a Queensland government Growth Management Summit that generated around 1,400 ideas. In May I released the government's response that saw 47 initiatives to ensure our future liveability, prosperity and sustainability. This budget supports the implementation of these actions. The key initiatives include, firstly, restructuring our own business in government in terms of how we manage this issue, and we have put in place a new agency within the Department of Infrastructure and Planning called Growth Management Queensland, and that is now established.

We have also established an Infrastructure Charges Task Force, bringing together industry, local government and relevant state offices to rethink and to hopefully significantly simplify infrastructure charging for the building industry. We have also committed to a new regionalisation strategy, and you have seen the beginning of that with the \$4,000 first home owner grant in this year's budget. We have also committed that in 2011 we will move from an SEQ Infrastructure Plan to a Queensland Infrastructure Plan and we have committed to fast-tracking and working with relevant councils to see new satellite cities at Flagstone, Yarrabilba and Ripley Valley by having them delivered by the Urban Land Development Authority. The ULDA has now met with all of the councils concerned with those new areas, and I understand there is a strong partnership developing to ensure that the powers of the ULDA can be used to enhance the vision those councils have for their areas.

We are also developing a long-term strategy to transform the interurban breaks into major new green space and recreation opportunities. Here in the south-east we know that there are very vast green space areas, many of them currently used for agricultural purposes. They form a break between Brisbane and the Sunshine Coast and Brisbane and the Gold Coast. We think it is important to develop a strategy to protect them in the long term because we do not want to see just total urban sprawl where you do not have a sense of the identity of both the Gold Coast and the Sunshine Coast.

One of the most important initiatives we will do in the next 12 months will be working with SEQ councils about their forecast dwelling targets. One of the things they told us loud and clear at the Growth Management Summit was that some mayors said they and their communities believed that they could and should be taking more and have a higher dwelling target and others felt that their target was too high and did not accord with the vision they had for their area. We will give them an opportunity to come back to us. As we develop the next iteration of the infrastructure plan, those dwelling targets need to inform that infrastructure plan and so we need to have them accurate. So those councils between now and the end of this year will have a real opportunity to revise those targets if they wish to.

**CHAIR:** Thank you, Premier. Do you have anything to add before I come to a close?

**Ms BLIGH:** I will just add that I have had confirmed the answer I gave previously to the member for Surfers Paradise in that the proceeds of the sale of our share of the Brisbane Airport Corporation and Cairns and Mackay airports have all gone to regional infrastructure—namely, the three regional hospitals at Mount Isa, Cairns and Mackay.

**CHAIR:** Thank you, Premier. Premier, through the course of our scrutiny today I have been delighted to hear of particularly the new underground station at Albert Street. Having spent some time living in Melbourne I know that the CBD of Melbourne is well serviced by several stations and that impact on Melbournians' use of public transport is well known. I think the new station will revitalise our city, and anybody who wants to get on [brisbanetimes.com.au](http://brisbanetimes.com.au) can see it right now. That is a little plug for them, but it looks pretty good. So thank you, Premier, for attending the estimates today. As I said at the end of the previous session, I know that a lot of work goes into preparing for the scrutiny of your department by a number of your advisers and departmental staff. I thank all of those people for their contributions today as well.

**Ms BLIGH:** Thank you. I should also thank the members of the committee. I thank the parliamentary staff who have assisted and obviously the members of my staff from my ministerial office and the officers of all of the agencies in my portfolio. I know how hard they have worked and I certainly value the support they have given me in assisting the committee in its scrutiny of this portfolio. Thank you.

**CHAIR:** Thanks, Premier. The committee will now take a break and resume at 1.45 to examine the estimates for the portfolio of the Treasurer and Minister for Employment and Economic Development.

**Proceedings suspended from 12.47 pm to 1.45 pm**

## ESTIMATES COMMITTEE A—TREASURY AND EMPLOYMENT AND ECONOMIC DEVELOPMENT

### In Attendance

Hon. AP Fraser, Treasurer and Minister for Employment and Economic Development

#### Treasury Department

Mr G Bradley, Under Treasurer

Mr A Beavers, Deputy Under Treasurer

Mr T Spencer, Deputy Under Treasurer and Project Director, Commercial Transactions Team

Mr C Turnbull, Executive Director, Corporate Services

#### Department of Employment, Economic Development and Innovation

Mr I Fletcher, Director-General

Mr M Birmingham, Associate Director-General, Employment and Economic Development

Mr R Buchanan, Group Executive (Acting), Innovation

Ms S Ryan, Chief Finance Officer, Corporate Services

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**CHAIR:** I declare the meeting of Estimates Committee A now reopened following the lunchbreak. My name is Simon Finn, the member for Yeerongpilly and chair of the committee. With me I have John Paul Langbroek, the member for Surfers Paradise and the deputy chair. The government members are the member for Keppel, Paul Hoolihan, who will be with us shortly; Michael Choi, the member for Capalaba; and Wayne Wendt, the member for Ipswich West. Non-government members will be with you shortly. We have Tim Nicholls, the member for Clayfield, and Jann Stuckey, the member for Currumbin.

The committee will this afternoon examine the proposed expenditure contained in the Appropriation Bill 2010 for the portfolio of the Treasurer and Minister for Employment and Economic Development. I welcome you, Treasurer, and your advisers. We will examine estimates in the portfolio until 4.45 pm. I should note that the schedule for the hearing is from 1.45 pm to 3.15 pm, which will be the examination of Treasury, and at 3.15 pm we will go on to the examination of the Department of Employment, Economic Development and Innovation. At that point there may be the need for there to be some changeover of officials. There may well need to be some media attention to that, but I will get to that in a second.

The proceedings today are lawful proceedings subject to the standing rules and orders of the parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded 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 Treasurer's opening statement. The committee has also agreed to the live broadcast of the hearing via the Parliamentary Service's website and to receivers throughout the parliamentary precinct.

Before I begin, I ask that all mobile phones be now switched off. The time limit for questions is one minute and three minutes for answers. A warning bell will chime 15 seconds before the time runs out. An extension of time may be given with the consent of the questioner. For the benefit of Hansard, I ask advisers, if you are called to give an answer, to please state your name before speaking.

I now declare the proposed expenditure for the portfolio of the Treasurer and Minister for Employment and Economic Development open for examination. The question before the committee is—  
That the proposed expenditure be agreed to.

Treasurer, I would like to give you an opportunity to make an opening statement of up to five minutes.

**Mr FRASER:** Thank you, Chair, and thank you, members of the committee, for the opportunity for the examination of the 2010-11 budget. I appreciate the opportunity that is provided by the parliament for the scrutiny of this budget.

This is a budget that reflects the choices that we made as a government. It reflects the choices and the strong economic strategy that we would put in place after the last election when we set about reforming the state's finances and authoring a recovery in the Queensland economy. It is a budget that sticks to that strategy and it is a budget that shows that that strategy is, in fact, delivering for Queenslanders and the Queensland economy. It shows that the deficit has been reduced—indeed halved—over the forward estimates. It shows that debt is lower than forecast, it shows that growth is

higher than originally forecast and it shows that more jobs are being created sooner. This is a budget that reflects the elevation of jobs as the No. 1 priority that this government put forward in seeking re-election. The protection of jobs, the generation of new jobs and the support of growth in the economy was the central organising principle that we took to the last election and it has been the central organising principle of the activity that we have undertaken as a government in the budget that we delivered last year and, indeed, in this budget for 2010-11.

This is a budget that sticks to the fiscal strategy that we put in place. It is a task that is not complete. However, it is a task that is seeing results being provided, and that is laid out clearly in the budget documents that are subject to examination here today. This is a budget that also recognises the obligations and, indeed, the need for any budget for the growing state of Queensland, which continues to enjoy the sort of population growth and sustained growth forecast that is has throughout its history. It has to, therefore, do all the things that are required for a growing population; that is, the 720 nurses, the 180 doctors, the 300 allied health professionals, the 316 extra teachers and teacher aides, the 203 extra police officers, the extra ambulance officers, the extra child protection officers and so on—those people who work at the front line. Those people are there to service a growing population.

It is also providing a \$17 billion infrastructure program—the nation's largest infrastructure program, which, vitally, is not only supporting that population growth and providing the platform for that population growth into the future but, just as relevantly at this point in time, providing demand and support in the economy at a time when private demand has, of course, been reduced by the effects of the broader global economic downturn and the economic downturn that was visited on the nation of Australia. In many parts of Queensland, in parts of regional Queensland, it is a fact that over the last period of time the activity from the government, both federal and state, has been the key to supporting demand and activity and to supporting many local economies. At the end of that support, of course, comes the dividend of infrastructure for those growing regions.

This is also a budget that makes sure that we continue to recognise that the people of Queensland want to see jobs being generated and new industries being brought to bear. That is why this government is utterly committed to the world-first coal seam gas to liquefied natural gas—CSG to LNG—and that has been a key part of the responsibilities that I have assumed since the election. It is why we are supporting direct employment programs like the Green Army. It is also why this government recognises that we need to put in place policies that recognise the challenges that exist in the domestic economy as the recovery takes place. That is why we have increased the rebate for pensioners and those people who need it the most to meet the cost of utilities, both electricity and water. It is why we have also put in place reforms that will deliver a cut to the compulsory third-party insurance bill for Queensland motorists effective from 1 October this year.

We recognise the challenges that exist as the recovery builds and this is a task that is not complete. That is a fact that the Reserve Bank has remarked upon in recent times and the government, and indeed this Treasury—and the budget reflects this—acknowledges that the task is far from complete. The risk remains. Therefore, we have provided strong economic leadership, a clear plan and, more importantly, the courage and the conviction to stick to that plan and implement that plan and deliver it through to achieve those things to which we are committed, such as returning the budget to surplus, which we are on track to do according to the budget papers in accordance with the fiscal principles that we have tabled, to seek to regain our AAA credit rating, to ensure that the state's economy is supported through this growth phase as it rebuilds on a new footing, as it rebuilds in a new international context, as it rebuilds in a way that will see us enjoy the prosperity that we believe is before the state of Queensland with the sort of strong economic leadership and focus on jobs generation that this government has long provided and is utterly committed to seeing through and to providing into the future. I thank you for the opportunity for the examination of this budget in detail.

**CHAIR:** Thank you, Treasurer. There is no media in the room so I call the member for Clayfield to begin non-government questions.

**Mr NICHOLLS:** Thank you, Mr Chairman. Treasurer, I have here a letter, which I will table, from the Office of State Revenue to Freemasons Queensland indicating that their charitable institution exemption from paying the community ambulance levy had been reviewed and denied and, consequently, Freemason lodges throughout Queensland have been levied with five years of back taxes, \$488 each, making a grand total of \$16,500. Treasurer, how do you justify that particular activity in terms of charging the Freemasons, a charitable institution, and how many other charitable institutions were reviewed by the Commissioner of State Revenue and levied with back payments, such as St Vincent's and others?

**Mr FRASER:** I thank the shadow Treasurer for the question. One thing that he would appreciate in these circumstances is that, as is properly the case in other jurisdictions, the running of these regimes and taxation regimes is conducted independently by the Office of State Revenue. I am aware, however, that there is a compliance effort being undertaken by the Office of State Revenue and, indeed, I have been contacted by a number of Freemason facilities in this regard who have alerted me to this issue.

The reason the matter is before the committee and of public interest is that the exemption applies for charitable institutions. Point No. 1 is that there is absolutely no change to the law. There is absolutely no change to the policy. Absolutely no change has occurred whatsoever. What has occurred is that institutions, whether they are the Freemasons or others, are obliged under the law to self-nominate. That is, the compliance is that an exemption is claimed by the institution. So not all Freemason chapters, as I am aware of it, have in fact sought to gain the exemption. Some have. That is a self-assessment that they make, much as Ma and Pa Kettle make a self-assessment about what an income tax deduction is in putting in their tax return to the Australian tax office. In those circumstances, compliance is undertaken in every sector of the economy and across every sector and in this instance it is appropriate that the Office of State Revenue undertake compliance audits.

One exemption that is being sought to be reviewed is the one that is drawn into question, but it is in no way limited. It is a general compliance program. I am sure that you would agree that tax offices should undertake compliance programs. So while there is no change to the policy, there is a question that has been raised in that process and this is a factual matter. It is adjudged that some of the exemptions that have been claimed are not justified. An exemption is only justified where the facility in question is used for a charitable purpose. A charity, for instance, that uses a building for a non-charitable purpose—whether that is a commercial purpose or, in fact, not for the pursuit of charitable objectives—is not entitled to claim a deduction. That is the principle across all deductions, not just in relation to the ambulance levy but in relation to the application of, for instance, transfer duty exemptions and more broadly, as the federal law is applied and has applied for a great deal of time. In that context, if a particular premises is not used for a charitable purpose then no exemption applies. That has always been the law. That was the law before, that is the law now and I expect it will be the law into the future. So to suggest that there is some change or some decision by government to implement a policy change is not correct.

What is, in fact, the case here is that a compliance review has been put in place. For the record, this is a matter which is now subject to administrative review within the Office of State Revenue. It is a matter which is being conducted independently and I support that independent review of that decision. It is a matter for the Commissioner of State Revenue, as it would be a matter for the federal Commissioner of Taxation for any other individual taxpayer federally.

**Mr NICHOLLS:** Thank you, Treasurer. I was heartened to understand that you require compliance across all sectors. You are right: I agree that tax offices should undertake compliance. The Australian Workers Union, the Shop, Distributive and Allied Employees Association and the Liquor, Hospitality and Miscellaneous Workers Union operate property rental businesses which in the 2008-09 financial year, according to the reports that they have disclosed, generated \$1.137 million, \$1.083 million and \$281,000 respectively in Queensland. Can you explain why these businesses, making multimillion dollar profits from land rents, appear not to be paying land tax like other property owners in Queensland? Those figures are taken from the individual accounts and disclosure statements made by those respective unions.

**Mr FRASER:** Separately to the provisions in the Community Ambulance Cover Act, the provisions in the Land Tax Act have existed since its first drafting, as far as I can recall, and there are a range of exemptions which are in place. Those exemptions include an exemption for charitable institutions. They also include exemptions for trade unions, given that they are not-for-profit entities. There is also an exemption, of course, as you would well be aware, that has long existed for primary production. It is not the case that, when it comes to the exemption that is in place for primary production—that is, for farmers—there is any requirement that it be conducted for social benefit or, indeed, on a not-for-profit basis. Quite the opposite. The land tax exemption has been in place to support the pursuit of profit by individual farmers and that exemption has been in place in the legislation and is one, for the record, that the government supports. Secondly, there is a longstanding land tax exemption for the charitable sector and a longstanding exemption for trade unions also for land tax.

There are other provisions that are contained in that act, and I would draw your attention to them, including those provisions that you have recently questioned upon in the parliament proper which relate to education facilities, movable-dwelling parks and other public benevolent organisations such as public libraries, museums and institutions, as well as religious institutions, retirement villages, aged-care and other facilities including, as of this budget, supported accommodation providers and many clubs, societies and associations. All of that is settled law, all of that is the case, and I would also point out in this context that the issue for those institutions that you reference is that the exemption within the land tax regime has existed, as has the exemption for primary production. I assume, if you are about to mount a policy case here in relation to the connection between activities that seek to achieve a return and taxation exemptions, then you are also about to provide a rather interesting policy proposition for your stripe of politics that the policy exemption that exists for primary production, a government policy exemption to land tax, as indeed it exists more broadly, should not be in place because those farmers, those primary producers that gain the benefit of that exemption, are in fact operating a business for profit, for private gain. If that is the case then I think we will be having an interesting debate about the proper allocations of exemptions within the broader taxation regime.

**Mr NICHOLLS:** As they say, Treasurer, beware the curse of assumption. I refer to the Land Tax Act 2010 part 7, section 58, exempt land. You are correct, there are a number of items: charitable institutions, friendly societies, the land held by the trustees of the estates of the Mayne families and land owned by or held in trust for a trade union if that land is not used to carry on a business for profit. Now, if the trade union movements that I have announced are leasing land for commercial return, for profit, it would seem to me that the current exemption in the act ought not to apply. It is not to do with the exemption; the exemption is already in place and it provides for the case where the land is not used to carry on a business for profit. So my question still stands, and that is: can you explain why these businesses, these organisations which are leasing land for a profit, are not obliged to make land tax payments?

**Mr FRASER:** I now understand the point that you are trying to make. However, I presume that what you are suggesting is by virtue of documents—which you have not provided to the committee and I would be happy to review—which show that the profit-making activities of those institutions are being conducted from premises that are unlawfully being claimed for the taxation exemption. I am not sure that you have provided or furnished the committee with evidence to that effect. If you have evidence which suggests that that is the case then I would encourage you to provide it to the appropriate authorities.

It is the case, as I indicated, that the exemption applies to those premises that are not being used for profit, i.e. those that are being used for a charitable purpose. There are some properties that many charities use that are exempt and there are other properties that the same charities use that are not exempt. An example would be if the Deaf Society, as it was formerly known here in Queensland, in the electorate of Yeerongpilly, the chairman's electorate, owns a new property and there is a commercial sublease for a part of that property. They are not entitled to any of the exemptions for that bit that is commercially subleased because that provides them with an income stream for profit—appropriate. If you are suggesting that you have evidence that says that those trade unions have been conducting their business affairs in a way that wrongfully claims the exemption, other than the mere statement that they conduct that business, and that you have evidence that they are claiming the deduction for that land tax property, then I suggest that you put it forward.

My view is this: all compliance matters are for the Office of State Revenue and for the taxation commissioner. I do not order compliance in any particular sector, nor do I think it is appropriate for any Treasurer—in fact, they are prevented from knowing the affairs of any individual taxpayer. That is the law in this state and I am sure that on reflection you would support that it is inappropriate for an elected member of parliament to be aware of the individual taxation matters of any entity or organisation; I know not. However, if you have information that suggests that there is an exemption being claimed that is not appropriate, then I encourage you to provide it to the authorities.

More to the point, the Commissioner of State Revenue, the tax commissioner in this state, has both the duty and the obligation to ensure compliance. If there is any question whatsoever, whether it is a trade union, whether it is a farmer, whether it is the Business Council of Australia, whether it is the Chamber of Commerce or whether it is the Callithumpian Worshipers of the Moon that are claiming a tax deduction that they should not be, then it is both a duty and an obligation, and I support the taxation commissioner in his efforts to uphold the law.

**Mr NICHOLLS:** Thank you, Treasurer. I guess the question to you was for an explanation of what appears to be the case from the public record. For example, the Shop, Distributive and Allied Employees Union owns a property at 67 St Paul's Terrace. The tenants there are Spring Hill Financial Services, Moneo Pty Ltd, a communications company and a number of others. I am happy to table that document. Here is the income statement of the Australian Workers Union for the year showing rental income and not showing any expense for land tax at their property at 333 Adelaide Street. I also have here the disclosure statement for the AWU which shows the income that it has received in relation to its property at 333 Adelaide Street. I have another one here for the LHMU which shows its rental income as well. Those are three of the biggest donors to the Labor Party at the last election. The AWU, the 'shoppies' and the LHMU together donated \$1.1 million to Labor Party coffers. It would appear on that information that there is no recording of a land tax expense. Treasurer, in that situation will you take action to have the commissioner investigate why these Labor-affiliated organisations appear not to be paying land tax or is it the case that you say that they are not obliged to pay land tax?

**Mr FRASER:** No, it is the case. As I have said earlier, the law is the law, and I expect the law to be upheld whether it is the Freemasons or the AWU. I have no truck whatsoever with any suggestion that you are attempting to mount that somehow it is a matter for myself as the Treasurer to be involved in some sort of issue here where there is a deficiency. What I would suggest to you is whether it is a private enterprise, a public institution, a charitable institution or any other vehicle, taxation obligations are ones that should be met. If you have information in that regard then I would encourage you to provide it to the Commissioner of State Revenue.

I am sure that the Commissioner of State Revenue takes note of these proceedings and, as is his charter, observes matters of public record and observes those matters of import and I am sure that the Commissioner of State Revenue in the independent exercise of his jurisdiction will satisfy himself that in

every circumstance the law is being upheld in accordance with what the law of the land is. In that regard there is either no fear or favour to be experienced and I, for one, am to have no truck with the idea that anyone should be in a position where there is an accusation that they are using and utilising an exemption to which they are not entitled. If that is the case, not only does the law provide for the recoupment of those costs but, more particularly, it provides for the ability for the Commissioner of State Revenue on behalf of the taxpayers of Queensland to charge unpaid tax interest—that is, to compensate the Queensland taxpayer for the value of the money that should otherwise have been provided to them—again applying across-the-board—and also, in circumstances which are relevant, for the commissioner to assess and to levy penalty tax in a circumstance where it is warranted because of a deceitful attempt to not observe the requirements of the Taxation Administration Act.

To be clear about it, while you have provided excerpts of publicly available material, there is not anywhere, from the quick review I have just had of them, a suggestion that land tax is not paid in some other part of the documents that no doubt form the broader financial statements of the unions. If that is not the case and if they have wrongfully claimed the deduction, then I expect that the tax commissioner will be more than interested and, frankly, as the Treasurer of Queensland, I support him in his exercise of his responsibilities and his duties in that regard.

**Mr NICHOLLS:** I understand what you are saying. The application of the tax law fairly and without fear or favour is something that we would all support. Can you understand why, for example, people like the Masons and others who have been asked to pay \$16,800 in total for electricity levies might find it a bit incongruous that they are being asked to pay that over five years given that they were previously obviously granted that exemption and it is subject to review. They have carried it on for five years and it has been reviewed by the commissioner, yet there is something of this magnitude, these rental incomes that these properties have not paid land tax on. Can you understand that those charities would find it somewhat a slap in the face?

**Mr FRASER:** To clear one point up, in relation to your first question about the Freemasons and about the levy that applies for charitable purposes under the Community Ambulance Cover Act, no exemption is granted. It is a self-claimed exemption. I repeat, some Freemason chapters, if that is the term, sought to access the exemption—that is a self-determined exemption—and others did not. So the first point is that there is not a change in attitude or action by the commissioner; it is up to taxpayers, as is often the case in federal and state tax law, to so nominate under pain of penalty.

In this circumstance, that has been the case with some and not with others. I was finishing my first answer by pointing out that there are formal review mechanisms which are in place and indeed have been put in place for that decision to be reviewed. They believe that they have a case to put and that case has been put. I am aware, because of correspondence that was provided to me by another charitable organisation, that they pursued the matter and have also raised the matter with the Commissioner of Taxation. It is up to the Commissioner of State Revenue to determine those matters.

If, in the circumstances that you have set out in your subsequent questions, any subsequent investigation by the taxation office reveals that there has been wrongdoing, then I expect that steps, under the jurisdiction of the taxation commissioner, to recover moneys due and owing to the taxpayers of Queensland, as is his responsibility, would be undertaken. In that regard I think that all taxpayers, whether individuals, charities, businesses or otherwise, would be of the opinion that the taxation law was being applied fairly and appropriately and, for the record once again, and not to put too fine a point on it, I support him in those endeavours.

**Mr NICHOLLS:** Given that is the case, do you have any idea of the amount of land tax that is currently not recovered as a result of exemptions claimed by the union movement?

**Mr FRASER:** I do. It is appropriate to know at a policy level the broad total. I do not know for individuals, nor am I permitted by law to know. The answer is \$658,673. To put that in context, the value for primary production is \$33,697,683.

**CHAIR:** Now we come to government members' questions. I might open the batting by referring you to the Treasury Service Delivery Statement and also Budget Paper No. 2 and ask you to advise the committee how the government is meeting its fiscal objectives as described in the Charter of Fiscal Responsibility?

**Mr FRASER:** Thank you, Chair, for the question. This goes to the core of the credibility of this government's economic strategy which we put in place in the 2009-10 budget and have subsequently pursued in the 2010-11 budget. Table 1.2 within Budget Paper No. 2, the strategy and outlook document, which is essentially the core of the budget strategy and details the fiscal settings of the government reports in accordance with the uniform presentation framework, sets out the charter of fiscal principles. That shows that those fiscal principles are being observed and are on target to be met. The first principle that we put in place and tabled in the parliament last year and which we report on again in this budget, as we have in previous statements, is that operating expenses are being met from operating revenue. In the first part of that table you can see that that has been achieved not only last year, but it is in fact also being achieved this year and, indeed, across each of the years of the forward estimates. That is a principle, therefore, that we are meeting, as is being reported.

The key part of the way in which we sought to return the budget to surplus has been to constrain expenditure growth. We have adopted what is essentially a zero net real per capita growth target. That is after accounting for inflation and population growth which, as we know, is a central part of the challenge of governing in Queensland. That own-purpose expenditure as calculated in the budget should be below that level. As you can see, obviously we have seen growth in expenditure in recent years as service delivery efforts have been increased. However, this budget reports on the expenditure constraint that has been visited upon the government through 2009-10 where that own-purpose expense is at 3.7 per cent, as is reported. What you can see also is that across the forward estimates on average, as it is detailed, we are going to meet that target. There are challenges this year in particular and the government—and I flagged this in the budget speech—is determined to maintain its commitment to attempt to meet that.

We are looking to achieve a surplus by 2015-16 at the latest. We are now on track to do that and to achieve that well in 2015-16 and by sticking to the strategy we will achieve that earlier. We are also looking to ensure that the deficits are reduced as we chart back to surplus. As I mentioned in my opening remarks, the deficit has been halved across the forward estimates as we allow the revenue uplift to flow through to the bottom line through that principle of expenditure constraint which I just detailed. Critical in all of this is supporting growth and supporting a business investment environment that continues to attract new business, new growth and new prosperity to the state of Queensland. We will be committed to maintaining our competitive taxation regime. As the budget purports, Queensland on average will pay \$2,225 per capita. The average for other states and territories is \$2,643, which has been subsequently revised to \$2,642, and that principle is being met also. I should add that it is being revised after the delivery of other state budgets, as I detailed in my question on notice.

**CHAIR:** Earlier in the examination today we examined the portfolio of the Premier and we had some opportunities to hear from her about matters relating to jobs and unemployment. I would like to refer to Budget Paper No. 2 and ask if you could advise the committee about updates to Queensland's forecast unemployment rate?

**Mr FRASER:** Thank you, Chair, for the question. Once again, this goes toward the central principle, the central policy task, that this government has put forward in charting its economic strategy and delivering the budget last year and this year. As we entered into the global financial crisis it was the view of this government that the central challenge was going to be dealing with unemployment and ameliorating the rise in unemployment to ensure that as many Queenslanders as possible avoided the ravages and the tragedy that is the loss of job, especially where that loss of job leads to disadvantage and generational disadvantage in a household. At the time of handing down the last budget, we were looking at an unemployment rate which would be, on average, for 2009-10 of 6½ per cent. It was expected that the unemployment rate, on average, for 2010-11—that is the financial year that we have just entered into—would be 7¼ per cent. What of course we report in this budget are very different results and these are results to which we point as clear evidence of the strategy that we put in place. What did we say we were focused on? We said we were focused on jobs. What is the result? We are winning the war on generating jobs and making sure that we are driving unemployment lower despite the fact that the economic downturn so knocked the Queensland economy and despite the fact that that hinders our recovery as the global recovery takes shape bit by bit.

What we see reported in the budget is a result of 5.7 per cent for the year, which is obviously below what was originally forecast. More particularly and more stunningly, the result for 2010-11 is forecast to be 5.5 per cent on average. As we sit here today, obviously the unemployment rate is already at 5.4 per cent for the last month. What we see, therefore, is that 5.5 per cent stands in stark contrast to the original forecast in 2009-10 of 7¼ per cent and is set to fall to 5¼ per cent and then further as that jobs and employment growth in the Queensland economy picks up pace. Of course, it is always going to be a bigger task in Queensland given the population growth in our state. We always have to be generating more jobs because more people are moving here from both overseas and interstate and more people are looking for those jobs. But in that task you can see that against the backdrop of the global financial crisis, against the downturn in the economy, against the downturn in private demand more particularly, our policies—this budget and the last one—have delivered to us an unemployment rate as we sit here right now of 5.4 per cent. That is the sort of unemployment rate that many people thought was impossible to achieve just over a decade ago. It is an unemployment rate which reflects the central priority of this government that we made choices, that we made the hard choices, to elevate jobs generation as the central principle of the budget, and those facts and those forecasts show that it is working.

**Mr WENDT:** Staying on the theme of employment, can you please advise the committee of the policy settings this government has put in place to stimulate employment and support jobs in Queensland?

**Mr FRASER:** I thank the member for Ipswich West for his question and for his advocacy in particular for the interests of workers in his own electorate, advocating both on behalf of the manufacturing sector but more broadly for the economic development of Ipswich West. Central to the government's policy of elevating jobs as our first priority has been the \$17.3 billion capital program,

which we delivered last year, and a \$17.1 billion program, which we are budgeting to deliver this year in 2010-11. That supported last year and this year more than 100,000 jobs in the Queensland economy. As I said earlier, if it was not for that capital program, particularly in parts of regional Queensland, then unemployment would have been so much worse—as much as five per cent higher on the whole across the state. Indeed, unemployment would have been so much higher and, therefore, the downturn much more significant, particularly in regional Queensland.

We have also employed a number of other policy strategies such as the payroll tax rebate going to 125 per cent, which we put in place in the last budget as we said we would in the election campaign and which we have extended in this budget. That is there to support new apprentices and new trainees and, indeed, to keep apprentices and trainees in the system. This budget also has increased the regional first home-owner's grant, which now provides for \$11,000. The \$7,000 is paid for by the state. I think many people do not appreciate that, but I am sure that my colleagues across the political spectrum—all eight state and territory Treasurers—understand that the money is paid for by the states and territories. So on top of the \$7,000 comes another \$4,000, and that is focused in the jobs context on new construction to address those issues around growth, address those issues around regional growth but also to direct that effort towards new housing stock and that is new construction, which has the economic benefits most particularly around employment. We do that while we continue to maintain a very competitive payroll tax regime in this state, a payroll tax rate which is the lowest in the nation, a payroll tax rate which we are determined to keep. Other budgets in other jurisdictions are doing their level best to try to come somewhere near the ballpark, but no-one has given them a map yet to show them where the stadium is. The reality for Queensland is that we have that payroll tax regime in place and we are determined to keep it there because we think it has served us well over the last decade.

We have other policies such as the Green Army, which is there to provide support in particular to younger people, and direct labour market programs, which this state government has maintained and will continue to support for the future. Those policies along with our commitment to—as I mentioned in the budget speech—developing a Skills Commission to create the skills that we need for the future are the economic policies that focus on job creation for the future.

**Mr WENDT:** Treasurer, I am going to steal another question in relation to follow up. How does job growth in Queensland, therefore, compare with the rest of the nation?

**Mr FRASER:** I thank the member for the question, and the answer is it compares very well. The answer is that for three months in a row Queensland has been No. 1. We have generated more jobs than any other state in the last month—in June—as was revealed in the data from the ABS that was released last week, as was the case for May and as was the case in April. It was not just pound for pound, not per capita, not pro rata, but absolute numbers—jobs generating. Leading the nation has been the Queensland state over the last three months. What we have seen then is 11 straight months of jobs generation in this state. There have been 75,300 jobs created as we have seen the recovery authored into the Queensland economy. With that recovery has come those 75,000 jobs. Of course, after a start which saw a decline, that means that our commitment to deliver on our 100,000 net new jobs is now well and truly on the way to being delivered. We are more than halfway, passing 60,000 jobs with the data that was released last Thursday so that the target is now just under 40,000 jobs yet to be delivered. Of those 75,300 jobs that have been generated over the last 11 months, it is worth remarking that 46,800 of them have been full-time jobs. Indeed, last month, of the 7,900 jobs that were created, the vast bulk—7,300 from recollection—were full-time jobs. What that shows is that the jobs generating policies of this government are in place and are achieving.

We are doing that while the participation rate in this state remains the second highest in the nation. It remains above the Australian average of 65.1. It remains well and truly above New South Wales at 62.8, South Australia at 63.2, Victoria at 65.1 and Tasmania at 61.9. More to the point, whereas other jurisdictions like New South Wales and South Australia have experienced a fall-off in participation, which is quite usual in a downturn where people disconnect from the labour market—those people who otherwise might have been encouraged to give up work essentially—what we have seen in our state is the participation rate increase in annual terms over the last 12 months according to the data that was released by the ABS last month. Against the backdrop of having a greater percentage of people looking for work, against the backdrop of having more people looking for work because of population growth, against the backdrop of the downturn, what are the economic policies of this government doing? They are doing exactly what we said they would do and that is generate jobs. The answer here is that after 11 straight months of jobs generating growth with more than 75,000 jobs created over that 11 months, unquestionably the economic strategy that we put in place, the course that we charted, is delivering as we said it would. The task is not complete and we remain utterly determined to complete it.

**Mr CHOI:** I refer you to page 66 of Budget Paper No. 2 regarding changes in revenue forecasts. Can you please inform the committee of any improvement to the Queensland revenue forecast in the coming years?

**Mr FRASER:** I thank the member for Capalaba for the question. Of course, this follows on directly from the point that I was just making that the task of repairing the budget position is by no means complete. We are, however, on our way to achieving that. As the budget papers detail, in particular drawing your attention to chart 4.1 in Budget Paper No. 2, the revenue wipe-out is still significant—more than \$7½ billion. That sees that key revenue line items such as transfer duty remain affected by the effects of the global financial crisis. If you look at table 4.2 in the budget papers you can see that, originally in the first budget I handed down before the ravages were put forward, the expectation for stamp duty was for it to be \$3½ billion—in fact, a tick over \$3½ billion. What we see is that the result in 2009-10, in fact, was somewhat less than that. But, more to the point, the increase that is forecast this year with the housing market pick-up still shows us to be well over a billion dollars short on that front alone. There are also still less returns in the 2010-11 budget than were originally forecast in 2008-09 in the area of motor vehicle stamp duty. We see also that payroll tax, which is directly related to obviously the numbers of hours worked and levels of employment in the economy, is showing signs which have it below the forecast that was being incorporated into the 2008-09 budget.

Therefore, as the budget papers also detail, the returns in 2010-11 have been down. One area in particular that I want to make a comment on is that in 2009-10 we saw that the revenue from gaming machines was, in fact, less than the year before, 2008-09. Rarely that is the case because of population growth and inflation than otherwise one would ever see. Normally, the effect is that it does not grow as much as otherwise might have been forecast, but in absolute terms you see that the returns for 2009-10 were below what occurred in 2008-09 and, more instructively, the forecast for 2010-11 remains below what occurred in 2008-09. Of course there is an element here of the government's significant reforms to gaming machine operations, which were put in place during the time that I had responsibility for gambling policy in the last parliament. But that goes to show you, as a proxy for what is occurring in the broader economy, that the challenge is far from complete. The revenue wipe-out has far from been recovered and, therefore, the absolute requirement for this government for the long-term benefit of the state and the state's finances is to stick to our economic recovery and fiscal reform strategy, to put in place those policies, to carry them out and to continue for the long-term benefit of the state.

**Mr CHOI:** I am also interested in the outlook of the global economy in the coming months. Can you please explain to the committee how the global economies of some of our trading partners, such as Japan, China and India, will impact on our bottom line?

**Mr FRASER:** I can. I note in this context that the member is also the parliamentary secretary who has responsibility for trade and, therefore, that this question covers an area in which he expends a great deal of effort in support of the government's trade policy objectives. It is the case that Queensland is one of the most trade exposed states. We make no bones about that. Our future is on our doorstep. That has been the view of successive governments and, indeed, the successive stewardship of the Queensland Treasury. Frankly, you cannot have a shop without customers and that has been the view that we have always taken and it is one that we support for the future.

Of course, we know that if we look back on previous forecasts, back in 2009 the Consensus Economics view was that our major trading partners would not just not grow at the level we thought but would experience collectively a massive recession in the order of negative 3 per cent. That is, the recession that was forecast across our trading partners was of the order of magnitude of the sort of growth that most economies aspire to. We saw that being revised up with the final result that what we expect occurred was, in fact, a contraction of a lesser magnitude of around 1¼ per cent. Most relevantly at the moment is that the forecast for our trading partners is increasing. It is the case that about 27 per cent of Queensland's gross state product is related to exports. Therefore, that gives you a sense of the order of magnitude of why this is so important. We are a globalised economy. We are an open economy. Therefore, the fate of the global economy is our own fate.

Obviously, the risks that have attached to the global economic outlook over the past couple of months have been of particular import and particular note. Those risks have been explicitly identified by the Reserve Bank in recently published board minutes as a significant reason why the bank, in my view quite appropriately, chose to pause on its interest rate setting cycle and to level off at the rate that has now been set. Those risks have not been contained. Those risks are not in the rear-vision mirror in a way that provides anyone, I think, with absolute comfort about the future growth trajectory of what we are facing as an economy. However, what we are seeing is that now the forecast for our major trading partners into 2010, which was always forecast to be a better year, has in fact strengthened to around 4¼ per cent, which is much closer to the long range. Why that is the case, of course, is that for the most part we trade into Asia. While Japan is still our No. 1 trading partner and obviously is suffering from significant challenges, as has been made publicly clear and is no revelation, it is the rest of Asia—non-Japan Asia—that is providing the support. I think those developing economies are, in fact, the destiny for the growth prospects for the economy more broadly. It is why our trade effort is so focused on those efforts, because that is where the prosperity of the future lies.

**CHAIR:** Thank you, Treasurer. Time has expired for that block of government questions. I call the member for Clayfield.

**Mr NICHOLLS:** Thank you, Mr Chairman. Treasurer, I turn to the Gillard government's replacement for the failed resource super profits tax, the mineral resource rent tax. Can you give an indication to the committee of what compensation this government has secured for Queensland and its communities that will be responsible for the work that goes into developing, extracting and exploiting those resources, which will ultimately end up paying that tax? Will we see a large share of that money going out of Queensland as a result of that tax?

**Mr FRASER:** I thank the shadow Treasurer for his question. I want to make a particular point, to put it on the record. Apparently within the shadow cabinet there is the massive misapprehension that, in some way, there has been some ceding of the revenue capacity of the state of Queensland or, indeed, any other state to charge a royalty. The shadow minister for health whom on Friday I had the unique pleasure, but nevertheless not the comparable pleasure when it comes to your good self, of participating with in party games, seemed to labour under this massive misapprehension for quite some time. He was entirely interested in mining and dug himself quite a big hole, which in the first instance I attempted to prise him out of with some assistance.

In reality, let us be clear about it: for the record, and once more for those in the cheap seats where he must have been sitting, the royalties of Queensland, that is, the return to the Queensland taxpayer, remain 100 per cent in place. That is, the charge that is put on these resource companies for access to these resources is 100 per cent returned to the Queensland taxpayer. It does not go via anywhere. It goes into the Queensland Treasury, into the Consolidated Fund, and the money is expended on the people of Queensland, as is appropriate.

There has never been, either in the first iteration or in the second iteration of a profit based taxation regime, any proposal by the federal government that would have sought to otherwise prevent states, whether Queensland, Western Australia, South Australia, New South Wales or Victoria—if it ever finds relevant natural wealth of any consequence—to do anything other than as is constitutionally the case under the Constitution of the Commonwealth of Australia to seek to gain the benefit of the royalties. That remains absolutely the case under the policy settings that were put in place.

As it happens, the mineral industry in this nation advocated for profit based taxation. It has long been a feature of some parts of the resources sector, as you appreciate, whereas perhaps some of your colleagues who are less well informed and less interested in such matters may not have appreciated, that, for instance, the Gorgon project in the North West Shelf off Western Australia has been written. At the time, it was Australia's largest ever export deal under a profit based taxation regime. Shock! Horror! Most people do not appreciate that, but nevertheless it is plainly true. Since then, of course, what you have seen is that through a process of consultation the federal government has arrived at a taxation regime that is now supported by industry. I am prepared to put the view that it is one that will lead to continuing investment and continuing jobs.

**Mr NICHOLLS:** That was not actually my question. I was asking what work this government had done to secure a return from the mineral resource tax that was generated out of the work that was being done in Queensland. I understand the royalties situation and I understand they are coming back.

**Mr FRASER:** You are one point ahead of your mate.

**Mr NICHOLLS:** And many points ahead of your federal colleagues, who obviously did not understand it otherwise they would not have changed the system so radically. The government is proposing \$10½ billion will be collected over the forward years in relation to the mineral resource rent tax that it has now proposed to put in place. How much of that money do you propose will be secured to come back to Queensland? What work have you done to make the most of that, given that a fair amount of that money will be generated, and some people say up to 40 per cent of that type of money, from the activities that are carried out in the extraction, exploitation and sale of coal, LNG and those sorts of things?

**Mr FRASER:** I think there is a fundamental misapprehension in the argument that you are trying to prosecute. Let us use an example. For example, imagine that between 1996 and 2007 there was a federal Liberal government. During that time, in the illustration that I will paint for you, mining occurred in Western Australia, mining occurred in Queensland and, indeed, probably in most parts of Australia. During that time, of course, the companies that conducted that would have paid corporate tax. They would have, of course, paid stamp duty. They would have, of course, seen their employees pay income tax. Where they had a benefit from an investment through a divestment, they would have paid a capital gains tax.

For the life of me, I cannot recall the time during the federal tax collections in the theoretical example that I am putting forward of a government that existed between 1996 and 2007 that they decided to quarantine the corporate tax take of BHP, for instance, to the jurisdiction in which it was somehow amorously earned. I struggle to find the point that you are making, because it would suggest that Woolies, which remits its GST entirely through its head office in Sydney, should have all of that money stay not just in New South Wales but, by extension, in Sydney and, indeed, in the street of its head office. The point that you are making here is that the federal taxation regime somehow should have a connection between where every single transaction has occurred more generally and returned to

the point at which it has occurred, such that if you operate a home business from Smith Street, Bardon the taxation that is gained by that activity should stay in Smith Street, Bardon. I do not think that is a particularly good idea. I do not know if there is a Smith Street in Bardon. In fact, to the best of my knowledge there is not. Perhaps Smith Street, Clayfield would be the better example.

The point is this: there has been absolutely no suggestion in the past that that should be a principle that applies. It is the case that the federal government has made a policy position and the Premier and I have made it absolutely clear to the federal government that we expect a proportion—not a per capita proportion of the infrastructure fund that it will set up, but a proportion in line with the value of mining production. As you point out, that is in round terms 40 per cent. We expect to receive a return in the infrastructure fund that is set up under the mineral resource rent taxation regime that is commensurate not just with our size as a state but also, more relevantly, to the value of production. That is appropriate. Any extension beyond that is a policy principle about taxation that I think is fanciful and probably belongs in the sort of ideas that the shadow minister for health is generally more adept at pursuing. He can put it straight back with his famous claim to support a debits tax over the past two years.

**Mr NICHOLLS:** Treasurer, to go back to your fundamental issue there, the GST is a tax that is paid on activity in the economy basically by consumers as they consume. A grants commission has been set up. It does things to equalise the payment of money. It makes adjustments on the way through. It looks at population and says, 'This is where we get our GST from, this is population growth and we will distribute the money back.' That is done in proportion to those factors that it takes into account as the Commonwealth Grants Commission. The resources that are in the ground in Queensland that will be the source of this additional tax—not company tax, but the source of the additional tax—are peculiar to the state of Queensland. Coal, in particular, is peculiar to the state of Queensland. There is some in New South Wales, but coal in particular is peculiar to Queensland. Iron ore is peculiar to Western Australia. They are actually owned by those sovereign states. Those resources in the ground belong to the state of Queensland. That is why the feds cannot tax us at this rate. On that basis, is it your contention that the proposed \$1.5 billion over 10 years that the federal government is talking about paying to Queensland is an adequate return from the money raised by the mineral resource rent tax?

**Mr FRASER:** It is my contention that the people of Queensland, as has been the case since time immemorial, get the benefit through the royalty regime and the royalty regime is preserved and protected in the new arrangements. I am not aware that you are suggesting that all the income tax that is generated in the town of Broome is known and all returned to the town of Broome. Nor are you suggesting that it is a known fact about what level of income tax is, in fact, raised by either residents of Queensland or, in fact, by activity connected to the state of Queensland. Nor are you suggesting or is it known what level of corporate tax is, in fact, raised and generated in the state of Queensland or connected with the state of Queensland. Nor, in fact, should you extend that principle any further beyond that. What I am contending is that the return to Queensland taxpayers is through the royalty regime and that is what we have protected.

I know that there is then this sophistry that is being advanced which is kind of Barnaby Joyce in its jingoism and its ill-informed view of the world. Frankly, I think that your ability as a shadow Treasurer is much higher than the jingoistic line of questioning that has been resolved in the strategy group meeting this morning for you to pursue. It does you no great credit in this regard, if I might editorialise for a second.

**Mr NICHOLLS:** I would prefer it if you would answer the question.

**Mr FRASER:** I answered it in the first sentence. The return to the people of Queensland is from the royalty revenue.

**Mr NICHOLLS:** Then I will move on to the next question.

**Mr FRASER:** I am explaining to you why I believe that the taxation regime that has been put in place is one that, in my view, will support jobs and investment. I thought it was great that last Monday the Leader of the Opposition put out his press release declaring that this was a disastrous regime. As far as I could tell, people like Marius Kloppers, the CEO of BHP—I think the Leader of the Opposition is a BHP shareholder—

**Mr LANGBROEK:** Shock horror.

**Mr NICHOLLS:** As are many of your colleagues.

**Mr FRASER:**—probably know a damn sight more about mining than the Leader of the Opposition. In that regard, in my view, the regime that has been put in place is one that will promote investment and jobs. I will put this prediction on the record then: what we will see into the future is continued investment, continued jobs in the mining sector, a greater return to the people of Australia. Indeed, I would also—because I have a prediction bug going here—predict a return of a Labor government at a federal level that will continue to invest in infrastructure and provide support to projects in Queensland far beyond that imaginative example that I illustrated to you before of that fairy garden government that might have existed between 1996 and 2007.

**Mr NICHOLLS:** So, Treasurer, can I take it then that you support the \$1.5 billion that is being currently proposed to come back to Queensland as an adequate return out of the mineral resources rent tax that is being proposed by the federal government?

**Mr FRASER:** As I said, the return here is from the royalty. Secondly, above and beyond, there is a 40 per cent claim by this state which we are intent on seeing honoured for the infrastructure fund that will be put forward. But the supposition of your question, to the extent that it is so misplaced, is that all the rest of the money will not be spent in Queensland. I do not think you have any evidence to suggest that is the case. If you have evidence that suggests that is the case, then put that forward.

**Mr NICHOLLS:** I am not making that suggestion.

**Mr FRASER:** Yes, you are.

**Mr NICHOLLS:** No, I am not. I am asking: do you regard the proposal by the federal government, your federal colleagues, to pay \$1.5 billion back to Queensland over the next 10 years—that is their proposal; that is what they have announced—as a reasonable return to the people of Queensland from the mineral resources rent tax?

**Mr FRASER:** Are you proposing that you have information to suggest that the entire balance of the mineral resources rent taxation revenue that the federal government is forecasting is all going to be spent in the rest of Australia? That is the necessary condition—

**Mr NICHOLLS:** I am actually the one asking the questions, not you. You are the one answering the questions.

**Mr FRASER:** I know you do not like to answer the questions, but the reality is that the question stands because the point that you have put forward is based on a falsehood.

**Mr NICHOLLS:** The question was: is \$1.5 billion sufficient?

**CHAIR:** Member for Clayfield, he is answering the question.

**Mr FRASER:** You have based it on a falsehood that you somehow have an insight about the balance of the revenue that is going to be gained by the federal government—I note for the record that this is a state estimates hearing; nevertheless, this is kind of fun. The reality of course is that you have no evidence to suggest that the balance of the revenue forecast of the mineral resources rent taxation regime is not going to be spent in Queensland. When you have that evidence, when you have the evidence that some great crime against humanity in the name of the people of Queensland is being committed that will not actually see one cent of that come back in any of the programs that this federal government is supporting, then—

**Mr NICHOLLS:** So is it then the case that what the federal government is saying is not true?

**Mr FRASER:**—then I will be more than happy to put forward a proposition in answer to the question.

**Mr NICHOLLS:** Are you saying that what they are saying about what they are paying back is not accurate?

**Mr FRASER:** In reality you cannot make out your case and what you are pursuing is something that even Barnaby Joyce would be a little bit shy about.

**Mr NICHOLLS:** The way that you are answering is something that even Gough Whitlam would not try to do. The reality is that the federal government in their releases have said \$1.5 billion is to come back to Queensland.

**Mr FRASER:** Through the dedicated infrastructure fund—not an exclusive statement.

**Mr NICHOLLS:** That is correct. Do you regard that as an adequate return from the mineral resources rent tax? If you think there is more money coming, please let us all know. We would be happy to hear about it. But at the moment all they have said is that \$1.5 billion is coming back to Queensland. Is there any more or do you regard that as sufficient?

**Mr FRASER:** To restate the case, the royalty revenue that the state of Queensland will receive is the return to the Queensland taxpayer. Above and beyond that—above and beyond the fact that since the corporate taxation regime was put in place the federal government of the day has gained the benefit of not just what is occurring in the mining sector but indeed across the economy more generally—there is a return federally. What happens to that money is that there is a Commonwealth budget also which allocates money to services across the nation. You are not making out the case here that the revenue to be gained from either that or corporate tax or income tax or any other tax is all being stolen away from the people of Queensland and that we are left to fight on our own.

Last time I checked there were Medicare offices in Queensland. Last time I checked there were universities in Queensland. Last time I checked there was a Defence Force which is based out of cities in Queensland. Where do you think that money comes from? The reality is that what you attempting to describe is a situation that is not borne out by the facts. In that regard, it is of deep regret to me that you are unable to see past that point. Nevertheless, I restate for the record that the royalty is the return to

the people of Queensland. The additionality here is that there is an infrastructure fund above and beyond. An infrastructure fund, I know, is hard to comprehend for those people of the Liberal National Party persuasion because it is something that never troubled them while they were in office. But there is one in place and we are going to make a claim for 40 per cent. That is not a per capita claim but a claim commensurate with the value of investment in mining in our sector. The case that you are making out is neither borne out by the facts nor a rational understanding of the way that public finance works in this nation.

**Mr NICHOLLS:** Let us move on.

**Mr FRASER:** Keen to.

**Mr NICHOLLS:** I bet. On the treatment of underground coal gasification and coal seam gas, in the briefing note and the fact sheet that is put out by the federal government it states that the gas from onshore activities will be taxed under the petroleum rent resources tax. Do you understand underground coal gasification will be treated in that vein or will it be treated under the MRRT, given that they come from two different processes, if I can put it that way?

**Mr FRASER:** I understand underground coal gasification and the policy challenges that are around it in terms of resource sterilisation and the opportunity costs. That is something which domestically the Queensland government has been looking into and it has a policy position which is under review with particular sites that have been used to inform that view. You are asking a question about the detail of a federal taxation law which has not been passed. As I understand the matter—and this is a matter of public record—the implementation committee, which is being chaired by former BHP chairman Don Argus, with the federal resources minister, Martin Ferguson, will work through these matters. I am not sure that that is a matter that has been determined by the federal government. As I understand it, the federal Treasury is before Senate estimates today and that question can be more than adequately addressed to the federal Treasury.

**Mr NICHOLLS:** That being the case—which regime applies—is that going to have any impact then on the royalty regime that the state of Queensland, the government of Queensland, chooses to apply in relation to the underground coal gasification or in terms of coal seam gas? Is it going to make any difference to your thought processes in terms of the royalty rates that you will charge for those particular issues?

**Mr FRASER:** In relation to just underground—

**Mr NICHOLLS:** Underground coal gasification.

**Mr FRASER:** To the extent that there is an issue here that industry is concerned about, it is not one that has been brought to my attention at this point. I certainly had a range of other issues which I have met with a range of companies about and those which see an interaction. There is an issue in particular around—to use an example—private royalties, whether they are creditable against the MRRT. I think that is a valid point that needs to be determined in that resolution. To the extent that the interaction of the new regime creates an issue, that is something that the government will look at, but it is not to this point an issue that has been raised by industry with me. To the extent that there is an issue however, I am more than happy to look at it.

**Mr NICHOLLS:** I think we are out of time, Treasurer, but we can come back for a third round later.

**Mr FRASER:** Giddy-up.

**CHAIR:** You might get that chance. We now come to government members' questions. I call the member for Keppel.

**Mr HOOLIHAN:** Treasurer, referring to Budget Paper No. 2 and page 183, could you please explain what impact the divestment of government assets will have on the government's balance sheet and credit rating?

**Mr FRASER:** I thank the member for Keppel for his question. As the budget papers reveal in Budget Paper No. 2, chart 1.2 shows the course that we are charting back into the AAA credit zone, and that is particularly premised on our decision to divest a range of commercial businesses that the government owns. As I said earlier, that is a task that is not complete but it is one which we are determined to achieve as we seek to regain the state's AAA credit rating, and that is our plan in action.

I take this opportunity, however, to say that for some time some members of parliament would be aware that I have been pining for the production of an alternative policy from the LNP. It has been something that has been long promised. The Leader of the Opposition promised it at the last budget. He then promised it at the last budget estimates. He then promised it at the Media Club. He then promised it at CEDA. At every point in time up until and including this budget reply, he has left me standing at the altar without a policy to put in place. Then imagine my surprise—my delightful surprise in some senses but nevertheless curious surprise—to discover on the website of the LNP, buried without fanfare, without release, the gold document: the LNP draft explanatory memorandum on the LNP draft economic policies. Ladies and gentlemen, we have a policy. It is there in draft format and it is a corker.

The alternative policy, which has been released without fanfare—well, there is probably a reason for that and I might indulge the committee for a moment—says—

At its core, the Statement has a vision—

don't we love statements that have a vision—

predicated on economic growth generated by the private sector.

I cannot really argue with that I have to say. Then the first point of difference between the old and the new arises because there is an admission on the front page that some industries 'have suffered damage from the global financial crisis'. So the Jurassic Springborg era is over. There is finally an acknowledgement that there was a global financial crisis and that it did have an effect on the economy. But of course what we then find is that the policy goes on to propose the same old tricks and revert back to type.

So of course they are going to have to establish an independent audit, and we know what that means. That is an excuse for putting forward promises in the election campaign that the so-called independent audit will then say do not have to be kept because it reveals something. They say that they need to go and find the true levels to establish the total indebtedness and liabilities of the state, including those of GOCs. Well, the true nature of those accounts is in fact audited by the Auditor-General every year. So to suggest that is a complete and utter furphy and merely a straw man that has been constructed by the LNP, as it is getting ready, already—in its arrogant attempt to transition to government—to have a blank cheque, to mean that it does not have to meet any of its election commitments.

Of course what we see then is that the LNP quite remarkably has promised to make sure that the state meets its fair share of its global effort to mitigate climate change—again, an end of the Springborg era. I would like to come back to this document into the future because I think it provides a stark contrast. Therefore, I would like to invite the next question from a government member.

**Mr HOOLIHAN:** Thank you, Treasurer. I would like to go to the Treasury service delivery statement at page 3-192. Having come from a legal background and having run my own business, I note that the OSR is working towards positioning itself as a leading e-business agency. Could you explain the benefits of the OSR's e-business system?

**Mr FRASER:** I can in fact.

**Mr NICHOLLS:** You've done this before.

**Mr FRASER:** It is a good story. I note your interest as a former solicitor and utiliser of the Office of State Revenue. I can report that in fact 99 per cent of lodgements that can be self-assessed by agencies are now using e-lodgement. That is across the board. Ninety-seven per cent of businesses that are registered for payroll tax are now also using e-lodgement. That means that the cost per dollar of revenue gained by the Office of State Revenue has reduced from around 82c per \$1 at the start of the decade to now less than 50c. That is because of the efficiency gains that have been realised as we have rolled out the revenue management system, which has converted the old paper based system into an electronic system.

That means that no longer is the duties agent left to go back down the street or, worse still in regional Queensland, drive to the nearest centre to have their documents physically stamped. Instead, that can now all be achieved online with efficiency savings that go directly towards that business, that agent, but also to the economy more broadly.

What it also does is provide for greater opportunity to detect fraud in real time and for those systems to be in place electronically to detect where attempts are made to otherwise, through self-assessment, get around the revenue laws of the state. What we see, therefore, is across-the-board efficiency gains for business. What we see is efficiency gains for the economy. What we see is the revenue security that flows from having an electronic system.

Revenue security is of course important to all governments. The alternative policy platform that has been revealed on the LNP website is one that also talks about revenue security because it is going to create, lo and behold, a debt sinking fund to be financed from windfall resource royalties. There is no definition of a windfall. There is no definition of the way in which it would be determined, but it is proposing however to create one.

The reality, of course, is that the proposal that has been put forward by the LNP is not so much a policy as a series of statements. However, as I got through the early parts of the document, which I might have been a little disheartened by and could not understand why it would not have been released with such fanfare, I then noticed that the LNP says that it would seek to have a new model for the delivery of infrastructure in conjunction with the private sector. This got my attention. It sounded familiar. It then went on to say—

The Statement identifies an urgent need to reform areas like health and GOC supplying utilities.

When the LNP says ‘reform’ we know what it means. Over the page is the sentence that I have been waiting for. It says—

The LNP is not philosophically opposed to the sale of non strategic or redundant assets.

Well, bingo—caught out telling the truth. Finally, we have an admission from the LNP that it does in fact support that program, that it always has and if it were elected to government it would not only do the program, it would go further. For the benefit of the committee, finally we now have some purchase in this debate. I wonder whether the shadow Treasurer or the Leader of the Opposition were aware of the document being on the web because it is an absolute cracker. If they are not aware of it then I recommend it to you, gentlemen. It is a great night-time read.

**CHAIR:** Perhaps going on from there, I come to budget paper No. 2. Pages 43 to 61 refer to the challenges facing Queensland of a growing and ageing population. Can you advise the committee about measures being implemented to address this?

**Mr FRASER:** Thank you, Chair. One of the long-term challenges for all developed economies—and Queensland is no different—is to deal with the challenges of population growth and indeed the ageing of the population. As we see Queensland’s population projected to grow into the future most relevant, beyond the raw numbers are, in fact, that the proportion of people over the age of 65 is projected to increase from 13 to 20 per cent by 2031. While at the moment just over one in 10 people is under the age of 65, that will nearly double to nearly one in five—two in 10 people—being over the age of 65 within a generation.

That is the structural challenge and the demographic destiny that we need to meet as the government of Queensland. Indeed, all governments across the developed world need to. What that brings into sharp relief are the choices that need to be made—the choices that need to be made by governments focused on the service delivery challenges of the future. That means dealing with health and the challenges around an ageing population and the increase in medical technology.

That is why this budget features \$9.9 billion in health expenditure. That is there to support the challenge of the ageing of the population. It is something which all governments need to be alive to. That is why we have made the decision to divest some commercial businesses, to focus our efforts on those things which government must do, the core of government—that is, providing a health system and a health service.

That is why we have decided to no longer own a commercial timber business. While Hancocks may have paid \$603 million for the forestry business, they are not going to pay \$600 million and build a children’s hospital or build a new hospital. So we need to focus on those services. I am heartened by the fact that the LNP has finally written down that it admits that it supports privatisation. That quote again is—and it is a cracker—

The LNP is not philosophically opposed to the sale of non strategic or redundant assets.

We have a new front-ending. We have a new classification of ‘de-necessary’ here, ladies and gentlemen. It is no longer ‘de-necessary’; it is non-strategic. You no longer find out that you are going to be front-ended; you are just going to be redundant. What is going to happen when the LNP pursues this? Is it saying that it is not going to pursue this? The next paragraph says—

The LNP has determined that the proceeds of any future non-strategic or redundant assets—

that is those ‘de-necessary’ assets that it decides to front-end under its economic plan—

would be vested in a “Queensland Fund” ... with a proportion intended for regional asset creation.

What that means is good old National Party speak for ‘roll out the barrel; we’ll have a barrel of fun’ as it lays down its economic parameters which are, ‘Yes, we will flog it all off. Yes, we will put it in a little fund. And yes, we will go and spend wherever we want.’ It finishes off with a great quote—

An LNP government will act to invest the proceeds of Queensland’s future by retiring debt, developing infrastructure, improving service delivery and accruing reserves—

which means world peace—

which inter alia will provide trans-generational equity.

That is, it will do it all. How is it going to do it? If you read all the pages you still cannot find out.

**Mr HOOLIHAN:** Part of that comment draws me back to something that is near and dear to my heart. I refer to budget paper No. 2. Could you advise the committee of the infrastructure spending in regional Queensland?

**Mr FRASER:** I thank the member for Keppel for the question. As he would be aware, 57 per cent of the capital program in this budget is in fact dedicated outside of the Brisbane statistical division. He would be aware, no doubt, of the spend that is occurring in his own neck of the woods and particularly the projects which he pursued in the budget process, particularly around the future of the site of the former Yeppoon Hospital, which is now funded to be returned to the people of the Rockhampton Regional Council and his local community after his direct advocacy. He took the Premier and I to that site during the Rockhampton regional cabinet that was held in the lead-up to the budget.

He would also be aware that other decisions for Rockhampton included the future jobs growth and economic development of the Stanwell industrial corridor, with the significant project to provide the bypass and road infrastructure upgrade that will facilitate development in that part of Rockhampton. Also, critically, a commitment which is relevant to those constituents he represents in North Rockhampton is the Riverbank stage 2, which is a key strategic community asset and important for tourism across not only Rockhampton but also the Capricorn Coast, which he represents.

Across Queensland you see investments in projects like the Cairns cultural and arts facility in partnership with the Cairns Regional Council and federal government and the expansion of the Cairns Hospital. In Townsville we have the Townsville Ring Road, the Port Access Road, the marine precinct, the Jezzine Barracks, the mall redevelopment and the expansion of the Townsville Hospital. We go right through to the massive spend of around \$500 million on the Gold Coast University Hospital, which is taking shape on the Gold Coast and there to provide support for the growing population on the Gold Coast.

The \$17 billion program across regional Queensland is there supporting more than 100,000 jobs. The bulk of the capital program is being expended in regional Queensland in a way that is to support those economies and support future infrastructure. While the debate continues about the decisions we took to continue funding that program, we now find ourselves with the benefit of a draft policy at least in the alternative from the opposition in this parliament. I table a copy of the LNP draft explanatory memorandum 'LNP Draft Economic Policies'.

**CHAIR:** Is leave granted for the document to be tabled?

Leave granted.

**Mr FRASER:** I recommend it to all members of the committee, including those from the Liberal National Party who do not know anything about it, given that they have made no comments about what is contained within it, including the fantastic admission—the recognition at long last—that the Leader of the Opposition and the shadow Treasurer have been caught out telling the truth, caught out finally admitting what they have long said, that they have long advocated, that they support not only privatisation in principle but full-blown privatisation. It is what they have said on the record a thousand times. Now, finally, by sneaking it out they have admitted again that that is exactly what they would pursue.

**Mr WENDT:** Treasurer, can you please outline for the committee the details surrounding the continuation of tax rebate measures in the budget for apprentices and trainees? This is specifically important in my electorate, as you would appreciate.

**Mr FRASER:** I can. As I indicated earlier, one of the things that we decided to pursue as a government was support for the next generation of skills, particularly through apprenticeships and traineeships. It has long been the policy position of this government to not charge payroll tax on apprentices and trainees. We took to the last election and we are delivering, as we said we would, a policy on payroll tax—the 125 per cent rebate.

We have extended that in this budget with a further allocation to ensure that that continues for another year. It is estimated that 16,300 apprentices and trainees have had the benefit of this taxation policy that we put in place in the budget last year and have chosen to continue this year. Some 2,143 businesses in the latest information have made a claim. That is related to approximately \$530 million in apprentice and trainee wages.

What that is is the next generation of apprentices and trainees who are being skilled up to generate the skills that are needed for future growth and the expansion that is due in the resources sector in particular and then following through the broader economy. What is important to point out is that the policy applies not only to new apprentices and trainees but also to existing ones.

Our view is that it was vitally important to support businesses to maintain the existing apprentices and trainees. Too often the mistake has been made in the past that when the downturn commences the first people let go are apprentices and trainees—those people who have just joined, in a last-on, first-off scenario. We were keen to support the continued employment of apprentices and trainees in businesses across Queensland. That is why we put this in place. It will not only apply to existing employees and trainees but also apply, more particularly, to employees and trainees into the future. The estimated cost of that rebate is \$8 million. I think it is money well spent as we make our plans to ensure that the next generation of skills is there to support and build the recovery.

As the Premier mentioned this morning and as I also announced in my budget speech, the government will, in pursuing its reform agenda, seek to implement a demand driven skills commission through this financial year that will be there to guide the skills development at a broader economic level. That is vitally important to ensuring that we have the skills that we need, particularly in construction, particularly in trades and particularly in those new industries that are going to require those new skills for the benefit of the economy into the future.

**Mr CHOI:** With the recent announcement of changes to CTP, would you explain to the committee the benefits provided by the CTP motor insurance scheme?

**Mr FRASER:** I thank you for the question. As I mentioned in my opening remarks, one of the policies that has been put in place to assist the people of Queensland and motorists of Queensland is a cut to the CTP insurance that will apply from 1 October this year. For the last three quarters, all CTP insurers have filed at the ceiling. This was an issue where price competition was reduced. I flagged in an announcement in March that this was an issue of concern that we would look at.

In looking at that we looked to make sure that the scheme was operating efficiently but also with price competition. One of the issues is that, while price differentials have existed in the past, some companies have in fact been filing at the ceiling for more than a year. Others have now joined at the ceiling and that price competition has therefore been lessened.

What we are seeing, however, is a scheme that overall is operating well. The fact is that CTP today is still lower than it was in 2003 thanks to the reforms that this government has put in place. But, as I said, it could be operating better and that is why we undertook the review. What we will see is that the CTP ceiling will be reduced as the payment of commissions, which are paid to intermediaries for the generation of the business, is outlawed. At present trailing commissions, not just at the time of sale, are paid to the motor vehicle dealer or the intermediary when someone remains with a CTP insurer. That continues on beyond the year at which the purchase is made. In effect, having those costs built into the CTP by the insurer means that all Queenslanders registering their vehicle in any given year provide for that cost. That is a cost which we do not think is appropriate, especially for a product which is compulsory, and therefore we will move to outlaw that so that those costs are not included in the cost base that insurers put together in filing their claims. That will drive down the price of CTP for motorists. As I said, CTP today is lower than it was in 2003, but we want to see price competition. The existence of those commissions has also lessened competition and the removal of them should enhance it.

**CHAIR:** Thank you, Treasurer. I think I will give you the opportunity for one more question, member for Clayfield, and then we will have the changeover.

**Mr NICHOLLS:** Thank you for your consideration, Mr Chairman. Treasurer, I table a credit research press release from Moody's following the release of the budget and draw your attention to Moody's statement that it will be watching this government's ability to reduce the rate of current expenditure growth. Clearly it does not agree with the generous growth in expenses of 22.13 per cent compound increasing over the forward years. Can you tell the committee what steps you will take to tackle the increasing government spending and avoid the structural deficit that appears in your budget? Is it not the case that until you address this issue regarding our AAA credit rating is still a pipedream?

**Mr FRASER:** I thank you for the question and I am familiar with the comments. Obviously, as I detailed earlier, a key fiscal principle that the government put in place in the budget in 2009-10 and which we reported upon and which I made remarks on earlier is constraining growth in expenditure. In fact, as is detailed in the budget papers, growth in own purpose expenses across the forward estimates on average is 4.06 per cent. On average growth in population and inflation is 5.1 per cent. So in effect we are in fact ensuring that our own purpose expenditure in the budget is lower than population and inflation combined. That expenditure constraint which was delivered last year, as the budget papers detail, was 3.74 per cent—well below the five per cent which would be the sum of population and inflation. Are we out of time, Mr Chairman?

**CHAIR:** I will give you a chance to finish your answer.

**Mr FRASER:** Sure. The point to make here is that we are meeting that challenge. We met it last year. We are forecast to meet it across the forward estimates, and I made mention of the challenge that we face this financial year in the budget speech. I note also that Standard & Poor's, the other rating agency of import, has made remarks which say that the 'steady as she goes' budget will strengthen the state's structural budgetary position. Affirming the stable outlook, an upgrade may be possible once there is more clarity around timing and proceeds of the asset sales. That is the strategy that we long pursued and put in place and which you pretend not to support but of course have been revealed today to continue to support.

**CHAIR:** Thank you, Treasurer. I think you have well and truly made that point. That brings us to the end of the scrutiny of the Treasury aspect of the portfolio. We are going to now move on to DEEDI, and there will be a changeover of officials. To those officials who are leaving us, I understand the level of work that goes into preparing for this scrutiny, so I thank you for the work that you have contributed to the process. Before beginning scrutiny of the section of the Treasurer's portfolio in relation to DEEDI, I acknowledge in the room Jan Jarratt, the member for Whitsunday. Good to see you here today. We begin this section of the scrutiny with non-government questions. I call the member for Clayfield.

**Mr NICHOLLS:** Thank you, Mr Chairman. Treasurer, I want to turn to the sale of Forestry Plantations Queensland. The government's sale of that 204,000 hectare plantation business to Hancock has been announced for \$603 million and the sale price included \$142 million of freehold property and also some plant and equipment, and the freehold property was identified in the 2008-09 FPQ annual

report. Treasurer, is it therefore correct to say that in effect Forestry Plantations Queensland, the actual forestry plantation assets, were sold for \$461 million—that is, the \$603 million less the value ascribed in the annual report to the freehold land and the plant and equipment?

**Mr FRASER:** I appreciate the question. It is not necessarily the case that that deduction is valid. Nevertheless, a component of the value of Forestry Plantations Queensland is, at a level, the value of the land that was included. Some 90 per cent of the more than 300,000 hectares that comprises the estate for Forestry Plantations Queensland is in fact on state plantation forest and therefore on crown land, and that land has been retained by the state of Queensland. Just over 10 per cent of the land is freehold. That is because over time, particularly in pursuit of the western hardwoods obligation, which is not a commercial business but one which the company will be obliged to continue into the future, acquisitions of freehold property have been undertaken and those acquisitions are particularly in Western Queensland but in other areas of the state also for expansion of the state.

Where contiguous properties to the existing state plantation forest crown land have been purchased, that land has been added to the estate and so no land which is crown land has been transferred. But where the entity has in the past acquired freehold land on the property—whether that is buffer zones, whether it is other facilities, whether it is former properties or, indeed, as I said, for the most part in pursuit of the western hardwoods obligation, which is a key element of ending native forest logging—that freehold property has been acquired. A book value in the last annual report of FPQ does not necessarily represent the commercial value of the property as it stands at the transaction, but it is the case that \$603 million was paid for the business of FPQ. It was considered that the value of the business, as we said at the time, was around half a billion dollars. I regarded the transaction as one completed at value to the taxpayer of Queensland—that was certainly the market reaction at the time—and that value represents the obligations that are contained in the deed, the right to the plantation business and also all other elements that are contained in the transaction.

**Mr NICHOLLS:** Thanks, Treasurer. Just to carry on with that particular line of inquiry, in 2010 that sale took place for \$603 million—that is, for a 204,000 hectare plantation business—significantly less than the \$1.2 billion plantation book value reported in its own annual report. In 1998 the Victorian government sold 115,000 hectares of plantation, and here is a copy of the report from the Victorian Auditor-General in relation to that sale. I can give you the whole 42 pages, but it is the front page that is relevant, and I table that. It states—

The State received gross proceeds of \$550 million during the 1998-99 financial year for the sale of the Victorian Plantations Corporation's ... which, in the main, comprised around 115 000 hectares of timber plantations situated on around 166 000 hectares of land.

Treasurer, you would know that Victoria's and Queensland's plantations were both primarily softwood sawlog plantations and that the Victorian plantations had a book value of \$352 million. So, in effect, Victoria received around about \$6,600 per hectare of plantations whereas in Queensland some 12 years later we received something like \$2,300 per hectare—quite a substantial difference. Is it not the case, Treasurer, that this government essentially sold similar softwood plantations to the same buyer and failed to realise the full value of the asset being sold? In fact, we have received barely one-third of the value per hectare of that achieved by the Victorian government 12 years ago.

**Mr FRASER:** I thank the shadow Treasurer for the question. The answer is no. The answer is that, as we indicated at the time, the value of the business was around half a billion dollars. I know this is a matter that has been pursued subsequently by the shadow shadow Treasurer—that is, the honourable member for Moggill—through the shadowlands of the column that exists periodically on a couple of pages on a Saturday morning in the journal of record in this state. Nevertheless, let me make a number of points. As the shadow shadow Treasurer was advised when he was shopping this story around, there is a difference between the book value that is ascribed on that line item to the timber business, and that is this: we have not sold the business without obligation. That is a value that does not presume that there is an obligation to replant and to continue on.

Let us make one very critical point about the valuation of a forestry business in the first instance, and that is this: it is one of the few, if not the only, business in which having no sales in a year means that your inventory increases in value—that is, the business is predicated on long-term growth cycles through natural growth. If a fruit shop owner did not have any sales during the year, then they would find that their inventory was not worth as much at the end of the year. Paradoxically, a forestry business operates very differently. If a car dealer had no sales during the year, he would find that his inventory was not worth as much during the year. Paradoxically, a forestry business does. The point is this: what was not sold in this operation was the carte blanche right to all the property. What was sold was the right to a plantation licence for 90 per cent of the estate plus 10 per cent, which I have already detailed. On the Crown land is a right to grow the trees, harvest the trees and an obligation to replant—that is, over the 99 years to continue to run the business one has to go to the expense of continuing to replant and therefore have another 50-year horizon before an investment is returned. If we had sold it without the obligation to replant, of course we would have got more money. But not only have we sold it with the obligation to replant so that a sustainable forestry business is provided into the future, but more pointedly if the new owners do not replant that property then it is the case that they will forfeit that land back to the state.

It is also the case that we have not sold it with freehold title or with the rights of exclusion. What is the case is that public access rights, whether that is for car rallies or whether that is for beekeepers—something I know the Deputy Leader of the Opposition is particularly interested in—are preserved. That framework is preserved. So, yes, we could have sold it for more money if we had just conducted it without the obligation to replant, without the western hardwoods obligations—which is critical to ending native forest logging—and without the obligation to return the land to the state if the replanting did not occur.

**CHAIR:** Member for Clayfield, can I just clarify this? You had a 42-page document to table.

**Mr NICHOLLS:** Sorry, that is the balance of the pages. Only the front page is relevant. I am happy to table the whole document that I read from. It is 42 pages. I am happy to table the whole lot.

**CHAIR:** That is all right. I am just clarifying it for Hansard.

**Mr NICHOLLS:** There is no trouble. I think it has the entire Victorian auditor's report for 1999 there. So that will be interesting reading for someone.

**CHAIR:** For members of the Queensland public.

**Mr NICHOLLS:** Yes, good reading for someone. Treasurer, just so that we are clear on that—and I understand what you have said there—the reality is that, in fact, the return for Queensland on the sale of our forestry assets was about one-third of the return that Victorians received for the sale of essentially the same assets that they were selling, the rights to softwood to the same company 12 years later. So irrespective of the book value, that return was far less than was achieved for essentially the same assets on the way through.

**Mr FRASER:** I do not accept the point. In fact, as the market considered, and as commentary existed at the time, it was considered that this was a sale that was a very good result. Secondly, I do not consider that the comparison you are making in fact stacks up given the circumstances that I outlined in my previous answer.

It is the case also that other transaction multiples, which are perhaps just as relevant, indicate that the sale was conducted at a price which was around \$3,000 per hectare in terms of the productive hectares. If you look at other transactions in recent times, the Timbercorp transaction was about \$1,600 per hectare, the Hancock acquisition of APP plantations in Victoria in September 2001 was \$2,785 a hectare and Gunns' acquisition of North Forest Products in Tasmania was \$1,914 a hectare.

As you pointed out, the acquisition of Victorian Plantation Corps was higher, but the key point here is that the species grown in Queensland is very different from the species grown in New Zealand and Victoria. Why? Because the climate is remarkably different. The species grown in Victoria and New Zealand are a lot faster growing in wetter environments and the growth cycle is, in fact, nearly half. For a business such as this, which has the unique characteristic of having a 40- to 50-year investment horizon for a seedling to grow to a productive asset, the growth cycle in a tree is particularly relevant to the value of the business.

So it is not the case, despite the claims that you make, that there is a direct comparative between the Victorian transaction that you are referring to and the transaction that was conducted for Forestry Plantations Queensland. In fact, for the benefit of the committee, I am more than happy to table a letter from KPMG, a respected firm which was retained in this instance, which sets out some of these matters relating to the valuation and the difference between the book value, as I set out to you before. I seek leave to table that document for the benefit of the committee.

Leave granted.

**Mr NICHOLLS:** Thank you, Treasurer, for your explanation as to that lower price. In terms of the asset sales—and we have asked some questions this morning to the Premier—the probity protocols for asset sales require lobbyist activities to be referred to the project director. The question I have for you is: was your meeting with Hancocks on 29 April 2008 in relation to Forestry Plantations Queensland with Ken McPherson and Damian McGreevy appropriately reported to Mr Tim Spencer after the commencement of the sale process?

**CHAIR:** Member for Clayfield, I am going to allow this line of questioning and I am going to allow the Treasurer to answer, but it seems to me that we are in the realm of Treasury more than we are in the realm of DEEDI. I am happy for you to make reference to how it is relevant to DEEDI. I am going to ask the Treasurer to answer the question, but I just point that out. That was a decision of the committee unanimously that that is how we examine the portfolio.

**Mr NICHOLLS:** I am sorry, I should have prefaced it. It is one of the administered items under DEEDI in book 2 at page 2-12, Forestry Plantations Queensland.

**CHAIR:** Thank you.

**Mr FRASER:** The fact of the meeting in 2008 has been in the public arena for quite some time. In reality, I meet with businesses nearly every day, because that is part of my job. Should you be blessed to be on this side of the chamber then I presume you will do the same. At the time, as is detailed in a

document which has been appropriately and lawfully released, they indicated that at some point in the future they wanted to expand their business in Australia. It was not a decision that the government was in any way entertaining at that point in time and they were advised as such.

As I recall the attendance at the meeting, it included Mr McGreevy, who was at that time in the service of the people of Queensland and, therefore, it was entirely ordinary that he should be there. My recollection is that he worked for the Premier of the day. Secondly, the attendance at the meeting was recorded, because there were Treasury officials present. So this was a meeting that did not need to be disclosed because it was always known. Treasury officials were known. There was a record kept of the meeting. That is how you know about it, because it was released. Everyone knows about it, up to and including Tim Spencer and, I presume, the man in the moon.

**Mr NICHOLLS:** Right. So you did not feel that it was necessary to say, out of a matter of form, 'You will recall that we met a year ago before we entered into this process?' You do not think that is necessary under the probity protocols? I am just asking. I accept everything that you have said so far. You are right; there is an email and that is how we have it.

**Mr FRASER:** That is how we know. My point is this: you are suggesting that there is somehow something improper or some fact that there was nothing that was known about the meeting.

**Mr NICHOLLS:** No. On the contrary, I am just asking whether you followed the probity protocol. I am not suggesting anything improper.

**Mr FRASER:** Mr Spencer was well and truly aware of the meeting.

**Mr NICHOLLS:** Okay. Can I go the next step forward. This is a further question in relation to those issues. Were there any other lobbyist activities in relation to the asset sale process and, specifically, did Mr Jim Elder have any contact with government, either officers or ministers, during the sale process?

**Mr FRASER:** This is an issue that has been raised in the past. Neither I nor my officers met or discussed these matters with Jim Elder during the sale process. Neither the Treasury office nor those people involved in the transaction has met with Mr Elder or been involved in dealings with him during that process. In short, the answer is no.

**Mr NICHOLLS:** Okay. Thank you. I appreciate the answer.

**Mr FRASER:** I am not aware of any other activities that he might have conducted but, in reality, has he met with or had any interaction with anyone in the government of Queensland, whether that is elected members, my office or the people in the Treasury team? I have checked this matter and the answer is no.

**Mr NICHOLLS:** Okay. Treasurer, I ask finally, touching on this issue of the sale of Forestry Plantations Queensland: was there any additional value given to the freehold land which was included in the final sale but not contemplated when the original sale was announced? That is, when the original sale was announced it was the trees, not the land. Consequently it came to light that there were 30,000-plus hectares of freehold land. Did the inclusion of that land then suddenly make a difference to the expectation of the price to be received given that that land, despite the covenants that you say are on it, is freehold land and has some greater utility than just, say, leasehold land?

**Mr FRASER:** I understand the point. The answer is no. That is because, at the time of the transaction structure, the point that we made was that the crown land would be retained. It is in fact the case—and in reality this has been a matter of debate since then and I acknowledge that—that the intention of the government was always that the crown land would be retained and that the minority holdings—as I said before, around 10 per cent of land that had otherwise been acquired—would be included with the transaction. It would be odd to 'un-freehold' the land, to coin a phrase, for those properties that had been acquired to deliver on the western hardwoods obligation.

Obviously through the process there was, not unreasonably, a process undertaken to ensure that the value of the business was understood. That means that efforts were undertaken to value all components of the business, including independent assessments of the value of the timber resource, to confirm what was put into the data, to confirm that the value of the timber resource into the future was relevant by industry standards, to confirm the value of land holdings, and there were discussions about the nature of the tenure that was being proposed—which, frankly, is unique as a plantation licence—to ensure that that provided a security of tenure that was commercial and bankable for proponents. We pursued that path because of our intention and commitment to have the plantation continue into the future with that obligation and, obviously, the forfeiture provisions that I mentioned earlier.

So in short, the value that we presumed, as we said at the time of announcing our decision, was around half a billion dollars. It was always the intention that the crown land would be retained and that the balance of the business would be divested, and the result of a \$603 million return I think is one of value to Queensland taxpayers.

**Mr NICHOLLS:** So did you ascribe any value to the freehold land, then, in terms of the transaction?

**Mr FRASER:** Of course we did, and that is what I just explained.

**Mr NICHOLLS:** Sorry.

**Mr FRASER:** The reality—

**Mr NICHOLLS:** I may have missed it, I am sorry.

**Mr FRASER:** The reality is that all elements of the business were given a value and assessed. As I said earlier, that includes principally the timber resource, which was assessed through that process, the land holdings which were assessed through that process and the value of the plantation deed that was assessed through that process to ensure that it was bankable and commercial. I would make the point for the benefit of the committee and those taking an interest in proceedings that it is generally the case that in the strategic order of merit for land use the first use is around higher development. Then land, on balance, can be used for agriculture and if land is appropriate for neither development nor agricultural use then it is usually deployed to forestry use as a last reserve. So in some ways the point that is being pursued here about the nature of the value of the freehold needs to be cognisant of the development constraints that are necessarily attached to land of this nature.

**CHAIR:** Thank you, Treasurer. The time has expired for that block of non-government questions. It is now time for government questions. I call the member for Keppel.

**Mr HOOLIHAN:** Treasurer, with reference to the Service Delivery Statements for DEEDI, could you provide an update on the Cairns plan?

**Mr FRASER:** I thank the member for Keppel for the question and make the point, as he appreciates as a regional member, that the state of Queensland's great strength through its history and through the history of time has been the regional nature of its economies. In that regard, the great strength has been that different economies operate at different speeds. There is no doubt, however, that over the last period of time Cairns and the Far North have found the going tougher than other regions. As an economy which relies principally on tourism and particularly on inbound tourism out of Japan in the first instance, they have found that the combination of the collapse in demand and the economic circumstances in Japan at the time same time as a strengthening Australian dollar has presented a huge set of challenges to the Cairns economy. That is why this government put in place the Cairns jobs plan—that \$116 million investment above and beyond the greater than \$1 billion investment in that region that we were already making in the budget in the last financial year. That is there to support projects like the hospital redevelopment.

Not only the \$1 billion spend but also the \$116 million program is there for other projects down into the Cassowary Coast in relation to water treatment and sewage treatment plants, which are important, and the development of the Mareeba airport into the future but, most particularly, in supporting servicing PNG and the near Pacific. This is a string that Cairns needs to add to its bow. The economy of Cairns needs diversification. That is something that has been acknowledged by civic leaders, it is something advocated for by our colleagues in Cairns and it is advocated for by the council.

The opportunities around the development in PNG in particular present significant promise. That is why one of the things we are pursuing is a mining procurement engagement project that is linking up local businesses with the opportunities in PNG. I am pleased to advise the committee that we have appointed Clonan Connections, Ms Janette Clonan, to undertake that work as part of the Cairns plan. She is now on board to link up local businesses across mining procurement, not just in mining services but more broadly the opportunities that flow from the development in Cairns.

We see QantasLink bringing on 12 flights weekly from Port Moresby to Cairns which underscores the connections between Cairns and Port Moresby. The proximity of Port Moresby to Cairns is, of course, a lot closer than the proximity of Brisbane to Cairns or, in fact, Brisbane to Townsville. In that regard those extra seats reflect the growing economic ties and the ability for Cairns to provide those services and that support as a base for the resource development that is occurring in Papua New Guinea with the LNG project that is proceeding in PNG. I think it is one which is of great potential benefit to the future of the Cairns economy and one that has this government's support.

**CHAIR:** I would like to now turn to the Skilling Queenslanders for Work program as outlined in delivery statement book 2 and I ask: can you outline how this initiative is supporting disadvantaged Queenslanders?

**Mr FRASER:** I thank the chair for the question and know that he is one of the members of the government, like all members of the government, who is particularly supportive of our policy effort in this regard. The hallmark of our time in government has been a commitment to labour market programs to, at the time we came to office, support people into employment and, during the upswing in the economy, to work to divert those resources to assist those people who were not able in the first instance to gain employment, to assist those people at considerable disadvantage. Our commitment continues with a \$106 million investment in this budget to the Skilling Queenslanders for Work initiative.

Last year we saw funding which assisted 21,000 Queenslanders. These are some of the most disadvantaged Queenslanders. To give a sense of the profile of those people participating in the program, 43 per cent of people participating in the program are long-term unemployed, 28 per cent are

Indigenous Queenslanders, 45 per cent are between the ages of 15 to 24 and 15 per cent are from a non-English speaking background. Those people who face those barriers, by definition of being in one of those cohorts of people, are those who we have assisted through the programs under the Skilling Queenslanders for Work banner. We have delivered those programs through thick and thin. The point I would make here critically is this: because we had those programs in place, because we had that architecture in place, because those entities were in action and had been given capacity through our commitment over a decade, that meant that at the time of rising unemployment we were able to quickly move to take advantage of that capacity to implement the programs and to adjust course—that is, to focus in particular on younger people who are at risk of not being able to get into the labour market because entry into the labour market was so much more difficult.

What we have at the moment is a very sticky labour market. While unemployment did not rise as much as forecast, what we did see was people going back to part-time or to four days a week. We all know people who took enforced leave, who went to part-time, who went to job share. That means that the next person into the next job has to wait until the four days goes back to five, the job share goes back to full share, the people who have expended the leave balances come back on stream before the next person is employed. That is why that net new creation of employment has been the real challenge. The Skilling Queenslanders for Work program has across the board provided assistance in particular to young people facing that disadvantage.

Of course, it goes with other programs that we have put in place, such as the 125 per cent rebate for apprentices and trainees which I have spoken about already, but that has also provided support to young people in particular. The experience of previous downturns and previous recessions has been that tragically those people are the first people to lose their jobs as businesses come under pressure. That is why on this front we have been determined to support those people maintain those jobs.

**Mr WENDT:** The Service Delivery Statements and others here today have noted that the Queensland government is working largely with the CSG and LNG companies, and the community at large I might add, to develop a new industry for Queensland. Can you outline how the government is working to ensure that this is a sustainable industry as well?

**Mr FRASER:** I can and I thank you for the question. One of the key planks of the government's economic recovery platform is the support of new industries and in particular, at the forefront of that, is the fantastic opportunity that we have as a state for what is a once in a generation creation and that is the world-first coal seam gas to liquefied natural gas—CSG to LNG—industry. It has the potential to provide employment for a generation. It is not just the opportunity of a generation. At a mid-range—and these figures are ones that we have put into the public arena—of \$28 million tonnes a year we can expect to see around 18,000 jobs supported in the Queensland economy and the potential to lift the gross state product of the Queensland economy by some \$3 billion.

Obviously the sort of capital intensive investment that is being supported through the decisions of proponents is the investment in the long-term development of new jobs and a new industry and a whole new export industry that also has, frankly, the benefits of a reduced carbon footprint compared to other energy sources there to feed the demand for growing energy resources in particular out of the Asian region. Critical to all of this is the policy settings that encourage investment and keep that in place. That is why we have settled on the royalty regime and locked it in at 10 per cent. That is why we have provided for the determination of royalty deductions so that certainty can be provided. We have locked those policy positions in place because we understand that it is absolutely critical to reaching investment decisions and to give business and proponents certainty when dealing with investments of this magnitude.

What we are also determined to do is to ensure that it is conducted in a sustainable manner. We have moved to ban and end the use of evaporation dams. That is a policy that is now in place from 1 July to deal with saline water, produced water that will come. We have an accumulative effects regime that is in place, a regime with the highest standards of reporting and monitoring, of continual reporting and monitoring on the effects on the water table and the ability to make decisions along the way. There is no magic green light that has been provided here. What has been put in place is a rigorous regime and a rigorous continuing reporting regime with oversight by the independent Queensland Water Commission.

I believe that it is a regime that stands the test of scrutiny as a very significant, independently oversighted regime that will deal with the effects of produced water which, of course, is a natural flow from the production of coal seam gas in the Surat Basin. This is not a revelation either. People who have been sinking wells in the Surat since the last century have come across gas and stories will be told by many people to that effect. What we have put in place is a policy regime and a monitoring regime and an independent authority to oversee it to ensure that the effects of that, as the industry develops, are ones which are met to the highest and appropriate environmental standards.

**Mr CHOI:** One of the key election commitments of the Bligh government was to create 100,000 jobs. Can you explain how the government is attracting new investment to Queensland to provide jobs for Queenslanders?

**Mr FRASER:** I thank the member for the question and again note his keenness and his involvement in this area as a parliamentary secretary in the past. The government remains committed to the industry investment attraction programs that have served this state well, industry investment programs that have seen the likes of Boeing, Virgin Blue and Youi insurance come to this state over the time that we have been conducting them. We maintain our commitment to the Queensland Investment Incentives Scheme and also to the Business and Industry Transformation Incentives Scheme, fondly and collectively known as QIIS and BITI in the trade. These are schemes that seek to attract new businesses or business expansion opportunities that otherwise might be looking at development in other jurisdictions to the state of Queensland. That is the role of QIIS, the Queensland Investment Incentives Scheme. We continue to believe that it puts the runs on the board. We have seen in recent times that Dhanush, a significant Indian IT company, is setting up shop in Springfield in the growing western corridor with the opportunity for significant job creation into the future with that investment that has been secured through Trade and Investment Queensland. That is a commitment that has seen that company introduced to that part of Queensland and make a decision to invest and to grow jobs into the future.

The proof is in the pudding. What we have also seen, of course, is an ongoing commitment to businesses to assist them develop their technology, to assist them in the advancement of innovation and new tools to support innovation, especially in the manufacturing sector and around areas like aviation and, of course, into bio-engineering and biotechnology. We have seen capacity in the aviation sector increased with businesses right here in Brisbane working on the Joint Strike Fighter Project around the world, producing many of the componentry in suburban Brisbane through the assistance that this program has provided. What that does is provide that business with a fantastic opportunity in the future to grow and diversify.

Another significant achievement during the last 12 months has been the support for Cochlear, a great Australian company. Many people know that the cochlear implant is an Australian invention. Many people do not appreciate that a lot of the manufacturing is, in fact, done right here in Brisbane in New Farm. It is a factory not the sort that many people will see, but is in fact a high-tech facility where that componentry is assembled. Under this program more than an additional 50 jobs will be supported as the componentry and the capacity of that factory in downtown Teneriffe is supported by this program. There are many people working on site on world-first technology for the cochlear implant which has made such a huge difference to those people born with a hearing impairment and, by the by, with additional funding support in this budget it will continue to be manufactured here in Queensland, thanks to that effort.

**Mr HOOLIHAN:** To follow on from there in terms of the investment, could you explain how the government is achieving its 100,000 jobs target as mentioned on page 2 of the SDS?

**Mr FRASER:** I can. As I mentioned earlier, we have now passed more than 60,000 jobs being created and we are well and truly at this point on our way to meeting our commitment, just as we said we would. The reality, of course, is that as we have put together that commitment of 100,000 net new jobs there have been many people who have questioned and doubted it along the way. Of course, many people were keen to remark upon it, not the least of which were the opposition and others, on the second Thursday of every month when the Australian Bureau of Statistics published the information on the latest jobs data.

Of course, these days that jobs data has shown that we are leading the way; that for the last three months we have been at the forefront of generating jobs in the Queensland economy. Perhaps that is why there has been a little less attention put onto the keenness to remark upon the fact that the latest labour force statistics had been released.

We have seen 11 straight months now of jobs generation. As the Treasurer and Minister for Employment, that has been because we have pursued the policies around the infrastructure program, but more relevantly to the discussion here about the Department of Employment, Economic Development and Innovation, because we have pursued those labour market programs that have assisted so many people, in particular those people who are at disadvantage or who face disadvantage, in gaining entry into the labour market, but also through programs such as the Green Army which I know is of interest to members of the government in particular. As we have set upon a course of generating jobs in the Queensland economy we have had to make a series of other decisions. Those decisions have been because we have prioritised job generation.

As I mentioned, more than 75,000 jobs created over the last 11 months has seen this government well and truly on its way to delivering on the 100,000 net new jobs. What that means, of course, is that for the people of Queensland, those people finishing school, graduating out of university, finishing at a TAFE, finishing out of a training college, jobs are being generated in the Queensland economy by virtue of the policies that we are pursuing to author an economic recovery. It is a combination of all those things that we have done and, more particularly, the courage that we have had to stick to those policies despite adversity and despite the fact that it has cost us a little bit of political bark. But the proof is in the pudding and I for one would warrant to this committee and the people of Queensland through this committee's consideration that the policies that we have put in place, which have at their core the protection and support for jobs in the Queensland economy, on any measure are delivering. They are

delivering in terms of the jobs being generated, they are delivering as we reduce unemployment now to a level of 5.4 per cent—the sort of thing that governments over the last generation would have aspired to as a significant achievement and that was doubted just over 10 years ago as ever being possible. We have managed to do that through a period of time when the first contraction in growth in the global economy has been experienced and it is one that I think is a proud achievement of this government and the economic agenda it is pursuing.

**CHAIR:** Thank you, Treasurer. You made reference to the government's Green Army commitment, which was to provide 3,000 jobs over three years. I am wondering if you could give the committee a detailed outline of how this program is progressing and helping job seekers with particular reference to assistance to young people?

**Mr FRASER:** I thank the chair for the question. Again, as I just mentioned, the Green Army is something that is of great interest to members of the government, as is evidenced by the question. That is because this is a program which has two great attributes to it. Not only does it provide the opportunity for so many people—for 3,000 people over the life of the parliament and particularly in that regard young people, which has been the focus of the policy settings—but it also provides the opportunity for the work that is occurring to be of benefit to the broader community. I visited Green Army projects, whether in the restoration of beaches from storm damage and cyclone damage in Airlie Beach through to the construction of new gardens at state schools where not only did children participate in the project and learn about the growing of plants and vegetables and also learn about sustainability and principles associated with that but also the young people on those jobs got the chance of a lifetime. I encourage all members of parliament to visit those projects to witness the dignity of being involved in those projects which are occurring right across the state of Queensland.

We said that we would target 3,000. We said that of that 3,000, 700 would be traineeships and 2,300 would be work placements. We were due to start the project on 1 July last year. As I mentioned at the estimates committee last year, it was up and running ahead of 1 July. I am happy to report that at this point we have placed more than 1,418 Queenslanders in the program. That includes 1,088 work placements in 72 projects through an investment of around \$18 million since this project was up and running. In addition, there are 330 traineeships from a nearly \$4 million investment. Those are in both local governments across the state of Queensland but also in community organisations. What we have seen therefore is that this program was up and running ahead of time. It is not only on track and on target, it is ahead of schedule in assisting Queenslanders. That effort is commensurate with our assessment of where the profile of the labour market is. We have weighted the resources and the effort to assist as many Queenslanders as we could at this point to ensure that, as the effects of the downturn were being visited upon the economy and upon young people in particular, the opportunities were provided through the architecture of the Green Army and the labour market programs that we have been running to get those people into work. What is particularly encouraging is that mostly the program is targeted to young people. As I said, that has been the key approach that we have taken through those policy settings.

**CHAIR:** Thank you, Treasurer. That brings to an end this group of government questions. I call the member for Clayfield.

**Mr NICHOLLS:** Treasurer, I may have missed it. I just popped out a moment ago. In relation to the Green Army and the 3,000 positions that you were talking about being provided during the life of this parliament, do you take any measure of the transfer of people from the Green Army to long-term jobs and full-time employment following the completion of their involvement with that? What is, I guess, the conversion and success rate of the Green Army?

**Mr FRASER:** We in fact do. It is a relevant point and it is one that I was just about to make. So I thank you very kindly for the question. Of course, we are dealing here with circumstances where young people in particular have been targeted and those people from disadvantaged backgrounds. The measure is taken not immediately but down the track and the result is just over 60 per cent—61 per cent of people who were involved in the program are found to be in secure employment or training post the program. That benchmarks well with similar programs in other jurisdictions. As I think we have remarked upon before, the level has been higher in years before, which reflects the nature of economic circumstances for the most part, that there were more opportunities. What we are doing here, of course, is providing that opportunity and thereafter through the provision of the traineeship or the placement. People get the experience of work, nationally accredited training and thereafter have those skills and that opportunity to pursue those jobs. At present, the measure is taken as at the end of June and 61 per cent of people were either in employment or recognised training into the future, which compares very well with the performance of programs in other jurisdictions.

**Mr NICHOLLS:** Just to explore that a little further, in relation to the 61 per cent in secure employment or recognised training, are you able to break that number down further into those who are in that secure employment and those who are in ongoing training and what that training might in the main entail? Are you able to provide the detail of that breakdown?

**Mr FRASER:** I do not have it to hand. If we are able to I will take it on notice. In any event, having taken it on notice I will advise you whether that data is available or not.

**Mr NICHOLLS:** I am happy to take it on notice. To go back to dealing with economic development, as you know, one area that I have become interested in is in relation to the life sciences, biotechnology and that diversification potential for the Queensland economy. In relation to that, the Premier recently announced a \$250 million fund that was being established with a limited partnership out of the United States, Life Ventures. Can you give us some further detail in relation to that fund? Does that fall within the area—you are covering DEEDI, as I understand it. When do you anticipate that funding, which I think is coming out of the Queensland Future Growth Fund, of US\$25 million will be made available? What is the process for draw down and how is that process envisaged to work? I know there are people who are interested to know the full detail of how that operates.

**Mr FRASER:** I thank you for the question and your interest in this area of policy. I know that it is a genuine interest and one which, as the shadow minister in this regard, you have been diligent in pursuing, including attendance at BIO this year. I think it is of benefit to the people of Queensland that there is bipartisan support for advancing the life sciences for biotechnology for this area of innovation. I would seek to generously acknowledge that at this point.

In relation to the Life Sciences Venture Capital Fund, the government has announced that we will, as you point out, be making a US\$25 million investment in that US\$250 million fund. It is in partnership with the global pharmaceutical company Eli Lilly, which is obviously a company of significant strength and reputation. The fund will have its Asia-Pacific headquarters here in Brisbane. The fact of the matter to report to the committee here today is that there are other participants locking in. But as you would be aware from your knowledge of this area, assembling the capital in these areas is a huge task. That is a commercial matter that is underway at the moment. If you like, we have pre-announced our commitment in order to provide the cornerstone commitment to the fund, to demonstrate the bona fides of the state of Queensland, to demonstrate that this is a fund which carries with it the brand of the state but also the brand of Eli Lilly and that we think it is important in assisting the close-out of the commercial arrangements for the other investors in the fund. So at this point, the fund has not been concluded in terms of the investment build that is underway.

This is a matter, however, that we are discussing at the moment with QIC, with the Queensland Investment Corporation. The timing and the method of payment for that investment and the placement of that investment and then the disbursement are all matters which will be determined after those commercial arrangements are settled. As you have indicated, we have made the policy decision to allocate the funds. We also have forward announced that commitment, if you like, in order to underscore and to assist the potential for the fund to be built. What that gains for the state of Queensland is the Asia-Pacific headquarters here in Brisbane, which is critically important in terms of building critical mass and the contact that will follow. The placement will be made at the time that the commercial arrangements are settled and shortly thereafter that will be a commercial venture in which we will be an investor. It will not be our fund; we will be an investor and obviously, therefore, a participant. The disbursement and the placement of that capital through that fund will be a matter for the Life Sciences Venture Capital Fund when constructed and completed.

**Mr NICHOLLS:** So that I have it clear then, Queensland is an investor in that fund and announces that, if you like, to provide some ballast to the fund as it goes forward. The fund managers take on the responsibility of the book bill to build up the fund to make sure it happens. They obviously have some constraints, I suspect, under US securities law in relation to what they can and cannot do as well. Once they reach that critical mass that they determine, the US\$25 million goes into the fund, they then take on the role of being that venture capital fund, if you like. Does Queensland have any seat on the board there through the officers of Cherrell Hirst or someone like that to have a say in where that money is going? I am not in any case suggesting that Queensland should be directing where it goes or picking winners but just in terms of being on the board and having that Queensland interest?

**Mr FRASER:** The state of Queensland will be represented through the Queensland BioCapital Funds, which I think you are familiar with, which is the QIC fund which has made the investments in the past in this area. It is the intention of the government—and these matters are not finally settled—that they will be appointed as our agent to manage that investment on our behalf and that under the terms of the arrangements of the fund, which are yet to be finally determined, they will represent the interests of the state as one of the founding partners, as, if you like, a limited partner in the fund. We expect that the fund will thereafter, as you intimate, operate commercially and that is appropriate. In that context, we expect that the advantage here is not only in us providing the \$25 million cornerstone investment but, as I said earlier, that attracts other investment as the brands of Eli Lilly and the state of Queensland support it.

Critically, what it achieves is that this is access to capital for the Queensland biotech sector. So whereas the access-to-capital task is usually an offshore arrangement or at least in other jurisdictions, the strategic import of the investment is having access to the fund and to create the critical mass networks, if you like. I think it is a far-sighted acquisition. We know, for instance, that it is a tough gig to

make a quid out of biotech, that there are a lot of start-ups that do not get much past that. When you do find the support for the seed venture capital that moves, as you well appreciate, you know that the returns thereafter are very possible, and that is why we have undertaken to support the program and to support the fund in the form that it takes. The exact governance arrangements are to be determined, but from an investment point of view as opposed to an economic development point of view, obviously the investment will be managed by the Queensland BioCapital Funds, as I said. That will be reported through QIC to Queensland Treasury for investment performance monitoring, but obviously the fund will operate commercially. I am glad it is a decision which enjoys the support of both sides of parliament as an opportunity to invest in the future.

**Mr NICHOLLS:** Thanks, Treasurer. I agree that it is a worthwhile investment. I turn to the Queensland BioCapital Funds, which by mid-2007 had fully committed the \$100 million it was established with or anticipated spending in 2002. The plan for the Queensland BioCapital Funds was to invest, develop up and then exit out of selected companies, and some of them are there like Xenex and others, which seems to be progressing with some of its investigations and some of its products which are moving to some degree of commercial security and patentability. Can you tell us, though, what the current value of that fund is? How many investments have been successfully exited, given that the strategy was to exit by 2012 and we are rapidly approaching that point?

**Mr FRASER:** Sorry, can you just repeat the last bit about two sentences back? Maybe just the last bit that you are actually asking?

**Mr NICHOLLS:** Sure. Can you tell us what the current value of the fund is? How many projects or investments has it successfully exited or is looking to exit, without breaching any commercial confidentiality, given that there is only about two years for it to go? The strategy was to invest and to exit and get out of it over a period of 10 years—so by 2012. That is the published strategy for it. How is the fund going? What is the value of the \$100 million investments and have we had any success in those investments to date?

**Mr FRASER:** Sure. Let me say a couple of things in broad terms and then indicate to you that I will take the question about the value of the fund at present as a question on notice. While as the Minister for Economic Development it is my responsibility to pursue these opportunities, in fact the fund is held by QIC and, therefore, is part of the Treasury portfolio, the matter that we dealt with earlier. That information is not to hand at the moment, given that we are dealing with the appropriation for the Department of Employment and Economic Development. Nevertheless, I do undertake in good faith to take the question on notice about the present value of the fund.

In terms of other remarks, I would indicate that there is no doubt that the challenge around investment in this area is a very significant one. That is why capital is a particularly scarce resource and that is why, to wrap it back into the last question, we are pursuing the investment in the life sciences fund in order to meet that challenge. I am aware that the fund has had some challenges, in particular that the performance is not where the standard returns would like to be from a broader investment perspective, but it is also not the sort of fund, as you appreciate and are intimating, that has the same sort of investment cycle. It is not exactly a year-on-year or a short-term proposition. The very nature of the allocations are that one makes these investments knowing that one will have many challenges before one has a few successes, but the few successes make up for the many challenges. There is no doubt that the BioCapital Funds has faced that. However, I am happy to take on notice the question about its present position and report it, as far as I may be able to, acknowledging, as you do, the commerciality of some of those investments.

**Mr NICHOLLS:** Treasurer, what I am trying to get to in that respect is: has there been a recognition that it is probably better to let the market make those sorts decisions in that sense, rather than trying to direct it via picking winners? For example, you might try to say that biofuels is the business of the future but in fact some other industrial process or some other life science process might be the winner. In fact, despite their best intentions, governments are pretty good at writing out the cheques but perhaps not so good at selecting the next big winner. Is that part of the impetus behind the change, if you like, to go to this joint venture with Life Ventures LLC? Does that inform government policy?

**Mr FRASER:** I certainly think there is the transition to be made between the economic development policy goals, if you like, which we are discussing here this afternoon, and the pure investment objective. From a pure investment objective, there are probably higher opportunities and higher options to pursue. That is why the government has put in place the specific allocation from the Future Growth Fund towards this, recognising that this is not about short-term investment but is about a longer term investment.

It is not the view of the government—and I agree with you on that front—that the role here is to undertake a winner-picking exercise. What we are seeking to do here is, in fact, support and sustain a market to operate on its own two feet, to wash its own face. In that regard, we expect what we will see through the investment is decisions made through the mandate that support both internal and external investment, that support investment across a range of areas and not investment from a predetermined mandate. Obviously we will see the fund operating within a particular sphere, but it will not be that

everyone who is a contributor to the capital fund gets to pick their five favourites. I do not think there is a lot of sense in that regard. In reality, of course, the position going forward will reflect that nature under the life sciences fund.

It is important also to make the point that in relation to QBF, the Queensland BioCapital Funds, and that mandate, the Queensland Investment Corporation, QIC, uniquely amongst government owned corporations is not subject to government direction. That is to say, I have the opportunity, under the Government Owned Corporations Act, to issue a shareholder's direction to every government owned corporation save for QIC. At the time, Mr Kennedy insisted upon that. I think it serves the state of Queensland well that the government of the day has no opportunity to direct the investments of QIC, whether in this regard or in another area. Obviously a mandate can be provided and Treasury, as a customer, has those attributes to its relationship with QIC. But in terms of investment decisions made by QIC, it has always operated under the original legislation that was sought by Mr Kennedy—that is, without government direction on these matters.

**Mr NICHOLLS:** Thank you, Treasurer. Let us move on. In reference to question on notice No. 4 and consultants for DEEDI in relation to the Solar Hot Water Program, the answer indicates that three consultants have provided departmental advice in relation to the Solar Hot Water Program. Can you advise the cost of those consultancies in relation to that program, and what was the specific nature of the advice received from those consultancies?

**Mr FRASER:** I thank the member for the question. Obviously, as the lead minister for the Department of Employment, Economic Development and Innovation, in answering the question on notice I did not constrain myself, in answering it fulsomely, to those consultancies that were commissioned through my portfolio responsibilities but answered for the agency as a whole, given that the agency operates as a whole. The matters that you refer to in the Solar Hot Water Program are matters that are administered by the Minister for Natural Resources, Mines and Energy and Minister for Trade through the part of his portfolio responsibilities that are contained within the Department of Employment, Economic Development and Innovation. Therefore, in that regard, those questions are ones that can properly be directed towards him when he appears before the committee.

**Mr NICHOLLS:** Thank you, Treasurer. Let me put it this way: in non-government question No. 2 there was a shareholder review of government owned generators. There were three sections to it and you provided an answer. Can you advise us of the status of that review of the electricity generators? Can you advise us of the recommendations of that review?

**Mr FRASER:** Sure. I will be generous here because, as the Treasurer, I am a shareholding minister. While it might have been perhaps better placed in the last set of questions, I am happy to talk about the generator review, given the fact that the other shareholding minister is a minister for the DEEDI portfolio. In that regard, the review has been undertaken, as was publicly announced at the time, in the midyear review. It is there to deal with two particular circumstances: the proposal at the time to introduce an emissions trading scheme, known then as the Carbon Pollution Reduction Scheme, and the impact that that would have potentially on the economic life of the generators that the government owns; and, secondly, changes in the market from 'gentailers', that is, retailers that acquire generation capacity, particularly peaking capacity. Obviously that has changed the dynamic that exists in the marketplace. At present that review is subject to peer review and to consultation with the ACCC. It is one that the generators themselves are not involved in for those competition law reasons. It is one which, to place it on the record, has absolutely no contemplation whatsoever of divestment.

**CHAIR:** Thank you, Treasurer. We now come to government questions. I call the member for Ipswich West.

**Mr WENDT:** Thank you, Mr Chairman. Under the Service Delivery Statements we have been speaking quite a lot about job creation programs and the like. Can you outline how the JobsAssist program is helping Queensland businesses?

**Mr FRASER:** I can. Firstly, can I assist the committee with something that I took on notice earlier and clear up that matter now, if that is alright with the shadow Treasurer. Earlier I mentioned that 61 per cent of people who participated in job placements in the Green Army were in employment or in training. I undersold the success of the program because I provided that from memory. In fact, 61 per cent of people are in employment. I am now reminded that 27 per cent are in training, in addition to the 61 per cent. In that regard I clear the matter up and, therefore, do not need to take that one on notice, if that is okay.

**Mr NICHOLLS:** Yes.

**Mr FRASER:** Thank you. In relation to JobsAssist, the point to make here is that the government had a previous program, the Worker Assistance Program, which was there to provide support to employees after the fact. For example, if, through firm closure or economic downturn and difficulty arising, the employees of a particular business were faced with losing their jobs, the Worker Assistance Program provided support after the fact. We doubled the commitment to that program from \$5 million to

\$10 million and refocused the program in our Jobs First policy, the overarching jobs framework that was put in place in order to provide support for jobs across the economy. That JobsAssist program was increased and refocused to deal with the broader economic circumstances at the time.

I am happy to report to the committee that implementing that plan has seen over 1,700 firms access support. That support ranges from what is in effect a corporate health check to more professional and in-depth support where that 'health check' reveals greater problems. When those problems are revealed, extra assistance is provided in the second stage of the program. The 1,700 businesses that have accessed that increased funding and refocused program through JobsAssist employ some 43,000 Queenslanders. That gives you a sense of the importance of the program and the take-up and the demand in the way in which businesses have sought to access the service. It is provided by business specialists, by outsourced advisers and by those people who have expertise in the area. Also, it has been locally engaged so that the support and service comes from the area in which the business is operating.

What we have seen also is that the program is focusing in particular on those businesses that face particular pressure points. That is, an assessment is made of working capital constraints so that at this time in the recovery the focus is firmly on those businesses that are resource constrained and that are facing working capital crunches, and not just those that are ensuring that they are undertaking the health check to be fit for the downturn.

As the recovery is underway, we are redirecting the program to make sure that it focuses very much on those businesses that most need support. That means that a key part of gaining additional assistance is now an assessment of the position of the working capital that exists in the business and the way in which that is moved. All of this is about making sure that businesses that employ Queenslanders and that have found constraints that have been evident from the global financial crisis and the downturn get the support and assistance they need from the Queensland government to ensure they can continue to operate, despite the fact that the downturn has obviously presented many, many significant challenges.

**Mr HOOLIHAN:** Treasurer, the Service Delivery Statements at page 6 refer to BioPharmaceuticals Australia. For the committee, could you outline how that project has advanced this year?

**Mr FRASER:** I can, and I thank the member for the question. This is one of those commitments to the biotechnology sector in action. The BioPharmaceuticals Australia facility at the Translational Research Institute has progressed well. In May 2010 the Premier joined with the federal minister, Senator Kim Carr, to announce that the international drug manufacturer DSM Biologics had been secured to operate the BPA facility. DSM is headquartered in the Netherlands. It has annual net sales in excess of A\$15 billion and it employs some 23,500 people around the world. This is an important win, not only for Queensland but also for Australia, in securing the services of DSM Biologics. A worldwide search, at a difficult time, was conducted in order to secure them as the operator of the facility.

What does this mean? It means now that the manufacturer of drugs and new drugs and pharmaceuticals can occur here in Queensland, in fact right here in Brisbane. The gap in our clinical trials network architecture is moving up from small scale clinical trials into trials of more statistically relevant sample sizes, whether in the hundreds or several hundreds up to 1,000 and over. The facility will now be in place here in Queensland—I beg your pardon?

**Mr NICHOLLS:** I was agreeing with you.

**Mr FRASER:** Excellent. The scale is now here through attracting the expertise of DSM into Queensland. Of course, that means that the investment in clinical trials network expertise, which over the past decade has also been a key part of the success of the policies that we have pursued here, now has the benefit of a company with the reputation and the capacity of DSM Biologics here in Queensland.

Of course, this represents a broader part of the investment that we have made across the last decade of around \$3.6 billion—just over \$3½ billion—in science infrastructure in institutes like the Queensland Brain Institute, QIMR and other institutes. What we see is that the growth in the life sciences sector is now around 19,000 people employed. Just four years ago that figure was around 13,000. You get a sense of the growth of the effort in this area which has seen the government's policy decision about pursuing opportunities in biotechnology, in biopharmaceuticals and in this area provide not only future investment but future jobs and future opportunities. The securing of DSM Biologics to operate the BPA facility, I think, is a tremendous boon and one that will be of very great benefit to the people of Queensland well into the future.

**Mr CHOI:** Treasurer, I also refer to page 6 of the SDS. With my having strong interest in the building and architecture industry, can you outline to the committee what is the HEAT project and what are the latest outcomes achieved?

**Mr FRASER:** I thank the member for Capalaba. I know that he has a particular familial interest in the importance of architecture and something which he added into proceedings this morning, if I was listening right with one ear. The issue around the opportunity that exists in some professional services in

design in particular is one which we have pursued with vigour. The Department of Employment, Economic Development and Innovation is the lead agency for pursuing our creative industries investment, and the HEAT initiative has been about showcasing the skill that we have in Queensland architecture to the world. We know that a great proportion of the world's construction over the next generation is going to occur in China in particular. When I recently led the trade mission to the Shanghai World Expo, a good many architects joined in through the HEAT initiative to promote their wares at the Shanghai World Expo, which is a showcase of architecture around the world—and well they should.

HEAT Architecture has in fact delivered an increase in exports of around 25 per cent, or more than \$8 million, during the time that it has been in place. It has generated about \$4 million worth of publicity through its initiatives in promoting Queensland architecture around the world across international media in 25 countries including France, Spain, Italy, Germany, the United Kingdom, the United Arab Emirates, China, India and the United States of America. When we look at our skills and expertise here, we know that the opportunity is not only in architecture but also in fashion and in other areas of design. Where we have the expertise in a subtropical environment to provide for this expertise, we should leverage off that. If we look at the growing markets across Asia, if we look at the growing markets on the Indian subcontinent, this is a climate in which that design expertise can be leveraged for new export opportunities.

Home-grown and well-known Queensland company Easton Pearson launched a new range in Shanghai at the same time. They are looking to tap into that market, where the design knowledge and the creative industries that we are keen to support, in partnership with institutions like QUT in particular—and I want to acknowledge the role that they have played—has seen an industry created now that is worth about \$3½ billion in terms of our economy. It provides jobs now to around 74,000 Queenslanders in total. These are jobs which are economically resilient, which have great transferability and are export jobs of the future. Our commitment to supporting them is one which has been a hallmark of our commitment to supporting innovation and design more generally across the Queensland economy.

**CHAIR:** Thank you, Treasurer. Following on from there, I refer to the National Collaborative Research Infrastructure Strategy, which is referenced at page 28 of Budget Paper No. 4. I ask that you detail for the committee what is being funded from the NCRIS program?

**Mr FRASER:** One of the things that we have pursued in recent times is a commitment to leveraging particularly federal funds towards the investment that we have made in innovation. As I remarked earlier, around \$3.6 billion—more than \$3½ billion—has been invested in innovation in infrastructure in this area. The National Collaborative Research Infrastructure Strategy that has been put in place by the new Commonwealth government, which has decided to participate, I think, substantively and in a welcome sense in this area, has been a key target for us.

In the past we have had allocations of around \$34 million in projects funded by the National Collaborative Research Infrastructure Strategy. That has leveraged around \$57 million from Queensland project proponents and around \$55 million from the Australian government. We have set aside further funds, in the order of \$13 million, to leverage further funds. The target here is to seek to leverage a tremendous amount more from the federal government now that they have provided these funds both through NCRIS and, in particular, through the Education Investment Fund into the future.

To take just one example of the success that we have had with the federal government now to participate in this area, the Translational Research Institute had a funding contribution of around \$100 million from the state. That has leveraged around \$200 million from the Commonwealth and other sources. Our investment has been focused on nine areas in particular. They are: evolving biomolecular platforms and informatics, imaging and microscopy, nanofabrication, marine observation, terrestrial ecosystems, population health biotechnology, earth systems and advanced communication technology platforms. All of these represent significant investments and targets for us into the future as we seek to create the jobs of the future.

In reality what we know is that the jobs of the future are not even imagined at this point. That is why the commitment of this government through its term in office has been to the Smart State agenda because, in short, it is about jobs. It is about jobs for the future. It is about jobs for our kids, for the kids not yet born and for those kids who we cannot even imagine the things that they are going to do. That is why it is vitally important for governments to play a role in this space. They should not seek to displace what is in the end the opportunity for productive investment and for private sector investment to lead, as it always does, growth in the economy and productive investment and growth in employment. But there is a role for government at the front end of these programs to provide that support, to provide the critical mass and to set a course that creates the investment environment that can lead to further investment.

**Mr WENDT:** Treasurer, again with reference to Budget Measures, Budget Paper No. 4, and specifically to page 28, can you explain why the government is providing funding for an Innovative Voucher Award program to Queensland's SMEs?

**Mr FRASER:** I thank the member for the question. A \$2½ million program was announced in the budget—the Innovation Voucher Award program, which is across this year and next—\$2½ million in total. As I was just mentioning, we think that innovation and supporting innovation is vitally important for the future of the Queensland economy. That means that you have to invest in the front-end research effort, you have to invest in the infrastructure and you have to invest in the institutes. But innovation is not just about people in a lab or people in an institute; it is actually about what businesses do every day. The innovation voucher program is targeted at the SME sector, at the small and medium enterprise sector.

The taxation regime works well to support those companies with balance sheet capacity and the reserves to undertake research and development. But this is a program that we are going to deliver in consultation with industry, with the Australian Industry Group, to promote investment in research amongst the SME sector. All businesses need to be innovating. All businesses need to be looking at not just research into new products but research and innovation in the processes they adopt, in the ideas that they pursue and in the markets that they tap.

What we are seeking to do during this pilot program is to engage many SMEs that frankly might not have the time or the inclination to engage in innovation, to give them the incentive, the opportunity and the support through this program to look at the innovation investments that they might make. The Innovation Voucher Award program will provide up to \$50,000 for supporting research ideas and expert advice to help businesses innovate. The program is based on successful models which have been pursued in other jurisdictions including in the UK, Singapore, Canada and the Netherlands. This is a program which we believe will be up and running by the end of the year as an initiative that was funded in this budget.

As I said earlier, innovation is the key for all businesses to pursue, not just universities, not just research institutions. The reality is that every single business needs to ensure that they have the wherewithal to pursue innovation both in the products they pursue and in the processes they undertake. This program will go directly towards supporting those businesses, the SME sector, which are most at risk of not having the time or the inclination or the capacity or the wherewithal to invest in this area. I believe it will be one which presents exciting opportunities for that particular sector.

**Mr WENDT:** If we talk about opportunities for business in that case, staying on Budget Measures—specifically, I note page 78 discusses taxation—how does Queensland's taxation regime for small businesses compare to other states?

**Mr FRASER:** The point you make is critically important—that is, that industry support programs such as the innovation voucher program have, as condition precedent, the requirement for there to be a competitive tax environment. As I mentioned in particular, the tax take on a per capita basis in Queensland is \$417 less than the average of other states. It is absolutely important that we have a competitive taxation regime. I mentioned earlier in other remarks the maintenance of a competitive taxation regime as being vitally important as an economic policy plank for the state of Queensland into the future. It is one that we are determined to keep. We have the lowest payroll tax rate in the nation at 4.75 per cent and the highest threshold on mainland Australia. To put it on the record because it is worthwhile, in New South Wales, the rate is 5.5 per cent; in Victoria, it is 4.9 per cent; in Western Australia, it is 5.5 per cent; in South Australia, it is 4.95 per cent; in Tasmania, it is 6.1 per cent; in the Australian Capital Territory, it is 6.85 per cent; and in the Northern Territory, it is 5.9 per cent.

In that regard, our determination is to ensure that the precondition for investment and economic development through a competitive taxation regime exists. As I mentioned earlier, we also have the apprentices and trainees payroll tax rebate regime of 125 per cent which remains in place in this budget. That was a key election commitment included in the last budget and advanced in this budget. We are determined to have the lowest payroll tax regime in the nation to ensure that we promote investment and promote the opportunity for businesses to make the decision to invest in future productive expansion, and that means jobs for Queenslanders.

On the measure of not just per capital dollars but as a proportion of the economy, the tax take as a proportion of the economy in Queensland has in fact declined over the decade to now stand at around 3½ per cent. That is an important measure. Also, the final measure that is usually referenced is the Commonwealth Grants Commission on which Queensland also compares favourably. In that regard, the taxation measures that are pursued to promote economic development—the subject of the estimates committee deliberations at this point—are ones which the government is intent on keeping. With those preconditions for investment and with certainty provided for industries like LNG to take those investment decisions through a consultative process that put in place the royalty regime—that settled that, that determined that, that warranted that as being the regime and the policy setting as well as the opportunity to provide certainty around deductions—this is a government that remains committed to providing investment certainty, to allow businesses to make those investment decisions for the long-term benefit of the growth of the Queensland economy.

**CHAIR:** Thanks, Treasurer. I can assure you that this committee is ready to have its break, but I can see a two-minute gap and the member for Clayfield has a further question. You might get two minutes to answer it. That is all.

**Mr FRASER:** Once more with feeling.

**Mr NICHOLLS:** Absolutely—the last hoorah. Treasurer, in relation to the Queensland Investment Incentives Scheme, can you tell the committee how many packages have been executed each year for the last three years? What has been the total grant money over that period? When will the annual report that was due to be published for 2009-10—that is, the last financial year—be available?

**Mr FRASER:** I am happy to provide all of that information to the shadow Treasurer. Just to confirm, you want that information for each of the last three years, did you say?

**Mr NICHOLLS:** Yes, the QIIS for the last three years.

**Mr FRASER:** I will take each subelement of that as a question on notice, and I thank you very much for your interest in that very important program, the Queensland Investment Incentives Scheme.

**CHAIR:** That brings the scrutiny of the Treasurer and Minister for Employment and Economic Development to a close. In concluding, I understand that once again a detailed amount of work has gone into the scrutiny of this portfolio from the Treasurer's staff and departmental officers. I thank everybody who has been involved in the preparation for this level of scrutiny as a proceeding of the parliament. Thank you, Treasurer. Thank you to your advisers and staff.

**Mr FRASER:** Can I take the opportunity to acknowledge the efforts of Treasury officials and officials from the Department of Employment, Economic Development and Innovation, and I thank members of the committee for their interest in the fine state budget 2010-11. I appreciate all your work.

**Proceedings suspended from 4.44 pm to 5.00 pm**

## ESTIMATES COMMITTEE A—PUBLIC WORKS AND INFORMATION AND COMMUNICATION TECHNOLOGY

### In Attendance

Hon. RE Schwarten, Minister for Public Works and Information and Communication Technology  
**Department of Public Works**

Mr M Grierson, Director-General

Mr M Smith, Deputy Director-General, Works

Ms E Jelliffe, Queensland Government Chief Procurement Officer

Ms N MacDonald, Associate Director-General

Mr T Skippington, General Manager, CITEC

Mr W Pashen, Chief Financial Officer, Corporate and Executive Services

Mr J Fennell, Assistant Director, Finance, Corporate and Executive Services

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**CHAIR:** I declare this meeting of Estimates Committee A reopened. My name is Simon Finn. I am the member for Yeerongpilly and chair of this committee. Joining me on the committee are: Paul Hoolihan, the member for Keppel; Michael Choi, the member for Capalaba; Wayne Wendt, the member for Ipswich West; and Jann Stuckey, the member for Currumbin. There are two other non-government members who will be with us shortly. They are Tim Nicholls, the member for Clayfield, and John-Paul Langbroek, the member for Surfers Paradise and deputy chair of the committee.

This afternoon or evening—it certainly feels like evening to this committee—we will examine the proposed expenditure contained in the Appropriation Bill 2010 for the portfolio of the Minister for Public Works and Information and Communication Technology. I welcome Minister Schwarten and his advisers. This committee will examine estimates for the portfolio until 7 pm.

The proceedings today are lawful proceedings of the parliament and subject to the standing rules and orders of the parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded 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 website and to receivers throughout the parliamentary precinct. Before we begin, can I ask that if you have a mobile it be now switched off.

The time limit for questions is one minute and it is three minutes for answers. A warning bell will chime 15 seconds before the time runs out. An extension of time may be given with the consent of the questioner. For the benefit of Hansard, I ask advisers if they are called to give an answer to please state their name before speaking.

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

That the proposed expenditure be agreed to.

Minister Schwarten, you have an opportunity to make an opening statement of up to five minutes.

**Mr SCHWARTEN:** Thank you, Chair. I will make a few opening comments and then respond to whatever issues your committee wishes to raise with me. This year, 2009-10, has been full of challenges right across the portfolio. The GFC has not yet run its full course and it is still impacting upon the state's revenue base and hence our budgets.

Our budget continues to deliver on the Bligh government's promise to create more jobs sooner. We said we would deliver the nation's largest building program. We are doing it. Over \$17 billion is being spent protecting 106,000 jobs. A major commitment for Public Works is to deliver \$8.5 billion of capital works projects, and we are getting on with it. In turn, this protects and creates more jobs for workers.

The jobs created by government projects have saved building companies, kept building workers in work and enabled them to pay their mortgages and put food on the table for their families. The honourable members from the Gold Coast, for example, would have witnessed much greater unemployment in their electorates if it were not for the projects of the Gold Coast University Hospital, which will create 10,000 full-time equivalent jobs over three years, and the Carrara Stadium

redevelopment, which will create 1,100 full-time equivalent jobs. In addition, my department has also assisted in the rollout of \$4 billion in federal government national stimulus construction projects, generating further employment opportunities for thousands of construction workers.

A big challenge this year has undoubtedly been the Health payroll implementation. There is no doubt that the implementation of the Health payroll system was not well managed. The Auditor-General has tabled a report on the shortcomings, KPMG has undertaken work on improving the health department's business processes and PWC is reviewing the strengths and weaknesses of the shared services model. We will obviously respond to the government's directions from these reviews and reports. However, I can assure you that our CorpTech and CITEC officers have again worked around the clock since the cut-off at noon last Sunday to make sure that pay cycle No. 9 is in bank accounts for over 78,000 Health employees tomorrow morning. I expect that you will want to pursue this project in more detail later on.

However, along with the challenges we have also had successes within our major projects area. Kurilpa Bridge and Kangaroo Point Park are two iconic projects that have been completed this year. The bridge was a finalist in this year's national construction awards and is testimony to our local architects Cox Rayner and the builders Baulderstone.

In the area of budget savings, the department continued to make whole-of-government savings in general procurement, capital works construction activities, accommodation leasing, ICT procurement, vehicle procurement and energy consumption across government. In the regional areas of Queensland we have been involved in a massive construction program, particularly delivering important schools and hospitals.

Another important success is the delivery of the first 45 new dwellings in Indigenous communities in North Queensland. This program has faced huge difficulties with wet weather making some sites inaccessible, land tenure and native title issues to be addressed and major infrastructure concerns. With the assistance of 146 local Indigenous employees this has been an outstanding effort.

On the ICT front, we have delivered all our targets for the Toward Q2 through ICT strategy 2009-10. CITEC has been moving ahead on the IDES and ICTC projects and continues to populate the Polaris Data Centre. Notwithstanding the problems of the Health payroll implementation, CorpTech has consolidated seven government agencies into the Aurion payroll system, supported multiple payroll systems that pay over 220,000 public servants each fortnight and supported multiple SAP finance systems that manage the accounts of every government department and pay some 300,000 invoices to mainly Queensland employers each month.

I and the department have contributed to the government's Toward Q2 targets during 2009-10. Job creation in both the ICT and the construction industries have particular priority. I will finish by stating that I do not believe that the working relationship between the government and these industries has ever been better. I will, as I always do, take questions and hand some of those to the director-general. This is the departmental estimates. I notice that I was criticised for doing that last year. I have done that for 12 years and I intend to continue to do it this year.

**CHAIR:** That brings us to the first block of questions which are from non-government members. I invite the member for Currumbin to lead off.

**Mrs STUCKEY:** Good evening, everyone. I refer to SDS page 2-157 under the heading 'Information and communication technology' where it talks about progressing the HR and finance systems consolidation under the Corporate Solutions Program. An editorial in the *Courier-Mail* on 13 June 2010 describes the Auditor-General's report into the Queensland Health payroll catastrophe as 'one of the most dysfunctional and inept examples of public maladministration in recent Queensland history'. The Premier has apologised to Queensland Health workers robbed of their pay. The Minister for Health has also apologised. When will the public works minister finally apologise for the role that he played in the Health payroll disaster?

**Mr SCHWARTEN:** I note that the best you can do, shadow minister, is to quote from the *Courier-Mail* rather than to quote what you really believe yourself, but that is a matter for you. The reality is that I have said on many occasions that no-one wanted this set of circumstances. Yes, I feel sorry for those people who have not been paid. I know many of them. I also feel sorry for the people who work in the payroll section at CorpTech who have worked many long hours and who have suffered quite a deal of abuse from people such as yourself who have considered them to be somewhat inept.

I have actually met those people face to face. I have met the payroll people who work in Queensland Health. I doubt that you have because you would not make some of the obviously ill-informed comments that you do make if you had. I am certainly very sorry when any worker does not get paid, be they a nurse or a builders labourer or anybody else. I have worked my darnedest to make sure that that is the case.

Tomorrow, the agency that I am responsible for will have delivered 78,000 pays into people's bank accounts. What the opposition has consistently said is that the SAP system does not work. That is the same system that this week delivered 85,000 group certificates to health workers. That is the same

system that is ensuring people are paid. This is the same system that the opposition has consistently complained about. My view is that you ought to sit down with those involved in SAP and make known to them what your specific criticisms of SAP are.

I refer to the ill-informed comments made by the shadow minister about Workbrain and SAP not working together. Let me advise the committee that Australia Post will use that very same configuration. Again, the criticism that you have made about that being put together is incorrect. That decision was made, from my understanding, well before I became the minister or the current health minister became the minister responsible for any of this. The reality is very simple: those payroll systems do work. The advice from KPMG at the time was that the IBM contract could be accepted because that configuration did work.

All of those comments that you continue to make, blaming the people who work in CorpTech for not paying nurses, I think show a lack of understanding about the technology. I have never, ever said that there is not something wrong with the payroll system. I certainly apologise for any role we might have had in that. But I certainly make no apology for the hardworking people who work in CorpTech who have worked 24 hours a day, seven days a week to make this work.

**Mrs STUCKEY:** It would appear that the minister still cannot say sorry to people over asbestos, cannot say sorry to these payroll workers and as usual went on a very personal attack towards me. Minister, in your closing statements at last estimates you iterated how much you enjoy these sessions as they are an opportunity for a spring clean. Well, here is your chance for a spring clean.

I refer to the SDS at page 2-230 and CorpTech. The Auditor-General found out that for the Queensland Health payroll project CorpTech signed all contract and project documents with IBM without clear evidence that Queensland Health signed off on these changes. How could CorpTech be allowed to enter into these contracts without confirming with Queensland Health that this agency was delivering what Health actually needed?

**Mr SCHWARTEN:** I will ask the director-general to answer that question.

**Mr Grierson:** I think we need to understand that CorpTech joined this department in July 2008. I cannot answer questions that relate to the signing of an IBM contract which occurred in either 2006 or 2007. The general manager of CorpTech now was appointed in July 2009. I do not think she knows what the contract conditions were with IBM when they were signed. What I do know is that the—

**Mr NICHOLLS:** Wouldn't the contract conditions be in the contract?

**Mr Grierson:** That was not the question. The question was: what were they thinking at the time? The contract itself does have conditions in it. The conditions were put in there at the time and we believe that the health department were involved. They were certainly on the evaluation committee that chose the products of SAP and Workbrain. They were certainly party to the decisions to move HR people over from the health department to CorpTech. They were certainly party to decisions about the scope.

If you read the contract provisions you will see that it quite clearly says that the requirement to specify the scope for the system was a health department responsibility, not a CorpTech responsibility. I cannot answer any more than that because I was not there at the time. It was not part of my department.

**Mrs STUCKEY:** With respect, I will go through the minister, although you are answering on his behalf. The director-general did really say in the estimates last year that he would re-examine the direction of the project last year. I wonder why you appear to have changed your mind?

**Mr Grierson:** If you read the *Hansard* from last year, Mrs Stuckey, you will find that what we were talking about was the direction of the program. The program we were talking about was the Corporate Solutions Program. That program, set in place in 2005, involved a whole-of-government solution for HR payroll and for finance. The health department was only one agency in that whole solution.

What I said to you last year was that when I took over CorpTech and that solution I made certain decisions which I then asked my minister to ratify with CBRC and cabinet, which he did, which changed the direction of the program. It did not change the direction of the Health HR system. It changed the direction of the program. We changed the direction as far as the education department was concerned. It was due to go forward on a SAP solution. It changed the direction of some of the finance rollouts. What we did was to consolidate all of the IBM activity because I was not satisfied that IBM could deliver across the entire program. I made sure that we changed direction such that IBM would concentrate only on the Health payroll. That was the direction I changed. It was the program, not the specific project of Health HR payroll.

**Mrs STUCKEY:** Minister, I refer to the SDS at page 2-230 relating to Queensland Health finance and human resource solutions. In last year's estimates hearing the minister told this committee that IBM had written to him saying it is the most complicated system it has ever had to deal with in Australia, and he is nodding in affirmation to that.

**Mr SCHWARTEN:** Yes.

**Mrs STUCKEY:** Despite the clear recommendation by SAP that a full parallel pay run comparison between the Lattice payroll and the SAP HR be planned and implemented prior to go-live, it was rejected by the project board. Knowing this complexity, Minister, why did you not ask whether full parallel testing as recommended by the experts had been conducted prior to go-live?

**Mr SCHWARTEN:** SAP did not advise me of that matter; it advised the board. I was not advised that that advice was created. As I understand it, the board took a decision some 18 months or something prior to that—early 2008, as I understand it—because, again, I was not the minister responsible for it at that time. The board took a decision, and this is something that the Auditor-General has commented on. The governance model was wrong in that it did not have to report upwards. So it did not report to me. It did not report to the director-general or the associate director, as far as I am aware, that that decision was rejected by the board. SAP made that submission to the board. The board was empowered to make that decision and made that decision not to do that parallel run.

I think the director-general, had he been aware of that, would have advised differently. I am sure that, had he advised me of that, I would have endorsed that view. However, I was not advised. The director-general was not advised. The board took that decision, and that has been identified by the Auditor-General as a flaw in the implementation of the whole system. We accept that, and I accept that is a failing in that the implementation and the governance model is wrong. We will not make that mistake a second time. We certainly would not do building projects like that, but that was the governance model that was selected to do it.

The people who sat around that board included the private contractor, IBM. Again, I have heard the opposition criticise that contract. IBM signed it and I suggest you talk to IBM. I have spoken to IBM as well as SAP about these matters. The other people who sat on that board who made that decision made that decision without reference to myself or to any other person, and they were empowered to do that. If you believe that I should have been made aware of that, I agree. I should have. But I was not made aware of that and I somehow wonder how I am supposed to be held accountable for something that I was not advised about and was never meant to be advised about.

**Mrs STUCKEY:** Minister, I find it incomprehensible that you did not know about this. We have a fairly hefty report here. The customer was CorpTech. It is dated 31 August to 11 September 2009—clearly while you were minister, clearly while you were supposedly responsible for this project—and you are saying here today at an estimates hearing that you did not know about this and the recommendations in it?

**Mr SCHWARTEN:** That is exactly what I said and I do not know whether I can make it clearer if I keep repeating it.

**Mrs STUCKEY:** You should have known.

**Mr SCHWARTEN:** You will just have to find it incomprehensible, I am afraid.

**Mrs STUCKEY:** I refer to the SDS at page 2-230 again and the Queensland Health finance and human resource solutions. The Queensland Health Implementation of Continuity Program Board approved the go-live for the catastrophic Queensland Health payroll project on 14 March 2010, a day that will be marked in history as one of the worst for the ICT industry and this government. Since then Queensland Health has taken action against its board representatives responsible for this ill-fated approval. Minister, will you be taking similar action, or do you lack the courage to make these tough decisions?

**Mr SCHWARTEN:** Sorry, would you repeat that? I missed the first bit of it.

**Mrs STUCKEY:** The Queensland Health Implementation of Continuity Program Board approved the go-live for the catastrophic Queensland Health payroll project on 14 March 2010. Since then Queensland Health has taken action against its board representatives responsible for this ill-fated approval. Will you be taking similar action, or do you lack the courage to make these tough decisions?

**Mr SCHWARTEN:** Shadow Minister, you absolutely intrigue me. You can sit there and make those personal sorts of references to me, but when I say something back to you you say that I am getting personal. Accusing someone of lacking courage is a pretty personally offensive remark. I do not take offence to it—

**Mrs STUCKEY:** You set the tone today, Minister.

**Mr SCHWARTEN:** I beg your pardon?

**Mrs STUCKEY:** You set the tone today.

**Mr SCHWARTEN:** I think you wrote that question well before you got in here today. I do not think you just made it up on the spot. I just wanted to expose that duplicity that you have in this regard. I do not understand what you understand about being a minister, but let me just give you a little bit of an understanding. Ministers do not hire and fire public servants. Yes, certainly in the bad old days of the Tories that used to happen. Joh and people like Hinze and all of those did get involved in the day-to-day activities of departments, of sacking public servants, threatening them, transferring police officers and all

those sorts of things—transferring teachers because they were not members of the National Party. I think that is the standard that you still think should apply to government. I take a different view, and in the 12 years that I have been the minister and this gentleman has been the director-general of this department never once—and he is free to speak for himself—have I ever chosen or tried to interfere with any operational matter of this department. Never, ever, ever have I done that. There was a bloke Ray Connor who came from the Gold Coast who was a previous minister who thought it was his job to interfere in the department, and even Joan Sheldon got rid of him. So the reality is that I do not take the position of hiring and firing of public servants, and I will now ask the director-general to explain what his role is in this most offensive question.

**Mr Grierson:** Mrs Stuckey, I am aware that the Health director-general did terminate the contract or contracts of two individuals. At the time I asked the general manager of CorpTech to meet with me. I asked her to show me the material that was presented to her at that board meeting, which she did. I saw a document which was presented by the independent assurance adviser to Queensland Health. That document said—and it had green all over it—‘business readiness, green, ready to go live’; ‘data migration, green, ready to go live’; ‘training of staff, green, ready to go live’; ‘user acceptance, green, ready to go live’. There were about 15 categories. Of those 15 categories, there was only one—should I continue?

**Mrs STUCKEY:** I think you have made your point.

**Mr Grierson:** The point is that I had no basis on which to terminate anybody. The evidence that was presented to me by that officer—and I know that that is exactly the papers that were presented to the board, because I have also seen them from the IBM representative. Had I been on that board and had an independent assurance adviser present me with all of the information saying, ‘Training, data conversion, user acceptance, business readiness—all green, ready to go live’, I would have said, ‘Go live,’ and that was the problem that I think that board was presented with.

**Mrs STUCKEY:** Thank you. It is very interesting to see an advert in the paper today. I refer to the SDS at page 2-230 and CorpTech—

**Mr SCHWARTEN:** I missed that little aside there, Mr Chairman. I would like it repeated please.

**Mrs STUCKEY:** It was interesting to see an advertisement for a position in the paper today.

**Mr SCHWARTEN:** What was?

**Mrs STUCKEY:** I refer to the SDS at page 2-230 and CorpTech. Minister, you have previously been quoted in both parliament and estimates hearings regarding the Queensland Health payroll project that—

... we were given a budget and that budget will stand. There is no more money.

How could you reasonably make this claim when the Auditor-General found that the Department of Public Works approved change requests costing \$9 million, almost 150 per cent over that contract’s original budget, not only before the department received documentation to justify this cost increase but almost three months before the request was formally accepted by the Queensland Health project directorate?

**Mr SCHWARTEN:** I made it on the advice given to me by the director-general and I am happy to hand it over to him.

**Mr Grierson:** I missed that question, I am sorry.

**CHAIR:** Member for Currumbin.

**Mrs STUCKEY:** Would you like the entire question? The minister has previously been quoted both in parliament and estimates hearings regarding the Queensland Health payroll project that—

... we were given a budget and that budget will stand. There is no more money.

How could the minister reasonably make this claim when the Auditor-General found that the Department of Public Works approved change requests costing \$9 million, almost 150 per cent over that contract’s original budget, not only before the department received documentation to justify the cost increase but almost three months before the request was formally accepted by the Queensland Health project directorate?

**Ms MacDonald:** My recollection of the discussion at last year’s estimates was in relation to the total budget for the Corporate Solutions Program which includes a whole range of projects. My understanding, and I am advised, is that all of the change requests that were made—and many of those were made prior to this whole program coming over to this department—were made at the request of Queensland Health. Some of those change requests were also made at the request of IBM and change requests can include things like change of personnel on the project which had to be approved. So there were quite a number of change requests relating to those issues. So I guess what I am saying is my understanding of what you are asking is a comparison of two separate things. The Corporate Solutions

Program budget remains the Corporate Solutions Program budget. The Queensland Health consumption of that is part of the process that we have to work through as we move forward with that budget, and all of those change requests were change requests generated either by Health or by IBM, as I understand it.

**Mr Grierson:** I can add to that. Yes, I understand now exactly where the \$9 million is. Ms MacDonald is correct. The statement by the minister related to the whole program, and it is accurate. There has been no further funding provided by Treasury for the total Corporate Solutions Program. In fact, before we go into implementation from any further modules for HR payroll or finance, we will have to go back to the Cabinet Budget Review Committee for further funding.

**CHAIR:** Thank you. Time for that block of non-government questions has expired. Minister, I have some very detailed questions to pose to you regarding the appropriation in your portfolio. But, before I get on to those, there is one question I would like to ask. You would be aware that following scrutiny of the Premier's portfolio this morning the member for Surfers Paradise raised issues concerning your attendance at a business lunch organised and paid for by building union representatives. Arising from these issues being raised in what are proceedings of the parliament today, can you advise the committee of events and functions that you have attended recently?

**Mr SCHWARTEN:** Yes. I thank you for the question, and it is important that we get this on the record. I thought that the Premier had indicated to the Leader of the Opposition that he might like to ask me that question. In fact, I had to get it asked myself. The reality is that I have been to many functions since April and all of those are very necessary parts of my portfolio, and I will just highlight a few of them. I have been to a function with Microsoft, Master Builders, AAPT, business breakfasts with the CQCIO, a Queensland budget luncheon, a Queensland downtown breakfast with the Property Council, another Master Builders executive lunch and the lunch that is referred to by the honourable member. The following day, on the 30th, I went to a breakfast of the chief information officers with the Australian Computer Society. I might add that after that I went to a function where I had three Jatz biscuits with the people who work at CorpTech. I went to a CEDA and Bovis Lend Lease boardroom luncheon on Tuesday, 6 July. Tomorrow I will be at a Board of Engineers lunch.

There is another Bovis Lend Lease function at Carseldine next week. There is one with Leighton's and then there is the Premier's AIIA and ASC lunch that I am expected to attend also. That is over a period since about April. I do not think that is excessive, but I think what it does show is the cheap shot that the Leader of the Opposition made here today.

This is a very broad portfolio and the issues raised by the Builders Labourers Federation go to the very core of what this job is all about. He might not know it, but in his own electorate area there are a lot of builders labourers who are working for subcontractors on government jobs and the Builders Labourers Federation has grave concerns about some of those constructions. That is why they have on two occasions tried to get a meeting with me. They set the format, as do all of those organisations that have invited me. They are not always lunches, dinners or the like. Sometimes these are in offices or whatever the case may be.

I know that you have no care whatsoever for builders labourers nor interest in them because you have not been to those sites, but I was there last Wednesday morning at six o'clock for breakfast with 600 building workers. That was a direct result of the lunch that I had with the Builders Labourers Federation. They asked me to come on site and talk to the contractors, to talk to the others who were there. I did that. I then went to the Carrara Stadium as well. But the issue of subcontractors is something that I came back to the office and raised with the director-general—subcontractors on government sites paying the right wages and the right awards. The Builders Labourers Federation has every right to raise those issues with me in the format that they did, and the cheap shot of me not being at a press conference, to which I was not invited, is nothing more than that and it gives a great deal of insight, member for Surfers Paradise, into how you would run government.

**Mr Nicholls** interjected.

**Mr SCHWARTEN:** If you have got something to say, Mr Nicholls, say it.

**Mr NICHOLLS:** I would say not at lunch at Aria.

**Mr SCHWARTEN:** I did not choose that.

**Mr NICHOLLS:** If that is how you run government.

**Mr SCHWARTEN:** Could I just take that?

**CHAIR:** Order!

**Mr SCHWARTEN:** I will take that interjection.

**CHAIR:** I will allow you to take this interjection, but I am going to point out right now that this is government question time and if you want to ask a question of the minister you will have the opportunity during your time. I will allow you to respond to the interjection.

**Mr SCHWARTEN:** I have no more control over the place that was chosen by the Builders Labourers Federation than I did with CEDA last week at Urbane restaurant down the road.

**Mr NICHOLLS:** You can't say no.

**Mr SCHWARTEN:** I do not say no to people who legitimately invite me to a function. That may be how you would run government, but I certainly do not run business like that and I never have in the 12 years that I have been in it. If the Nurses Union, as they did, want to come and see me in Rockhampton I will meet with them also. I met with the Electrical Trades Union when they came to see me in my office in Rockhampton as well. So I do not care where the venue is. If other people choose the venue, that is a matter for them.

**CHAIR:** Thank you, Minister.

**Mr SCHWARTEN:** I hope you never go to that restaurant.

**Mr NICHOLLS:** I would not be doing government business there, that's all.

**CHAIR:** Order! That is enough of the interplay. If you want to raise these issues again you can do that during the next block of non-government questions. I would now like to come to page 2-195 of the Service Delivery Statements which refers to the impact of the global financial crisis. Minister, it is obvious, I am sure, to you as it is to others that the global financial crisis has had devastating effects around the world. I ask that you advise the committee of the impacts on the Queensland building industry of the financial crisis and also the impact on projects in your department.

**Mr SCHWARTEN:** Yes, most assuredly. I know that those opposite, especially the member for Clayfield, who has never been touched by unemployment, think the GFC was one great big joke. Obviously—

**Mr NICHOLLS:** No, I know where the goat is, Minister.

**CHAIR:** Order!

**Mr NICHOLLS:** Mr Chairman, we are subject to a tirade of abuse when he is asked a question. If the minister wants to abuse us, it is unreasonable for him not to expect a response.

**CHAIR:** He said the word 'joke', not the word 'goat'. That is what I heard. Continue.

**Mr NICHOLLS:** I heard the word 'goat'. So if he is doing that, we will respond.

**Mr SCHWARTEN:** I said the word 'joke'. I said treating unemployment as a joke, not a goat.

**CHAIR:** I do not think that is a personal reflection necessarily.

**Mr NICHOLLS:** It was directed at us, Mr Chairman. There has been a constant stream of commentary in answer to questions which says, 'If the members opposite, especially'—bang, bang, bang.

**CHAIR:** Order! There was no reference to you.

**Mr NICHOLLS:** He did. He made a direct reference to 'the member for Clayfield, who has never had to suffer unemployment in his life' and 'he treats it as a joke'. That is what he said. That is a direct reflection on me. Mr Chairman, I think it is only fair, if he is doing that, that we have a shot back because he is not answering the question.

**CHAIR:** I am happy for the minister to continue. I am not going to debate these issues between members of this committee. We will adjourn and we will convene a meeting of the committee if you want to have a discussion about it, but we are going to proceed. We have 13 minutes left of government time. I do not know why the clock is paused; I am happy for it to not be. We will continue on with government questions and then we will come to non-government questions. If we are going to continue in this vein, we will just adjourn and deal with the matter then. Minister, I will ask that you respond to the questions as asked.

**Mr SCHWARTEN:** Yes. Mr Chairman, I was not the one who started the interjections. I guess one of the most poignant examples of what the GFC can do is just down the road, at the higher courts building that Bovis Lend Lease is building. At the end of last year we had a subcontractor on that site go belly up—Wideform—and as a result of that those building workers who were working there would have lost their jobs. At that stage I was contacted by the Builders Labourers Federation. We then talked to Bovis Lend Lease. This was not just on their project; there were other projects in the city that also had those problems. But what that, in effect, has done is hold that site up now for a month as a result of those people going broke as a major subcontractor.

**Mr Grierson:** Four months.

**Mr SCHWARTEN:** Four months. I was going to say four weeks—four months. That site is now behind as a result of having to renegotiate that whole process. So that is the effect that it is going to have on our capacity to deliver. They are the things that people do not see in the subcontractual chain that have led to a great deal of tension. During 2008-09 there were 3,599 cancellations compared with 4,740 cancellations during 2009-10. That is of building licences. The rate of unemployment on the Gold

Coast in the construction industry in commercial is among the highest in the state, as it is in Cairns. So it is equally clear that if we had not taken the decision to go into debt, to go into deficit, to build projects like the Gold Coast Hospital—the biggest project of its kind anywhere in Australia that has 600 direct employees on it now—then unemployment on the Gold Coast would even be worse than it is now.

**Mr CHOI:** Minister, there is very strong community interest in the AFL stadium at the Gold Coast. Will you detail its status to the committee?

**Mr SCHWARTEN:** Yes. I was there last week. As I mentioned before, on Wednesday morning I went to breakfast at six o'clock with the workers at the Gold Coast Hospital and I was at Carrara after that. It is shaping up to be a great stadium. Watpac has the job. The crowd that it will hold is 25,000. They are well and truly in advance on the job. They have run into some steel difficulties on one side but they are compensating for that by pushing the project ahead on the other stand. The issues on that site—there have been issues on that site with industrial issues that have been raised with me by the BLF and the CFMEU—are being addressed.

One of the great innovations in this is the solar glass panelling which will go on the top. I think it will look a pretty schmick sort of an operation. It has a wave type of effect on the roof. I saw the glass last week that will hold the PV cells. They are manufacturing that in Holland. One of the project managers is over there at the moment. There is competition between them and China as to who makes them and the Dutch have won it. So that glass will be brought out from Holland. So it will be an ecofriendly stadium.

**Mr Grierson:** I think it is important that that stadium can be expanded to 40,000 for the Commonwealth Games and FIFA. So it is not just 25,000; it is a big facility.

**Mr SCHWARTEN:** At the end of the facility, the seating will be temporary inasmuch as it can be shifted to allow for that to happen. The project will be completed within budget. Over 85 per cent of the project's trade packages have now been let. The project is approximately 30 per cent complete and on target for the first AFL match in mid-2011.

**Mr CHOI:** Thank you, Minister. Another major project down on the Gold Coast is obviously the Gold Coast University Hospital. Knowing how complex hospital projects can be, any slight changes will increase costs and also delay the project. Can you also advise the committee how the project is getting on?

**Mr SCHWARTEN:** With a great deal of delight. It is certainly the most complex project that I have ever been on, and I invite the members opposite from the Gold Coast—I have taken the Leader of the Opposition on to sites before when he was the shadow minister and that invitation still exists to him and to the current shadow minister. It is a great project. There is no risk about that. I think there are 10 cranes on site at the moment. Just the sheer magnitude of the work involves something like colour coding to make those cranes work. There is a huge underground tunnel that has been created on the site to get from one side—a service tunnel—that had to be built over.

At the moment there are 600 people employed on that site. Touch wood, with the good builder and good union involvement there we have had no accidents, which is great. When I was there last Wednesday there was a safety briefing to organise that number of people on the site. That site will have 2,500 people on it at maximum at about this time next year. The cash flow, I think, is something like \$20 million a month now. It will go to \$45 million or \$48 million. It is a colossal project. One just can wonder what would happen on the Gold Coast if you did not have a project like that.

But, of course, we are ignoring the fact that it is a 750-bed tertiary hospital—the biggest project in Australia. This is why we took the decision last year to do what we did and went to the people on that basis. One of the things when I talked to the workers there last week was to explain why we went into deficit to keep them in employment. We had to look at the difficult issue, for me personally, of privatisation of QR coal to continue to get our borrowings down so that we could borrow to keep people like them in employment. All of those people are unionists and they did not dissent once from my view that we need to keep them employed. I would be happy if those opposite want to go down and put their word about stopping a Capital Works Program to those people and look them in the eye and tell them that you do not support a Capital Works Program like we have in Queensland, or how you might pay for it, because I think that is one of the issues that needs to be explained out there.

These people certainly understand that without the government they would have no employment, and that is a stark reality. It is the canary in the cage of the economy. These are the people who first go, and those people on the Gold Coast were telling me stories about how they had worked all over Queensland. They are not like other people who get to choose their employer. They have to move where the employment is and some of them have worked all over Australia.

**Mr WENDT:** Minister, staying with the major job-generating construction projects, your Service Delivery Statement mentions the significant correctional centre facilities at Gatton that your department is currently constructing. Can you update us on the status of these projects?

**Mr SCHWARTEN:** Yes, I can. I thank you, honourable member, for your question on it, because you and I were out there together. A number of the project managers said that they were living in Ipswich as a result of that project. So Ipswich gets a corner out of it as well, but not nearly as much as Gatton does. This is a \$485 million facility on a 683-hectare site and it is being built by the same people who built the Kurilpa Bridge—that is Baulderstone. The construction is almost 70 per cent complete. It is on program for completion in December 2011.

The services fit-offs are continuing, joinery, insulation and finishing trades are in progress and the secure perimeter fence is 90 per cent complete. There are 3,660 full-time jobs. Again, these are not jobs that grow on trees. These are jobs that are real. These are real people who take home pay packets to feed their families. I was up at Lotus Glen earlier this year. I intend to go back there again this year. It is a \$450 million project. This is a very difficult one. This is an existing prison, whereas Gatton is a greenfield site, as you know, and, member for Ipswich West, you also accompanied me out at that project. That is being built by Thiess. As I say, it is a much more complicated project, but one of the cornerstones of what we are doing is ecologically sustainable development. It is using recycled water in the cooling towers, energy efficient lighting, vacuum toilet systems and so on.

While I am talking about capital works, I want to mention a couple of our other projects that the shadow minister put out a media release on. The member said that the Maroochydhore government office building had been slashed by \$12 million. Do you recall saying that, shadow minister? It is actually \$12 million under budget. They are savings in the project. The Boggo Road precinct was running way behind schedule, you said. It is not. I am informed it has always been within the agreed construction program. The Ecosciences Precinct is five months ahead of schedule. I notice you are nodding your head against this, but that is what you put out after the budget. It is untrue and I ask you to correct the record accordingly at your first available opportunity.

**CHAIR:** We might now go to non-government questions. I call the member for Currumbin.

**Mrs STUCKEY:** Minister, as you have raised the issue of functions and the Premier has revealed that rather than fronting the media conference to condemn the damning audit of the Queensland Health payroll debacle you attended a longstanding business lunch at Aria, the restaurant of the working man, can you tell us who else was there, what unions did they represent—

**Mr SCHWARTEN:** What?

**Mrs STUCKEY:** Who else was there, what unions did they represent and who picked up the tab?

**Mr SCHWARTEN:** I have already answered that, I thought. The Builders Labourers Federation paid for the lunch. I have actually answered this in the media. David Hanna was there. He is the assistant secretary. And Greg Simcoe was there. Also Judy Spence, the Leader of the House, was there. She was there on another matter to do with fundraising for the RSPCA. She can answer those questions herself. The BLF has indicated that it intends to support a fundraiser for the RSPCA. Ms Spence is organising a fundraiser for the \$6 million shortfall that has existed between what the government has provided, \$19 million, and the \$25 million budget. Ms Spence has engaged them and other people as part of the fundraising. That was not my reason for being there. My reason for being there was, as I explained before, that this was a longstanding commitment. I meet with unions of all types. They are major stakeholders. I take it that the opposition member, if she were to become the minister, would meet with the Builders Labourers Federation if they invited her to a restaurant of their choice with them paying. That is a matter for them. If you wish to be critical of the Builders Labourers Federation—as the member for Clayfield was—for choosing that restaurant, that is a matter for you.

**Mr NICHOLLS:** I was critical of you doing government business there. This is exactly the same thing that I was saying a moment ago. It is a cheap shot that he gets a free kick at and he does not expect a response. Like all schoolyard bullies, he does not like it when you push back.

**CHAIR:** Member for Clayfield, I have seen you in the parliament. You are very experienced in knowing how to ask the minister to withdraw. If you find something offensive, ask him to withdraw. Let us not have the interchange. He was not making a personal reflection then, he was commenting on your reflection that it was inappropriate to do business in a restaurant.

**Mr SCHWARTEN:** That is right, and that is something that was said previously.

**Mr NICHOLLS:** I find the minister's comments offensive and I ask that he withdraw as they are untrue.

**Mr SCHWARTEN:** I withdraw whatever he finds offensive, but he—

**Mr NICHOLLS:** That is not an unqualified withdrawal.

**CHAIR:** Minister, just withdraw and continue on.

**Mr SCHWARTEN:** I withdraw, but the reality is that the honourable member was critical of me attending that restaurant—

**Mr NICHOLLS:** That is not an unqualified withdrawal.

**CHAIR:** Order. Let us hear what he has to say before we find it offensive again.

**Mr SCHWARTEN:** —attending that restaurant to do government business. I did not choose the restaurant. That was chosen by the Builders Labourers Federation. Am I to infer that because Microsoft chose Augustine's across the road I should not have attended or that I should not attend Augustine's tomorrow or the Master Builders boardroom or a restaurant the Property Council chooses at one of the major hotels here? I do not get a say in that. I either say yes or no, and I said yes—and I said it many months ago.

**CHAIR:** Next question, member for Currumbin?

**Mrs STUCKEY:** Let us move on to a whole-of-government question. I refer to SDS 2-156 and savings and benefits delivered through ICT programs. Since 2004 the Shared Services Initiative has collected over \$900 million in fees from government departments and agencies, as was indicated in a recent question on notice reply. The Auditor-General found that Public Works could not demonstrate to audit whether the government would realise the full benefits including savings that were expected from the large scale investment in these programs. How can the minister substantiate the claimed savings of up to \$100 million per year under these programs? Or were they simply made up to justify the collection of these fees?

**Mr SCHWARTEN:** They were not made up. They were based on advice that I received at the time, and I will ask the director-general to comment further.

**Mr Grierson:** Again, I think we are confusing a few different programs here. The Shared Service Agency was established by Treasury. The logic behind that was that by consolidating particular back-of-house functions of government like payroll, finance, mail and other functions, there would be savings. The figure identified by Treasury at the time—and again we are going back to 2003 or 2004 I think here when it was in Treasury—was \$100 million it expected to save. What Treasury then did was to allocate over the years certain amounts of money that the Shared Service providers had to provide as a dividend to Treasury to make up those \$100 million savings.

The Shared Service Agency has continued to provide those dividends as it makes savings each year. Now, where it gets its money from is the fees that are paid or were quarantined from the agencies that performed those functions initially. So, in Public Works I may have spent \$8 million a year—that is just a figure, I am not sure if that is the accurate figure—but say I spent \$8 million a year on those functions, that \$8 million was taken from me by Treasury and put over to pay for the people who left my department and went into the Shared Service Agency,

**Mr SCHWARTEN:** In what year was that?

**Mr Grierson:** 2003, something like that. It was in Treasury at the time. The same thing happened with CorpTech. When CorpTech was established in Treasury it was established as the technical arm to manage the systems that ran all those finance systems, payroll systems and what have you. The way they funded CorpTech, and this is where the \$900 million comes in, is that they said to every director-general, 'You are spending'—in my case say \$20 million a year—'on the technical support of the finance and HR systems that you are running in your department. We are going to take that money and we are going to consolidate that because we have now consolidated the support functions in CorpTech.' So that is where the \$900 million came from. It was money that the agencies were spending and would have continued to spend on supporting those systems with software licences, purchase of hardware, payment for networks and payment for maintenance and support of all the software products. That money was moved across to CorpTech and that is the money that they have got to spend on those same functions. That is where the \$100 million came from in Shared Services and where the \$900 million came from in CorpTech.

**Mrs STUCKEY:** So now there is something like \$120 million I think in the last year, because the question on notice was over a number of years, and if we just add up the last 12 months or so there is \$120-plus million I think in there that different agencies have paid into CorpTech. What is going to happen to that? The Premier, Minister, has actually mothballed, abandoned or whatever you want to call it—dismantled CorpTech and all sorts of other things.

**Mr SCHWARTEN:** She hasn't.

**Mrs STUCKEY:** May I finish my question, please?

**Mr SCHWARTEN:** Sure.

**Mrs STUCKEY:** What has happened to the monies that have been paid in there now that the whole project has been mothballed?

**Mr SCHWARTEN:** It is not true to say that the whole project has been mothballed. People are still getting paid. There are 78,000 people in the health department who tomorrow will get pay slips. It is not mothballed. What the Premier has said is that following the Auditor-General's report, whether or not a department like the health department—

**Mrs STUCKEY:** With respect, Minister—

**Mr SCHWARTEN:** Excuse me.

**CHAIR:** Order, member for Currumbin. The scrutiny of the estimates process is done best when there is a bit of robust interchange between members. However, the minister is entitled to answer his question without interruption.

**Mr SCHWARTEN:** Thank you. What the Premier has said is that there needs to be another look at the CorpTech model. We have PricewaterhouseCoopers doing that. They are in there reviewing it to see whether or not the model is still the model that should run government. This was proposed in 2002, I think. The idea was that we would run all departments through one shared service operator for IT. It seemed like a good idea at the time. Everybody was doing it. IBM has done it around the world.

What we are now saying is that perhaps with a complicated payroll system like Health it should be stand alone. That is what the Premier is saying: to review it. I have mixed views on whether or not that is the right way to go, but I will wait to see what the review says. Certainly if you look at the payroll across government it is about 220,000 people—70,000-odd of them are in Health and about 70,000 are in Education. The question begging to be asked, I guess, is are these organisations big enough to stand alone, on their own, in terms of their payroll? Was the original thinking not correct?

I think it is a fair enough question that she is asking because of the complication of a health system payroll that starts at the rostering post, that is done by a nurse, that then goes into a payroll hub and is then retyped and then goes over to CorpTech. Having spoken to CorpTech, CorpTech are quite happy with this arrangement. When I talk to the payroll people in the Rocky Hospital, which I have done on many occasions, they are now telling me that this system works all right. But let us have a review of it. What the Premier is saying is: is the learning out of what the Auditor-General is saying that we took one step too far in going down the CorpTech track for Health? She is not saying baby and bathwater out the window. We will wait and see the outcome of the review.

I am not trying to be rude, but I think there is a general misunderstanding out there that it is a big bang theory and we go back to nothing. Without being disrespectful to what an independent auditor will do, I do not think that is what they will find, but we will wait and see.

**Mrs STUCKEY:** What I was actually asking about was the \$120 million in the last 12 months or so that was in my question on notice reply and the fact that the Premier actually put a 'stop work' on HR and payroll back in April—that is, if my recollection is correct, that it was stopped across all of them. That meant payments were still happening to those, but I will take what has been said and I will move on.

**Mr SCHWARTEN:** Do you want an answer to that \$120 million? Sorry, I did not get to that. I ran out of time. I can get the director-general to answer it if you like.

**Mrs STUCKEY:** No, I will move on. I refer to SDS 2-201 and the Identity, Directory and Email Service known as IDES. In the 2009-10 estimates hearings the committee was told that delays in the implementation of this program were due to machinery-of-government changes and needing to 'make sure that we had synergy with the new structures of government'. How could this synergy be achieved when the Auditor-General has found that the IDES project board did not process adequate stakeholder representation?

**Mr SCHWARTEN:** Do you want to answer it?

**Mr Grierson:** I will start answering it but I would bring the general manager of CITEC forward to answer that.

**Mrs STUCKEY:** It was your quote. It was his quote. It was the director-general's quote that I—

**Mr SCHWARTEN:** That is fair enough.

**Mr Skippington:** The IDES program has been going since 2008 and there have been multiple engagements with clients over that period, certainly a series of information workshops and information briefing sessions with both agencies and with industry over that particular period. In the continuation of the program we did engage with the agencies that existed under the previous structure of government. I think there were 23 departments and we actually had memorandums of understanding with, indeed, all of those agencies to continue down the IDES path. When the machinery-of-government changes occurred, we had to go and re-engage with all the different agencies and re-assess how that would impact upon the adoption of IDES.

The Auditor-General's comment in relation to engagement does not really relate to that component; it talks about the representation on the program board that existed over the program, which was managed within CITEC. Since the Auditor-General's report we have re-addressed that and the program board now has representations from three separate agencies and also from Queensland Treasury to provide that level of agency engagement, who are looking at the governance from an overall whole-of-government perspective.

**Mr SCHWARTEN:** Does that answer your question?

**Mrs STUCKEY:** Thank you. I might mention the quote that I used in my question was actually from the director-general at the last estimates. I refer to SDS 2-201, which continues on with the IDES project. On 5 August 2009 the minister told parliament—

Full implementation of the system across all agencies is scheduled to be completed by December 2010. While the tender process is six months behind schedule it will not impact the scheduled completion date of December 2010.

Despite the minister's promise, the IDES project completion date has again, I understand, been postponed to June 2011, indicating a fundamental inability of the minister to deliver important projects on schedule. Will the minister guarantee this new delivery date?

**Mr SCHWARTEN:** I gave that advice on the advice I had received. We have Tony here. He can—or go through the DG. Do you want to answer it, Mal?

**Mr Grierson:** The IDES project went through a process whereby we called tenders and we had a range of suppliers tender. One of them was IBM. I insisted that the general manager of CITEC reassure me that IBM had the resources to be able to bid on that tender at that point in time. You will recall we were having discussions with IBM about the Health payroll. That delayed certain contract negotiations. At the same time we revised the technology to make sure that the technology was right. We had reviews of the program. In fact, what we did was exactly what the Auditor-General has said we should do about the Health project and that is that major—

**Mr SCHWARTEN:** Err on the side of caution

**Mr Grierson:** Yes, for major projects like this we should have checkpoints, milestones and tranche reviews whereby we stop the project, we have a good look to make sure that our business case is still sound, the benefits realisation will still be there, that the technology—and this is one of the particular difficulties with technology projects as opposed to, say, building projects—has not changed, that there is not something new that we need to know about. So all of those things were undertaken at the time. I guess I make no apologies for that. We will do that exactly again when we introduce the next major IT project. In fact, we will probably do more of it because under the new PRINCE2 methodology that we use for project management, you are forced to stop and analyse and make sure that everything is as it should be. If that adds weeks or months to the project, so be it. I would rather have the project be late and be accurate, still deliver the benefits and have the right technology than just push ahead and end up with a disaster.

**Mr SCHWARTEN:** Do not ask me any questions about that PRINCE.

**Mrs STUCKEY:** Were you not finishing the question?

**Mr SCHWARTEN:** I said the details of this PRINCE—

**Mr Grierson:** PRINCE2.

**Mrs STUCKEY:** No, I was actually saying that my question was not answered. So—

**Mr SCHWARTEN:** Your question was not answered?

**Mrs STUCKEY:** No, my question was not answered, but I do not want to lose another three minutes by asking for that guarantee. So I will take it that it was not answered.

**Mr SCHWARTEN:** I am advised that it is likely that December will not be reached. Is that what you are saying?

**Mr Grierson:** Tony, what is the date now?

**Mr Skippington:** The program has moved into implementation. Pilot programs will commence at the end of this year for both CITEC and DPW. We will re-assess the implementation at the end of those pilot programs to make sure all of the requirements have been introduced.

**Mr SCHWARTEN:** I think what the shadow minister has asked is a reasonable question—yes or no. The answer is no.

**Mrs STUCKEY:** I asked whether—

**Mr SCHWARTEN:** The advice you gave me was that December was going to be the kick-in date. It will not be December 2010. Is that right?

**Mr Skippington:** That is correct.

**Mr SCHWARTEN:** That is what I think you were asking. Those are the reasons for it that were given.

**Mrs STUCKEY:** I refer to SDS 2-201 and the whole-of-government ICT infrastructure consolidation. The consolidation program was scheduled to deliver recurrent benefits from July 2010 but, like many Labor projects, it is way behind schedule. There has been no project brought in since the project commenced in June 2008 and, since transition to CITEC, no formal reviews of the program. Minister, why has your mismanagement allowed this program to fall so badly behind schedule?

**Mr SCHWARTEN:** The first thing I would do is question your statement that ‘all projects under Labor government are behind schedule’. That is simply not true. I—

**Mrs STUCKEY:** I did not say ‘all’.

**Mr SCHWARTEN:** ‘Many’ or whatever the word was that you used. I think you gave the impression that it is a tradition of Labor governments to run projects over, and that is not true. Since I have been in this portfolio—in 12 years—very, very few projects have gone over time and even fewer still have gone over budget. So that is simply not true. I will pass over to the director-general.

**Mr Grierson:** The ICTC—this is the consolidation program we are talking about?

**Mrs STUCKEY:** The ICT consolidation program, yes.

**Mr Grierson:** Yes, the ICT program has gone over schedule. There are a lot of reasons for that. One of the reasons was the machinery-of-government changes which changed all the department structures. There had been negotiations and planning exercises undertaken with 26 departments. That obviously changed when the government was restructured into 13 departments.

**Mr SCHWARTEN:** That was early last year.

**Mr Grierson:** March 2009. However, it is not correct, Mrs Stuckey, to say that nothing has happened. In the consolidation project—

**Mrs STUCKEY:** I did not say ‘nothing has happened’.

**Mr Grierson:**—the Polaris Data Centre has been populated. I am sorry?

**Mrs STUCKEY:** Please do not put words in my mouth. I did not say ‘nothing has happened’. I said ‘it has fallen badly behind’.

**CHAIR:** Order!

**Mrs STUCKEY:** No, I will not have words put in my mouth, Mr Chair.

**Mr Grierson:** I am sorry. I apologise for that. I thought you said that—

**CHAIR:** Hang on. If you were putting words in the mouth of the member for Currumbin, then that is not appropriate. If what you were saying is ‘it is not correct to say’ in a general sense, then you are not putting words in someone’s mouth. However, we have come to the end of non-government questions. Can you finish up the response—

**Mr Grierson:** Certainly. I apologise. What I was trying to say was that, even though the actual schedule of the consolidation has gone back, there have been things undertaken that have been successful. The internet service provision consolidation has occurred. The dark fibre consolidation has occurred. Polaris Data Centre is now 40 per cent full. It has occurred. We have consolidated our application methodologies. That has occurred. So we have slipped in the schedule in the actual infrastructure that we are putting in place, but most of the projects individually are in place.

**Mrs STUCKEY:** Thank you.

**Mr Grierson:** Sorry.

**CHAIR:** Now we come to a block of government questions. I think the member for Ipswich West is following the line of questioning.

**Mr WENDT:** A little while ago we ended up discussing some of the major projects that your department is responsible for and during that phase you talked about some comments which have been made about some of your mid-size construction projects. Specifically, you were mentioning that someone had said they were running behind schedule or there were some comments about that with subsequent budget underspends. Can you provide further information to the committee on those projects and the comments made because I am intrigued by those?

**Mr SCHWARTEN:** I can. I touched on the Maroochydore government office building and I just want to explain again that the \$12.3 million is actually a saving. We should be getting a pat on the back, not a kick in the backside, because it is showing that in these times we really are getting savings out of what was a very elevated market previously. We are ploughing those savings back into our projects. The statement about this being a \$12.3 million loss in the project is just simply not true. What we actually tried to do is input that money back into the project to get some of the benefits out of that.

In relation to the Boggo Road construction, the only remaining work on the Boggo Road precinct redevelopment is the work immediately adjacent to the ecosciences project and the augmentation of a sewer external to site. This is something that future generations will really value—the foresight that this government has. Again, I make an opportunity available to the Leader of the Opposition, the shadow minister and the member for Clayfield, if he likes, to go over and have a look at this site. This ecosciences division is really something special and it is something that we can all be proud of as Queenslanders. The construction work has been excellent. The relationship we have had with Watpac is great. I think it is true in saying that we have had very little difficulty. This has been one of those very good projects to manage. I do not know where you got that information that this was a project in a bad state or whatever. I have had no complaints about it. So whoever is whispering a bit of gossip about it—it is simply not true.

The Mareeba government office and learning centre is in the design phase. The project was initially due for completion in 2011. The project is slightly behind schedule; it will be completed in May 2011. The allocation of funds in 2009-10 was based on the anticipation that construction would commence in April 2010. However, the design period was extended because of disability access and topography.

The TI office building underspend is due to the delay in tendering of the project. Again, it is not a criticism. What I do urge is an understanding of how these building contracts work. Shadow minister, I really implore you to get your head around how these things work. I think you gave me a green star for recycling, which was quite a good press release and quite funny. I got a good laugh out of it. However, the reality is that re-announcing those projects simply means that each budget cycle we have to allocate money to those projects. That is how it works. If we did not do that, those projects would come to an end, and I will talk a little bit later about that as well.

**Mr HOOLIHAN:** Page 2-179 of the Service Delivery Statement mentions safe work methods being established for handling or working with asbestos products. Everyone is concerned about exposure to asbestos, and I thank you for inviting me to QBuild in Rockhampton to see some of the work undertaken. What is the department doing, through QBuild's employees and contractor base, to ensure the safe removal of asbestos from schools and other government owned buildings?

**Mr SCHWARTEN:** I thank you for that. I might finish that question to the honourable member for Ipswich West. What people do not understand—and there was a very poignant reminder for me as a child and you will remember it, too, member for Keppel. In Rockhampton there was a set of foundations that were still there in the sixties at the old railway station that was stopped by the Moore government in 1929. They started the job and then they took the finance away from it. That is what would happen with every project in Queensland. So when the shadow minister criticises me for re-announcing these projects, what we are actually doing is each budget allowing that funding to proceed on those jobs. If we did not do that, those jobs would come to an end.

Asbestos is, as you well know, near and dear to my heart. It is something my father died with. He did not die from it, but he certainly died with it. It is something that I am very consciously aware of, having worked in the industry. It is a very insidious disease. I know the shadow minister feels the same way as I do about it. She has raised her interest in this on a number of occasions. That is what shadow ministers should do. I am quite happy to have that level of scrutiny placed upon me, as it should be, and equally placed upon the department so much so that I told the apprentices this year when we got them together that if any apprentice was ever subject to exposure to asbestos then they could walk off the job as far as I and this state government were concerned. I do know that there are workers—and I have heard of it just recently where somebody went to someone's house, removed sheeting from the bathroom and people were still in the house and so on.

We really have a lot of work to do, but I am confident that our QBuild tradespeople have had every access to all the training that they require to deal with this. What I am thinking of doing next is requiring mandatory attendance by contractors who go into our schools and so on, to have the same level of training that you saw in Rocky. We take a lot of pride in what we do and I am sure that the department ensures that we do business with contractors who do the right thing, but often the message gets lost down the track. I can point to occasions, as can other members of parliament, where this has happened, despite the best efforts of everybody concerned. Everybody wants the right thing to happen, but individuals let us down. We had a spate of it. One of them was in Mackay. One was in Caningeraba, which the shadow minister and the local member brought to my attention. The one in west Mackay was a classic case of people taking the issue for granted. I will not tolerate that. We will do whatever we have to to step up to the plate. I am pleased to say that we have tightened protocols and we will continue to do that. We do not want to do business with contractors who do the wrong thing. I do not want to have our QBuild people put their lives and other people's lives at risk. I thank the member for the question to reinforce that point.

**Mr HOOLIHAN:** One other area on page 2-157 deals with continued trials for new low emissions and renewable energy technologies for potential application in government buildings. I am aware of the state government's commitment to increasing the use of solar energy in the state. What plans does the Department of Public Works have to assist in the wider use of solar technology on government buildings?

**Mr SCHWARTEN:** If you look across the road at the Public Works building, we have a trial project running there. I intend to put it on my house in Rockhampton, which is being renovated. I guess the best example is at our Zillmere Joint Contact Centre, where we run Smart Service with the police. I have some details on that. The design was for 80 kilowatts of solar PV. It is anticipated that overall the installation at the facility will provide up to 450 kilowatts of solar energy. It is basically a small power station.

In Cairns, at William McCormack Place there are 64 kilowatt solar panels to be mounted on the roof of stage 2. The Maroochydore government building will have 58 kilowatt solar PV panels. Of course TI has plenty of sunlight, and 30 kilowatt panels will be installed there, and 30 kilowatt panels at

Mareeba. I mentioned 80 George Street, our own building, where we have panels with a collective rated output of 7.2 kilowatts, generating 12,169 kilowatts. Aside from the Carrara Stadium, the Kurilpa Bridge is the best and the latest example. Its capacity to run its own power is great. In the climate that we live in it makes so much sense to use solar energy. I think it is bright ideas that we have.

**CHAIR:** Minister, the shadow minister and member for Currumbin beat me to the mark with a question about the Polaris Data Centre. You may well have responded to this question in the detail already provided. Would you like an opportunity to talk about progress on—

**Mr SCHWARTEN:** She did not really ask a question about the Polaris Data Centre, but she got an answer about it.

**Mr Grierson:** I did that, Mr Chair.

**Mrs STUCKEY:** Away you go.

**CHAIR:** Are you comfortable with me asking this question, member for Currumbin? Minister, could you advise the committee on progress to date on activities to populate the data centre?

**Mr SCHWARTEN:** I thank you for the question and for blaming unfairly the shadow minister; that is my job. I did make the point that she asked a question but got the Polaris Data Centre in the answer. I officially opened the data centre on 3 February 2009. It is situated at Springfield. It is a Tier3-plus data centre with 190 computer equipment racks housed on the data floor. All operational equipment from the government's previous disaster recovery site managed by CITEC at the HDS Windsor data centre has been migrated to Polaris. Agencies currently housing ICT systems at Polaris include the Department of Transport and Main Roads, Education Queensland, the Queensland Police Service, the public safety network, the Department of Public Works, including CorpTech, the Public Trustee and the Department of Infrastructure and Planning.

A summary of the key Polaris statistics would include lease space consisting of 2,300 square metres. The initial fitout was completed in May 2009. The initial power capacity available was 1.6 megabytes. Currently, 40 per cent of the powered floor space capacity is occupied, as the DG advised previously. It is projected that there will be 90 per cent utilisation of powered floor space capacity by December 2011, I am advised. I put that in, because that is what I am advised. Power capacity can be uplifted to three megabytes on request. Currently, 190 computer equipment racks are housed there and that is projected to reach 341 racks by June 2011. Approximately 281 hardware devices are installed, including mainframe super domain servers, network switch devices, blade enclosures, a tape library, storage area network and storage devices. There are six data storage silos currently installed, comprising 558 terabytes of storage. Critical systems such as CorpTech's finance and payroll systems and Transport's licence and registration systems use cross-site data replication, cross-site data backup and cross-site server disaster recovery. With the 317 Edward Street CITEC site, Polaris take-up is planned and progressing ahead of schedule.

**CHAIR:** I am pleased I asked that one. The fact that I asked it and the member for Currumbin did not probably indicates that she is more up-to-date with things than I am. I would like now to refer to the reference in the SDS to the department working with the Australian government and Queensland government agencies on the broadband agenda and the establishment of the office in your department to focus on the national broadband network. There have been recent announcements regarding the NBN Co and Telstra. Can you advise the committee of the current status of the NBN in relation to Queensland and the role of your department in this major initiative?

**Mr SCHWARTEN:** Obviously with a federal election looming around the corner, I expect this issue will become a very significant issue. On the one hand the federal Liberal Party is suggesting that it would bring it to an end, so all of the things that I am saying are prefaced on the basis of the current arrangement, because it has been made clear that NBN will cease to exist if the Labor Party is not returned federally. However, it is a priority objective of ours to have it implemented in Queensland. On 20 June 2010 Telstra and NBN Co announced that they had entered into a nonbinding financial head of agreement for Telstra to participate in the rollout of NBN.

As you know, the first announced NBN site is in Townsville, in the suburbs of Mundingburra and Aitkenvale. The department has been assisting with the negotiations between NBN Co and Ergon Energy. The department is also working with NBN Co to progress the selection of further NBN early release sites in Queensland based on locations considered a priority by the government. A very detailed article on which electorates they were in was published in the *Australian* this morning. The sites in Queensland include Springfield, which no doubt Maha Sinnathambay will be overjoyed about. Every time I bump into him, he bails me up, as I am sure he does the Leader of the Opposition and the shadow minister and anybody else, to talk about the benefits of Springfield. That will be one less lug he will have to bash on the issue of broadband into Springfield. Toowoomba is the other site, from memory. The Townsville site will now be extended by up to a further 3,000 properties.

The significance of an NBN project like this is most misunderstood in our community. As far as I am concerned, it is the equivalent of rail transport at the beginning of last century. In this case, the have-nots will be the paupers of the future. Information and knowledge are the keys to education. Those

who do not have the opportunity to have broadband at economical prices and accessible speeds are going to be the real disadvantaged. From a government point of view, I certainly welcome this opportunity to work with the federal government. From day one we have said that we are at their disposal to do whatever we can to ensure that this rollout not only comes first to Queensland but also goes to places according to priority of need. We have assisted in that regard.

**Mr CHOI:** Minister, several times on page 2-157 of the SDS mention is made of the term 'one government' in relation to ICT initiatives. That refers to centralising the ICT of the government. How does this benefit Queenslanders?

**Mr SCHWARTEN:** I thank the honourable member for the question. 'One government' refers to the departments of the Queensland government acting together as a single enterprise, especially in respect to ICT and ICT related investment. It encourages departments and CEOs to develop, commit to and act upon a shared, whole-of-government ICT investment road map that delivers customer facing service improvements, as well as improvements to internal government operations. An example of the one government approach is the use of CITEC as the core infrastructure and data centre provider for departments, whole-of-government procurement arrangements such as the Microsoft and telecommunications arrangements and a common attitude towards the management of risks and benefits that considers risks and benefits to the government as a whole. The one government approach is also reflected in the new whole-of-government ICT governance arrangements.

Basically, the longer you live the more you see things revisited. The gentleman sitting at my left was 'Mr Computer'. He ran the Queensland computer services for the whole of government. Then we decided that we would let departments do as they pleased basically, and now we are bringing it back under one whole-of-government approach. We do it with cars, we are doing it with our maintenance strategies and we are doing it with employee housing. Increasingly, we are going back to, in my view, the place we should never have left. Thirty-odd years ago the decision was made to go to free range and let everybody put flowers in their hair and do all the other things that they did. That is what society did so that is what government did. Increasingly, we are becoming tighter in our responses.

The implementation of the policy for the one government project is by Smart Service Queensland and the Department of the Premier and Cabinet. This project aims to create a sense of unity and cohesion across the Public Service and create a single public face to government services. My kids tell me that they do not want to go onto different sites looking for Queensland government departments. They want to go onto one site for the whole of government of Australia. Whether it is to pay for dog licence fees, checking boat registration or applying to go to university, they want to be able to do that on one site. A baby of four-and-a-half years can have an iPad to read *Wind in the Willows*. Her father might say, 'How do you turn the page?' and she will say, 'Like this'. That comes from kids of four-and-a-half years of age. That is what the public is expecting from us. They do not want a different face for government. We have a whole-of-government office at Smart Service and people still come through the door, but the next generation will want to do it and do it once. That is where we are aiming to get.

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

**Mrs STUCKEY:** I refer to SDS 2-162 and QBuild staffing. The answer to non-government question on notice No. 9 revealed that as at 30 June 2010 QBuild employed 927 trade qualified staff—that is 143 fewer than at the same time last year—while employing 689 administrative staff—26 more than at the same time last year. Minister, why are you slashing tradies from QBuild and replacing them with bureaucrats?

**Mr SCHWARTEN:** If the 169 admin staff were bureaucrats, I guess I would agree with you. What QBuild does and does very well is train apprentices, and we are continuing to do that. What it also does is have a huge subcontractual chain—60 per cent of the work of QBuild goes to outsiders. All their contracts need to be maintained and all the rest of it. If you go into a QBuild office, you will find that there are people there who have to deal with RTI, with asbestos and with all of those things that did not exist 20 years ago. I have a brother who works for Main Roads. He says the same thing about them, only he calls them shiny somethings because he is a manual worker on the tools. I can explain the increase in the number of admin staff, but in terms of the overall number of tradespeople, why is there 143 fewer—

**Mr Smith:** That is in comparison with the previous year.

**Mrs STUCKEY:** That is correct.

**Mr SCHWARTEN:** Why?

**Mr Smith:** As the minister said, there is always a shift in the profile of any organisation. When you look at it, it is less than 10 per cent from memory. Am I right there?

**Mrs STUCKEY:** It is 143.

**Mr SCHWARTEN:** It is a lot more than 10 per cent.

**Mrs STUCKEY:** It is a lot more than 10 per cent.

**Mr Smith:** There is a definitional issue as well. If you look at the workforce itself, there are well over 300 or so apprentices, then you have the trade staff and then you have a number of these trade staff over a period of time who migrate and get promoted into leading hand situations, promoted into foreman situations and promoted into supervisors. Some of those then, as they shift that profile, will move out of what we call the trades into supervision or the AO stream, which you will see in here. There is a natural migration in all of this. At any one point in time you could have a lower number in that particular classification—that is, the trades—but that over a period of time will sort itself out. The blue collar workforce, if I can use that expression, within QBuild does not change that much.

**Mr SCHWARTEN:** What you are saying, in effect, is that there is a turnover of staff—people come and go. Is that what you are saying?

**Mr Smith:** But then they migrate through as they get promoted. They get promoted out of the field into supervisory areas and then another group will come through. The number of blue collar workers has not dramatically changed.

**Mr SCHWARTEN:** I know what has happened here.

**Mrs STUCKEY:** I refer to SDS 2-162 and procurement benefits. Minister, why has budgeted staffing increased by 38 per cent from 2008-09 to 2010-11 while we have seen a \$16 million fall in procurement savings over the same period? In effect, why are we paying for more staff to save less?

**Mr SCHWARTEN:** I will ask the director-general to explain.

**Mr Grierson:** The increase in staff—I think this is where you are heading—in the procurement area is the additional Print Management Unit, which has been added into the procurement area. It came out of the Goprint Review and is now sitting in the procurement division.

**Mrs STUCKEY:** Yes, I understand. And that accounts for all of it?

**Mr SCHWARTEN:** Is that right?

**Mr Grierson:** There are also some additional positions in there for the Travel Management Unit. Treasury financed some additional positions for the whole-of-government procurement savings, and that is it. They are the additional positions.

**Mr SCHWARTEN:** So it is a travel management—

**Mr Grierson:** The Print Management Unit and the additional positions funded by Treasury for us to be able to undertake whole-of-government procurement under the new procurement model that Treasury have introduced.

**Mrs STUCKEY:** While we are on the print management broker, which is SDS 2-159 by my reference, the print management broker has been established 'to ensure that competitive quotes are received for all print work undertaken by core departments'. What is the cost of it, what resources are involved and, Minister, given that the department runs its own print service in Goprint, isn't the establishment of a print management broker a significant conflict of interest?

**Mr SCHWARTEN:** I will answer that last one from a philosophical point of view. No, I do not see it as a conflict of interest because the individuals who are charged with that responsibility have to go out to market on behalf of others. That is the same way that we do it with QBuild. QBuild goes out and procures a day labour workforce and it has its own day labour workforce. So I do not see it as a conflict of interest. It is a separate unit. If it was sitting within Goprint, I would have a problem with it. But the whole idea of a print management unit is no different to QFleet—I think I am right in saying this. It goes out to the market and buys on behalf of the whole-of-government approach. Goprint is one of the suppliers. Overall, I think printing has been one of the areas that has been cut down on this year. As to the actual costs, Evelyn Jelliffe can answer.

**Ms Jelliffe:** The Print Management Unit was established as a new business model, and all agencies now process their print jobs through that Print Management Unit. The idea is to get the best price of the day for all print work. So technically Goprint is now a supplier to the Print Management Unit. The whole purpose of it is to get best value for money for print management. On average now we are achieving savings of 26 per cent in terms of print work.

**Mr Grierson:** What is the actual cost of setting the unit up though?

**Ms Jelliffe:** The unit costs approximately \$1 million per annum.

**Mr SCHWARTEN:** That was the establishment cost or that is the recurrent costs?

**Ms Jelliffe:** They are the operating costs for establishing the unit. The unit then also has secured the services of a print broker and they provide a system. The system is the interface between agencies and the suppliers. So an agency submits its print job through the print management system. The system then sends those specifications out to a panel of suppliers and the suppliers bid. So they submit their quotes through that system. The best price is usually selected as long as the supplier has good capability. In effect, we are securing the best price of the day for each print job. So there are savings of approximately 26 per cent at the moment.

**Mr SCHWARTEN:** In much the same way as the Travel Management Unit works.

**Mrs STUCKEY:** Thank you. I refer to QFleet and non-government advanced question on notice No. 4. Of the vehicles listed under each department, would the minister advise by category how many vehicles are based within five kilometres of the Brisbane CBD? I realise this is quite detailed and I would be prepared to take it on notice.

**Mr SCHWARTEN:** Do we know? They would be with other agencies. What QFleet would be able to tell us is what agencies had the vehicles but they would not necessarily tell us how many vehicles Queensland Health would have at their headquarters in Adelaide Street, or wherever it is, or whether they are based at the Princess Alexandra Hospital. QFleet supplies vehicles that are fit-for-purpose vehicles across agencies. If the DPI, for example, got a four-wheel drive and it was delivered in Brisbane, it might end up at Longreach. I do not know.

**Mr Grierson:** Ms Stuckey, we have provided in the advanced questions the vehicles per agency.

**Mr SCHWARTEN:** She is asking about vehicles within five kilometres of the CBD. We could try to find out.

**Mr Grierson:** No, we cannot.

**Mrs STUCKEY:** I asked you a tricky one on QFleet last year, too.

**Mr SCHWARTEN:** You did too. We could tell you how many we had in our department.

**Mr Grierson:** No.

**Mrs STUCKEY:** Is that a yes or a no or a maybe?

**Mr SCHWARTEN:** They are parked across the road. We could go and count them.

**Mr Grierson:** The ones that are here we can count. But once we allocate vehicles to QBuild or to the—

**Mr SCHWARTEN:** What I am saying is that the ones in the building across the road you could go over and physically count or the ones in the Executive Building.

**Mr Grierson:** I think it is fair to say that, once we allocate a vehicle to an agency—it may be picked up here in Brisbane or at Southside Ford—it could go anywhere. We have no idea where vehicles go.

**Mr SCHWARTEN:** My ministerial car was picked up in Rocky last Friday and it was delivered here yesterday. It probably will not go much out of Brisbane. It is an interesting question. We will do our best endeavours to see whether we can find out.

**Mrs STUCKEY:** I would appreciate it.

**Mr Grierson:** All I have been told by my general manager of QFleet is that agencies will have to respond. We just do not know where their vehicles go.

**Mrs STUCKEY:** As I said, I would be very happy to take that on notice.

**Mr Grierson:** But we cannot answer it. That is the problem.

**Mrs STUCKEY:** How long is a piece of string?

**Mr SCHWARTEN:** It is up to each of the agencies—you would have to ask the DPI minister or whoever. We supply the vehicles to them. What they then do with them is none of our business. We just get the lease payments. We set the platform for what they do in terms of the specifications of the engines—all that sort of stuff. All the GVG stuff is our business up to a point, but then where they drive them and who uses them and all the rest of it is a matter for agencies.

**Mr Grierson:** And ministers and members of parliament.

**Mr SCHWARTEN:** And leaders of the opposition, for example.

**Mrs STUCKEY:** I will have to ask him.

**Mr SCHWARTEN:** He gets a car. He is the only one who does. Does the deputy get one, too?

**Mr LANGBROEK:** That is right—a struggling opposition.

**Mrs STUCKEY:** We are running out of the time here. I refer to SDS 2-186 and Project Services. Minister, if user charges were expected to be lower in 2009-10 due to a decrease in outsourcing external consultants as projects move to managing contractor stage, why did they instead increase?

**Mr SCHWARTEN:** Max, you better answer that.

**Mr Smith:** What page was it?

**Mrs STUCKEY:** 2-186.

**Mr SCHWARTEN:** Basically what you are saying—if I have this correct—is that the number of consultants have increased in the last 12 months. Is that what you are saying?

**Mrs STUCKEY:** There supposedly has been a decrease in outsourcing of external consultants, but instead the user charges have increased, which you would not expect to see.

**Mr SCHWARTEN:** I am with you. The costs have gone up but the numbers have come down.

**Mr Smith:** That is in relation to both contractors and consultants.

**Mrs STUCKEY:** It was the expectation. The figures are on 2-189. At the top there you have your user charges for 2009-10 and 2010-11.

**Mr Smith:** They did increase, as you can see, from \$149 million to \$183 million between our budget and estimated actual. They reduced the next year in 2010-11. The reasons being in that particular case—you are correct—that there is a subtlety in the way we employ consultants in the first instance. What happens is that, when we engage the consultants for the ultimate use as a managing contractor, if we engage them directly in the first instance that will sit as user charges. If the managing contractor engages them, then obviously it will not sit as a consultant; it will sit as a contract with the managing contractor.

**Mr SCHWARTEN:** Can you give an example of that?

**Mr Smith:** I will give the Gold Coast Hospital as an example where the consultants were directly engaged by Project Services initially and they were then novated over to the managing contractor. So it is the initial engagement which would sit as the user charges. Once they are novated, that would then no longer be in that category. It would actually be in the payment to the contractor, which is in a different area.

**Mr SCHWARTEN:** So they would go on the contractors' books and move off ours. We get them on board to start the project and then we novate them over to the contractor. It is the same for the Kurilpa Bridge, for example.

**Mr Smith:** What will happen in a project is that if they stay on your books longer than you thought they would then the user charges increase. That is what has happened in these particular cases.

**Mr SCHWARTEN:** So you actually estimated that these people would have been with us for a shorter time before they went on to a contract. The actual money does not change. You would have been paying it over to the contractor.

**Mr Smith:** The outlay that the Queensland government is making is exactly the same except it is in a different stream.

**Mr SCHWARTEN:** Do you follow that? It is very convoluted the way he has explained it.

**Mrs STUCKEY:** It is convoluted. So is the Health payroll which I would like to go back to. I refer to the SDS at page 2-230 and CorpTech. The previous payroll implementation in the department of housing which used to sit in the public works department, as the minister well knows—

**Mr SCHWARTEN:** It did not sit with the public works department.

**Mrs STUCKEY:** I beg your pardon, it sat—

**Mr SCHWARTEN:** Under me.

**Mrs STUCKEY:** Okay, I will have you sitting on it then. The department noted problems, including a failure to advise the department of the implementation activities, the impact of the change, a lack of post go-live support and payroll times being too long. Despite this previous experience and public warnings by IBM of the task complexity, why were these same mistakes again repeated in Queensland Health?

**Mr SCHWARTEN:** I am not sure that is true, that exactly the same mistakes were made. There are two people here who actually lived that deal—one is the former director-general of housing. The implementation of SAP there was very problematic. It is interesting that at the CIOs breakfast that I had the day after I was supposed to be hiding from people one of the things that they all agreed on is that there has never been a payroll system implemented anywhere without problems. It is very true. The CIOs from all the major organisations around Queensland were there that morning. That is what they were all saying.

I do not necessarily think that the same issues prevailed with Health. What you had with housing was people who pretty much do the same job every day, whereas in a nursing situation it is an entirely different thing. There was no Workbrain interface. There was no rostering engine required. The two are apples and oranges by comparison. People who work in the department of housing tend to work pretty well scheduled times. There is not much shiftwork in housing.

The associate director-general may be able to throw some light on this. There was certainly never any warning given to me at any stage by anyone to suggest that the sorts of issues that manifested themselves in Health would become a reality. There was never a time in the last 18 months that I have had this responsibility that somebody came to me and said, 'This is a basket case. This is a cot case. It is about to explode.' If that were said to me I would have acted on it.

Nobody said to me in November last year, 'Look, the advice you are getting not to go live is incorrect advice.' If I had said in November to the associate director-general who had given me that advice, 'Go ahead and do this,' then my head should be served up on a plate. I did not do that. I did not defy the advice that I got.

Equally, in March this year when I was told that it was ready to go live and again I had no evidence to tell me otherwise, again if I had said, 'Don't go live,' the same would have applied. No-one could find in the last 18 months where anyone had warned me that that payroll system was going to be disastrous when it went live otherwise I would not have done it. I am not stupid. The housing issues that we had did not result in those sorts of issues.

**CHAIR:** The time for non-government questions has expired. We have about 12 minutes remaining for government questions.

**Mr CHOI:** Minister, page 2-156 of the SDS outlines a very ambitious ICT agenda. Can you advise the committee what role the local ICT industry has in delivering that agenda?

**Mr SCHWARTEN:** I did not give the associate director-general the opportunity to talk about the housing experience.

**Ms MacDonald:** If I reflect on the housing experience and the issues at that point I guess the first issue is that CorpTech was not with this agency at that point in time. The model of implementation was entirely different from the model of implementation in Health. My understanding is—and again this is only an observation—that the model of implementation for future payroll systems was in fact changed as a result of the housing payroll system implementation. That is why the government chose to go to a prime contractor model and why the government then went through a very extensive process, as I understand it, to select IBM. That was as a result of some of the issues that came out of the housing implementation.

**Mr SCHWARTEN:** We have a great relationship with the local ICT organisations in Queensland. One of the things that has manifested itself there is that Queensland is going to hold the world computer conference. I think that is something that we in Queensland should really be proud of. It is a major international event. They are talking 1,000 people coming to it. The last one I think was in Manila and the one before that was in Santiago.

We have an ICT working group that has provided input into our Towards Q2 through ICT. You can see that I did not put that set of words together. That document was released last year and it road maps where we are headed with ICT over the next few years. As I have said many times, it is a very immature industry. I see it as part of the construction industry—it is just that you not cannot see it. If things go wrong—and with your construction experience, honourable member—you will know that you go back to a contract and that is where you will find most of your problems. That is the reality of ICT. The ICT people are now starting to understand that.

If you go back 30 years in the building industry you had overruns and a lack of scope. You had all of those things. From my point of view, the IT industry has to understand that it is part of the construction industry—it just so happens that you cannot see it. The lesson we have learnt since we have had this in the portfolio is that it is about scoping, it is about ensuring that the contracts that are entered into are well understood by both parties and that it is not a them and us situation. It is called alliance contracting in other portfolios. We call it managing contracts. It is about sharing risk and sharing results.

**Mr WENDT:** We have heard a lot tonight about your ICT strategy which obviously points towards the provision of an increased use of online delivery of government services yet I see at the last dot point on page 2-158 of the Service Delivery Statements that your department has established eight new QGAP centres across the state. How do you reconcile these two aspects of service delivery?

**Mr SCHWARTEN:** Ask the people of Miles and the local member out there who are fearful that we are going to close one of them. People are still wanting to walk through the door of an office. We have one that is situated in Charlotte Street next to 111 George Street. The throughput figure staggered me. I have not got that in the back of my mind at the moment. The officers will find it for me.

I think the member for Clayfield was out of the room when I was talking about the 4½-year-old girl who is a family friend of mine who brought out the iPad to get a story read to her. The next generation will want to do much more online. My kids' generation want to do business at 2 o'clock in the morning and they do not much care whether it is government or anybody else. They expect somebody to be there.

QGAP officers across Queensland are still in demand, as you are aware. People still want to be able to walk in through the door. Since opening in October 2009, the integrated service counter, which is around the corner here, has seen over 270 transactions a day—that is, people physically walking through the door; people may do two or three things while they are there. The associate director-general's parents come from Blackall. There is a photo of her father reading a book on Kindle. That is where the IT world is taking us. Not everyone has caught up with that. We are still going to have a physical presence in places like Babinda and Miles. That QGAP project still works very well. The new ones are at Taroom, Gayndah, Nanango, Toogoolawah, Mossman, Tully, Childers and Pittsworth.

It is hard to reconcile having made the statement that we want one portal to get information from government—one place to come to us. In the bush as in Brisbane there is still a lot of through traffic who want to go to a counter. Any government that tried to change that would do so at their peril. It is not just people in my mother's age group; it is people in our age group and younger.

**Mr WENDT:** I also wanted to raise the issue of QFleet with you while I had the chance. In the middle of page 2-194 of the SDS it mentions QFleet's engine emission reduction of 15 per cent which you are hoping to have achieved by the end of 2010. The actual performance statements reads that QFleet has already gone beyond this target by reaching 20.9 per cent by March of this year. What steps did you take to reach that target early? What further initiatives are you pursuing to achieve the 25 per cent reduction by 30 December 2012?

**Mr SCHWARTEN:** This is one of the real success stories of fleet management and it shows the capacity that we have. There are many who would want to criticise us over the payroll stuff—and some of that is justified—but we do not get too many accolades for this. This is an area in QFleet where we really have fought above our weight.

One of the astonishing figures is that in 1 January 2008 some 4.6 per cent of the fleet was diesel and now that figure is nearly 29.3 per cent. That has not been without its pain to the Australian car industry. I took possession of the Calais the other day. We have got rid of all the non-conforming ministerial vehicles and directors-general vehicles. Mine was the last to go simply because the lease was up on it. Mine was the last to go yesterday. That was the last of the non-conforming GVG cars in the ministerial fleet. I have replaced it with a Calais. Holden have finally got the message on this stuff. We had to take the decision to take an axe basically to Holden and Ford in Australia because they had not changed their models. Has the Leader of the Opposition got one of those Chryslers?

**Mr LANGBROEK:** I have an Accord.

**Mr SCHWARTEN:** You have a Honda Accord. Ten years ago it would have been unthinkable that any of us would be driving cars that were not made in Australia. The car industry in Australia had not responded, although it has now. Holden has just released the Calais which has the capacity. It is 5.5. So it is just at the bottom of the chain. No criticism here, but the reality is that we took a decision to drag Ford and Holden in Australia with us and they have come with us. The achievement of 25 per cent by 2012 is something that we will reach. Certainly all the indicators are there now.

We have exceeded 22 per cent in engine emission reductions as of 30 June this year. I am pretty proud of that. When you look at the fleet now to what we had when I came into this portfolio 12 years ago you find that over 60 or 70 per cent would have been Australian Fords and Holdens—six cylinder cars. It is vastly different now. I saw an Energex Barina go around the corner yesterday. They would not have had them once.

**CHAIR:** Before calling the member for Keppel, I note that the standing orders say that we can sit for nine hours and we are just about to nine hours. I know you want to ask this question.

**Mr SCHWARTEN:** It will be a burning one of course.

**CHAIR:** Minister, if you could address your response as rapidly as possible that would be appreciated.

**Mr HOOLIHAN:** I refer to the agency Service Delivery Statements on page 2-237 about the Queensland Building Services Authority paying out \$47 million in claims in the 2009-10 financial year. How does the Queensland Home Warranty Scheme provide better protection to consumers than other home warranty schemes throughout Australia?

**Mr SCHWARTEN:** I think you just have to ask any other state in Australia what our Home Warranty Scheme achieves. Ours is not one of last resort; it is one of first resort. If you are in New South Wales and the builder goes belly up, the first thing they do is go and tell you to sue him or her to try to get your money back that way. What we do is we go and fix the problem and then we go after those responsible as a result of it. In terms of the statutory warranty scheme, we have just had New Zealand over here. They are certainly looking at it. They have something like, I think the figure is, \$7 billion or \$8 billion worth of leaky houses over there, unregistered builders and all the rest of it.

I am very proud of our Home Warranty Scheme. We have announced our review of the BSA. I notice that the shadow minister has followed suit. That is fine. But the review I announced some time ago is getting underway. I think in the last week they should have chosen who is going to do that review. That is not to say that there is anything wrong with the BSA, but my view is that from time to time we need to continue to run the ruler over all of our agencies, this one included. We are certainly doing it in CorpTech at the moment in terms of a whole-of-government approach.

I want to finish by thanking the people of CorpTech for the work they have put in. They have worked very long hours to make sure people have got their pay, and they are people whom I have met. They are human beings like the rest of us. They have in most cases worked beyond the call of duty, and I thank them for that.

**CHAIR:** Thank you, Minister. That brings the scrutiny of the estimates in the minister's portfolio to a close. I want to finish with a couple of things. Firstly, thank you to you and your advisers and your departmental officers. I appreciate the work that goes into preparing for the scrutiny of the estimates. It is an important part of the proceedings of the parliament, and therefore I thank you and all of your departmental staff who have been involved for their work and attendance today. Finally in closing, I want to thank in particular the parliamentary staff who have assisted the committee. Ali, sitting on my left, thank you very much. Thanks also to Tamara, Rob Hansen and the people from the committee secretariat who have made me sound like I know what I am on about by giving assistance.

**Mr SCHWARTEN:** You said that!

**CHAIR:** Well, I think I do.

**Mr SCHWARTEN:** Self-appraisal is no justification!

**CHAIR:** I was appraising their work actually, and I think that is a reflection on them. So I think you would be best fitted by saying that they do good work and I sounded like I knew what I was on about. I thank the Hansard staff, the time keepers and all of the parliamentary staff. I also want to thank the members of my committee. It is a bipartisan committee of the parliament. It constantly amazes me that we manage to get through nine-hour sittings. Whilst we have a bit of robust debate, in the main we proceed in a courteous and civil way and I think that is a reflection on our system of democracy here and the ability for members of parliament to have a clash of ideas and a clash of words that enables us to undertake our scrutiny. So thank you to members of my committee.

**Mr SCHWARTEN:** Thank you for saying thank you. We thank you also. As I have said on a number of occasions, this is a valuable exercise. I regard it as the parliament running the ruler over the department and therefore I am not backwards in bringing public servants to these hearings. I want to thank the efforts of the people in this room and those who work behind them. It is a huge job to put forward questions like that, most of which never get asked, but I do want to thank those people. It is a robust place and we have a bit of a go at one another from time to time, but the nature of the beast is that that is the way it goes. There are no personal hard feelings about these things. I wish everybody a good evening, and I am certainly going to go and have a beer.

**CHAIR:** Thank you, Minister. I declare this hearing of this estimates committee closed. Thank you.

**Committee adjourned at 7.04 pm**