

TUESDAY, 16 JULY 2013

ESTIMATES—FINANCE AND ADMINISTRATION COMMITTEE—PREMIER AND CABINET


Estimate Committee Members

Mr MJ Crandon (Chair)
Mr CW Pitt
Mrs EA Cunningham
Dr B Flegg
Mr R Gulley
Mrs FK Ostapovitch
Mr MA Stewart

In Attendance

Hon. CKT Newman, Premier
Mr B Myers, Chief of Staff, Office of the Premier
Mr M Prain, Director, Policy, Office of the Premier
Department of the Premier and Cabinet
Mr J Grayson, Director-General
Public Service Commission
Mr I Maynard, Commission Chief Executive
Office of the Queensland Integrity Commissioner
Ms D Clark-Dickson, Principal Policy Officer (Lobbying)
Queensland Audit Office
Mr A Greaves, Auditor-General

Committee met at 10.30 am

 **CHAIR:** Good morning. I declare the estimates hearing of the Finance and Administration Committee now open. On behalf of the committee, I welcome to the hearing the Premier, officers of the department and related entities and members of the public. I am Michael Crandon, the member for Coomera and chair of the committee. Joining me on the committee are Mr Curtis Pitt MP, the member for Mulgrave and deputy chair; Mrs Liz Cunningham MP, the member for Gladstone; Dr Bruce Flegg MP, the member for Moggill; Mr Reg Gulley MP, the member for Murrumba; Mrs Freya Ostapovitch MP, the member for Stretton; and Mr Mark Stewart MP, the member for Sunnybank. The committee has also given leave to other members to participate in the hearing today, and I welcome Ms Anastacia Palaszczuk MP, the Leader of the Opposition and member for Inala.

The committee will now examine the Appropriation Bill 2013 and the estimates for the areas of responsibility administered by the Premier. The committee will consider the estimates for the Department of the Premier and Cabinet and related entities until 12 pm. We will then take a break and resume at 1 pm to examine the remaining estimates for the Department of the Premier and Cabinet and related entities. This will conclude at 2.30 pm.

The proceedings today are lawful proceedings and subject to the standing rules and orders of the Queensland parliament. As such, I remind all visitors that any person admitted to this hearing may

be excluded by order of the committee in accordance with standing order 208. In relation to media coverage of the hearing, the committee has resolved to allow television film coverage and photography at all times during the hearing in accordance with the media broadcasting rules. Before we begin, I ask that all mobile phones be switched off. 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 of the areas of responsibility administered by the Premier open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Premier, the committee has resolved that you may make an opening statement of no more than five minutes. Do you wish to do so?

Mr NEWMAN: Thank you, Mr Chairman. I will do so.

CHAIR: Thank you.

Mr NEWMAN: Mr Chairman, I certainly welcome this opportunity to have our second budget scrutinised by the Finance and Administration Committee. Before I get into that, I must say that I am perturbed to reveal that the Premier of New South Wales will not take the traditional bet involving the flags on the bridges in the respective cities, and I know that all members would be deeply concerned about that. I say this morning: what is wrong, Barry?

To the task at hand, Mr Chairman: growth, rebuilding, resilience—those three words accurately summarise the budget that has been handed down and what it aims to achieve, and our second budget delivers in these key areas. It helps to grow Queensland's economy and the delivery of the front-line services that Queenslanders expect, it continues the work that we started last year in rebuilding the state's finances, and it increases the state's resilience, especially in our response to recent natural disasters.

We have made tremendous headway in bringing government expenditures under control. In the 10 years leading up to 2011-12, government expenses grew at an average rate of 8.9 per cent each year. This year the increase is just 1.1 per cent. We have increased spending, though, in key service areas, despite being forced to tighten our belts and rein in the spiralling interest payments on the debt of the previous government.

Education spending is up 6½ per cent, Health is up a massive 11.6 per cent compared with Labor's last budget, and we have increased spending on disability services by 4.7 per cent. Education is central to our economic prosperity. That is why we are investing \$537 million over the next five years to implement our Great Teachers = Great Results initiative. Great Teachers = Great Results is a direct action plan backed by research. It is about improving teacher quality, boosting school autonomy and directing funding to where it is needed most. In Health we are spending a billion dollars more than in Labor's last budget. We have been able to minimise the impact of Commonwealth government cuts to services where it matters most, and that is at the front line. Our hospital and health services finished 2012-13 with an estimated 57,332 full-time-equivalent employees, and we plan to increase that—yes, that is right; increase that—to 58,937 in the 2013-14 financial year, an increase of 1,605 full-time-equivalent jobs.

This budget also continues to drive down the costs of living. There is \$5.1 billion in concessions in 2013-14. That is 3.7 times more than the concessions contained in Labor's last budget. Some of these concessions include: \$1.2 billion in public transport subsidies; \$615 million for the uniform tariff policy—that is, electricity; \$144 million for the livestock and regional rail freight contract; and \$409 million for the government managed housing rental rebate. We have also delivered again on our cost-of-living commitments such as the continued freeze for family car registration, the taking of up to \$7,000 off the cost of the family home by reintroducing the stamp duty concessions and delivering a water rebate of \$80 per household in South-East Queensland.

The extreme weather events of January this year left a damages bill for the state of \$2.5 billion. We are determined, though, to be smarter about rebuilding. This budget provides \$40 million, matched by the federal government, to help build stronger, more resilient structures, sometimes in different locations. We are going to end the craziness of replacing like for like, only to see it smashed in the next flood or cyclone. Our January-June 2013 six-month action plan, which I am pleased to table today, will continue to honour our commitments made to Queenslanders. I table these documents now.

CHAIR: Premier, you need to seek leave.

Mr NEWMAN: I seek leave to table them.

CHAIR: Is leave granted? Leave is granted. Thank you, Premier.

Mr NEWMAN: I thank the committee. This action plan report demonstrates the steps we are taking to get Queensland back on track. I am also pleased today to, with that, table the action plan for the remainder of the year—July-December 2013. This plan confirms our continued commitment to improving service delivery to Queenslanders and structuring Queensland's economy to deliver a strong and resilient future.

Some highlights I wish to share with you include: the recruiting of 130 additional police officers on top of normal recruitment levels; the purchase of 27 flood boats to support the SES; the establishment of three additional youth boot camps; the announcement of additional independent public schools; and the development of the Gold Coast 2018 Commonwealth Games Village at Parklands.

Turning now to the state budget 2013-14, within my own department the budget highlights two projects certain to have a positive impact on Queensland for generations to come: the Queensland Plan and the open data e-revolution. The Queensland Plan is about formulating a 30-year vision for our state. Everyone can have their say on the sort of state they want Queensland to be. So far it has been a great success, with a very productive summit in Mackay in May which framed six key questions now being asked to individuals and at all events around the state. A second summit will take place in Brisbane in October, at which time the Queensland Plan will begin to take final shape. The result will be a long-term, shared vision around which federal, state and local government, communities, businesses and individuals can make their own plans for the betterment of Queensland.

Last year at this very session I also announced that the Leader of the House, Ray Stevens, would be appointed as assistant minister responsible for overseeing our open data e-revolution. One year on, I am delighted to report that revolution is well and truly underway. New data sets are being added all of the time to the Queensland government's open data portal. Queensland is the only Australian state in which all 20 government departments have released comprehensive open data strategies that set out how they will deliver open data as a core priority, identifying what will be released and when. We recently put out the call to all web and app developers and data gurus to come up with innovative ways for the community to use publicly released government data. To encourage them, we have launched the Premier's Awards for Open Data, offering \$20,000 in prize money.

Mr Chairman—I am winding up—I am also very keen to set my strategic vision for Queensland's integrity framework. To commence this important conversation, I have asked my department to convene an open government policy forum to take place next month. The forum will be chaired by the Vice-Chancellor of QUT, Peter Coaldrake. It will be an opportunity for the government to seek views from key advocacy organisations and the private sector about a range of integrity and accountability related matters. We want to know if there are any gaps in our integrity and accountability framework and what has to be done to make it as strong and efficient as possible.

In conclusion, our second budget is a responsible budget put together by people who care about the long-term interests of all Queenslanders. It is about growth, rebuilding and resilience. I am now open for questions.

CHAIR: Thank you, Premier. I call the member for Inala.

Ms PALASZCZUK: Good morning, Premier. My first question is to the Premier. I refer to pages 15 and 16 of the Service Delivery Statements which outline the budget and the number of staff allocated to the Premier's office. I note the total cost of running the Premier's office, including staffing costs, is \$6.331 million, and I ask: how much of that figure is paid to your chief of staff?

Mr NEWMAN: Thank you for that question in relation to the remuneration of my chief of staff. If you will just bear with me, we will certainly be happy to provide that information as a matter of public record. What I do take the opportunity to say is that, in relation to ministerial staff, we are very proud of the track record that we have kept a very tight lid on this, and the overall staff numbers, I think, stand up to the scrutiny of Queenslanders very well. We do not have more people; in fact, we have slightly fewer people than the former government. We have worked very hard to keep a lid on expenditures in those areas.

Upon taking office in March 2012 it was estimated that the ministerial staffing for the remainder of the 2012-13 financial year would be 212. Therefore, we have 11 positions less than the published figure for the final year of the previous government. While the issue of pay for individuals is something

of course that we are happy to reveal, I do make the point that the overall expenditure is the thing that matters and that Queenslanders should be concerned about. The final point I make is that I do perhaps unfortunately have to remind the Leader of the Opposition of the former Premier's appointment of Mr Mike Kaiser and the remuneration levels that were revealed at the time in relation to him.

Ms PALASZCZUK: Sure. Premier, I notice that your chief of staff is sitting next to you. Perhaps he could advise you how much he is paid.

Mr NEWMAN: I think I would like to provide an accurate and correct figure. I certainly do not carry around to the dollar what I am remunerated and—

Ms PALASZCZUK: But I am quite sure your chief of staff would know. He could whisper it in your ear.

Mr NEWMAN: We are more than happy to provide an accurate, to-the-dollar figure, which is what Queenslanders deserve—nothing more, nothing less. I am not going to have him round it off to the nearest hundred dollars and then be accused of not being totally truthful to the committee, and I think that is very important.

CHAIR: Thank you, Premier. What time line would you like on that?

Mr NEWMAN: I am sure we could have that to the committee before we close this afternoon.

CHAIR: Thank you very much, Premier. Are there any further questions from the Leader of the Opposition?

Ms PALASZCZUK: Thank you very much. I thought we worked in blocks. Is that correct?

CHAIR: Yes.

Ms PALASZCZUK: My question is to the Premier. I refer to BP No. 2, page 79, employee expenses, and page 2 of the SDS—

... to provide effective executive support for Parliament, Cabinet and government decision-making processes, Ministers, Assistant Ministers and Ministerial Offices.

Premier, will you inform the committee of the reasons behind the decision of your office on 15 February 2013 to sack the former director-general of the transport department, Mr Michael Caltabiano?

Mr NEWMAN: In relation to the contracts that we have with senior executives at that level, there is no requirement to give a reason and I gave no reason.

Ms PALASZCZUK: But I think Queenslanders deserve a reason, Premier, with all due respect.

Mr NEWMAN: I simply say to the committee that no reason was given and I exercised my discretion under the contract to terminate his employment. While on the issue of employment contracts, I point out that we inherited from the former Labor government contracts that I think would not stand the scrutiny of the Queensland public—contracts that were incredibly generous, saw massive payouts. The former director-general of the Premier's department, Mr Bradley, probably was the benchmark there. He probably was paid out more than \$1 million and, to coin a phrase about remuneration—because the Leader of the Opposition has benchmarked that in recent times and I think she talks about Mr Obama's salary—that would mean that the former head of the Premier's department was getting something like, on my estimation, about 2½ Obama's in terms of pay level. So the Leader of the Opposition might reflect on the very loose and poor contracts for senior staff that the former government had in place and she would have been well aware of that as a minister for transport. I just assure Queenslanders that we have moved to tighten that and make sure that the senior executive contracts are not excessive and overly generous.

Ms PALASZCZUK: Premier, did you personally appoint Michael Caltabiano as the director-general of the Department of Transport and Main Roads?

Mr NEWMAN: There should be no surprise here. It is a matter of the public record. I think it has been prominent in the newspapers and the answer is yes. It is no secret.

Ms PALASZCZUK: Okay. In the interests of transparency—

Mr NEWMAN: I do not know why the Leader of the Opposition would need to even ask the question.

Ms PALASZCZUK: In the interests of openness and transparency, you are no doubt aware that Mr Caltabiano was stood aside on his duties on full pay on 25 October last year until his

termination on 15 February costing taxpayers, I would estimate, some \$200,000 for his wages while he effectively was stood aside. Will you now inform the committee how much in additional payments taxpayers were forced to hand over to Mr Caltabiano and whether or not that was part of his termination settlement? These are legitimate questions that the taxpayers of Queensland deserve an answer from the Premier of their state.

Mr NEWMAN: Could I just clarify the specific figures that the Leader of the Opposition is after?

CHAIR: Leader of the Opposition?

Ms PALASZCZUK: Yes, I was very clear in relation to the amount for when he was stood aside and any moneys paid for the termination of that contract.

Mr NEWMAN: Just presenting the information I have here, which may or may not be entirely what the Leader of the Opposition is after, I can advise that between 4 May 2012 and 25 October Mr Caltabiano received \$234,897 in remuneration—total remuneration. The point I make here is that his total remuneration while in government employ was \$652,947.

Ms PALASZCZUK: Sorry, could you just repeat that?

Mr NEWMAN: \$652,947.

Ms PALASZCZUK: So that was for 18 months work? Or was that including the termination settlement, because that appears awfully high, \$652,000.

Mr NEWMAN: If Mr Caltabiano had had a CEO contract under the former Labor government he would have been entitled to a minimum 13 weeks salary as a service payment and a separation payment calculated as 43 weeks superannuable salary, being the residual period of his contract, a total of 56 weeks of \$495,669. So that is what I was referring to earlier about the excessive nature of the former government's arrangements.

Ms PALASZCZUK: My final question for this section is: in your statement you put out on 15 February 2013 you basically ceased Mr Caltabiano's employment. So you are saying that the total moneys paid by Queensland taxpayers to your personally hand-picked director-general was a total of \$652,947?

Mr NEWMAN: I am saying that he received the amount that I have advised before. What I point out is that the former director-general—thanks to the arrangements that the Leader of the Opposition presided over as a member of that government—Mr Bradley was paid \$1.1 million approximately in the period 2 July 2011 to 4 May 2012.

Ms PALASZCZUK: Okay.

Mr NEWMAN: If that bothers Queenslanders, I can tell you now it bothers me.

Ms PALASZCZUK: So for one year's work, your director-general was paid \$652,947. Premier, outrageous. Can we move on, Mr Chair?

Mr NEWMAN: Mr Chairman, is that a political statement?

CHAIR: It did sound it.

Ms PALASZCZUK: One year's work.

Mr NEWMAN: I would like to follow up that the former government's director-general, Mr John Bradley, from the period 2 July 2011 to 4 May 2012—and remember the new government was elected at the end of March—received \$1,016,000. So I go back to the former government.

Ms PALASZCZUK: And your director-general for one year received \$652,000.

CHAIR: Leader of the Opposition, I think the Premier has made his point; I think you have made your point. I think we will now close that session of questioning. Thank you, Premier, for that. Premier, we are going to give you a little bit of a break. We are going to call now the representative of the Queensland Integrity Commissioner to take her seat up the front here. Just as a little bit of background for those who would not be aware, the Queensland Integrity Commissioner is required to attend these hearings and is required to attend them—indeed, it was made clear to him as late as February this year that he would be required to attend. The Integrity Commissioner has made himself unavailable and he has instead asked Deborah Clark-Dickson, principal policy adviser, to attend in his place. I call the member for Stretton.

Mrs OSTAPOVITCH: Yes, thank you. Does the Integrity Commissioner's office have a separate budget and, if so, what is the process used to develop the budget?

Ms Clark-Dickson: We do have a separate budget, but I cannot answer that question in detail. I would have to take that on notice and get on to the commissioner to give the details.

CHAIR: Could the DG assist at all in answering the question in relation to the budget whilst we are here—or indeed anyone? Is there anyone available who could provide us with an answer to that question while we are here?

Mr Grayson: Can the honourable member just repeat the question and I will see if I can get the information.

Mrs OSTAPOVITCH: Yes. Does the Integrity Commissioner's office have a separate budget and, if so, how do you develop this budget?

Mr Grayson: Just a moment, we might be able to answer the question immediately.

CHAIR: Okay. If you can answer the question immediately, that would be very helpful to the committee. Thank you.

Mr Grayson: There is a separate budget for the Integrity Commissioner. It falls within the broader portfolio of the Premier—so not part of the core Department of the Premier and Cabinet budget—but within the broader portfolio. Like any other agency, that budget is considered by the Cabinet Budget Review Committee and approved and forms part of the budget.

CHAIR: Okay. Thank you very much.

Mr PITT: I ask the question—not dealing in this case to Ms Clark-Dickson but to the director-general. Given that we have had the discussion around the budget for the Integrity Commissioner, has the government received any approach from the Integrity Commissioner for increased budgetary allocation or increased resources during the last financial year?

Mr Grayson: I will seek further information on this, but certainly to my knowledge I have not been approached by the Integrity Commissioner for increased resources or additional staff. I will ask whether, through other parts of the department, that request has been made.

CHAIR: Thank you.

Mr STEWART: I am just wondering if the budget for the Integrity Commissioner's office has varied over the past five years and, if so, how.

Ms Clark-Dickson: We have not been going for five years yet. Not to my knowledge. We have continued to operate in the same way. We have had various technical upgrades, but I believe that they have come within our budget.

CHAIR: Thank you.

Mrs CUNNINGHAM: I have just a follow-on question, if I might, to Ms Clark-Dickson. The Integrity Commissioner's role is not full time; it is part-time, I understand. How many days a week? Has that changed over the period of the time that the position has been operating?

Ms Clark-Dickson: Yes. Since he became the Integrity Commissioner, originally, he was only two days a week and then when he took over responsibility for the lobbyists register he became full time for a period of time and then he dropped back to the equivalent of four days a week. He tends to work a shorter day for five days a week.

CHAIR: Thank you.

Dr FLEGG: How is the budget and the number of days worked by the Integrity Commissioner varied from the previous Integrity Commissioner to the current Integrity Commissioner?

Ms Clark-Dickson: My understanding is that the previous Integrity Commissioner, who did not have the responsibility for the lobbyists register, worked far fewer days per week, but I was not an employee of the office at that stage and I am not absolutely sure. But that is my understanding.

Mr GULLEY: What is the Integrity Commissioner's annual salary? I note that this information would normally be included in the notes if that office's annual financial statements were audited and produced separate from the DPC financial statements.

Ms Clark-Dickson: I have not actually asked the boss what his salary is, but I understand he is paid at an appropriate and senior level—four-fifths thereof.

CHAIR: Nothing else to add?

Ms Clark-Dickson: No.

CHAIR: That is it. Thank you. I have a question for the director-general. The committee is aware that the Integrity Commissioner is on leave for the month of July and he is, therefore, unavailable to appear before the committee for this hearing. The committee discussed Dr Solomon's appearance at estimates with him in November 2012 and indicated to him that the committee expected his attendance. When his leave application was submitted to you in March this year, did the Integrity Commissioner advise you of his discussion with the committee regarding his appearance at estimates? I table a number of documents that confirm those comments and also for a follow-on question. Whilst you are looking at that I will just go back to Ms Clark-Dickson. Ms Clark-Dickson, could you please advise your level in relation to your employment with the government?

Ms Clark-Dickson: I am an AO8.

CHAIR: Thank you.

Mr Grayson: I have delegated authority to approve the leave of the Integrity Commissioner. I do not have in front of me the documentation for the approval of that leave, but I do recall receiving that application and approving that leave. I do not recall that I had information which suggested he had been requested to be at this estimates hearing.

CHAIR: Thank you. I call the member for Mulgrave.

Mr PITT: Director-General, you have probably just answered this, but I want to be crystal clear. When the Integrity Commissioner's request for leave was brought to your attention, under no circumstances was any consideration given to whether he had been specifically asked to appear before the estimates committee?

Mr Grayson: No. I am happy to get the documentation to absolutely confirm this, but my recollection is that I was not aware of that request at the time.

Mr PITT: Maybe I need to rephrase the question a little bit. What we are seeking to find out is: with the process, if a leave application of that kind is brought to your attention, is it standard procedure to look at the dates of important events like estimates in giving consideration to whether the leave application is granted or not?

Mr Grayson: Clearly, that should be a consideration. I would have to say that I was not aware, or it certainly was not part of my consideration at the time, that estimates would be on this particular day. Had such a request been made of the Integrity Commissioner I would have expected that that might have been part of the application for leave, but no.

CHAIR: I suppose the point that we want to get to is: it probably would have been helpful to you in your decision-making process if the Integrity Commissioner had made you aware that he had had significant discussion with the committee around his need to be at the hearings and we had made it clear to him that we did require him to be in attendance but he did not take any opportunity to advise you of that when he was requesting leave?

Mr Grayson: I believe that is the case. I do not recall that information being brought to my attention.

CHAIR: So the Integrity Commissioner chose not to divulge some information to you that may have been able to assist you in your decision making.

Mr Grayson: Yes, I certainly do not recall that information being given to me.

CHAIR: I call the member for Moggill.

Dr FLEGG: Good morning, Premier. Further to your comments in your opening remarks about the Newman government's latest six-month action plan, could you please outline what commitments and initiatives were delivered in the January-June 2013 action plan?

Mr NEWMAN: I thank the member for his question. We did, indeed, start the year at a very fast pace and we continue to deliver on our commitments to Queensland. The January-June 2013 six-month action plan had 148 separate action items which this government has been working very hard to achieve. Just to go through some of the key achievements that we have delivered in the past six months: we have completed a state-wide amnesty for illegal and unregistered firearms; we have commenced the initial intake of young people into the youth boot camps at Cairns and the Gold Coast; we have delivered on a 20-year demand map to inform future schools planning; we have opened new schools at Pimpama and Mackay.

CHAIR: Hear, hear!

Mr NEWMAN: I know that is of complete disinterest to you, Mr Chairman—not! We have delivered 130 new and replacement ambulance vehicles and an additional 60 ambulance officers; we have strengthened Neighbourhood Watch roles within police; we have rolled out a first round of koala rehabilitation and services grants; we have streamlined the blue card application process—which is quite topical at the moment; and we have launched our Homelessness to Housing strategy. I am delighted that Minister Mander and Minister Davis have collaborated so well on delivering that one within the six months. Minister McVeigh has worked hard and we have been able to deliver our 30-year strategic plan for Queensland agriculture. We have launched our open data app competition—I referred to that in my opening statement—and we have responded to the independent Commission of Audit's final report. Just broadening it out, we continue to deliver over the five key areas: law and community safety; environment and resources; health and community development; economic growth and infrastructure; and government and accountability.

I say to the committee today that we will continue to rebuild our state. That is what it is all about. We will work to boost business confidence and create job opportunities across this state. That is what it is all about for me. Every single day when I get up, and every member of the cabinet gets up, that is what we are thinking about: the economy and getting this state government working for Queenslanders. In that vein, we are also very much committed and continue to work on the streamlining of government processes and increasing government accountability. I mentioned before this initiative with Professor Coaldrake that we will run in the not-too-distant future on those accountability measures that are so important to Queenslanders. In summary, it has been a six-month period of great achievement. The next six months will be no different. I am very confident we are heading in the right direction and we are getting on with the job we promised to do.

Dr FLEGG: Will the Premier please confirm the cost of reconstruction following recent floods and disasters? And what is the government's plan to build back better and increase the disaster resilience of Queensland infrastructure and communities?

Mr NEWMAN: Just before I go to the detail, I think all of us thought, 'Gosh, it just can't be happening again,' when we looked at the ex-tropical cyclone coming down the Queensland coast this year, firstly hitting Far North Queensland but then particularly having impacts on Rockhampton and Gladstone and the overflow of the dam there and then moving forward into the Bundaberg and North Burnett area. I must say that I think no-one in this state would have expected to see that happen again so soon after the events of late 2010 and early 2011. Queenslanders have certainly had a very rough trot in recent years from floods and cyclones.

I note that in the aftermath of Oswald North Bundaberg was evacuated and hundreds of people lost everything. Gympie, I reflect, has been hit five times in the past two years by floods. To answer the question of the member for Moggill, the Queensland Reconstruction Authority estimates the cost of recent floods to be \$2.5 billion and the state's contribution to rebuilding will be more than \$620 million. Looking at the bigger picture, the dollar cost of natural disasters since 2010 is a staggering \$13.8 billion.

Funding to aid this recovery work comes from the Natural Disaster Relief and Recovery Arrangements, which, of course, are a federal-state government shared arrangement. But the money we are spending and, indeed, the federal money we are spending, belongs to every single Queenslanders. That is very important to me and the government. Every single dollar that we spend rebuilding is money that cannot be spent on other initiatives. I mean, it is coming out of the federal government's pocket, and that means they are impacted and we are impacted on priorities like schools, hospitals, police, roads, disability services or public housing. What I am saying is that the rebuilding effort is a drag on the system, on the normal processes and activities of government. So whether we have been impacted directly or not, the way we rebuild will affect all Queenslanders' hip pockets. That is the bottom line here in the short and the long term.

I also have to note—I touched on this before and I have said it a lot this year—that in some cases we are repairing the same infrastructure for the second, third and even fourth time in just a decade. I think Queenslanders understand that that is not a good way to go. So that is why in this budget we have \$40 million for this betterment fund, matched by the federal government. I thank them for that. We were after more, but, anyway, at least it is a start and it makes sense for them. The idea is to build stronger, more resilient structures—sometimes moving things to different locations. As I recall and understand it, the movement of the water intake at Gayndah on the Burnett River is a case in point that Minister Crisafulli has been talking about and aiding the council on.

Just to go back to the issue about the amount of money for resilience, I think Prime Minister Rudd, freshly back into the job, might consider providing more than the \$40 million. We asked for \$100 million. I stress that. We can do with every cent. We will be asking the coalition to come up with more money for betterment as one of their election commitments, because, to go back to the way NDRRA works, the main beneficiary will be the Commonwealth government and their taxpayers. They are footing 75 per cent of the bill in most cases. So we are offering them a good deal to go fifty-fifty on betterment projects. It is about spending money now to save money down the track. Clearly, people in this state want their governments—they do not care what level of government—to think long term and to think beyond the here and now.

By way of practical example, councils have been saying for years that if they could just move the water treatment plant, protect the sewage treatment plant, build culverts, raise a bridge—instead of just replacing or repairing the old bridge—or take a road and move it outside of the flooded areas they would be better off the next time it floods. We will not have the damage and we might not even have the road closure, which would be even better for people right across this state.

I guess my point is that we are listening and we have to do better. Despite the debt legacy we have from Labor and despite the falling revenues, betterment and resilience projects are important. It will be a hallmark of this year's budget. We have started the job and we are going to continue the job to succeed where the Labor Party failed this state over 20 years with not doing these things.

CHAIR: I am sure some members may want to develop those questions a little further later, but for the moment I will call the member for Inala.

Ms PALASZCZUK: Premier, I refer to the budget speech, in particular the cost of living and how it is impacting on families. I have people coming through my door on a regular basis. In particular I draw your attention to the LNP's clear plan for Queensland families, which states that you will reduce power bills and save Queensland families up to \$330 a year. Given that power prices have gone up more than \$300 in just 16 months of an LNP government, can you confirm that it is your government that has failed to even get the very basics right?

Mr NEWMAN: I am delighted to answer the Leader of the Opposition's question. It is dear to my heart, the need to remove as much pressure as we can from families right now. Indeed, that is what this government has been doing from the word go. I am going to have to talk about this a while because I need to develop my argument. It starts with spending people's money wisely. I go back to my opening statement. Let me just check the figures again.

I made the point at the beginning that in the 10 years from 2011-2012, every year government expenses grew at 8.9 per cent per annum. This year, the increase is just 1.1 per cent. I say to Queenslanders, when government expenses are going up, guess who pays? That is right, Mr Chairman: you pay; Queenslanders pay. If you have a government that keeps on spending and, as we have seen, spending on the Bankcard and incurring a huge amount of debt, we all pay. Because rego was going up. Rego used to be cheap in Queensland. The Leader of the Opposition was a minister for transport. Rego used to be cheap in Queensland. Five years ago, public transport was far more affordable. The Leader of the Opposition handed down a policy that saw public transport fares go up 15 per cent, then 15 per cent the next year and it was to go up 15 per cent in year three, 15 per cent in year four and 15 per cent in year five. Why was that? Because government was spending more in so many areas and government was wasting money. I would love to get a question today about advertising expenditures, which we have cut by 60 per cent. Queenslanders will remember the barrage of ads on TV telling them how good Queensland Health was at the time we had the Tahitian prince stealing their money. We saw waste and inefficiency everywhere. There was an 8.9 per cent increase in costs every year. If a government is spending in an out-of-control manner, ultimately all sorts of taxes and charges rise.

Ms PALASZCZUK: Chair, I rise to a point of order. My question was clearly about the Premier's commitment to lower electricity bills. Can the Premier please answer the question?

CHAIR: I think the Premier is moving towards answering that aspect of the question, thank you.

Mr NEWMAN: Thank you, Mr Chairman. As I said at the beginning—and I ask the Leader of the Opposition to carefully listen to my answer because it is important—I know Queenslanders are interested in how Queensland got into this terrible position. It is a shocking financial position. We will not deal with 20 years of waste and inefficiency and poor management, we will not deal with 20 years of problems, particularly those that built up in the past 10 years, in five microseconds or even 18 months. It is a long haul. That is what we are trying to do. I am committed to dealing with these things,

and that is why the expenses have gone up only 1.1 per cent. That is good news for Queenslanders, because it means we are not putting the pressure on families by asking them to pay and pay and pay, like the Labor Party did. What are some of the other examples of Labor waste? We had 1,500 buy-local T-shirts that were made in Bangladesh; 20,000 garden gnomes purchased—

Ms PALASZCZUK: That was all last year, Premier.

Mr NEWMAN:—a \$1 million white elephant for GoMA. We had \$750,000 spent on backpacks that were sitting in a warehouse; \$43,500 spent on electric car parks; \$700,000 on an egg sculpture placed on an offshoot of a 50-kilometre walking track at the back of the Sunshine Coast, as I recall. \$140 million was spent implementing a new driver's licence. Did the Leader of the Opposition have anything to do with the SmartLicence that was not going to cost the state any additional money? Then there is the payroll system. I have mentioned the Tahitian Prince. There was the \$2 billion spent on a water recycling plant that is not used and \$1.1 billion on a desalination plant. This is the waste.

What have we done in terms of the cost of living? By getting budget finances under control, we take the pressure off. We have delivered a whole range of things which I mentioned at the beginning in relation to dealing with the cost of living. Just to cover some of those things, there is \$5.1 billion of cost-of-living concessions for Queenslanders. That is 3.7 times the concession in Labor's last budget. There is \$1.2 billion in public transport subsidies. The Leader of the Opposition, as I said earlier on, was increasing public transport fares by 15 per cent each year. We have halved the increases that she announced.

Ms PALASZCZUK: And you slashed bus services.

Mr NEWMAN: We have also provided concessions so that after you have taken nine trips on a go card the remaining trips in a week are free. That is saving people in my electorate, which is one of the inner city electorates, over \$200 a year with that one initiative alone. In relation to other things, \$615 million this year is the community service obligation to make sure that people outside South-East Queensland, people in regional Queensland whom we care about, get the same deal, a fair deal, on electricity that the people in South-East Queensland get. People in the regions get a good deal on the electricity.

CHAIR: What was that figure, Premier?

Mr NEWMAN: \$615 million. There is a subsidy that we are paying right now so that the people in Mackay and Rockhampton—the member for Rockhampton, I am sure, will be delighted that this is being continued—will get the same deal as people in Brisbane. I think that is a very important commitment to regional Queensland.

CHAIR: Thank you, Premier. We might move on with another question from the member for Inala.

Ms PALASZCZUK: Thank you. Premier, I want to get your understanding about the cost-of-living pressures on families. Can you please advise the committee how much a litre of milk costs, how much a loaf of bread costs, how much a litre of petrol costs? Can you give us a rough indication?

Mr NEWMAN: A litre of petrol, when I last checked on the weekend, it was around about one buck 51, as I saw it. A litre of milk: the Leader of the Opposition may not have noticed, but there have been some milk wars and the price bounces around like anything. I think there is a really interesting question there about what a litre of milk should cost as opposed to what it does cost. I have seen a litre of milk being sold for about \$1, but I venture to suggest that the fair and reasonable price for the hard-working dairy farmers is around \$2. I simply say that there are some figures for the Leader of the Opposition.

To go back to the cost of living, what have we done? We have frozen family car rego for the entire term and the traffic improvement levy. We have taken \$7,000 tax off buying the family home. The Leader of the Opposition sits there, but was part of a cabinet that made a decision to increase the costs of one of the most fundamental things that interest Queenslanders, their single most important investment. Just over two years ago, in this very parliament, they whacked a \$7,000 tax on the family home.

Ms PALASZCZUK: And you increased electricity prices by 22.6 per cent.

Mr NEWMAN: I am happy to come back to electricity prices. Water prices went through the roof. I remind all members—some were not here—that in the early part of 2007 the then Labor government announced their belated response to the drought and released a so-called water supply

security plan. They published tables at the time that showed the escalating price of water; water prices going through the roof over 10 years. And they were proud. They were bold as brass about it. I urge South-East Queenslanders who want to look at the history to go and have a look—they can Google it—at what I said at the time as a mayor. I said that councils were being made the tax collectors of the Labor government, because councils, of course, controlled the water retailers and were going to get the blame. It was a very cynical ploy.

On electricity, though, we know why electricity prices particularly have gone up. I have some letters here from 2009, from the former Treasurer, Mr Andrew Fraser, a parliamentary colleague of the Leader of the Opposition. This is indeed the smoking gun. It is more than a smoking gun. This is it. This is the proof of the whole thing. This is where the former Treasurer wrote to Martin Ferguson, who was the federal Minister for Resources and Energy. He actually argued that the rate of return applying to Queensland government electricity companies should be higher. Just putting it in laymen's terms for Queenslanders, the way this works is that the pricing arrangements are set for about five years, as I recall. Back in 2009 when the current pricing period was being determined, the then Treasurer of the state argued for higher electricity prices. He argued for higher profits. It is probably the icing on the cake of a sad pattern of the Labor Party's, firstly, neglect of the electricity industry in the early 2000s when they ripped dividends out of the GOCs and did not do the necessary work on the network, so the network became unreliable and there were blackouts. Then they went the other way with the Somerville report, I think it was, and they provided a carte blanche to spend as much money as possible: 'Don't you ever let the lights go out.' Then we have this letter from Mr Fraser to the Australian Energy Regulator, dated 5 February 2009, and to Martin Ferguson, on 5 February 2009, saying, 'Let Energex and Ergon and Powerlink make more money.' That set the pricing path for the period. The final point I make is the message to federal Labor—

CHAIR: Quickly if you can, Premier.

Mr NEWMAN: The final point, and this is most important, is that the biggest single thing we can do to reduce electricity prices right now is to get rid of not just the carbon tax but also the renewable energy target. I noticed with sadness that the other day the Prime Minister seemed to dismiss its impact. He said it is only 10 per cent of the bill. I know, and I go back to the Leader of the Opposition's point, that 10 per cent of the bill of a typical Queensland family is, at least, \$250 a year, which they would save by getting rid of the RET and the carbon tax. If we are talking about cost of living, I say that, unlike Kevin Rudd, I know that \$250 a year is serious money to Queensland families. They need every dollar right now. They want every dollar. I end this by saying that the best way to actually bring electricity prices down is to get rid of the carbon tax and get rid of the RET.

CHAIR: Thank you. I call the member for Gladstone.

Mrs CUNNINGHAM: Thank you, Mr Chair. I refer to non-government question on notice No. 3. The second dot point in your reply discusses the 10 temporary FTEs for the Corporate Services Renewal Taskforce. Then it goes on to make a few statements, all of which are very unclear. Can you give some clarification and specifics about the restructure or the review of the corporate services and what the renewal task force is going to achieve, please?

Mr NEWMAN: I thank the member for Gladstone for her question. We are referring to non-government question on notice No. 3 on the Public Service Commission, which deals with the change in the number of FTEs. I might ask Mr Maynard, and even the DG to assist him, in terms of the specifics of the Corporate Services Renewal Taskforce paragraph.

Mr Maynard: Thank you, Premier, and I thank the member for the question. In the last quarter of 2012, the government undertook a review of the way corporate services were delivered across agencies. Government has a wide range of different service-delivery mechanisms for corporate services. Some agencies have a shared service arrangement, other agencies provide their own corporate services. The review made a number of observations in respect of corporate services across government. Firstly, it identified that the focus on this service over the previous few months had delivered, based on benchmark data, very cost-effective corporate services for government. It did identify, however, that there were opportunities to improve effectiveness of service delivery. Some observations were made around agencies where aggregating and having a consolidated corporate services function was effective and learnings could be gained from those agencies and applied to other agencies. There were also opportunities to set different service standards to simplify processes, to reduce red tape, reduce bureaucracy. It was pleasing to see that, when we surveyed approximately 17,000 of our employees earlier this year in March, one of the No. 1 priorities that employees

identified was the need to reduce bureaucracy, cut red tape and simplify processes internally within government. That was supported by a large majority of the almost 4,000 employees and senior managers who attended focus groups at that same period. One of the recommendations out of the review was that government establish a task force—it is a time limited task force—to work with agencies to identify ways of streamlining the delivery of shared services and corporate services, to identify where best practice was being undertaken across government and ensure that that best practice was shared across all agencies. That is the nature of that task force. Temporary FTEs resource that task force. As I have indicated, it is time limited. We are about half way through that process. There have been some very interesting learnings that have been identified, particularly around the area of simplifying processes.

Mr NEWMAN: If I may just go back to the earlier question about the Integrity Commissioner, the director-general has some information that will be of interest to the committee.

Mr Grayson: In the intervening time I have got some additional information. I can confirm that Dr Solomon wrote to the Premier on 4 March this year seeking approval for 17 days leave for the period 2 July to 31 July. Last year the Premier actually delegated authority, which authorised me to consider leave applications and approve or otherwise those applications. I have in front of me the letter which I received from the Integrity Commissioner seeking approval for leave for that period.

CHAIR: Would you like to table that letter?

Mr Grayson: I have no problem doing that. Before I do, I might consider whether there are any privacy issues for the Integrity Commissioner. Certainly I have no problems in—

CHAIR: There will not be any privacy issues with this committee for the Integrity Commissioner, I can assure you. There being no objection, leave is granted for that letter to be tabled.

Mr Grayson: One of the considerations I took into account in considering the application from Dr Solomon was that he indicated he felt it was not necessary to appoint an acting Integrity Commissioner because he would be contactable by phone or on iPad for emails. Certainly that was the case last year when he was on holidays. I have not had occasion to contact him at all this year. I can confirm that the letter does not mention the request from this committee for his attendance. It simply requests approval for leave and points out that he will be contactable during that period. Based on that information, I approved the leave.

CHAIR: Thank you, Director-General.

Mrs CUNNINGHAM: Could I ask the Premier a question?

CHAIR: Absolutely. I call the member for Gladstone.

Mrs CUNNINGHAM: Premier, both you and senior ministers rightly espouse the importance of LNG to the state and to the state's economy. The comments also acknowledge the communities both upstream and downstream impacted by the development in terms of infrastructure. I would have to say that my community lost and has lost confidence in both the previous government and the current government that they are going to be considered for infrastructure. Can the Premier offer any assurance that the Gladstone electorate will receive funding for much needed infrastructure such as the Kin Kora roundabout and the Philip Street Communities Precinct?

Mr NEWMAN: I will consult with my officials for a second. In the interests of time, I might seek to give an outline of an answer. I assure the member for Gladstone that I do not view Gladstone differently to other parts of regional Queensland. Regional Queensland is critically important. The overriding consideration here is that the state has a very difficult financial situation. Having said that, I can point to things like the Royalties for the Regions program, which has been expanded so that essentially any council—other than South-East Queensland councils—will from now on, from this financial year, be able to bid for the Royalties for the Regions pool of funding. It is a program that starts off modestly, but as financial circumstances improve we see more money being available in the pool so that councils, like the Gladstone council, can bid on that money. Another example of the way that we try to help regional Queenslanders is through the Patient Travel Subsidy Scheme. It has been significantly enhanced; it has doubled in terms of the amount of money.

In conclusion, Gladstone does have unique needs right now, like other resource locations which are impacted by these massive expansions. It is certainly well positioned to bid for Royalties for the Regions funding. I think this is an issue that the honourable member might like to direct to the Deputy Premier. We will give him a heads-up that he might expect a specific question on this because it is mainly within his portfolio area. We will seek to be more expansive about what specifically we can do.

CHAIR: Member for Gladstone, do you have any follow-up questions there?

Mrs CUNNINGHAM: No, thank you.

CHAIR: I call the member for Sunnybank.

Mr STEWART: Given that community safety and emergency services are the front-line response in disasters, can you please provide an update on the measures in the budget to improve resourcing of this sector?

Mr NEWMAN: I would be delighted to answer the member's question. I reflect again on the things I was talking about earlier about the magnitude of the disasters. I now reflect upon the incredible commitment and dedication shown by people who are involved in responding to emergencies in this state. We see so many incredible scenes such as rescues by QFRS swift-water rescue members. We saw that in places like Bundaberg. There are scenes of EMQ helicopter pilots and Defence Force pilots plucking people off the roofs of North Bundaberg homes. I reflect on the SES leader I visited in Bundaberg who, ironically, lived in Water Street and who continued to do her job while her own home was flooded up to the rafters.

The police, councils, people in Transport and Main Roads and people across-the-board do a fantastic job. Think about the things they do: evacuations, rescues, securing areas, cleaning up and comforting people. There is the work in the social services area. People from the Communities area comfort people and we make sure we reach out and give them assistance. There are also the NGOs—the Red Cross and other charities.

They do that in the face of community and individual loss and they do it without hesitation. We are totally committed to supporting them. We are totally supporting their work. That is why we have boosted resources in Community Safety, particularly police. This year there is a \$154.21 million investment in the Community Safety budget. I particularly note that it includes \$51½ million for ambulance facilities and for 155 ambulance vehicles. I stop right there. A lot of the time, given the spin we hear from the other side, you would think we are not spending on the things that count. I say to Queenslanders that we are spending on the things that matter and we continue to do so. This is a very critical area.

Fire and rescue facilities, urban and rural fire appliances, operational communications equipment and information systems get \$46.4 million. Preparing the community for disaster is also an essential component of readiness. I was always big on this when I was Lord Mayor. The budget also allocates \$3.1 million for a community campaign to improve community actions to prepare for disasters. It does that as well.

The SES will benefit from capital grants of \$4.4 million. That is on top of the resources that we have already delivered, including 242 new and replacement ambulance vehicles and 67 additional ambulance officers. There is \$1.25 million for the construction of the Cairns SES headquarters. The rural operations strategy and government steering committee and three strategic working groups have been established to support Rural Fire Service volunteers. There will be 83 new or replacement firefighting appliances—34 urban and 49 rural. Some 33 flood boats have already been delivered to SES groups.

In terms of the police, we have already delivered 300 extra police. This is an increase. This is not the way the other mob used to spin it, where they would say that they have recruited 300 police but did not tell you that 230 actually resigned in the last year. There will be 300 extra police. The Police Service in Queensland is growing. There are more police on the beat. We will deliver 1,100 additional police over four years. We have also been moving police from behind desks back to the front line.

A lot of work has been done on blue tape, as it called—the internal bureaucracy in the Police Service—that I am afraid former governments imposed on the Police Service. This will mean we can get them out on the front line. More than 50 serving police have been moved from behind desks back to the front line. In summary, that is the sort of support we are giving.

I should make one other point. I commend the people in Energex and Ergon. It is my firm belief that they did an even better job this year than back in 2011. In particular I speak to the Energex results. There is no doubt they had more customers who lost power this year than in 2011 and they restored more connections in a shorter period than in 2011. That is an outstanding job from Energex and Ergon, and I assume also the hardworking Powerlink workers.

CHAIR: They were certainly across the role that they had, that is for sure. I call the member for Stretton.

Mrs OSTAPOVITCH: You have mentioned a number of times this morning the importance of growing the economy. I would like to ask you a question about the government's decision to allow uranium mining in Queensland. Could you please inform us of any progress made in this area? What opportunities are there for development and jobs?

Mr NEWMAN: I am delighted to answer this question. It allows me to demonstrate the way that the Australian Labor Party in this state is very confused about these matters these days. We have a situation where we have a Labor government in South Australia that permits and indeed encourages uranium mining. We have seen a change of government in the Northern Territory, but the former Labor government seemed to have no problem with uranium mining up there. Uranium mining is something that is being pursued in Western Australia.

At the federal level, the background to this is that we had, as I recall, Martin Ferguson urging my government to logically and dispassionately review whether there should be a ban. He was really encouraging us to mine uranium. We also had senior figures in the union movement saying that there was no reason for a ban in Queensland, that it did not make sense. There is a lot of support for uranium mining from large sections of the Labor Party and the union movement. So for the state Labor Party, particularly the member for South Brisbane, to continue to see this as something that should not happen is really quite remarkable.

In October 2012 we announced that we were lifting the ban on uranium mining and we convened a Uranium Mining Implementation Committee. I particularly acknowledge Councillor Paul Bell from the Central Highlands Regional Council, the Emerald council, who chaired that committee. I thank him and the other members for their efforts. His committee invited submissions from more than 70 groups. They visited interstate government officials and uranium mining operations and they held a consultation session in Mount Isa. We also had public feedback coming in through the Department of Natural Resources and Mines' website.

The Department of Natural Resources and Mines is leading a whole-of-government process to develop a formal response to their report and an implementation strategy for government consideration in the second half of this year. That is on the back of the report from the committee delivered on 18 March this year. So what did the committee conclude? What are we responding to? What do we have to respond to? It concluded that a new legislative framework is not needed. They made 40 recommendations to adapt the existing framework that we have to ensure a best practice uranium mining sector in Queensland, including a number of recommendations relevant to environmental management throughout the mining cycle.

This decision for the honourable member's information was simply because we believe that Queenslanders should be sharing in the benefits. Uranium development is already providing much needed investment, jobs and royalty opportunities in other states. I have mentioned South Australia and the Northern Territory. They have shown that you can mine it and transport it safely for export. We do not want to fall behind when it is clear that we can have a successful uranium industry without ill effects on this state.

Other states' uranium industries are governed by very strict standards—strong environmental and health and safety standards. Health and safety is probably, I think, the biggest one that we need to deal with. I know that some people will say the biggest one is the environmental issue. I actually think that in terms of the mining of uranium the big one we really need to get right is the workplace health and safety of the people on the mine sites and that initial processing effort. We can have those great standards here in Queensland particularly going on the experience of many years—if my memory serves me correctly, basically three decades, for example, in the Northern Territory.

To sum up, we will not shy away from working to build new resource industries, whether it be uranium mining or shale, if there are proven technologies and strong safeguards. I reflect that \$8 billion of Queensland's current estimated \$10 billion worth of deposits is located in north-west Queensland. Why do I raise that? That is where we particularly need the new jobs and investment, particularly I am thinking of Indigenous communities. That is why I know that there is a lot of support in the north-west. Mayor Tony McGrady and Indigenous leaders that I have spoken to as well see this as a real opportunity for training and development and then long-term employment of people in remote communities.

CHAIR: Thanks, Premier. We might leave that one at that point. I call the member for Inala, the Leader of the Opposition.

Ms PALASZCZUK: Premier, I note earlier you said that you are spending on the things that matter. I refer to an invoice, and I seek leave of the committee to table it.

CHAIR: There is no need to seek leave. Sorry, you are not on the committee, so, yes, you do. There being no objection, leave is granted.

Ms PALASZCZUK: Premier, do you think it is appropriate that former minister Ros Bates spent \$633.60 of taxpayers' money to purchase two indoor wooden flagpoles for her office?

Mr NEWMAN: Mr Chairman, may I be permitted to see the invoice, please, before I respond?

CHAIR: Certainly.

Mr NEWMAN: Mr Chairman, I would respond in this way. I have never thought of the flying the flags of either the state or our Aboriginal and Torres Strait Islander people, our Indigenous traditional owners—and the badge I wear today recognises our traditional owners—as being something that is unworthy. I ask: if you do not have one of those flagpoles in your office, how do you fly the flag appropriately? I do not see that that is an issue. An office must be equipped. I am at a loss to understand why there was not a flagpole to fly the flag. If you want to talk about waste, I can go back and talk about true waste.

Ms PALASZCZUK: No. That is fine, Premier. I think you have answered that.

Mr NEWMAN: Well I am happy to talk about—

CHAIR: Premier, we will go on to the next question.

Ms PALASZCZUK: My next question is to the director-general. Director-General, in answer to question No. 1, out of your director-general's reserve an amount of \$24,000 was allocated to a strategic cabinet meeting. Can you please give me a breakdown of those costs? It seems quite excessive for a cabinet meeting. I am happy if you take it on notice.

Mr Grayson: Mr Chairman, can I first ask clarification from the honourable member?

CHAIR: Yes.

Mr Grayson: Are you referring to the question on notice?

Ms PALASZCZUK: Yes.

Mr Grayson: The non-government question on notice No. 1?

Ms PALASZCZUK: Yes, I am. There was \$24,000 allocated for a strategic cabinet meeting.

Mr Grayson: Yes. I have the item in front of me. You are seeking a breakdown of that?

Ms PALASZCZUK: Sure. Do you want to take it on notice?

Mr Grayson: I am happy to do that. Mr Chairman, the strategic cabinet meeting that the honourable member is referring to occurred in August last year. It was an opportunity for the cabinet and the directors-general to meet to understand the strategic direction of the government and start to plan a way forward. I appreciated the opportunity for not only myself but also my directors-general to have that very valuable time of the cabinet in August last year to ensure that our strategic directions were aligned. There would be a number of components to the expenditure including the facilitator's costs, but I am happy to get a breakdown.

Ms PALASZCZUK: Before the end of this session?

Mr Grayson: Before the end of the hearing, Mr Chairman. So before 2.30 pm.

CHAIR: Before 2.30 pm, not the end of the session—the session finishes at midday.

Mr BYRNE: My question is to the Premier. I note your comments about removal of waste, excessive frills and spending on things that matter. Can you confirm that the person listed on your staff as an adviser was the same person who carried out the function of orderly for many years at the Brisbane City Council? What area does this staff member advise you on and what specifically are his duties?

Mr NEWMAN: Mr Chairman, I am happy to answer the member's question. I have been to other state parliaments and premiers' offices. I have been to the Prime Minister's office—both the former Prime Minister Kevin Rudd and the current Prime Minister Kevin Rudd's office, and also I have been to the former Prime Minister Julia Gillard's office. And on every occasion there have been people there who do such things as make sure that formal meetings are set up, that the room is ready to go, that tea and coffee and biscuits are provided, that if there is a meal being served it is procured and delivered and cleaned up, and that is the function of this individual. I simply say that this is a normal thing that you would see in any office in the way that I have described, or indeed in any business in this nation at senior level. That is what this individual does.

Mr BYRNE: I have a follow-up question. There is a whole branch of your department that deals with these matters. This individual is listed as an adviser. Isn't it a fact that he is really your butler?

Mr NEWMAN: Mr Chairman, please.

Mr BYRNE: Well, yes or no?

Mr NEWMAN: I said at the very beginning here is the difference: there are 11 fewer positions in ministerial offices in my government compared to the former Labor government. That is about saving the taxpayers money. That is about making sure we are frugal with their money and we do that every day of the week—11 fewer positions across the ministerial offices. When I go to Kevin Rudd's office, I notice that someone carries a cushion around for him. I certainly do not have someone doing that. If that is what a butler is—

Mr BYRNE: Premier, he is listed as an adviser—an adviser.

Mr NEWMAN: I can confirm that the current Prime Minister, for the moment, has a gentleman carrying a cushion around for the Prime Minister. That seems very much to be in the nature of a butler.

Mr BYRNE: No frills.

CHAIR: Thank you, Premier. I call the member for Murrumba.

Mr GULLEY: Will the Premier please advise on the progress of the Bruce Highway Action Plan and how it will improve safety on our major highway?

Mr NEWMAN: Mr Chairman, the Bruce Highway is clearly the artery of this state. It is almost 1,700 kilometres long and, of course, it plays a very significant role in our four-pillar economy and our growth strategies. We have launched a blueprint for a safer, more reliable and flood immune Bruce Highway which is titled *Out of the crisis*. The plan includes \$6 billion in projects and upgrades that need to be built during the next 10 years under existing funding agreements with the Australian government.

I make the point that, on top of the historical level of commitment, the state government has committed to provide an additional \$1 billion over 10 years. However, in doing that, in making that commitment, we were always very clear that the Australian government must match our funding contribution on the basis of the existing 80-20 funding split. And why is that? Because it is a federal road. It is a federal road that has been neglected by the federal government for many years. It has been neglected by this government and sadly by former governments. So I am not going to take a political view on this. The time has come. It needs the financial support. It needs the investment in it. It is time for the Prime Minister to stop running around campaigning—I digress for a moment. I actually thought he had changed, but what I see at the moment is that he has not changed because he is just running around Australia. I hope he can spend some time on the Bruce Highway. I hope he can make a commitment to the Bruce Highway if he could ever land and have his feet on the ground.

The RACQ have stated publicly that it is time for the feds to step up and fund the Bruce Highway upgrades. The RACQ—and this is very grim and grisly—have predicted that between 300 and 400 road deaths will occur in the next 10 years if action is not taken. That is their figure. I know that Queenslanders have grown increasingly frustrated as road crashes have resulted in an alarming level of fatalities.

The *Out of the crisis* action plan that I mentioned before identifies more than 50 capacity and flood mitigation projects and hundreds of kilometres of safety treatments. It is going to provide better infrastructure through better planning and it pinpoints how, where and when the funding is required. We have not had that before. This government has created the blueprint. It is now there to be implemented by us but with that majority share from the feds. We have started with \$690 million being invested in the Bruce Highway. That is excluding NDRRA—

CHAIR: Premier, I intend finishing at 12 o'clock. You have minute to round up.

Mr NEWMAN: And the state contributing \$153 million. We were also prepared on the basis of an offer from Anthony Albanese to contribute an additional \$340 million over four years to enable work to start on the \$790 million Cooroy-Curra upgrade, but that was fifty-fifty. Again, it was the federal government essentially pushing the envelope, taking advantage of the situation. So we agreed that that is a one-off, that fifty-fifty.

In 2013-14 we will also be investing as follows: \$315.8 million on the Warrego, \$45.8 million on extra lanes for the Centenary Highway, \$128.4 million—and this is one that is dear to my heart after many years of Labor's intransigence, of battling them when I was in City Hall—\$128.4 million for road bridges at key rail crossings at Bracken Ridge and Geebung. I thank Lord Mayor Graham Quirk for this partnership, because he is going to get that done finally after years of the Labor Party stonewalling and stopping those projects. There is also \$72 million for Roads to Resources, including \$45 million for the Toowoomba CBD ring-road and \$24 million for Townsville's Blakeys Crossing, and \$44.5 million to continue the intersection works at Wardell Street and Samford Road at Enoggera.

CHAIR: Thank you, Premier. Ladies and gentlemen, it is 12 o'clock. The committee will now take a break and resume at 1 pm to examine the estimates for the remaining areas of responsibility administered by the Premier.

Proceedings suspended from 12.00 pm to 1.00 pm

CHAIR: The estimates hearing for the Finance and Administration Committee is now resumed. I call the member for Inala and Leader of the Opposition.

Ms PALASZCZUK: Premier, I was wondering whether we have your chief of staff's salary yet?

Mr NEWMAN: We are still getting it, Mr Chairman, but I am pretty confident we will have it—

CHAIR: By the end of today?

Mr NEWMAN: That was my commitment.

Ms PALASZCZUK: My question is to the director-general. Before the break the committee was told that Michael Caltabiano was paid \$652,937 for the period of his service within the government. I understand the Premier's office is advising that the sum covers the period from 1 May 2012 to 15 March this year. Mr Caltabiano's appointment as DG was gazetted in the *Government Gazette* on 13 April, effective from that date. Can you advise whether Mr Caltabiano was engaged initially on a temporary contract from 27 March 2012? Does that figure of more than \$650,000 include payment for the period from 27 March 2012 to 4 May?

Mr Grayson: I thank the member for her question. Let me clarify those dollars for her. Mr Caltabiano was appointed on 4 May 2012.

Ms PALASZCZUK: Yes.

Mr Grayson: From that appointment date of 4 May through to 25 October 2012 he received a total of \$234,897 in remuneration. That includes superannuable salary plus motor vehicle allowance. He was suspended on 26 October 2012 until the termination of his employment, which was 15 March 2013. There is some further information there in that he actually departed his role on 28 February 2013 under an agreement reached with the government. From the date of his suspension, being 26 October 2012, until 15 March he received \$187,918. Again, that is superannuable salary plus motor vehicle allowance. In the CEO contract that he was employed under—and to clarify, the CEO contract under which Mr Caltabiano was employed is the new modern executive employment contract—he was entitled to 26 weeks superannuable salary, or \$230,132, on the termination date of 15 March.

Ms PALASZCZUK: Under standing order 30, would the director-general table the document he is reading from? I move that way.

Mr Grayson: Mr Chairman, these are notes that I have to inform me in giving the committee responses. They are internal documents. I have written on it. There is no further information that is relevant to the committee, I believe, unless there are further questions that the committee would like me to answer or more information—

Ms PALASZCZUK: I am happy to move on, but in the interim could we seek clarification from the Clerk?

CHAIR: We will seek clarification from the Clerk and we will move on.

Ms PALASZCZUK: My question is to the director-general. Director-General, you would have seen the *Government Gazette* in which members' salaries were increased by 41.9 per cent and additional salaries and expenses of office allowances payable to office holders of the Legislative Assembly, and I ask: were you aware that the increase was not just to backbenchers' salaries?

Mr Grayson: Yes, I was aware that there were certain allowances which would increase in line with the salary component. That flows from the Parliament of Queensland Act 2001.

Ms PALASZCZUK: At any stage did you brief the Premier or the Acting Premier that the gazettal notice applied not just to the salaries of members but also to the allowances payable of which you said you were made aware?

Mr Grayson: The decision to allow the legislated salary to flow through was taken on 1 July by the Acting Premier with the cabinet. In order to implement that decision of the cabinet, I prepared for the Acting Premier an Executive Council minute.

Ms PALASZCZUK: Was that signed by the Acting Premier, Director-General?

Mr Grayson: Yes. The Executive Council minute going to the Governor in Council on Thursday, 4 July was in fact signed by the Acting Premier.

Ms PALASZCZUK: So, to be clear, the Premier was out of the country. He did not sign the Executive Council minute but the Deputy Premier was fully aware of what he was signing and what was to be gazetted that Friday?

Mr Grayson: Yes. To be clear, I took the Executive Council minute to the Acting Premier for his signature which then allowed it to go to the Governor in Council on 4 July.

Ms PALASZCZUK: Thank you very much. My question is to the Premier—

CHAIR: Member for Inala, before you continue, there is no requirement for the director-general to table those documents that he was referring to in answering questions. So we do not require those.

Mr Grayson: Thank you, Mr Chairman.

Ms PALASZCZUK: I am comfortable with that, Chair. My question is to the Premier. Premier, I refer to a briefing note signed by you on 3 September 2012. The topic was salary and allowance increases to members of the Queensland parliament. I am happy to table it if you do not have a copy, but there is a handwritten comment on that from you which says, 'Members pay and allowances will go up by the core wage outcome.' I just wanted to make sure that that is indeed what you actually said. I seek leave to table that document. Do you want to see that, Premier?

CHAIR: Is leave granted?

Mr NEWMAN: I am certainly across that, anyway.

Ms PALASZCZUK: Premier, did you convey that to your Attorney-General that that was your intention in relation to those—

CHAIR: Just a moment. Is leave granted? Leave is granted.

Ms PALASZCZUK: That is page 2, sorry, Chair.

CHAIR: Is leave granted to table the additional document? Leave is granted.

Ms PALASZCZUK: Premier, you wrote on that note. Did you convey to your director-general that that was your intention in relation to this issue?

Mr NEWMAN: Mr Chairman, to answer this question I need to be somewhat more expansive on the whole thing. I need to refer to a number of things that have gone on in the last probably 16 months. I am surprised the Leader of the Opposition is even asking, because I made it very clear at the press conference that I did last Thursday that I had a very firm view and had resisted pay rises for politicians. As I said last Thursday, they were the lowest priority. My highest priority is still to see a pay rise for hardworking public servants in the area of the Public Service known as the core.

I must say this afternoon again that it pains me that the person who is getting in the way of a pay rise for hardworking public servants—this is pertinent, Mr Chairman, because the note, as I recall, refers to the Public Service. That was the gist of it. I wanted them to receive a pay rise. Day after day, week after week, month after month, Mr Alex Scott of the Together union continues to get in the way of a pay rise for public servants. You do not just have to believe me. I do not have the comment with me, but I will ask Mr Maynard to confirm what I am about to say. My understanding is that in the Industrial Relations Commission in the last seven or so working days one of the commissioners has had something to say on this issue of the pay rise for the core. Do you recall what I am referring to about Mr Scott and his role in the whole matter about a pay rise?

Mr Maynard: I do, Premier. The committee may be aware that the Together Queensland union appealed a decision of the Queensland Industrial Relations Commission. The Together Queensland union sought to have the commission grant an interim increase to the hardworking public servants covered by the core EBA. That matter was heard by President Hall of the Industrial Court. President Hall determined that the matter could go back to the full bench to reconsider their position. In reconsidering its position, the full bench of the QIRC passed comments to the Together union to the

effect that their continuing to protest and to seek the granting of an interim increase by the commission was getting in the way of the arbitration process being concluded and that the fastest way for the arbitration process to be concluded, an outcome determined and a pay rise awarded to public servants was to cease the case that they were prosecuting in respect of the interim agreement. The nature of those comments from my perspective made it clear that it was the Together Queensland union that was getting in the way of a pay rise to hardworking public servants.

Mr NEWMAN: I thank Mr Maynard for amplifying my point, and my point is this: I want to pay public servants in the core a pay rise. Through this hearing today I reiterate what I said last Thursday, which is that he needs to stop the games and sit down with the government. We stand ready to pay a pay rise for public servants.

That is one dimension to these comments on the briefing note of September last year which I needed to explain. The other aspect to this is this issue about the priority. It was a low priority and it was always a low priority. I do not know whether I can elaborate much more on what the Deputy Premier said this morning or what I said last week, but the gist of it is that there was no intention or desire by me to proceed with any sort of pay rise. I said that last week. There is nothing new there. The thing that precipitated it, as the Deputy Premier said, was at least two, as I understand it, former Labor politicians requesting that this matter be looked at and, indeed, being quite strident in saying that the law was not being complied with. The Deputy Premier got crown law advice, the advice was received and he then made the decision that he did. Again, he had no choice. I do have to say this, just to wind up. I find it extraordinary that a former member of cabinet in the Labor government could be silent for a whole week about these matters. So the Deputy Premier made the announcement and for about a week we heard very little—

Ms PALASZCZUK: Be very careful, Premier, because I did a press conference on the day that it was announced. This is an estimates hearing. Please be very careful about what you are saying because you were out of the country.

Mr NEWMAN: Mr Chair, I have looked at what the Leader of the Opposition said. As far as I can gather there seems to be—probably the best way I could put it—acquiescence on the Leader of the Opposition's part. There was a comment—and I will just check the details. I think I am correct in saying that the Leader of the Opposition's only real comment on the whole matter at the time was to talk about the back pay and hope people would not claim it. There was certainly nothing—

Ms PALASZCZUK: That is not true.

Mr NEWMAN: I seem to have hit a raw nerve there. Mr Chair, I just want to—

Ms PALASZCZUK: Mr Chair, I am happy to write to the Speaker in relation to this matter.

CHAIR: Thank you.

Mr NEWMAN: If the Leader of the Opposition wants to show where she said no, this is wrong at law or otherwise I will stand corrected. This is really important. It has been a big issue in the past few weeks. I need to—

Ms PALASZCZUK: It is really important that your cabinet sat around the cabinet table and decided to give your ministers a \$90,000 a year pay increase and you just paid Michael Caltabiano over \$650,000. What your government has done is a complete and utter disgrace, and you are the Premier and you are in charge of the government.

Mr NEWMAN: I do not think that was a question. If I can finish answering the question, here is my point. The Leader of the Opposition said very little on Monday, 1 July about these matters—very muted—there was no criticism. What we know is that she sat in the cabinet that on a number of occasions would have had to consider the pay issue—this is in the Bligh government.

Ms PALASZCZUK: Freezing politicians' pay.

Mr NEWMAN: Surely the Leader of the Opposition would have been aware of the provisions there, or maybe she was not; I do not know. Maybe the Leader of the Opposition would like to explain what she knew of these matters.

Ms PALASZCZUK: Freezing politicians' pay.

Mr NEWMAN: It beggars all belief that they did not discuss these matters. The point is this—

Ms PALASZCZUK: And it beggars belief that you did not know what was going on.

CHAIR: Member for Inala!

Mr NEWMAN: The point is this: the Leader of the Opposition was part of that government. So was the member for Mackay. So was Mr Curtis Pitt. They sat in that cabinet. I cannot believe that they

did not have knowledge of the legislation that the Beattie and Bligh administrations had been quite happy with. It was their legislation. It was their law. All the Deputy Premier did was implement it. To correct something that the Leader of the Opposition said before, I think it is very clear from what the Deputy Premier said this morning and from what the director-general has just said that the decision was made on 1 July and it was made without knowledge clearly of the matters that the director-general then covered later in the week with the Deputy Premier and with the ECM.

CHAIR: Thank you, Premier. I call the member for Sunnybank.

Mr STEWART: Will the Premier please provide an update on the progress achieved in delivering on a promise by the federal government at COAG last year to implement a bilateral approvals and accreditation process to streamline environmental approvals for major projects?

Mr NEWMAN: I would be delighted to because this is one of the most important issues facing this state. We want to get the economy going. We want to create jobs. I point today again to the issue of the Galilee Basin coal projects, which are being held up by a federal government that will not get out of the way and let these important projects proceed that will generate thousands of jobs and bring billions of dollars worth of investment into this state. That is what this is about. The broader issue in terms of this is one of great disappointment. Despite the former Prime Minister Julia Gillard announcing that she was going to get stuck into green tape—that was about April 2012—the whole process has stalled. In fact, there was a complete capitulation to the green political party back around November last year, at the last COAG meeting of the year. We want to streamline environmental approvals—make no mistake about that—but we can only do so much.

I make the point that the former Prime Minister went so far as to take off the table the accreditation of standard state approvals back in early 2013. It is bad news for business. It is bad news for investors. In more recent days the Australian government has added even more complexity, has added to the regulatory burden, by introducing a groundwater EPBCA trigger—that is, Environment Protection and Biodiversity Conservation Act—for large coal and coal seam gas projects. These additional impediments should be removed; make no mistake about that. The federal government should also be amending the EPBCA so that it works more effectively with clear processes, fair processes, with Queensland and the other states. We have made a number of suggestions of how to improve this. There are big economic positives for industry in removing duplication, reducing major projects approval times. Getting approval times down by one year could increase the net present value by 10 to 20 per cent on a particular project. This could result in more jobs, more investment and this being a far more attractive place to be.

We have made good progress, we believe, in removing red tape and green tape and in streamlining existing assessment bilateral process. We believe we have one of the most efficient approval processes or assessment processes in the nation but it could be better. The duplication of state and federal approvals is impeding growth and there are no real benefits to environmental protection. I reject again—I have done it before; I do it again—a long drawn-out, complex, bureaucratic environmental protection process is not better than a well-managed, efficient, time effective process. More time spent on it in bureaucracy is not a better outcome for the environment, and that is the point that I made to Prime Minister Kevin Rudd at our meeting last Friday. I hope he listens to that. I made the broad point I am making about the overall processes, but I also made the point in relation to the Galilee projects. I said to the Prime Minister that there is one single action that he could take, his minister Mr Mark Butler could take, to help Queensland to create jobs right now and that is to approve the Galilee projects, and certainly progressively approve them—there are various stages—so we can get them rolling. In that way the large investments contemplated by GVK Hancock and Adani can go forward.

Going back to the broader issue, we would want to build on work that we have already done by using the approvals bilateral mechanism under the EPBCA. We could also take immediate action to ensure all projects can be assessed jointly rather than excluding projects that trigger the Great Barrier Reef Marine Park matters of national environmental significance.

Just in conclusion, this is a very important issue for Queensland as it could mean thousands of jobs and billions of dollars worth of the investment, particularly at a time when the massive LNG projects in Gladstone have peaked and are starting to wind down as the export terminals are completed and those LNG trains are completed. This is a great time to take advantage of the skilled workforce that will then be available—boilermakers, fitters and turners, welders, all sorts of trades, civil construction people—and to then turn those people to these massive projects, which will be to the benefit of Queensland for many years to come. We need to consider the royalties that will flow in

the long term, for 50 or 60 years, from coal out of the Galilee. These are the royalties that will help rebuild the state's finances in the short term but, ultimately, will be building the roads and the schools, enhancing our hospital system, allowing us to look after the aged and also to ensure we can provide a great standard of care to people with disabilities under DisabilityCare Australia. This has real impact on Queenslanders' lives and we need the federal government to get behind the things that I have said.

CHAIR: Member for Sunnybank, do you have a supplementary?

Mr STEWART: Can the Premier please outline what preparations have been undertaken in support of delivering a successful Commonwealth Games with lasting legacy outcomes for Queensland?

Mr NEWMAN: The preparations for the 2018 Gold Coast Commonwealth Games are well underway and I believe are on track for a world-class event. Construction has commenced on the aquatic centre. That is proceeding well and it will be ready in time for the 2014 Pan Pacific Games, which I know is very important to Gold Coast people. Planning is well advanced for the games village. We are expected to be announcing the preferred development proponent in early 2014 and early site works have already commenced.

The games present, I am sure you would agree, one of the most significant government procurement programs over the next decade. So we have all the agencies of the state government working together to ensure that Queensland's small and medium sized businesses will benefit from the major procurement program. Indeed, we have a local industry participation plan in place for the redevelopment of the aquatic centre. Legislation has been passed to protect and maximise sponsorship opportunities. I know honourable members know about that. Consultation is also underway with the public on the Gold Coast about what the games's legacy will be. That is an important thing—the leaving behind of something. We are going to work with the Gold Coast City Council to achieve the best legacy outcomes. We are also working with the organisers of the Melbourne Commonwealth Games and the Glasgow games that will be occurring next year to build on their experience to make the Gold Coast Commonwealth Games the best ever.

CHAIR: Those legacy outcomes are probably almost more important than the games themselves for the people of the Gold Coast and the people of Queensland.

Mr NEWMAN: I definitely believe so. You have to take the opportunity to leverage the event but for the long term. If it is just about presenting a sporting event then I think that would be of dubious value, frankly. I mean no disrespect to people who love the sport, but we have to look at this as a major event that will obviously put the spotlight on Queensland and the Gold Coast, that will allow us to then leverage that for promoting Queensland and branding Queensland for business and investment but also for tourism and travel in the future well after the games. The infrastructure that we build to support that needs to be carefully considered. We should be investing in things that obviously support the games but are of value for the long term. The delivery of those pieces of infrastructure that are only required for the games needs to be done in the most economical way. We should not be spending money on things that only have a one-time use. That is the approach of the government, anyway.

CHAIR: Thank you. I will call on the member for Gladstone now and I will ask the Auditor-General to come forward as the member for Gladstone has some questions for you.

Mrs CUNNINGHAM: I have a couple of questions in relation to your budget and your staff allocation. Your budget for 2013 was \$43.564 million. Your actual expenditure was \$42.011 million. Your estimate for 2013-14, the forthcoming budget year, is \$41.836 million. So there has been a gradual decline in the budget including a reduction from your actual last year. Do you see that that means there is going to be a significant reduction in demand for your work or a more efficient way of doing your work, or are you at risk of not being able to do what you should be doing as the auditor?

Mr Greaves: In relation to the downward trend, if I break my budget into the two components of revenue, I earn revenue through charging audit fees for the financial audit work that I undertake and I also obtain revenue through parliamentary appropriation. So the reduction over time of my expenditure and my revenue has been effected solely through financial audit fees. The parliamentary appropriation has stayed stable and will continue to be stable next year.

In relation to the delivery of my outputs over last year and this year in terms of my parliamentary services, which include my performance audit services and the other reports that I provide to the parliament, I am not proposing any reduction at all in the outputs there. I had a plan to deliver 10 performance audit reports to the parliament for the last financial year, and I have a plan to

deliver 10 performance audit reports to the parliament in this financial year, given that I have the same budget allocation.

In relation to the financial audits, the reduction in fee revenue has been brought about through a reduction in costs applied to financial audits. So, once again, it has not been in relation to reducing the number of financial audits that we undertake. The number of financial audits I undertake is dictated by the number of public sector entities that exist at any point in time, and we are still forecasting that we will deliver all the financial audit opinions that we are required to do in this financial year.

What we have been doing since I took over as Auditor-General is looking at the resources that we apply to our financial audit process and the direct audit services that we apply through our audit staff. We have been in a program, if you like, of reviewing the effort that we apply to financial audit and making sure that we are doing those financial audits as efficiently and effectively as possible. We have been able to achieve some staff savings there through my own volition. That has not been at the direction of any outside agency. We have also been able to achieve some savings with my corporate services and what we refer to as our non-audit staff—those that support the delivery of audits.

Mrs CUNNINGHAM: You said that your budget vote from government is the same this year as last year and it will be into the future. Is that sustainable if you want to retain the same level of service?

Mr Greaves: For the moment it is sustainable in this context. If I contrast the performance audit program with the financial audit program, as I said, my financial audit program is driven externally by the number of public sector entities that exist, but the performance audit program is entirely at my discretion and there is no external driver as to the number of performance audits that you undertake. Of course, over time, if my resources were to stay at the same level and costs were to increase, you could naturally then assume that I would either have to get much more efficient than I am, or I would have to start doing fewer performance audits or smaller performance audits. So in the very long term, there certainly is a prospect of having to look at the resources I apply and the effort I apply to performance audit. But in the context of this current year's budget, we are proposing to continue the same level of service delivery that we provided last year to the parliament.

Mrs CUNNINGHAM: Non-government question No. 4 refers to your number of staff going from 212 in 2012-13 to 193 in 2013-14. I am referring to SDS page 67.

Mr Greaves: Correct.

Mrs CUNNINGHAM: In the reply there is a conversation that says—

Since 2011, 25.1 FTE (15.6%) Audit and 12.0 FTE non-Audit (18.2%) have separated from QAO through both organisation or employee initiated separations.

That is a high turnover. How does that affect your internal capability and training?

Mr Greaves: In terms of the turnover, for the last financial year the turnover for all staff was about 19 per cent. We set a target for my business of a turnover of less than 15 per cent, understanding that in the audit profession there is always a natural turnover of professional audit staff. The decline in resources that you refer to has, as you said, been a combination of natural attrition predominantly. The numbers I have in relation to attrition are that 22.1 of the FTE were through natural attrition—so through departures that we did not replace—and 15 positions were offered redundancies, of which 13 accepted the redundancies and two went into the employee relocation program. As I said, all but two of those FTE came out of financial audit and non-audit areas. For example, there were only two FTE in that number who have been taken from the performance audit program; however, the funding for the performance audit program has not changed. What I have done is substitute internal permanently employed public servants with external consultants and advisers where I need subject-matter expertise in my performance audit program.

In relation to the financial audit staff that have departed—it is in the order of around 23—as I said, this has been largely about rationalising the effort that we apply to financial audit. In fact, over the last three years we have forecast a reduction in audit fees of about \$3.3 million off around a \$36 million base. That has not affected service delivery. In fact, we would argue that we are actually focusing now much more on the areas that require our attention, so we are still delivering a high-quality financial audit program.

In addition to the natural attrition that I referred to in an audit context, where we do have people who have been with us for two to three years who gain their CPA or their chartered accountant status—quite often we lose a cohort there as kind of a natural turnover—the rest of the turnover has been at probably a level slightly above that. But we have a strong internal training program in terms of technical training and support of our auditors, so we have not actually suffered there in terms of quality or in delivery of our outputs.

Mrs CUNNINGHAM: Premier, I was talking earlier—and you replied—about infrastructure for the region of Gladstone. Both the council and I have talked with ministers. The council applied for the Royalties for the Regions program in all of the categories but was unsuccessful in any of them, although it did clearly fit into the category of a recipient area. There is a general concern in the community that we are not receiving support for necessary infrastructure—and I do not expect you to be across this because it is transport—such as the Kin Kora roundabout. Stocklands, which is proposing a development adjacent to that, may move that investment to another state if we cannot get state government funding for the Kin Kora roundabout in a timely manner. Would you be prepared to look at those sorts of issues across all of your ministries to ensure that development in those resource-rich areas is not stymied or disadvantaged?

Mr NEWMAN: Can I clarify whether the honourable member is talking about the application that was made in the previous financial year, 2012-13?

Mrs CUNNINGHAM: Royalties for the Regions—the last one.

Mr NEWMAN: Just to go back and talk a bit about the scheme, I cannot remember the exact figures for each year, but the first year was really to kick it off. The funds were quite limited, I suppose, to be frank about it. This year there is more money and it builds up. That is what I was alluding to earlier on with my answer.

I need to stress, though, that it is a competitive program, so councils have to actually mount a case. They are competing against other local governments right across the state for those funds. We will do our utmost to get more into the pool and grow that pool, but it will still be competitive.

In relation to the specifics for Gladstone, I make the commitment to the member that if she wants a formal response about things that we can do I am happy to do that, outside of the committee process. She has always been a great advocate for her community, and that is what this is all about now. But I urge the Gladstone council to participate this year in the program and put their best foot forward, with the member's support, to actually try and seek some of those funds for those projects. But there are a lot of pressures out there. There is a lot that has to be done. I acknowledge Gladstone's need, but there are needs in other communities as well. I also undertake to have a discussion about this with the Deputy Premier.

CHAIR: I ask Deborah Clark-Dickson to come back to the table. Whilst she is on her way up to the table I will put a question to the director-general. In the earlier part of proceedings you said to us that in the intervening time you have got some additional information, if you recall. You confirmed that Dr Solomon wrote to the Premier on 4 March this year seeking approval for 17 days leave for the period 2 July to 31 July. I understand now we are going to get some more clarification around those 17 days and how that works out to a full month and so forth.

Mr Grayson: I can understand the confusion there might be by the committee. On reflection, looking at the figure of 17 and the dates nominated by Dr Solomon in his letter, it was not immediately apparent to me, either. However, I have done a calculation on that and there are in fact 22 business days between 2 and 31 July. Dr Solomon is not full time; he is 80 per cent. On my calculation, those dates result in 17.6 days. Mr Chairman, I have asked for confirmation on how many days have been debited against Dr Solomon's leave balance, but I hope that calculation is helpful in coming to around 17.

CHAIR: Much appreciated. Thank you for that. Thank you for coming back, Ms Clark-Dickson. We have a further question for you in relation to the Integrity Commissioner. Can you advise, please, if the Integrity Commissioner had any feedback from people as to how the Integrity Commissioner's staff—yourself and, I believe, one other; is that right?

Ms Clark-Dickson: Two others.

CHAIR: Two others? So there are three of you in total?

Ms Clark-Dickson: Yes.

CHAIR: Are the three of you full time?

Ms Clark-Dickson: Yes.

CHAIR: Thank you. So the question is about how the Integrity Commissioner's staff—yourself and your colleagues—are managing the education of lobbyists and the required notifications on the Integrity Commissioner's website following the recent changes to recording lobbying contact activity. So there are two parts to the question: the education process for those lobbyists and then the process of putting things on the website.

Ms Clark-Dickson: The bulk of the education is done by the commissioner himself. He goes and visits a lot of groups. I write quite a bit of stuff for him to use and to give to other people to use and to put up on the website. That gives some information. We try to update that fairly regularly. There have been frequent changes that have resulted in what we have been saying originally no longer being correct and having to let people know that what we had previously told them was no longer current, so that is an ongoing thing as well.

We seem to have a reasonably good relationship with our 157 entities. If they do have a query they ring us up and ask us. We do spend a lot of time on the phone trying to help them out and emailing and that sort of interaction; however, there are still some people who are not really up to scratch with what is required of them. It is quite a difficult act to get your head around, I think—explaining exactly what lobbying is and how the Integrity Commissioner applies the act, I suppose. He follows the act very closely. There are people who think that a lobbyist walking up to you and saying 'hello' is lobbying when in fact it is nothing of the sort. It is just somebody walking up to you and saying 'hello', as I know Dr Flegg knows.

CHAIR: I am sorry, did you have more to say?

Ms Clark-Dickson: That is all I can really say on that.

CHAIR: In that respect, then, are people—lobbyists—placing information on the website that is going live to the community that is then later discovered and they are advised, 'No, this isn't lobbying. You didn't have to put this up'?

Ms Clark-Dickson: That does happen from time to time. We have not examined it really closely as yet. Only two months have passed where people have been required to put up their information. A lot of people have had nil returns.

CHAIR: Okay. So the moment the information is uploaded by the lobbyist onto the site, it is live to the public?

Ms Clark-Dickson: Yes.

CHAIR: And then at some later time you may come back to them, after having reviewed what they have put up, and suggest to them that they did not need to put that information up?

Ms Clark-Dickson: I think that is an ongoing process—educating people about what they should and should not put up.

CHAIR: Okay. Could I put it to you that it perhaps would be more appropriate for the information that is to be uploaded to be reviewed by the Integrity Commissioner or someone else before it goes live to the community in order to perhaps protect the privacy of some people.

Ms Clark-Dickson: I do not think it would be appropriate for me to comment on that, Mr Crandon.

CHAIR: You are here representing the Integrity Commissioner at his request.

Ms Clark-Dickson: Yes, at his request. But I think you already know what his opinion is on that.

CHAIR: Okay. Thank you very much.

Mrs OSTAPOVITCH: Premier, could you please explain how the government is making communities across Queensland safer in tackling the problem of youth crime?

Mr NEWMAN: I know that youth crime is something that bothers people across this state and there are certain communities where I know it is a red-hot issue. Before I get into the answer, I do reflect as well that it concerned me to see commentary in the media about one to three months ago where certain prominent people—I suppose you might call them civil libertarian type people—were suggesting there was not a problem, and I know that there are distressed people, for example, in cities like Townsville and perhaps Rockhampton, and I do not know if the member wants to comment. I know it is an issue in Cairns because I got feedback particularly from local members where people were saying, 'What planet are these people on?' There are problems in some of these communities

with relatively small groups of young people who have caused a lot of trouble and we are working across-the-board in a holistic way to try to deal with these issues, and they are issues that we have inherited. As a fundamental we are determined to break this cycle or revolving door of youth justice issues, and we make no apologies for doing that. There are two aspects to youth justice—firstly, there are repeat offenders whom we need to make accountable and hold accountable for their actions and to suffer the consequences of the misery they are inflicting on some communities and, secondly, there are those young people who are at risk from becoming more deeply entrenched in criminal behaviour, and they are what I might call at the fringes of the system and we need to take action to ensure that they actually do not become repeat offenders and ultimately become hard-core criminals. So that is what we are all about.

In 2012-13 we have allocated \$143.17 million to youth justice services, including the youth detention centres. The Children's Court annual report 2011-12 indicates that, while the courts are dealing with a smaller number of young offenders, and I acknowledge that—and this is going back to what I was saying at the beginning—they are dealing with an increased number of offences, and it is offences that are the problem. It is the opportunistic break and enter, the theft of a young woman's prized motor vehicle or a young bloke's motorcycle that he has saved for many months to buy that just causes the sort of misery out there in those communities and then, in some cases, these mad car chases and the like. That is what people are about: it is the number of offences that we need to deal with. There was an overall increase in the number of charges against young people from 18,878 in 2010-11 to 20,712 in 2011-12, or 9.7 per cent. There was also an overall decrease in the number of juveniles whose cases were disposed of from 6,343 in 2010-11 to 5,906 in 2011-12, or 6.9 per cent. My position on this is that it actually reinforces to me that the Labor slap-on-the-wrist approach has created this problem. We have a generation—a cohort—coming through who are arrogant, repeat offenders. We are focused on diverting those at risk from a life of crime and giving them opportunities to get their lives back on track whilst ensuring that the punishment fits the crime for those who continue to engage in criminal behaviour.

As members would be aware, a blueprint for youth justice is being developed to guide the reform of youth justice along these lines, and we are consulting with Queenslanders and we have had a big response across the state to the Attorney-General's initiative. Another initiative is the Queensland government's Safer Streets Crime Action Plan, which is to make young offenders who commit offences more accountable and deter them from future offending. The youth boot camps, as I mentioned earlier, are also up and running, providing two levels of intervention. Some \$2 million was allocated to implement the two-year youth boot camp trial in 2012-13—a sentenced youth boot camp in Cairns and surrounding areas which commenced in April and an early intervention youth boot camp on the Gold Coast which started in February. I must acknowledge today in the spirit of openness that there was an incident at the sentenced youth boot camp residential facility in Kuranda on 21 April this year where two young people in the residence absconded. This will now be moved to a more remote location. I have previously apologised to the local community for that incident. In March 2013 the government, in particular the Attorney-General and myself, announced that we would be expanding the trial. We have found \$3.1 million from internal departmental sources to expand the program. Two new early intervention youth boot camps will be funded and located in Rockhampton and on the Fraser Coast-Sunshine Coast area and a sentenced youth boot camp will be located in Townsville. We expect, I am happy to report, these facilities to be operational around September/October this year.

Young people who offend are dealt with under the Youth Justice Act 1992 and it is important the committee know that a review of the act is now underway and it is identified as a key action under the government's six-month action plan for January to June 2013, which I have reported on today. There are a number of elements being reviewed including expanding the current prohibitions on publication of young offenders to enable naming and shaming. Again, we are standing up for the people in regional Queensland particularly or pockets of concern in South-East Queensland. We are standing up for Queenslanders who are sick and tired of the actions of a few and we will make no apologies for a name-and-shame approach if that is the way we choose to go.

Another aspect under consideration is creating an offence of breach of bail for young offenders. Similarly, enabling findings of guilt against a young offender to be admissible during sentencing as an adult and removing the principle that detention be considered as an option of last resort and for the shortest possible period upon sentencing are being actively considered to evaluate whether they

should be implemented. On the point of detention, consideration is being given to automatically transferring 18-year-olds from youth detention centres into adult correctional facilities. Again, I have had a certain degree of positive responses to those sorts of suggestions that the AG is looking at. In summary, this is an issue that we know is important to many people across this state. We intend to deal with the situation we have been left with and the rather soft approach of the previous government.

CHAIR: Thank you, Premier. I call the Leader of the Opposition.

Ms PALASZCZUK: I want to ask the director-general a couple more questions, if I could. In relation to the gazettal notice that we discussed earlier for the extra salaries payable to members of parliament but also the additional salaries, you stated that the Acting Premier at the time signed off on the Executive Council minute. The Governor in Council met on 4 July, which was the Thursday. What date did the Acting Premier sign off on the Executive Council minute? Was it before the cabinet meeting or after the cabinet meeting?

Mr Grayson: I am very happy to clarify for the honourable member. The Executive Council minute was signed off after the cabinet meeting that made that decision. The normal process would be a decision is made by the Premier or the cabinet. The implementation of that decision is then subsequently by way of an Executive Council minute. That Executive Council minute was drafted by my department to give effect to the decision.

Ms PALASZCZUK: So was that on 2 July or 3 July?

Mr Grayson: That was on 3 July.

Ms PALASZCZUK: Thank you. Just in relation to cabinet submissions that go to cabinet, the practice under the previous government as I recall was that the Premier would sign off—authorise—all cabinet submissions to go in and nothing would go to a cabinet meeting unless the Premier had authorised. Did the Premier give any authorisation for the issue around members' salaries and entitlements? Was any authorisation given by the Premier for that submission to proceed on 1 July?

Mr NEWMAN: Can I just clarify, Mr Chairman: are you talking about this Premier or the Acting Premier?

Ms PALASZCZUK: I am talking about you as the current Premier. Did you give any authorisation?

Mr NEWMAN: I can answer that question. I have given no—

Ms PALASZCZUK: No authorisation?

Mr NEWMAN: No, because I was overseas and I, again, said that the other day.

Ms PALASZCZUK: Okay. In relation to the Executive Council minute, Director-General, that was signed off by the Acting Premier on 3 July, at what stage was the Premier made aware overseas about that Executive Council minute?

Mr NEWMAN: I do not know how—

Ms PALASZCZUK: Sorry, but my question is to the director-general.

Mr NEWMAN: I know, but I do not know how he answers that.

Ms PALASZCZUK: No, my question is to the director-general. Okay. I can—

Mr NEWMAN: Is he clairvoyant, Mr Chairman?

Ms PALASZCZUK: I am allowed to question directors-general.

Mr NEWMAN: May I suggest respectfully, Mr Chairman, that the question could be better put, like 'When and if did the director-general talk to me about the issue?'

CHAIR: Are you happy with that rephrasing of the question or would you like your phrasing of the question answered, member for Inala?

Ms PALASZCZUK: Director-General, at what stage whilst the Premier was on two weeks leave did you raise with him the issue of the payment of salaries not just to members of parliament but the additional salaries that would flow on? So I am talking about the Executive Council minute. When did you make the Premier aware of that?

CHAIR: That was not the original question you asked.

Ms PALASZCZUK: I have rephrased it.

CHAIR: You have changed the question quite substantially, but I call the director-general.

Mr Grayson: Thank you, Mr Chairman. I am very happy to clarify. During the Premier's absence, the Deputy Premier was the Acting Premier. It is my role as director-general of the Department of the Premier and Cabinet to brief the Acting Premier, which I did and as I described, subsequent to the decision that he took, and that occurred on 3 July. I did not speak with the Premier on his holiday.

Ms PALASZCZUK: That is fine; thank you. Director-General, have there been any breaches by ministers in relation to ministerial expenses?

Mr Grayson: I am certainly not aware of any breaches of—

Ms PALASZCZUK: I am hoping there are none.

Mr Grayson: Sorry, of any breaches of the ministerial handbook, which would include the ministerial expenses.

Ms PALASZCZUK: It is just a standard question that we ask each year. If you would not mind taking that one on notice, I would be most appreciative.

Mr Grayson: Certainly, I will.

Ms PALASZCZUK: My question is to the Premier. Premier, can you please advise the committee the total number of government workers who have lost their jobs since the LNP government took office?

Mr NEWMAN: Mr Chairman, just in answering this, again, I need to provide some context.

Ms PALASZCZUK: I am just after a number.

Mr NEWMAN: Yes, and I am in the business of providing fulsome, comprehensive answers to questions to ensure that Queenslanders understand what the government is doing and the reasons for the decisions that we have taken. I need to say that this government has always been upfront about this particular issue—so upfront that I stood up in the parliament and I nominated a figure of 20,000, I think, at one stage. And very happily, I believe, we were able to reduce that a lot—down to around 14,000. I will come to the specific figure.

In contrast, the previous government we know had a plan. This document has previously been tabled in the parliament and you will recall that it nominated a figure. I have here the document. This is the so-called voluntary separation program as at 23 July 2012. That was just the date it was printed out. It was from the Public Service Commission that we inherited. I think, as I recall, the figure was around 40,000. In fact, 41,753 public servants were slated by the Australian Labor Party government, led by Anna Bligh, with the full involvement of the current Leader of the Opposition, the member for Mackay and need I go on.

Ms PALASZCZUK: Chair, we are asking about the current financial year.

CHAIR: I think it is quite reasonable for the Premier to draw a comparison between the previous government and the current.

Ms PALASZCZUK: I just wanted a number.

CHAIR: Carry on.

Mr NEWMAN: Mr Chairman, it is important to cover the facts, and the facts are that the previous government had a plan to see the Public Service downsized by 41,753. They have never disputed that or been able to demonstrate what this document was all about if it was not about that. Anyway, in terms of our own position, as I said, we did not have to downsize by that higher figure. When we took office there were 204,199 full-time-equivalent employees across the 20 departments.

Ms PALASZCZUK: Sorry, can you just repeat that figure?

Mr NEWMAN: It was 204,199. As at 14 June 2013 there were 190,372. That is 190,372. That is a total reduction of 13,827. I again reiterate that that was not a decision that was easy to make. I go back to the cost-of-living issue, which the Leader of the Opposition pretended earlier there was some concern in opposition ranks about. The reason for higher taxes and charges, the reason for higher registration, the reason for higher power prices, the reason for higher water prices, the reason for higher rents on government land and the reason for higher stamp duty on buying your home under the Australian Labor Party government was to pay for the people whom the taxpayers could not afford. Those are the facts. A higher cost of living was imposed on Queenslanders, and we continue

to feel the legacy effects of that, because they allowed their costs to get out control. I again reiterate what I said at the beginning about costs escalating at 8.9 per cent per annum each year for 10 years as opposed to the 1.1 per cent increase that we have achieved. That is why we have done it. We have done it to aid, obviously, the financial repair task but also cost-of-living issues.

Finally, in relation to the individuals involved in that statistic of 13,827, I know that Mr Maynard and Mr Grayson, in their respective roles as Public Service Commissioner and director-general of Premier's, have bent over backwards with other directors-general to make sure that people are treated carefully and with respect and that we have provided very generous severance payments, redundancy payments—very generous. Indeed, I often reflect that when I do talk to people on the street and they ask details about what people typically get paid, they are quite impressed that people have been treated so well, they have been treated fairly. Let us hope that no Queensland government ever has to do this again, because it has not been a pleasant thing.

CHAIR: Thank you. Member for Murrumba.

Mr GULLEY: Thank you. Continuing on front-line services and moving on to education—a field that is dear to my family, with my wife being a secondary teacher and myself coming out of education—can the Premier please outline what this government is doing to ensure that Queensland children have access to a better education?

Mr NEWMAN: I really thank the member for this question, because these are the right questions. These are the pertinent questions, as opposed to what we have been seeing from the opposition. You would think they would ask about the economy. You would think they would ask about how we are going to get major projects going. You would think they would ask about the education of our kids—and I thank the member for this question. You would think they would be asking about disability services or something that is of real importance instead of, I am afraid, this 'playing the man and not the ball'. Today should be about the ball; it should be about a better Queensland, instead of playing the man constantly. We have just seen that for the last couple of hours. I am very sad that that has happened.

In terms of the question, I should stress—and I stressed this to the Prime Minister—that we are absolutely committed to giving our Queensland kids a great start in life. Our Great Teachers = Great Results policy is all about building on the strength of the existing funding model. I am assuming that the opposition agrees with that, because we have abandoned nothing in terms of the class sizes, the student-teacher ratios and the way our schools are resourced. We have abandoned nothing. We have simply added to the existing system. Great Teachers = Great Results is a reform agenda and it is focusing on the most important part of the education system.

This is where we part company with the Labor Party. We do not think there is anything as important as the person who stands in front of the kids. The teacher is the most important person. A great teacher will give great results. A great teacher will change lives. The teachers I meet who are committed and who are proud are just proud because they know that they are changing lives for the better, and we want to back them up 100 per cent. That is what this is all about. So in Great Teachers = Great Results we are providing funding of \$535 million—not over the never-never but over the next four years. That is a huge extra amount of funding. But unlike this so-called federal school reform and unlike the Prime Minister, who is very vague about this, we can tell you what the money is going to do. We can tell you what it is going to achieve.

Here are some of the things. There are 15 actions. There is a structured annual performance process. There is mentoring for beginning teachers. There is accelerated progression and paid postgraduate study for high-performing teachers and the fast-tracking of the autonomy initiative for schools. So the significant new commitments as well that support it—and, again, you would not think this from hearing some of the nonsense from the Labor Party. We saw the Prime Minister on the weekend make some really breathtakingly dishonest assertions to Queenslanders. I was disappointed. I thought on Friday that he had changed. By Saturday afternoon we saw that he had not. He was back to the politics of blame and whatever. The record shows that on Friday I called a spade a spade and thanked him for the time he gave me and the positive way he viewed Queensland's request on issues of concern.

The first thing I need to deal with is that we are opening schools in Queensland. We are building new schools. If you believed the Prime Minister, you would think it was something different.

So 10 new schools are going to be procured through the processes and the funding in this budget. There is an additional 359 staff to support enrolment growth and students with special needs in Queensland schools. There is continued preparation for the transition of year 7 to high school through pilot projects at selected state schools. I mention my own Gap State High School—a fantastic school. Principal Russell Pollock and his team, by the way—I digress, Mr Chairman, but you have to indulge me—achieved one of the best OP results anywhere. They are a beacon of what the state system can do. Russell and his team have done a sensational job in 2012. I am wishing them the best for 2013. They have one of those pilot programs for year 7 at The Gap State School. So there is ongoing capital investment of \$43.1 million in state schools and there is also \$16.8 million to assist non-state schools.

We are delivering the equivalent of a full-time teacher aide to an additional 150 prep classes. There is \$1 million to develop a school education program for schools, including the implementation of the Daniel Morcombe Child Safety Curriculum. There is additional funding of \$250,000 to support access to chaplaincy and student welfare services. There is also the first delegation of high school students to the Anzac Day ceremonies at Gallipoli.

These are in addition to other commitments, including investing \$100 million as part of a \$300 million package to meet maintenance backlogs in state schools. Again, I have to stop and talk about the Prime Minister. I made it very, very clear that, in terms of anything that is surplus to current education department requirements that may be considered for being sold off, the money is going back into schools. There was a \$300 million maintenance backlog that people like the Leader of the Opposition sat in cabinet and would not do anything about—sat in cabinet and allowed our schools to have leaky roofs, rusty downpipes, blocked drains, broken fences and gates, and potholes in the playground. That is right: the current Leader of the Opposition and a number of her colleagues were there and they presided over that. We are fixing it and Queenslanders need to know that by the time we come around to early 2015 we will have fixed the backlog. I think it is appropriate that, if there is a surplus bit of land, it can be sold and that money can go back into fixing these problems.

There is also \$2.6 million going into 26 schools to commence the Independent Public Schools initiative. School autonomy for improved performance is very important. There is \$6.5 million going into state and non-state schools to allow principals to select tailored literacy and numeracy programs. There is \$1 million going to implement Step Up Into Education to better prepare children in disadvantaged areas for school. Again, we are just working at that entry level. It is very important to me and Minister Langbroek. We are also allocating additional speech language pathologists in state schools.

We are providing every state special school with 20 tablets for students and up to 10 tablets to each state and non-state school offering a special education program. We are funding 126 scholarships through the \$10 million Supporting Women Scholarships initiative. So this is for young women who are going into university from high school who might want to do engineering or quantity surveying or architecture. It is also for women who are wanting to change their careers and take a new path in the workforce. I just thought I would add that as well. It is very important to me personally.

CHAIR: Thank you very much, Premier. With that in mind, I might go back to the Leader of the Opposition. She has a supplementary.

Ms PALASZCZUK: Thank you very much. Premier, in relation to what we were talking before about the job cuts, I think you stated that 13,827 people had lost their jobs under your government. As I travel around the regions, this is a real issue that is having a real impact on people. I know that there are a lot of government workers out there who are very, very concerned about what is going to happen to them in the future. They are not spending. They are worried about their kids, their education. Premier, can you rule out today any further job cuts?

Mr NEWMAN: The first thing I say is that I hope the Leader of the Opposition has had the good grace and perhaps integrity to say to them that, as a member of the former government, she must take responsibility for the financial basket case that is the Queensland government.

Ms PALASZCZUK: They are your job cuts.

Mr NEWMAN: So I am interested in her response.

Ms PALASZCZUK: I question you.

Mr NEWMAN: My question—

Ms PALASZCZUK: I have sat on that side before. Now I am asking the questions.

Mr NEWMAN: My question rhetorically otherwise, Mr Chairman, because she does like to throw the ball backwards and forwards, is: does she apologise to Queenslanders for the problems and the heartache that have been caused? I know that we will not get an answer. In relation to this, again the Labor Party had a program that saw over 40,000 people going secretly—sorry, a secret program that would have been implemented if they had been re-elected. We have established that without question. In contrast, I stood up in the parliament last year, told Queenslanders what the problem was and said we are going to do our best not to have to cut to that extent. The figure I gave is the figure that arises from the downsizing program. That is the program. Okay? Now, in relation—

Ms PALASZCZUK: So you are not ruling out further job cuts?

Mr NEWMAN: In relation to government departments, they are always changing their structure, they are reforming. There will be all sorts of things that they have to do in the future. Am I meant to rule out that the Leader of the Opposition will not have to downsize her office? We have not heard much today about an opposition that has 22 members of staff—

Ms PALASZCZUK: Same as the previous opposition had.

Mr NEWMAN:—to support seven opposition members. Hardly an under-resourced opposition.

CHAIR: I am conscious of the time, Premier.

Mr NEWMAN: The Leader of the Opposition would never have to carry a bag, would she?

Ms PALASZCZUK: I don't have a butler, Premier.

Mr NEWMAN: Nor do we, to respond to the jibe.

Ms PALASZCZUK: Can I ask a question of the director-general? In the chief of staff to the Premier's diary there is a meeting that took place on 20 February which was attended by the Premier, Ross Martin, Warren Strange and yourself and the chief of staff, and the Premier was to be briefed by the Crime and Misconduct Commission. Do you recall what the briefing was about? I seek leave to table that document.

CHAIR: Is leave granted? Leave is granted.

Mr Grayson: Thank you, Mr Chairman. Is the document on its way to me?

CHAIR: Yes.

Mr Grayson: Thank you, Mr Chairman. The subject matter is not on that document, however, I do believe I recall the meeting. My understanding is that it was at the request of the CMC to brief the Premier and myself on an ongoing investigation. As it is a CMC matter that was under investigation, I do not believe it would be appropriate for me to discuss the subject matter.

Ms PALASZCZUK: With all due respect, I think, Chair, there is a standing order that the sub judice rule does not apply to matters before the CMC. However, if that meeting was anything to do with a criminal investigation I am happy not to pursue the matter, but if it was of a more general nature I would like to know what was discussed.

CHAIR: Is the matter under current investigation?

Mr Grayson: Mr Chairman, if it is the matter that I believe it is and recall, yes, it is.

Ms PALASZCZUK: Okay.

CHAIR: I call the member for Rockhampton.

Mr BYRNE: Premier, it was interesting to hear your comments about playing the man and not the ball because it is that issue I want to progress a little here. You would be aware of the considerable controversy in Central Queensland surrounding the position of the regional director of the Main Roads department. On the basis of that I ask the question: has the Premier or any of his staff at any time spoken to the Minister for Transport and Main Roads, Minister Emerson, or any of his staff or his DG or any other public servant, party official, LNP MP or any other person regarding the matter of the appointment of the regional director of Main Roads in Central Queensland?

Mr NEWMAN: Mr Chairman, I seek your guidance on this. I do not see this has got anything to do with the Service Delivery Statements or, indeed, my responsibility as the head of the Premier's department.

Mr BYRNE: I direct you to page 5 of the SDS. The first paragraph pretty much encapsulates your responsibilities in this matter. Read that and I think that is well within the bounds of the SDS.

Mr NEWMAN: I am sorry, Mr Chairman, he will have to explain. That is a table that says this is the budget of the Premier's department. He is talking about the Transport and Main Roads department. May I respectfully suggest that that is a matter for another hearing.

CHAIR: This is your time that you are spending. Would you like to withdraw that question?

Mr BYRNE: No, I would not like to. I have jotted down the wrong part of the SDS. There is a section of the SDS: all staff is the function of the Premier and he is accountable for that at some level.

Mr NEWMAN: I reject that I am accountable for members of the Transport and Main Roads department. The legal accountability rests with the Department of Transport and Main Roads and their minister.

Mr BYRNE: If your office has been involved in the selection process of the regional director of Main Roads—answer that question.

Mr NEWMAN: For the avoidance of doubt—

Mr BYRNE: Page 45—I misread my own notes—paragraph 2 reads—

The PSC is further responsible for providing leadership, oversight and coordination of the Public Sector Renewal Program, and for managing the portfolio of the transformational ...

Have a look at that. That fits within the game. So the question remains: what role did you or all those surrounding you have in this issue?

Mr NEWMAN: Mr Chairman, I simply say this: that the only appointment within that department that I have been involved in, the only, if you like, selection and appointment that I have been involved in is that of Mr Caltabiano and I have acknowledged that in the past.

Mr BYRNE: You are saying to us that neither you nor anybody associated with your staff have had any conversations whatsoever associated with the position of regional director of Main Roads in Rockhampton?

Mr NEWMAN: I have had no conversations with anyone—

Mr BYRNE: Not you, everybody.

Mr NEWMAN:—about the appointment of anybody other than Mr Caltabiano within that department.

Mr BYRNE: Your Director-General, your other staff, your media advisers.

Mr NEWMAN: Mr Chairman, he can ask the director-general.

Mr BYRNE: We will get to that. Don't worry, we have got two weeks.

CHAIR: Member for Rockhampton, I would like to make a point to you: neither the Premier, nor the director-general, can comment on conversations that members of their staff may or may not have had without knowing themselves of those conversations. Are you asking the Premier if he has had a conversation, are you going to ask the director-general if he has had a conversation, are you going to ask them if they are aware of any other staff member having a conversation?

Mr BYRNE: I am asking are they aware of any conversations associated with the appointment of the regional director of Main Roads in Central Queensland from any of your staff or anything else that goes on in your department?

Mr NEWMAN: Mr Chairman, I have answered the question.

CHAIR: Thank you. Director-General, have you got anything to add?

Mr Grayson: I am very happy to confirm that—

Mr BYRNE: Well, my follow-up—

CHAIR: I'm sorry, you don't have time for a follow-up, you have been spending too much time on this.

Mr Grayson: Mr Chairman, I certainly haven't and I am not aware of any conversations my staff have had.

CHAIR: Thank you, Director-General. Ms Clark-Dickson, thank you for staying for a little longer. My apologies. There was a supplementary question that I have been trying to get back to you with so here it is. You are, correct me if I am wrong, the principal policy adviser?

Ms Clark-Dickson: The principal policy officer—lobbying, in brackets.

CHAIR: We have it down as adviser, I thought, but perhaps I have written it down wrong. In that position have you discussed at any time with the Integrity Commissioner the idea of withholding the information from the live website to be able to vet it before it goes to the live website, as opposed to having it go to the live website from the insertion by individuals?

Ms Clark-Dickson: Yes, of course I have. It has been discussed at length, including in your committee when Dr Solomon came here and we talked to him about what he is going to be talking about in the committee.

CHAIR: But you have had a conversation with the Integrity Commissioner over the issue of information going to the website that was inaccurate and incorrect and didn't need to be there?

Ms Clark-Dickson: I certainly discussed the fact that that position has been put to him by people who don't agree with it.

CHAIR: Have you had the conversation with the Integrity Commissioner?

Ms Clark-Dickson: Yes.

CHAIR: Thank you very much. I call the member for Murrumba—sorry, we are running out of time. Member for Moggill?

Dr FLEGG: Premier, could you please advise how the government is investing in the future of health for all Queenslanders?

Mr NEWMAN: Mr Chairman, I am delighted to talk about how I feel on this one and that is that improving the lives of Queenslanders is vital if we are to have a great state with great opportunity. To do this we must invest in our best and brightest to ensure that they have the capacity to continue work. That is why in this budget there are a number of very important initiatives. Just to rattle off one that I am very happy to have been personally behind, that is \$9 million over five years for dementia research as part of our commitment to support innovation in Queensland's science industries.

CHAIR: Premier, can I point out that we have got four minutes and I know there are a couple of members who want to ask you a couple of questions so if you can get to the crux of the answers quickly so that we can ask a couple more.

Mr NEWMAN: Okay. \$9 million has been awarded to the Clem Jones Centre for Ageing Dementia Research located at the University of Queensland. I am sure that this funding will support research underpinning the early detection of dementia and new therapies to halt brain degeneration and promote cognitive restoration for dementia patients. I believe it will translate into tangible health outcomes for all Queenslanders. Earlier diagnosis and treatment for those affected will not only benefit the individuals concerned but I believe provide benefits to all Queenslanders through savings to our health system. This is a big issue, Mr Chairman—it is a very big issue. No-one disputes that. We have got to crack this one. We have got to crack this conundrum about dementia and Alzheimer's. We also signed an agreement that locks in \$42 million in funding for the new Australian Institute of Tropical Health and Medicine, funding capital works programs in Townsville, Cairns and the Torres Strait. There will be \$21.49 million for the Townsville works, \$6.5 million for a tropical health research and training facility in Cairns, \$6.3 million for a research and training facility in the Torres Strait and \$7.8 million to support the operational costs of the new institute during the development phase. The government's funding will flow over three years commencing with 2013-14.

Other things that we are doing: I note the funding of \$1.25 million under the Premier's Science Fellowship to Professor Matthew Brown for advanced diagnosis and treatment of rheumatoid arthritis and tuberculosis and the Institute for Molecular Bioscience, the IMB, to develop new treatments for diabetes and cardiovascular disease. So there is this real interesting link that the good professor has described to me personally between these autoimmune diseases and if you crack one there are these relationships between these diseases. It is very, very interesting and let's hope that they can, like the Alzheimer's, crack these ones as well.

CHAIR: Thank you, Premier. Member for Moggill?

Dr FLEGG: Thank you, Premier. Could you please advise what the government is doing to avoid another ICT debacle similar to the \$1.25 billion health payroll mess left by the former Bligh government?

Mr NEWMAN: We have ordered a comprehensive audit into ICT—information and communications technology—systems used across the Public Service. This is the first audit in

Queensland government's history that I am aware of. Certainly we have left no stone unturned to find where duplication and waste can be eliminated. It is very clear from what we have seen over the last 16 months that the previous mob had just let the ICT thing get completely out of control in an unmanaged and inconsistent way across departments. Essentially they were doing their own thing and this was a major contributing factor to the health payroll debacle. The ICT audit identified a number of high-risk areas for government, making 60 recommendations. Some of the key recommendations that we are working on implementing include procuring ICT as a service rather than owning and running ICT assets; conducting technical upgrades for high-risk payroll systems and developing a business case for the transition of all government payroll systems to externally managed services. The Commission of Audit also identified the need for major reform in this area. We need to fix the legacy of mismanaged ICT systems from the previous government. We must avoid future debacles such as the health payroll issue.

We have an ICT strategy that the minister has released that sets a clear vision and a plan for modernising the way that government uses ICT. I also point to the open data initiative, which again demonstrates our commitment to open and accountable government, as well as making information available that could lead to great economic benefits to Queensland. I stress that we do not see the ownership and operation of ICT assets to be a key government responsibility. Gone are the days when government needed to develop systems. We should be able to get external providers in the private sector to do that far more efficiently. We are going to be working closely in partnership with people in the ICT field to provide much better solutions.

CHAIR: Thank you. That brings us to the end of proceedings. I need to clarify: we asked you some questions that you were going to endeavour to get some answers to. How are you going there? Do you have some answers?

Mr NEWMAN: I have some information on remuneration of staff, which I will table.

CHAIR: Is leave granted for the tabling of those documents? Leave is granted.

Mr Grayson: Mr Chairman, I have a breakdown of the strategic cabinet meeting costs, which I seek leave to table.

CHAIR: Thank you. Is leave granted? Yes.

Mr Maynard: I have a breakdown of the budget for the Office of the Integrity Commissioner, details of remuneration and details of changes in that budget, which I propose to table.

CHAIR: Thank you. Is leave granted? Leave is granted. Outstanding matters: do you recall anything? There is one question on notice. You have until 3 pm on Thursday to answer that question. We will just clarify what it is after we close.

The time allotted for the consideration of the proposed expenditure for the areas of responsibility administered by the Premier has now expired. Thank you, Premier and advisers. The committee has resolved that answers to any questions taken on notice or additional information must be provided to the committee secretariat by 3 pm on Thursday, 18 July 2013. The committee will have a break and resume at 3 pm to examine the estimates for the areas of responsibility administered by the Treasurer and Minister for Trade. Thank you, Premier.

Proceedings suspended from 2.32 pm to 3.00 pm

ESTIMATES—FINANCE AND ADMINISTRATION COMMITTEE—TREASURY AND TRADE

In Attendance


Hon. TJ Nicholls, Treasurer and Minister for Trade

Queensland Treasury and Trade

Ms H Gluer, Under Treasurer

Mr A Beavers, Deputy Under Treasurer

Mr D Stewart, Executive Director, Projects Queensland

 **CHAIR:** The estimates hearing of the Finance and Administration Committee is now resumed. On behalf of the committee, I welcome to the hearing the Treasurer and Minister for Trade, officers of the department and related entities and members of the public. I am Michael Crandon MP, the member for Coomera and the chair of the committee. Joining me on the committee are Mr Curtis Pitt MP, the member for Mulgrave and deputy chair; Mrs Liz Cunningham MP, the member for Gladstone; Dr Bruce Flegg MP, the member for Moggill; Mr Reg Gulley MP, the member for Murrumba, Mrs Freya Ostapovitch MP, the member for Stretton; and Mr Mark Stewart MP, the member for Sunnybank. The committee has also given leave for other members to participate in the hearing today. I welcome Jo-Ann Miller MP, the member for Bundamba.

The committee will now examine the Appropriation Bill 2013 and the estimates for the areas of responsibility administered by the Treasurer and Minister for Trade. The committee will consider the estimates for Queensland Treasury and related entities until 4.30 pm. We will then take a break and resume at 5 pm to examine the remaining estimates of the Queensland Treasury and related entities and Trade. This will conclude at 6.30 pm.

The proceedings today are lawful proceedings and are subject to the standing rules and orders of the Queensland parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded by order of the committee, in accordance with standing order 208. In relation to media coverage of the hearing, the committee has resolved to allow television film coverage and photography at all times during the hearing in accordance with the media broadcasting rules. Before we begin, I ask that all mobile phones be now switched off. 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 of the areas of responsibility administered by the Treasurer and Minister for Trade open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Treasurer, the committee has resolved that you may make an opening statement of not more than five minutes. Do you wish to do so?

Mr NICHOLLS: I do, thank you, Mr Chairman. I will start by introducing the officials at the table with me: the Under Treasurer, Ms Helen Gluer; the Deputy Under Treasurer, Mr Alex Beavers; and the head of Projects Queensland, Mr Dave Stewart. Other officials are here to provide assistance should the committee require further assistance.

The 2013-14 budget continues the fiscal repair task the Newman government has implemented since coming into office to put the state's finances on a sustainable footing for the first time in half a decade, with a fiscal surplus projected for 2015-16. Our focus in the 2013-14 budget is on growth, rebuilding and resilience whilst ensuring Queenslanders receive the front-line services that they need. In my budget speech I made the point that this year's budget is not a frivolous or fanciful budget; instead, it is a budget that focuses on what matters for everyday Queenslanders.

The 2013-14 budget provides a boost to front-line services. The Education budget has increased by \$707 million, or 6.6 per cent; the Disability Services budget is up \$64 million, or 4.7 per cent; the Health budget has increased by \$533 million, or 4.5 per cent. The budget also reflects our commitment of \$868 million for DisabilityCare Australia, previously known as NDIS, to ensure that Queenslanders with a disability can live in dignity and can choose the services they receive and who provides those services to them.

The budget provides \$537 million for our Great Teachers = Great Results program, which includes a range of initiatives adopted by the top-performing education nations in the world. It is more than simple hollow sloganism. A further \$100 million for school maintenance is provided in the budget, taking the government's additional spending to \$300 million to address the maintenance backlog shamefully left by the former government. A further \$147 million over four years has been provided as part of a \$327 million program to address the Health maintenance backlog. I was also pleased to announce that the budget provided for 267 new police officers, 155 new and replacement ambulances and 724 new teachers and support staff.

It is worth reflecting on the challenging circumstances in which the 2013-14 budget was framed. We have seen a revenue collapse that will see estimated revenue in 2012-13 be \$4 billion lower than it was in the prior year, 2011-12. Key revenue sources such as taxation, GST and mining royalties have fallen by \$4.2 billion in underlying terms since the 2012-13 budget, with \$2.6 billion of this decline occurring since the 2012-13 midyear fiscal and economic review. This reflects the ongoing weakness of export coal prices, downward reductions in the GST pool distributed by the Australian government and the impact of the slower than anticipated property market recovery. Relative to the independent Commission of Audit interim report, these revenue sources have fallen by \$5.3 billion.

These times are certainly very different from those under Labor, in which we saw growth in transfer duty average over 22.6 per cent from 2000-01 to 2007-08. Royalty revenue also grew strongly between 2000-01 and 2007-08, with growth in revenue in excess of 50 per cent in each of 2004-05 and 2005-06, driven by record demand from China. With record coal contract prices, royalty revenues peaked in 2008-09 at over \$3.1 billion, which is nearly \$1 billion more than what we expect Queensland to receive in 2013-14 and almost double the estimated receipts in 2012-13. During this period, Queensland and Australia benefitted from strong growth in our major trading partners, high demand for our commodities, which saw world coal prices reach record levels, and a relatively lower Australian dollar which drove ever-increasing terms of trade, which peaked at record levels in 2011-12.

Despite these extraordinary times and some of the best terms of trade since World War II, we saw unemployment under the Bligh-Fraser period rise from 3.7 per cent in September 2007 to 5.5 per cent in March 2012—the highest unemployment level of any mainland Australian state, despite the then Labor government running successive budget deficits in the often misguided attempt to pump prime the economy. The legacy that we are now left with is high unemployment and high debt. Jobs were illusory, but the red ink remains. In 2012-13, employment growth was moderate due to softer business conditions such as a high Australian dollar, falling commodity prices and weaker business and consumer confidence. And while Labor has tried to blame the Newman government for the moderate employment growth, due to a reduction in public final demand of approximately three-quarters of a per cent in 2012-13, we need to be clear that this reduction is significantly less than the contraction of 3.3 per cent in public final demand in 2012-13 predicted in Labor's own 2012-13 budget papers. Additionally, public final demand is not just a measure of state government expenditure; it measures federal and local government spending as well.

Many of the figures that we will deal with are contained in the budget. In the next three years we predict 180,000 jobs to be added to the Queensland economy. I note that this is more than in Labor's last three years in office when it failed to meet its 100,000 full-time jobs. The budget continues to ensure that, while the government lives within its means, it makes our communities more resilient and provides the services Queenslanders need at a price they can afford to pay.

CHAIR: Thank you, Treasurer. I call the member for Mulgrave.

Mr PITT: Thank you, Mr Chair, and welcome, Treasurer and all at the front table today. Thank you very much for appearing before the estimates hearing of the Finance and Administration Committee. Treasurer, with reference to the economic forecasts section in budget paper No. 2, on page 37, do you submit that when your government came to power unemployment was at 5.5 per cent, as you have just said, and today it is at 6.4 per cent seasonally adjusted; net debt was at \$24.92 billion and is now \$32.5 billion; taxes per person were \$2,271 and are now \$2,528 per person; and economic growth was at four per cent and is now closer to three per cent? Do you confirm these figures?

Mr NICHOLLS: Mr Pitt, what I confirm is that when we came to government, as we committed to do in the election campaign, we appointed an independent Commission of Audit to review the state's finances. That independent Commission of Audit report reinforced what we had been told by the independent officers of Treasury and also by the Queensland Treasury Corporation. The

independent officers of Treasury told us that the state's fiscal position was unsustainable and rectification was an urgent priority for this term of government. The Queensland Treasury Corporation told us that, together with the level of debt and interest, Queensland was entering uncharted waters. Of course, we had lost the AAA credit rating, had failed to deliver a surplus, had failed to deliver a fiscal surplus for a continual period, and debt and borrowings were on their way to \$85 billion and potentially, on a situation-unchanged basis, \$100 billion. All of those issues were delivered to us not by any magic of the LNP and not by any magic of anyone else but simply as a result of the reports provided by the independent officers of Treasury, the QTC—

Mr PITT: Were they the incoming government briefs?

Mr NICHOLLS:—and the independent Commission of Audit. It is also interesting to note that the independent Auditor-General, who was here a little while ago in the Premier's estimates, also produced a report about two months ago which indicated that debt had increased substantially—the number 339 per cent for the increase in debt comes to mind, but I will confirm that number for you—and indicated that the level of sustainability of Queensland's finances was in peril. In terms of what we had to deal with when we came to government, we have dealt with those issues that were presented to us.

In terms of the figures that have been presented, the figures that are presented in terms of the previous budgets are the figures that were prepared by the previous government. The figures that we stand by are the figures that we provide in our budget—in the 2012-13 document and in the 2013-14 document. In respect to that, I note that we are again saying that growth will come off a figure of four per cent in 2011-12. We had originally hoped it would be 3.75 per cent. That was the advice from Treasury officers for 2012-13. In fact, at the midyear review and subsequently we have moderated that to about 3½ per cent as a result of the ex-Tropical Cyclone Oswald impacts on the economy. It took about \$750 million out of the economy. In the year to March 2013, growth has been at 3.6 per cent. Those are the figures that they turn up. We are not in the business of fudging the numbers or changing the figures around. We record them as they accurately reflect the circumstances presented to us by Treasury.

Mr PITT: So are you happy to confirm those figures I have read out to you? I am happy for you to take that on notice.

Mr NICHOLLS: The figures are the figures that are presented in the budget papers.

Mr PITT: So you do not deny that things are worse under your government?

Mr NICHOLLS: I have told you that the figures are the figures that are presented in the budget papers.

Mr PITT: Treasurer, at last year's estimates hearing you said that you had Queensland's finances 'back on track' by delivering a fiscal surplus in 2014-15. A fiscal surplus is now not forecast until 2015-16. Do you admit that you have set fiscal principles that you are no longer meeting?

Mr NICHOLLS: I can reflect that when I sat on the other side of this table, where you are, I had a debate with the then Treasurer, who, in view of the inability of the Labor government to meet their fiscal principles, changed their principles. One should perhaps not be surprised that that is the true meaning of the way the Labor government changed its position. For example, it abandoned the fiscal principle to keep the AAA credit rating after it lost it; it failed to do that. It changed its fiscal principle in relation to expenses meeting revenue. It changed that principle as well.

We have simply said that those are the four fiscal principles that we set. We admitted that they were a tough target when we set them. We said that we were going to aim for them. This year the numbers have shown that we will fall \$244 million short of reaching that target in 2014-15. There has been no secret about that. That is 0.5 per cent of revenue. We still remain committed to trying to achieve that target by 2014-15, but we will not fudge the figures. We have presented the figures as they have been presented to us by the officers of Treasury. We remain committed to that fiscal principle and we will continue to target that fiscal principle.

Mr PITT: Treasurer, I table a report from ratings agency Standard & Poor's which found that the previous government was on track through 'excellent financial management' to return to a AAA credit rating prior to the 2010-11 natural disasters. When was the last time you met with Standard & Poor's and Moody's, and did they question your heroic return-to-surplus forecasts?

Mr NICHOLLS: Officers of Treasury meet and are in constant discussion with Standard & Poor's and Moody's. I have, in fact, recently met with both of those institutions, as I do regularly. What I can say is that last year in our discussions they indicated—and you will recall that we delayed

presenting the budget until September last year, to give us time to review the previous expenditure and make decisions that would start rectifying the problem. What those officers from Standard & Poor's and Moody's said to us is that if we had not taken rectification action our credit rating would have been seriously imperilled. The fact of the matter was that, when we took over, the information, as I reflected to you, from the independent officers of Treasury and the Queensland Treasury Corporation was also widely understood by Moody's and Standard & Poor's. That is why Moody's, in particular, had placed Queensland on negative watch.

I have spoken to them recently and I certainly am very much aware of their attitude. What they have said to us is that they believe that the fiscal repair task we are undertaking is a necessary repair task. Their bulletin issued after our budget on 4 June 2013 noted—

While we consider that downside risks remain for Queensland's revenues, the government's efforts to introduce contestability in government services delivery could somewhat offset these revenue pressures. A sustained improvement in budgetary performance is a key requisite for upward rating pressure. We consider it unlikely to occur in the near term.

We still have to consider those pressures that are on the budget. That is why we continue to focus on making sure that there are savings and that we improve delivery of services and that we investigate the issues of contestability.

The Moody's announcement in November 2012, after our budget, clearly stated that the change in outlook reflects the deterioration in the state's financial performance which has persisted since fiscal 2007-08—five years before we were elected. So the change in outlook, Mr Pitt, is nothing to do with this government, but is entirely due to the high levels of expenditure and the high level of debt that was incurred. In fact, the constant question we get asked is: what are you doing to reduce the high level of debt?

I am entirely confident that the steps that we have taken and the moves that we have made are to stabilise the debt. That was one of the first reform tasks of the Queensland government following the interim report of the independent Commission of Audit.

Mr PITT: I table an article from the *Australian Financial Review* of 6 June. They have questioned review assumptions and described the budget's growth assumption as 'punchy'.

Mr NICHOLLS: Described as what?

Mr PITT: Punchy.

Mr NICHOLLS: Punctured?

Mr PITT: Punchy. It is a new one for you, maybe.

Mr NICHOLLS: I do not know that I have ever been described as punchy before.

Mr PITT: There is a first time for everything.

Mr NICHOLLS: Let us see how we go today.

Mr PITT: Given Standard & Poor's are on the record seriously questioning your forecasts and you are in the paper today admitting that Queensland could be downgraded under your watch, do you admit that job cuts and tax hikes that you have inflicted on families and businesses have in fact hurt Queensland's economy and not put us any closer on the path towards a AAA credit rating?

Mr NICHOLLS: Absolutely not. As I say, I meet with Standard and Poor's and Moody's regularly and in fact understand that, in terms of their ratings, the steps we have taken to control the increase in debt—bearing in mind we will be reducing the maximum debt levels of the government by about \$6 billion over the forward forecasts—are absolutely essential to ensuring that Queensland does not receive a further downgrade. With a negative watch from Moody's we have a one in three chance of a downgrade. That is why the story in the *Australian Financial Review* is absolutely accurate. We have to continue to monitor our expenses to ensure that our expenses growth does not exceed, over the cycle, our revenue growth. That is exactly what we are delivering.

I absolutely understand the pressures being put on the Queensland state government's finances and that is why we have taken the steps we have taken. The unsustainable part of Queensland's finances was the ongoing, 8.7 per cent, year-on-year increase in general government expenses while revenue was at six per cent. That was during the best terms of trade, as I indicated in my opening speech, that Queensland had experienced in half a century—since the Second World War. You not only had the actions by the federal government of handing out \$900 to people, the pink bats scheme and the school halls scheme, you also had world-record prices for coal, world-beating transfer duties coming in and Queensland, under Labor, still lost its AAA credit rating and had no gas left in the tank. Its only excuse and its only option was to go and borrow.

Mr PITT: You have not once, I think, during that statement referenced the global financial crisis. Did that not exist? Former opposition leader, Lawrence Springborg, believed it did not happen. You talk about global conditions quite a lot.

Mr NICHOLLS: Absolutely not. Again, if you had been here for the four previous sessions and the three when the former member for Mount Coot-tha was the Treasurer you would know that I acknowledged absolutely that there had been a global financial crisis. But what I am also quite clearly saying is that during that period of time you had an Australian dollar that was valued at something like 60c to the US, you had world coal prices—we were the largest seaborne supplier of metallurgical coal—of up to \$300 a tonne, you had interest rates at below three per cent as the Reserve Bank acted and you had the best terms of trade since the Second World War. Despite all of those things and together with the pump priming that was undertaken by the federal government where they spent the \$25 billion that had been put aside by the former coalition government, the former government still managed to lose the AAA credit rating and deliver a Tugun desalination plant that did not work, a western corridor recycled water scheme that is not plugged in, dams without pipes, pipes without dams and continued to waste money on things like the Health payroll system and a variety of other things. I am simply saying that mismanagement to that level has led to Queensland's finances being in the state they are.

CHAIR: I call the member for Stretton

Mrs OSTAPOVITCH: Treasurer, could you please inform us what inroads have been made into collecting the outstanding debt being managed by the State Penalties Enforcement Registry? Have there been any improvements in debt recovery over the last year?

Mr NICHOLLS: As members will appreciate, there has long been an ongoing story about the failure to recover the SPER debt. It had been mounting at a very substantial rate. Unlike the former government which did not seem to have a plan, we came to government with a plan to trial some innovative methods of debt recovery. One of those was to appoint mercantile agents to assist in the recovery process. Rather than simply wash our hands and say that the problem is too hard, we suggested that there might be some better ways of recovering these funds.

Since then, I am pleased to advise that we have in fact commenced the trial of using mercantile agents. A trial panel of professional mercantile agents was appointed in October. We in fact leveraged off some work that had already been done by the Australian Taxation Office and by the New South Wales Office of State Revenue. We appointed Australian Receivables Ltd, Baycorp, Dun & Bradstreet and National Credit Management Ltd. Those four agencies were given a batch of files—around about 40 or 50 thousand as I recall—to do the initial data wash through.

A number of those files had become very aged. A lot of the information on them was unreliable. So in order to pick up the correct information and in order to be able to find the people to pay those SPER debts we did a wash through with those data agencies. Their records and their records management system enabled us to clean those up.

Since 29 October agencies have been undertaking approved activities in order to identify and locate as many debtors as possible. With the appointed firms we have had outbound contact campaigns through agency branded letters, phone contact, SMS and fax. That stage of the trial commenced in November 2012. We consider that the first stage of the trial has had a positive outcome with increased current and future collections exceeding the costs so far to procure those mercantile agents. We have also gained useful insight into some of the limitations and constraints of using mercantile agents and some of their other activities.

We will be formally assessing the results and the success of the trial later on in July and will make sure it is working properly and appropriately. We believe this will result in a substantially higher amount of work being provided to mercantile agents and a substantially higher recovery of debts. Part of that will also be an increase in skills in the Office of State Revenue as they become more expert in managing the operations of the mercantile agents. Rather than doing the recovery work themselves, we expect them to become trained up in the management of contracts for the recovery of those debts. That means fewer people recovering more debts by utilising the services of mercantile agents.

I should point out that we were indeed well aware of the impacts of ex-Tropical Cyclone Oswald. We suspended recovery action for seven weeks at the beginning of this year to take into account the impact that the floods, storms and ex-Tropical Cyclone Oswald had on people. The trial has been delayed for a little longer than we anticipated because of the hiatus pending recovery from those events.

CHAIR: Member for Stretton, do you have a supplementary question?

Mrs OSTAPOVITCH: Yes. The State Penalties Enforcement Registry, SPER, has undertaken a trial of using mercantile agents to collect the outstanding debt, as you have said. Could you tell me what impact this has had on debt collection? Is it envisaged that this means of collection will form a permanent part of SPER's operations?

Mr NICHOLLS: I think I have probably answered most of that in response to your earlier question. It might assist the committee to understand the mercantile agency trial if I put some numbers around where we are.

The \$750 million that I referenced when we came to government was growing and continues to grow. There has been a very substantial increase as a result of three elections being held in 2012. We have had additional fines lodged with the registry relating to nonvoting. That has also made it a bit of an issue.

The previous system really struggled to deal with the issue of SPER. For example, the system was unable to generate emails and SPER staff had no access to an outgoing call centre to make contact with debtors. So there was no proactive capacity on the part of SPER to actually address the debtor's issue. It all relied on the person who owed the debt phoning in. Anyone who has been involved with debt collection knows that that is not going to be a very successful process. You would have to say that only Labor would expect a debtor to call in and say they owe money and to hand over the money.

In 2012-13 SPER collected \$242.8 million in debt—an increase of \$34.4 million or approximately 16 per cent compared to the amount collected in 2011-12. New information gathering powers have been provided. That is as a result of some legislative changes to better identify debtors that were passed by the parliament. We have targeted high-value debtors—that is, people who had very high levels of debt. In some instances, people had outstanding debts to the government of over \$50,000. We have returned \$3.4 million in additional funding as a result of targeting those high-value SPER debts that have been outstanding over a nine-month period. That has largely come from organisations where employees have incurred the debt but the bill sits with the organisation as the registered owner of a vehicle or something like that.

The data washing trial has been successfully developed and implemented. We have also implemented a low-cost, online e-business facility called BPOINT. It has been implemented to allow for one-off payments, instalment plans and balance inquiries. A debtor can check what they owe and when their next payment is due. The SPER website has been relaunched with a capacity for those balance inquiries. We have gained efficiencies in the operation of the call centre, leading to a reduction in the average handling time of SPER calls from around 11 minutes to around seven minutes. Given that the call centre charges on a time basis that is quite a substantial increase in efficiency and effectiveness.

Cleansing of the SPER debt pool has been conducted with \$100 million in aged, unrecoverable debt being written off in 2012-13. I authorised that debt to be written off. Much of it was over five years old and, in fact, some of it was over 10 years old. It was quite simply unrecoverable at that rate. It had been allowed to grow, mould and fester. It was unrecoverable.

At the end of 2012-13 the fine pool was valued at \$774 million, consisting of approximately 2.8 million individual debts owing. Debt lodgements have been at a record high in 2012-13 with over 1.3 million, 40 per cent above the 2011-12 lodgements. This is mainly due to a significant increase in the failure to vote fines, as I also indicated.

Those measures and those numbers give you an indication of the difficulty and the size of the problem. The mercantile agents trial has been implemented to start recovering money. We have targeted those high-value debts that have come in. We are making inroads into it. Rather than just wringing our hands and saying it is all too hard we have got behind SPER, we have given them some resources, we have improved efficiency and we are starting to recover those funds.

CHAIR: I call the member for Gladstone

Mrs CUNNINGHAM: Just on that SPER issue, one of the things that I—and I am sure other members are—am confronted with regularly is people who accumulate a SPER debt and do not realise they have one. We regularly have people who come in and say, 'I have just found out my licence was cancelled because I had a SPER debt.' Was there any budget allocation within the SPER structure to ensure more reliable advice to SPER debtors, for want of a better word—for example registered mail?

Mr NICHOLLS: Thanks, member for Gladstone, for the question. There is quite a process around it. We have had some inquiries in my office around that. We have investigated it a number of times. At the time that someone is likely to receive a notice advising them that their licence will be cancelled there ought to have been at least four separate attempts to contact that person.

I know the manager of the Office of State Revenue is here. I am not sure, but I think before we get to that stage registered mail is used. I will confirm that for you. It is the case that the Office of State Revenue does, through the records that it has available to it, attempt to contact people on a number of occasions. It is quite a lengthy process that OSR goes through before we get to the stage where someone is in peril of losing their licence or having some other action taken on them. If you like, I can get the manager of the Office of State Revenue to come up and answer that. Do you want me to do that?

Mrs CUNNINGHAM: Perhaps so or we can get it later.

Mr NICHOLLS: I am happy to send you a guideline perhaps. That is easier.

Mrs CUNNINGHAM: That would be better I think.

Mr NICHOLLS: I should say again: as part of the process of the Office of State Revenue taking responsibility for SPER from Justice and Attorney-General—I must say, a transfer that the Attorney-General was most happy to do—we also provided all members with the new guidelines. Also, a small pocket card was sent to all electorate offices outlining the SPER process and the inquiries process. All members would have received from my office a guideline of how SPER operates, together with a handy reckoner, if you like, of the process that it goes through. I will make sure you that receive that, member for Gladstone. I know it is an issue.

Mrs CUNNINGHAM: Can I go to non-government question on notice No. 5.

CHAIR: Just before we go ahead, you will take that on notice and provide that to the committee?

Mr NICHOLLS: No. I will provide the information in relation to the process to the member for Gladstone, Mr Chairman.

CHAIR: From the perspective of the committee, are you happy that the question has been answered fully?

Mrs CUNNINGHAM: Sure. Non-government question on notice No. 5 is not a question that I asked, but I was disappointed in the answer in that you said, or your office said—

The Registry is able to be searched by any member of the public upon payment of the applicable search fee (currently \$31.95).

I think through this committee process it would have been good to have the actual fund amounts included in that answer, and I am wondering whether they are available today.

Mr NICHOLLS: They are available today at the titles office by paying a search fee. The total amount of the sale process, from memory, was around \$527 million. In terms of the actual dollar amounts, I think you will find that the response to question on notice No. 6 does provide the answer for you. It is on the next page.

Mrs CUNNINGHAM: That is true. If we could go to that question, part of that question was to ask whether there was an independent valuation provided to the Treasurer or to Treasury prior to the sale of those properties. You have provided the property proceeds by building. Can you clarify whether a valuation was received by the department prior to the sale?

Mr NICHOLLS: Yes, very much so. When we were approached in relation to the transfer of those buildings, the matter was actually handled by the Department of Housing and Public Works with assistance from Projects Queensland through Mr Stewart here. When the initial, if you like, offer was made for those, it came in at below the book value recorded by the Department of Housing and Public Works. So the Department of Housing and Public Works independently, through their existing panel arrangements, engaged Jones Lang LaSalle, JLL, to assess the offer as it was made by QIC to government. So Jones Lang LaSalle independently did a valuation exercise. It was then presented to me and I was concerned in relation to it, so I actually requested Treasury to obtain a second valuation. Treasury engaged Colliers—another very experienced property firm—and Colliers confirmed the valuation provided by Jones Lang LaSalle.

I then sought further information in relation to the variation between the carrying value on the books of the government versus the price we had received, and there were a number of fairly significant variations in relation to it. Some of them go to the anticipated lease terms. So the Department of Housing and Public Works had estimated a 15-year lease term for all of those

buildings when in fact a commercial lease term is much less than that. So they had overstated the revenue likely to be received and understated the risk—the risk being a tenant not re-signing and not coming back on. So that was a very significant component of it.

In addition, with two properties—61 Mary Street and the department of agriculture's building at 80 Ann Street—there were simply errors. One of those errors was an error, from memory, of around \$13.6 million and the other one was around \$3½ million. That was just an error in the number written down. The DHPW valuation had not taken into account the increasing outgoings costs. So they had assumed an outgoings rate that was well below the market outgoing rate—that is, the payment for electricity, air conditioning, maintenance, cleaning and all of those things. When we did the transaction with QIC we included those costs in the lease payments, so we got certainty over the forward forecasts in relation to that.

There was also a significant amount of maintenance work that needed to be done in relation to things such as an air-conditioning plant had reached the end of its useful life and would require replacement and a lot of lifts in particularly the older buildings—if I recall correctly, Mineral House—would require replacement. So the lift controllers and the lift motors would all require replacement over a period of time, and that had not been taken into account in the valuations.

So, as you can see, there was quite a substantial range of issues in relation to those properties which led to the price being less than was carried on the books. But, after receiving two independent valuations—one by JLL and one by Colliers—and having seen the explanations given for the variations, I was satisfied that the government had in fact achieved the best price possible and, bearing in mind that the sale price would enable us to pay down debt, we would be saving \$130 million a year in interest payments as a result of that sale process. So by applying all the proceeds of sale to reducing debt, we calculated that we would be saving \$130 million a year in interest payments.

Mrs CUNNINGHAM: Can I go to non-government question on notice No. 9. It relates to the LNG royalties—obviously an issue that is close to my electorate. I have an incidental question and then a specific one. Is it common for a government not to finalise the royalty arrangements for these proponents prior to the commencement of the project and obviously the government's involvement? Secondly, when those royalties commence to flow, can the government give an undertaking to my electorate that it will benefit from those royalties? At the moment the electorate feels very strongly that it has carried the pain of the development but not much of the gain, if any. It is a two-pronged question but I am interested in your response.

Mr NICHOLLS: Sure. I would have to say that, notwithstanding it is a complex and difficult negotiation, the fact that those projects were approved by the prior government without actually having locked down the royalty arrangements came as somewhat of a surprise to me and to us. This government has entered into negotiations with the companies involved. One company has finalised its arrangements—that is QGC, and they will be the first producer out of Gladstone according to the company's reports. They are on the Stock Exchange.

In relation to the remaining two—APLNG and GLNG, if my memory serves me right—we have agreed on or there is a statutory authority around the rate, 10 per cent, but the actual calculation of where that rate is to be applied from is the current bone of contention, if I can put it that way. You may be aware of the discussions around wellhead value and the point at which it all applies and also the deductions that would be allowed in relation to construction costs by each of those companies and that allowance. So we continue negotiations in good faith.

I can assure you, member for Gladstone, that there are none more vehement about obtaining value for Queenslanders out of the value of the resources that we sell than me, the Deputy Premier and the Premier. We do want to make sure that Queenslanders get absolutely full value for that non-renewable resource. We will be continuing down that path. It is for that reason that it is very difficult for us at this stage to clearly pull out of the estimates the absolute value for LNG royalty receipts. I have to say, though, that it was nonetheless interesting that the former government chose in Mines to Minds, if I recall, or something like that, to spend that money even though it had not even been earned or before the proper basis for it actually being returned to government had been calculated. In fact, if it had been spent as it was proposed in the lead-up to that election, the deficit in 2011-12 would have actually been even greater than it was projected to be at that time.

In terms of expenditure on Gladstone, I think Gladstone continues to, as you say, bear a lot of the cost of the development of those industries, but it also, I think, bears a lot of the benefits of those industries through experiencing full employment and solid employment conditions in that part of the

world. But I acknowledge that there are certainly substantial costs involved as a result of deploying those resources and exploiting those resources. I know that the Deputy Premier is responsible for the allocation of those funds. But Gladstone, like the whole state, benefits from a vibrant resources industry. The money that we spend on education, the money that we spend on police and the money that we spend on health services is supported by the resource industry and the royalties that they pay. That is why in our view we have been working hard to remove red and green tape and get on with the job of developing those resources and that is why we continue to take that fight forward. We believe that responsible resource development leads to the economic benefits and the social benefits that accrue to all Queenslanders.

CHAIR: Thank you. I call the member for Moggill.

Dr FLEGG: Could the Treasurer please outline the Newman government's cost-of-living commitments and whether these cost-of-living commitments have been delivered?

Mr NICHOLLS: Thank you, Dr Flegg. Well, absolutely. We came to government with a commitment to address the cost-of-living pressures that had been increasing on Queenslanders, whether that was through the removal of the fuel subsidy, the removal of the \$7,000 principal place of residence grant, the 30 per cent increase in tolls on tollways here in South-East Queensland or the 15 per cent year-on-year increase in public transport fares. There were ongoing expense increases here in Queensland—or, indeed, as the Premier outlined, increasing costs for water supply and, as we all know, increasing costs for electricity. They had continued to grow to a stage where for us it became apparent that something needed to be done.

So we have delivered \$1.4 billion worth of measures in our first 14 months in office to ease the cost of living. These include: \$63 million in 2012-13 to freeze the general tariff 11 electricity tariff, excluding, of course, the ill-fated carbon tax introduced by the Labor government and, I note, supported by every member of the Labor Party in this place; and \$132.3 million over three years from 2012-13 to freeze car registration fees for more than 2.5 million family vehicles. So for the first term of the Newman government car registration will not increase. I also note that, as a result of discussions that we have had, the Motor Accident Insurance Commission has in fact reduced the ceiling for the increases in compulsory third party for the first time in 20-plus quarters. That has actually come down as a result of tighter claims management and an ongoing fiscal discipline through the Insurance Commissioner.

The measures also include \$917 million over four years to reinstate the principal place of residence concession rate for stamp duty, providing, as I say, up to \$7,000 in savings for people when they buy their family home; \$92 million to deliver an \$80-per-water-bill rebate here in South-East Queensland; \$158.2 million to deliver lower public transport fare increases due in 2013-14, so those fares will go up less; and \$39 million over four years to reward regular commuters by reintroducing free travel on the TransLink network after nine journeys. So commuters travel free after nine journeys. They have delivered real savings of up to \$330 for households on average. To give you an example in terms of those public transport assistance measures, in 2013-14—I know the chairman of the committee will be very interested in this—a commuter travelling from Clayfield to Brisbane is saving around \$8 per week, while a commuter travelling from Coomera to Brisbane is saving up to \$20 a week.

So we have delivered those savings but we have also delivered more cost-of-living relief for everyday Queenslanders, including doubling the Patient Travel Subsidy Scheme at a cost of \$97.7 million over four years—something that the previous government refused to touch. The Home Energy Emergency Assistance Scheme has been increased from \$4.1 million to \$10 million to help those people who are in need, who need assistance in meeting their electricity bills, and we have tripled funding for the Get in the Game grassroots funding program—an announcement made with Mr Jesse Williams last Sunday at the bayside. We have allocated \$47.8 million over three years to enable kids to get out, get active and get in the game throughout Queensland.

By doing that and by responsible expense management and debt management, we have also saved Queenslanders up to \$69 in additional interest payments that they would have otherwise been up for had the previous situation continued unabated. Dr Flegg, I think we have well and truly delivered on our commitments to address cost-of-living pressures. That is not to say that the job is finished. There is obviously more work to be done and we are doing that work. We are not stopping. We have delivered on our commitments and our promises. But I note that in a number of instances claims have been made that we have not met our cost-of-living commitment. So I thought I would have a look into what would have been the case.

I have mentioned the principal place of residence concession, but people forget that it was the Labor Party government that was going to introduce a \$373 million waste levy by affecting every small business in Queensland. Under the Labor Party the average Queensland family saw about \$700 added to household power bills without anything being done to address the underlying issue. We had the 15 per cent public transport fare hikes and the registration fees that saw registration for a car in Queensland increase by 30 per cent to \$492.30, making Queensland the most expensive state in Australia to own a motor vehicle.

The cost of renewing or obtaining a driver's licence for a one-year smart card licence climbed by 71 per cent from \$37 in 2010-11 to \$64 in 2013. Members of the committee will appreciate that, rather than sitting on our hands, rather than doing nothing, rather than saying it is all too tough, this government made a commitment, delivered on its commitment and continues to work on making sure that cost of living is the area that the government focuses on to address issues faced by Queenslanders and Queensland families.

CHAIR: Another question, member for Moggill?

Dr FLEGG: Thank you, Mr Chairman. Could the Treasurer please outline the actions taken by the Newman government to put downward pressure on electricity prices?

Mr NICHOLLS: We have taken a number of steps to put downward pressure on electricity prices, and we are committed to reducing those electricity increases, acknowledging that the Queensland Competition Authority has delivered a very substantial 21.6 per cent increase this year—something that the government is not prepared to sit by and accept as the ongoing status quo in the outcome. What we have done in our first term was to freeze tariff 11, the standard domestic electricity tariff at the 2011-12 level, that decision having been made by the Queensland Competition Authority six days after we were elected. That decision was conveniently set to be delivered on that day and no other day by the former government. We provided savings of around \$120 to the average household family electricity bill by implementing that freeze. We remain committed to the uniform tariff policy that sees the government continuing to spend \$615 million to ensure that people in rural and regional Queensland pay a similar price to those in the south-east corner, notwithstanding that the full cost of supplying electricity in those regions is much higher.

We have provided the rebate scheme for seniors. That has increased to ensure that seniors retain the same relativity, and that comes at a cost of \$136.8 million in 2013-14. I have mentioned the Home Energy Emergency Assistance Scheme for one-off emergency assistance of up to \$720 for people in distress who require that assistance. On top of that, the government has appointed an interdepartmental committee and an independent review panel to reform the operations of the electricity generators. It is anticipated that they will deliver more than \$3 billion in savings from efficiencies. I am sure, as members understand, the electricity industry is one of the most insanely complex industries that any government has the misfortune to deal with. In fact, the rate of return set by the Australian Energy Regulator for distributors—that is, the poles and wire businesses—is beyond the control of the state government. In fact, the price or the rate of return was set some three years ago by the AER when it determined what is called the WACC, the weighted average cost of capital. That was set at a time when interest rates were higher, when money was difficult to get and following submissions by the then government which sought to improve the dividend paid to shareholders—that is, the then government made submissions to the AER that said, 'We want more shareholder return. Therefore, we want you to up the price that you allow those distribution companies to charge.' The Premier has delivered those letters to parliament to indicate that was the then government's proposed modus operandi—whack up the price, increase the share, return the dividends to government to spend. It is a strategy borne of desperation, I would suggest to you.

Unlike the previous government, we are saying to the energy companies that is not good enough. We want you to look at actively reducing your expenditure, reducing the gold plating and making sure you deliver in accordance with the forecast. Under Minister McArdle and through the ongoing review process of CBRC and the IDC-IRP reforms that we have put in place, we anticipate for the next reset period, which will start in 2014, that we will pull \$3 billion worth of expenditure out and that will have an effect in terms of ongoing prices. That is one case.

The other one is the green schemes. We had the former government's ridiculous solar feed-in tariff which paid people 44c a kilowatt hour in order to encourage people to take up solar rooftop panels. In effect what the government was doing was subsidising people to take energy from their competitor while still having to supply that power to people at times when the sun did not shine. So it was a monumental failure in public policy that has seen the Queensland electricity consumer

burdened with up to \$3 billion worth of additional expense between now and 2027. This government took steps to reduce that to a much more sustainable figure of 8c per kilowatt hour and that figure is being reviewed by the Queensland Competition Authority to reflect an appropriate cost for solar power.

The Queensland Gas Scheme has been closed. The gas market is now fully established up here. I do not think anyone would consider that the gas market in Queensland needs ongoing assistance as we move to an international standard for gas, and also the carbon tax. We have consistently pointed out the failings of the carbon tax and the increase in expenses to household electricity bills. At this stage the 22 per cent rise was unacceptable. There is no doubt that we all considered that to be unacceptable. The true fact of the matter is those rises were locked in as a result of decisions made two or three years ago particularly around the networks, the solar feed-in tariffs, the gas schemes and the carbon schemes.

CHAIR: I call the member for Mulgrave.

Mr PITT: Treasurer, you referred earlier, as did the member for Gladstone, to non-government question on notice No. 9, which details expected royalty revenue across the forward estimates. You say that you cannot advise of Treasury projections for LNG royalties over the forward estimates. If you cannot predict the royalties, why is it single-handedly driving your return to surplus? Is that what Standard & Poor's have publicly questioned about your forecast, or do you not have confidence in your own agency's figures? I am a bit confused by your response. The previous government, as you pointed out, was able to look at the Mines to Minds policy and have some confidence in that money and their projections, given there was a royalty regime in place since 2009. Are you second-guessing your own return to surplus by not being able to provide those Treasury projections?

Mr NICHOLLS: What we do know, and I remember it quite clearly from the previous government's proposals, was that the Mines to Minds money was spent before it had even been earned, and it was being spent at a rate faster than it was anticipated to be earned. It was a question the former government was never able to satisfactorily answer. What we are predicting in terms of a return to surplus is based on a number of factors, and that is doing what the previous government was unable to do, which is controlling the rate of expenses growth—expenses growth which by the former government's own figures was going to grow at almost nine per cent a year, year on year. We have reduced that to 1.1 per cent.

We have managed by making some difficult decisions to ensure that the Public Service is the right size to continue to deliver the services that Queenslanders want, and we have put that process in place. We have taken some revenue steps, unpopular as they are. We acknowledge that state government taxes are often regarded as inefficient and are almost always unpopular, as I said in my budget speech. So we have acted to bolster the revenue while ensuring that we maintain our low-tax status and our competitive tax status. There is no one single factor that drives all of those revenues into the figures. In terms of what we anticipate occurring, we do anticipate we will receive LNG royalty revenues. We do anticipate a potential income stream. Is it going to be the rivers of gold that people think it is going to be? I think it will be a realistic amount, but I do not think it is going to be the panacea that the former government thought it was going to be.

Mr PITT: You seem to be banking on it quite strongly?

Mr NICHOLLS: I am banking on a variety of factors. I have just gone through them. I am banking on controlling revenue expenses. I am banking on a change in terms of growth out of the domestic economy. I am banking on growth through employment and expenditure as a result of the investment in the gas industry, and as we go to an export market I am certainly seeing gross state product increase as a result of the LNG industry. But in terms of a return to a surplus there are a number of factors that are dependent on it, and all of those are set out in Budget Paper No. 2 in terms of the risks that are there and the variables that the government takes into account.

Mr PITT: So why can't you advise the Treasury's projections?

Mr NICHOLLS: We are quite clearly saying that there are a number of risks to the revenue. There are a number of risks on the expenses side. All of those will have an impact on a return to surplus.

Mr PITT: Moving on, I refer to your removal of the net financial liabilities to revenue ratio from the fiscal principles of the Queensland government. How do you justify this when New South Wales in its 2013-14 budget used this measure as a key fiscal indicator? Western Australia in its latest budget refer to it as a key budget aggregate. Why has it been removed?

Mr NICHOLLS: Because our problems are quite different from New South Wales and Western Australia. Our problem is quite simply that the former government spent like sailors on a spree and landed us in a debt situation heading towards \$85 billion.

Mr PITT: New South Wales' net debt is higher than Queensland's and has been for some time, if you want to go down that path.

Mr NICHOLLS: New South Wales, despite all the excesses of the Labor government—Morris lemma, Nathan Rees and others I forget as it was almost a revolving door of people going in and out, not to mention the infamous Eddie Obeid and family—managed to keep its AAA credit rating. You know what, in spite of the best terms of trade since the Second World War, the best prices for coal that had ever been achieved, the highest property transfer duties that had ever been seen in Queensland and a low exchange rate, the Labor government in Queensland managed to lose the AAA credit rating—

Mr PITT: And you have managed to increase the unemployment level in Queensland because you have not focused on the future—

Mr NICHOLLS:—and in doing so failed to meet their election commitment to deliver 100,000 new full-time jobs over three years. In fact, they failed to deliver on many of their commitments. Our problem is total debt. If you speak to Standard & Poor's and if you speak to Moody's—

Mr PITT: Which is increasing under your government at a greater rate.

Mr NICHOLLS: I am giving you the answer. Do you want the answer or not? If you speak to Standard & Poor's and Moody's, they will tell you that Queensland's fiscal position including the debt was unsustainable and restoration is an urgent priority of this government, including the Queensland Treasury Corporation which said that Queensland was entering into uncharted waters when it came to the amount of debt on issue and the resultant interest bill. Those are warnings which I would submit to you a prudent government would listen to and would take steps to address. They were obviously warnings that were not listened to by the prior government. For us, as the Commission of Audit identified, the problem is debt. The total amount of debt is the problem. So what is our fiscal principle? To stop incurring more debt. That is why we set a fiscal balance. Other states do not adopt a fiscal balance; they adopt an operating balance. The fiscal balance is a harder target to meet and we adopted that because—

Mr PITT: But debt is tracking higher under your government, Treasurer.

Mr NICHOLLS: We adopted that because it means that net you are not borrowing more to build things and you are not borrowing more unnecessarily. Queensland went from a situation where capital expenditure was 30 per cent debt funded and 70 per cent funded out of recurrent. In five years it went to 100 per cent debt funded. The problem we have is debt, and that is why that is the fiscal principle we adopted.

Mr PITT: I realise that the ratio is not assigned the same level of importance by ratings agencies. You mentioned Standard & Poor's in your last contribution. It is not given the same level of importance because of superannuation volatility. However, in the 2012-13 Mid Year Fiscal and Economic Review this credit rating ratio was tracking worst last financial year than under the previous government—that is even removing superannuation volatility. The net financial liability to revenue ratio is expected to peak at more than 150 per cent this financial year under your government compared with a peak of 123 per cent last year under the previous government with the ratio for a AAA credit rating of 110 per cent. Treasurer, is this the real reason you have removed the reference to this measure from the budget papers? I heard what you just said, but are you being very tricky in terms of the presentation of your budget position as we see from the last budget?

Mr NICHOLLS: If I can refer you to page 21 of Budget Paper No. 2, chart 1.4 has the net financial liabilities to revenue ratio outlined there very clearly. We are quite up front. We are saying, 'Here it is. This is what the Commission of Audit interim report found was the situation. Here is what the 2012-13 MYFER said. Here is what the 2013-14 budget says.' It shows quite clearly that the NFL to revenue ratio is declining quite substantially in 2013-14, 2014-15, 2015-16 and 2016-17. So we will be heading back within there. However, there are significant changes in what is being taken into account by Standard and Poor's credit ratings. They are, as all credit ratings agencies are, reviewing consistently their measures. The prominence previously given to the NFL to revenue has somewhat declined if I understand correctly. I am happy to stand corrected. If I can refer you to page 10 of the midyear review, you can see there is the 2011-12 MYFER figure, which would be the last under the previous government, there is the 2012-13 budget figure and then there is the 2012-13 MYFER figure.

Mr PITT: I think you are talking about the debt to revenue ratio, which is a different figure.

Mr NICHOLLS: Sorry, that is the debt to revenue ratio there.

Mr PITT: That is your preferred measure, which is a different measure.

Mr NICHOLLS: If you look underneath it there, the debt to revenue measure is a better and more direct indicator of affordability of the state's debt levels than the net financial liability to revenue ratio as it more accurately reflects what a state can control. The net financial liability to revenue ratio is highly influenced by matters outside of the control of the state, most particularly the Commonwealth bond rate.

Mr PITT: But even under your preferred measure, the debt to revenue ratio is peaking four per cent higher than the peak projected under the previous government.

Mr NICHOLLS: That is right. That is because debt continues to increase as we deal with a whole range of issues. Borrowings in the general government sector increased by \$6.3 billion at the end of 2008 to \$29.5 billion. As at 30 June 2012 it was 4.7 times what it was five years ago. So those borrowings continue to increase and that is what continues to drive that increase in the net financial liabilities ratio. We are going higher, but we are coming down faster.

Mr PITT: You have pointed out on a number of occasions that you believe that gross debt is the most important measure. It seems you want to conveniently forget about net debt. I refer you to page 157 of Budget Paper—

Mr NICHOLLS: No, I do not conveniently forget about—

Mr PITT: I refer you to page 157—

Mr NICHOLLS: No, you cannot make a statement—

Mr PITT: I am asking the question.

Mr NICHOLLS: You cannot make a statement like that. No, you are making a bold statement. You are not asking a question. You are saying I am conveniently forgetting something. I conveniently forget nothing. You are conveniently forgetting that you lost the AAA credit rating and plunged us towards \$85 billion worth of debt.

Mr PITT: Page 157 of Budget Paper No. 2 outlines the importance of net debt as a measure. How do you explain general government net debt peaking at \$634 million higher than the previous government in 2014-15 with net debt this financial year also tracking \$1.8 billion higher? You have talked a lot about debt this afternoon since you have come before this committee, yet debt is tracking higher under your government.

Mr NICHOLLS: Sorry, what page are you referring to?

Mr PITT: Page 157 of Budget Paper No. 2. That talks about net debt as a measure and page 141 sets out general government net debt. I am talking about those two principles broadly.

Mr NICHOLLS: Page 157 or 147?

Mr PITT: Pages 157 and 141.

Mr NICHOLLS: That refers to the uniform presentation framework.

Mr PITT: Correct.

Mr NICHOLLS: They are the agreed presentation rules and we agree that the net debt figure is still an important measure. But for Queensland for the purposes that we have in terms of restoring Queensland's fiscal stability, the gross debt, the total debt, is the most important figure because that is the figure that the ratings agencies pay the most attention to. So net debt represents the borrowings, deposits held and advances received less the cash and deposits in investment loans and placements. It does not include the superannuation liabilities. What you need to do is to focus on what the ratings agencies focus on and that is the gross debt. That is why from our perspective we have focused on that issue.

We acknowledge that the operating expenses need to be covered off in a uniform presentation framework. We simply are saying for our purposes and for the purposes of our fiscal principles that gross debt, the total amount of indebtedness of the state, is the appropriate measure because it is that which has led to the loss of the AAA credit rating.

Mr PITT: I have one last question in this series. Treasurer, I refer to the establishment of a fiscal discipline reform unit in Treasury to investigate further savings measures. Will you confirm that this unit indeed exists and will you rule out more public sector job losses from the work of this unit? Why have you not announced this unit to Queenslanders?

Mr NICHOLLS: Last year I announced quite clearly that there would be a fiscal discipline unit. It was part of my budget speech. I made presentations about it. I think I even made a joke about it in relation to how it was to operate. So the premise of your question is wrong; I did announce it. It was publicly disclosed. I stood up in front of nearly 800 people at the convention centre and said there would be a fiscal discipline unit—

Mr PITT: Part of my question relates to public sector job losses from this unit. Will you guarantee that there are not going to be more public sector job losses as a result of the work of this unit?

Mr NICHOLLS: I can say that in terms of public sector job losses there is only one place that people who I think rightly feel misled and deceived should look and that is to the former government, a government that saw the size of the Public Service increase from 143,000 people to over 200,000 people in the space of less than 10 years and saw an unsustainable level of expenses growth occur, which necessitated the difficult decisions that we had to make last year. I covered that in my budget speech last year when I said that those people who are leaving the Public Service are not leaving because of any failure on their part but because of the failure of the previous government to properly manage its finances to be able to afford to keep them employed. We have been able to deliver the services that Queenslanders want at a price they are prepared to pay with a tighter Public Service.

Mr PITT: They should not feel misled by the Premier's statement before the last election that Public Service workers in Queensland had nothing to fear under his government?

Mr NICHOLLS: What the Public Service employees should reflect on is the falsity of the promise held out by the prior government that it could continue forever and a day, that the Public Service would increase and there would never come a day of reckoning. There would always have been a day of reckoning because quite obviously the growth rate of the size of the Public Service and the expenditure by the government was unsustainable. That was found not just by the Commission of Audit, although it did find that, and not just by the independent Treasury officers and not just by the Queensland Treasury Corporation; it was also found by the Auditor-General.

CHAIR: Thank you. I call the member for Murrumba.

Mr GULLEY: I would like to say thank you to the member for Mulgrave for a great segue into the next conversation. Can the Treasurer explain how reducing wasteful government spending and government debt reduces the burden on taxpayers in the present and in the future?

Mr NICHOLLS: I thank the member for Murrumba for the question. He has asked a number of questions in the parliament in relation to reducing wasteful government spending. Any person would understand that government debt is just deferred taxation; it will always need to be paid for. There is no way of avoiding that unless a government defaults, and that is something that is not going to happen here in Queensland I would expect. Under the former Labor government we saw debt continue to balloon, especially in the general government sector. It was not even self-sustaining debt supported by income from operations of companies such as the electricity companies, water companies or so on. In fact, interest expenses were the fastest growing expenses of the Queensland government over the last decade, and I have charted this on a number of occasions. People might have thought that health was the fastest growing level of expenditure. People might even have thought that education was the fastest growing level of expenditure. They may have considered law and order and policing the fastest growing level of expenditure. In fact, it was the interest bill that was the fastest growing level of expenditure.

As I outlined in my budget speech, a Queensland teenager leaving high school in 2005 and commencing adult life then—only eight years ago—would have done so with a state debt burden of a modest \$3,900. Now, however, a student who will be leaving school at the end of 2016 will commence his or her adult life with a state debt legacy of \$16,000. So in a decade the amount of debt carried by a taxpayer in Queensland will go up from \$3,900 to \$16,000. In 2013-14 the interest payments on debt in the general government sector will increase by over 23 per cent and this robs the budget, as I have also said in the past, of \$2.1 billion. That is money that could have been spent on infrastructure or to pay down even more debt.

What we did when we came to government was commission the independent Commission of Audit report and we identified stabilisation of debt as one of the crucial first steps to rebuilding the state's finances and regaining the AAA credit rating. General government sector borrowings are expected to stabilise at around \$48 billion in 2014-15 primarily as a result of the government's savings and revenue measures. The 2012-13 budget implemented savings of about \$7.7 billion over the

forward forecasts and the 2013-14 budget continues to deliver those savings. It locks in the benefits of those hard decisions we have made. It would have been disrespectful to the people of Queensland not to have ensured that those decisions remained and that we gained the benefit of having made them. So strong expenditure control means that the forecast level of borrowings at 30 June 2015 is going to be \$6.2 billion lower than the comparable estimate in the independent Commission of Audit's interim report and indeed \$5.2 billion lower than the final forecast of the previous government in the 2011-12 MYFER. That will be a \$750 million saving in interest over the forward forecast and that is money that we can continue to employ to deliver front-line services like extra police and teachers.

Mr GULLEY: I would like to ask a question on the Commission of Audit please. Can the Treasurer please outline the findings of the independent Commission of Audit in terms of Queensland's economic productivity and the challenge this presents for the future?

Mr NICHOLLS: The independent Commission of Audit, which was carried out over a fairly lengthy period of time—12 months—was charged not just with looking at the state of the budget, if you like, but also to chart a project for growth for Queensland over a much longer period. So it was to identify the challenges, the hurdles and the institutional bottlenecks that existed and to provide some suggestions for solutions to address those issues. In terms of what it has been able to deliver it has done a tremendous job. There is a wealth of information in the thousand-page report. That is available for people to go and have a look at to understand exactly what is going on. Whether you are looking at educational outcomes, health outcomes or law and order outcomes, the Commission of Audit is a great starting point.

The fundamental issue of the Commission of Audit and what it found was that productivity had declined. In Queensland what they call multifactor productivity had declined over the decade so that multifactor productivity in Queensland is less now than it was a decade ago. In effect, we are paying more and getting less. Some of the examples around the Public Service were quite worrying. For example, in the health sector we were paying 40 per cent more for the delivery of health services but only getting an 11 per cent improvement in outcomes. So taxpayers were missing out on getting the value from that additional amount. If you recall, there was a chart which showed that the average cost of providing a standard procedure in a hospital in Queensland was \$400 above the national efficient price while the cost in Victoria, where they have a much more sophisticated system and have been reforming their health system for some considerable time, was actually \$400 below the national efficient price. There was nearly a \$1,000 difference between the cost of delivery of a service in Queensland and the cost of delivery of a service in Victoria. In effect, taxpayers were picking up that additional \$400 cost in Queensland and taxpayers were getting the benefit of the \$400 in Victoria. We are working to address that imbalance, to improve productivity and to bring that price under control. The other thing that was occurring was that, quite simply, the former government's answer was to throw more money at the problem, not to actually address the problem itself. We are now on the way to achieving that by getting the price close to the national efficient price notwithstanding the changes or the differences between Queensland and Victoria in terms of geography and regions and needing to spread it.

In bold terms the Commission of Audit found that over 22 years, from 1985-86 to 2007-08, Queensland multifactor productivity grew at an average annual rate of 1.5 per cent. Over the period from 2007-08 to 2011-12 Queensland multifactor productivity declined by two per cent per annum. By 2011-12 Queensland multifactor productivity was below the level recorded a decade earlier, as I indicated.

In terms of its long-term projections—and it engaged, if I recall correctly, Deloitte to carry out some long-term projections; Deloitte are the same people that Treasury uses, for example, to work on things such as the impact of the carbon tax—it shows that Queensland's per capita economic growth rate over the next 40 years is likely to be significantly lower than for the last 25 years. We have an ageing population, an ageing workforce and slowing productivity, so that will constrain Queensland's economic future. We need to do something to address that. We need to increase our productivity. The report found that an increase of between 0.8 per cent and 1.1 per cent in productivity would be needed just in order to stand still—to meet the service demands that are necessary and are going to be required over a period of time as we deal with those particular issues. Improvements of that magnitude would lift average growth in gross state product by around 0.5 per cent, equivalent to an extra \$8,300 per annum in 2050-51.

We need to do things smarter; we need to do them more efficiently; we need to do more with less. That is the message from the Commission of Audit. Simply going about business the way it has always been done and relying on models of governance that were delivered and developed in the Victorian era is not the way a 21st century, modern state ought to be operating. That is very much the clear recommendation from the Commission of Audit.

Mr STEWART: Treasurer, in terms of the findings of the Commission of Audit, are you able to further outline front-line service delivery in Queensland and the government's response to those particular findings?

Mr NICHOLLS: Thank you for the question. As I was indicating to the member for Murrumba, the Commission of Audit's findings were that, as a result of productivity growth declining, we cannot keep doing things the way they were being done. Just strolling in and turning up to work, doing it the same old way and coming back again is not going to work. The other significant issue that the Commission of Audit identified is the ongoing role of government in the delivery of services. Quite clearly, the Commission of Audit made the recommendation, which has been accepted by the government—and I think it is widely accepted by most clear-thinking people—that the government does not necessarily need to be the doer of services but government needs to be the enabler of services. We need to be in a position to ensure the service is provided; we do not need to be in a position to ensure we are the person providing that service. You see that in all factors of the delivery of services by governments throughout Australia. It seems that only in Queensland was there a reluctance to adopt the view that we do not need to do everything.

I make the point that we have exited out of the business of being a printer, so the government printing office was closed. I was told last year when we considered this, 'No, Treasurer, you cannot possibly do this. The security and integrity of the budget papers will be under threat. You will not be able to get the budget papers on time,' and all of those sorts of things. This year the budget papers were printed by a private organisation in exactly the same way as the Commonwealth budget papers are printed: by a private organisation. They were delivered on time and, in fact, delivered slightly earlier than they have been in the past, and the person who was managing the process at the private printer is the person who was formerly working at the government printer delivering that process. The fallacy of the argument that government and only government can provide a service that is needed by government, even a secure service such as the printing of the budget, is quite clearly fallacious. We are investigating the options for the delivery of those services in the most effective and efficient way possible so that we can continue to deliver services to the Queensland community as they expect—and rightfully so—that they will be delivered. There is quite a significant range of opportunities there to test the market through contestability.

We need to do that because, from a position whereby Queensland spent less than the per capita average in most areas of expenditure, since 2007-08 its level of service spending has been around six per cent higher than the Australian average. As measured by the Commonwealth Grants Commission, Queensland had the highest cost of service provision of any mainland state in 2010-11. I think people will remember that the Commission of Audit said that you can be a high service provider but you have to be a high-taxing state. You cannot be a high service provider and a low-taxing state. To get the balance right, you have to look at doing things differently in order to be able to continue to deliver those services, and the government is quite unashamedly saying that that makes sense. We want to continue to deliver the services that Queenslanders need at a price they are prepared to pay through their taxes, fees and charges.

CHAIR: I will go to the member for Sunnybank for one final question and then pass back to the member for Mulgrave to finish out this session.

Mr STEWART: Treasurer, you mentioned this a bit earlier, but I would like you to further clarify the physical challenge the Newman government inherited when it came to office and the views of any independent bodies for this fiscal circumstance.

Mr NICHOLLS: I think it goes some way, because there are some people for whom I think repetition will be valuable in terms of explaining the state's fiscal position. There are many people—commentators and others—who thought that Queensland's fiscal position was magically going to improve, that it required no further effort on behalf of the government, that things would continue as they had in the past and that things would turn good again. But we know, quite obviously, that that was not the case. I think it is important to get it on the record. I mentioned the incoming Queensland Treasury brief, the so-called blue book. It said—

Queensland's fiscal position and outlook is unsustainable, and restoration must be an urgent priority for this term of government.

Here is exactly what the Queensland Treasury Corporation says, in case people misunderstood what I have said previously—

The state's debt has reached unprecedented levels. Together with its published forward estimates showing an even greater volume of debt required, Queensland is now in uncharted waters with respect to the volume of debt on issue and the resultant interest bill.

Then we had the independent Commission of Audit, which provided advice on Queensland's current and forecast financial position. Its report, released in July 2015, said—

... in recent years, the government of Queensland embarked on an unsustainable level of spending which has jeopardised the financial position of the state.

It went on to say—

Urgent fiscal repair is necessary just to stabilise debt which will continue growing in the absence of corrective measures. After that, the state will need a very large amount of debt repayment to recover its AAA credit rating.

There are a number of critical findings out of that report in terms of gross debt expected to be \$92 billion by 2015-16, something that we have put a halt to; general government sector gross debt had increased more than tenfold in five years—I have indicated interest growing at that very high rate; expenses growing at an average of 10.5 per cent per annum from 2005-06 while revenue grows at 6.9 per cent per annum—so continuing to spend more than was being earned and continuing to borrow as a result; and employee expenses jumping 40 per cent over the decade to 2010-11, and there was an average increase in employee expenses of almost nine per cent.

There are a number of issues that were raised by the independent Commission of Audit, but I think importantly the independent Queensland Auditor-General provided his report. He showed that borrowings by the general government sector had increased by 338.5 per cent in the four years between 2008 and 2012. He said—

The increase in borrowings over this time has increased risks to the long-term financial sustainability of the state.

That is the Auditor-General providing that advice in the report that he released back in March and April. It continues—

The borrowing program of the state increased faster than the growth in state revenues over the past five years, and accordingly its capacity to reduce debt is worse than five years ago.

It also states—

The persistent negative operating ratios experienced over this period are not sustainable in the long term.

Also—

Debt must ultimately be repaid from future operating revenues and in this sense simply represents funding of deferred expenditure.

Mr Chairman and members, you can see that there was a long and sustained period of independent review of Queensland state finances, all of which indicated that work needed to be done if we were going to restore Queensland's once-proud reputation, which had been so seriously trashed by the previous government.

Mr PITT: Treasurer, I refer to page 37 of Budget Paper No. 2 where it sets out employment growth of a quarter of a per cent in 2012-13. Treasurer, can you advise when employment growth was last this weak in Queensland?

Mr NICHOLLS: What I know in terms of employment growth, as I said in my opening speech, is that employment growth has been more moderate over the last 12 months or so. That has been driven by—

Mr PITT: My question is: can you remember when it was last this weak?

Mr NICHOLLS: What I am saying to you is that employment growth is more moderate over the 12-month period. That is as a result of a number of factors. Firstly, we have a weak global situation. No-one that I speak to doubts that there is a weak global situation. Whilst China is still growing at 7½ per cent, it is not at the peaks that were previously in place. We also have—and have had up until the last two or three months—a very high Australian dollar, which has again made it extremely difficult for our export industries to compete on the world stage. You have seen that through a number of closures, whether that is the closure of Ford in Victoria or the closure of mines here in Queensland. Export growth has been severely hampered as a result of the high Australian dollar.

Mr PITT: Treasurer, I will table this for you. For your benefit, the last time it was this weak was in 1990-91, when Australia was in a technical recession. That is a pretty significant—

Mr NICHOLLS: If I recall correctly—

Mr PITT: It is an indictment on the political strategy of the LNP government, Treasurer.

Mr NICHOLLS: If I recall correctly, that was the recession that we had to have which was engineered by Paul Keating. Can I tell you—

Mr PITT: You can try and verbal a former Prime Minister or you can deal with the matter at hand.

Mr NICHOLLS:—the last person I will be taking advice from in respect of how to run an economy is Paul Keating. If I recall—

Mr PITT: But you took it from Peter Costello.

Mr NICHOLLS: If I recall correctly, Paul Keating was the person who saw Australia's credit rating downgraded twice. He was also the Treasurer who administered the l-a-w tax cuts, if I recall correctly. So in terms of taking advice about how to run an economy, I would prefer to take it from a Treasurer who saw Australia's credit rating upgraded twice, who put \$25 billion into a future fund, which was then—

Mr PITT: Sold more than \$80 billion worth of assets.

Mr NICHOLLS:—recklessly spent by a government on a pink batts scheme which the coroner here in Queensland found was recklessly administered and led, unfortunately, to the tragic deaths of three people. So when it comes to delivering an outcome, we will take advice from those who know what they are doing, not those who try and tell—

Mr PITT: Would you like to answer the question now? It related to employment growth being weak. You have thrown a few things out there, but, ultimately, the last time we saw this was when we had a technical recession in this country. Ultimately, this is essentially because of the government's rapid slash-and-burn approach to the Queensland economy.

Mr NICHOLLS: The figures belie your comments there. In effect, as we have said today, the gross state product for Queensland for the year to 31 March grew at 3.6 per cent, notwithstanding the floods and cyclones in the first quarter of the year—

Mr PITT: These are from the state accounts that we do not have access to.

Mr NICHOLLS: If people had listened, member for Mulgrave, to your comments, you would have had us in a recession only three months ago—

Mr PITT: Oh, is that right?

Mr NICHOLLS:—because of your flawed analysis of saying state final demand shows that we are in a recession. Quite clearly, the numbers that you have presented were wrong then, they are wrong now and they continue to be wrong—

Mr PITT: We had to use state final demand, Treasurer, because you would not release the state accounts.

Mr NICHOLLS: The state accounts provide and show—the numbers are provided on the website—that growth for the period—

Mr PITT: That is the March quarter.

Mr NICHOLLS:—for March, year on year, was 3.6 per cent and for the quarter I think was 1.4 per cent. So it was up 3.6 per cent annually. The rest of Australia was up 0.4 per cent. In Queensland it was up 1.4 per cent; for the rest of Australia it was up 0.4 per cent. In Queensland it was up 3.6 per cent annually; for the rest of Australia it was up 2.4 per cent. And for all of Australia—Queensland's performance being included in there—it was up for the March quarter by 0.6 per cent and annually by 2.6 per cent. So we are outperforming the Australian economy by one percentage point for the March-on-March year, and we are up by 0.8 of a per cent on the quarterly performance.

Mr PITT: I will move on, Treasurer.

Mr NICHOLLS: What we are seeing, contrary to your views and the way perhaps you might wish things, is growth in Queensland ongoing. We constantly see this. You mix what is occurring in the Queensland economy with the parlous state of the state's finances. The economy is, as I said on Steve Austin this morning, doing solidly and is doing well, and we are seeing those growth figures. What we are certainly saying is that repair work needs to be done in terms of the Queensland government state finances. That seems to be a point which you constantly fail to accept.

Mr PITT: I will just pick you up on something. I have never said that we were in a recession or near a recession. They were not my words. That was allocating a comment—

Mr NICHOLLS: I said you seem to wish that that was the case.

Mr PITT: I do not think anyone wishes that, Treasurer. I think that is a pretty irresponsible statement from the Treasurer of our state. Treasurer, the ABS figures in June said that there were 14,500 fewer full-time jobs in Queensland than in March 2012 on a trend basis and 13,700 fewer full-time jobs on a seasonally adjusted basis. The previous government comparison created 15,000 full-time jobs seasonally adjusted over its first 15 months. Treasurer, why do you consider your government's performance of losing full-time jobs to be 'a solid result' for Queenslanders as you set out in your media releases?

CHAIR: Treasurer, you have one minute.

Mr NICHOLLS: There are a number of measures. You can select either your trend or your seasonally adjusted. Trend is generally regarded as the better long-term view because it smooths out the seasonal variations and gives you a better long-term read on it. So trend employment in June 2013 was 13,300 higher than in September 2012 when the budget announcements were made. So what we have seen, I guess, is a growth in terms of where we are compared to where we thought we would be and I guess that there are a number of factors that go into the unemployment rate. We are not satisfied with where the unemployment figure is. No-one should be under any misapprehension that that is the case. I have consistently said that the figures are volatile on a month-to-month basis, but we remain committed to achieving that four per cent rate.

Mr PITT: Your press releases seem to belie your comments, Treasurer.

Mr NICHOLLS: Not at all. I make—

Mr PITT: Solid results.

Mr NICHOLLS: Not at all. I make it my business to ensure that, in relation to employment figures and unemployment figures, the releases are moderate and do not claim success for things that are not the successes of this government. Unlike the former government under the former Treasurer, which saw the unemployment rate go from 3.7 per cent to 5.5 per cent—

Mr PITT: And under you up to 6.4 per cent.

Mr NICHOLLS:—during the best terms of trade that had ever been achieved—a two per cent decline—we have seen the unemployment rate go up to 5.9 per cent. It came down to 5.5 per cent, and I noticed that you were strangely silent when that occurred. But, nonetheless, we have said that there is ongoing volatility in the monthly figures. We have said that more work needs to be done and we have said that we continue to drive projects that will employ people over the longer term. That is why we seek to remove red tape. That is why we want to see projects like those in the Galilee Basin get up and underway, and that is why it continually frustrates us that a federal government through its federal bureaucracy seems to frustrate the efforts of this government to try to find jobs for people that they need in Queensland.

Mr PITT: So you now value jobs that are as little as one hour a week when you never used to?

CHAIR: The committee will now take a short break and resume at 5 pm to continue examining the estimates for Treasury. Thank you.

Proceedings suspended from 4.32 pm to 4.59 pm

CHAIR: The estimates hearing of the Finance and Administration Committee is now resumed. I call the member for Gladstone.

Mrs CUNNINGHAM: Treasurer, earlier you gave a detailed reply in relation to energy matters. I just wanted to go back to that for a moment. As a general policy principle, do you support the continuation of power price equalisation across the state and can you give rural and remote residents an assurance that within the complex negotiations that make up the government's involvement in this strategic area and all of the issues to do with pricing that that price equalisation will remain in place?

Mr NICHOLLS: Thanks, member for Gladstone, and I am happy to deal with that issue. Before I turn to it, I just want to clarify a couple of things relating particularly to the questions and the debate we had a little earlier in relation to the SPER process. I wanted to table an outline of the SPER debt collection process for you which indicates how that process works so that you are aware of it. I also want to table the forms that I—

CHAIR: Treasurer, you need to seek leave to table those documents.

Mr NICHOLLS: I seek leave to table that.

CHAIR: Leave is granted. Thank you, Treasurer.

Mr NICHOLLS: I seek leave also to table the information provided to assist electorate offices in responding to constituents who may be dealing with SPER. Those have been sent to electorate offices, member for Gladstone. I have checked and they have been sent to your electorate office as well.

CHAIR: The Treasurer has sought leave. Is that granted? It is granted.

Mr NICHOLLS: Thank you. In terms of the process around that, member for Gladstone, notices are sent not by registered mail. I indicated I was not sure; I want to make sure that people are clear on that. They are sent by ordinary mail. They have a return address back to SPER for that to enable cleansing to occur, which people would be aware of. But they are sent to the motor vehicle registered address, they are sent to the driver's licence address if that is a different address and often they are also sent to a prior registered address—for example, a young driver who might have had an address, say, while living at home with mum and dad. It goes to that address or to a former address so that there are three, if you like, irons in the fire in an attempt to contact a person who is on the SPER list. I think you can see that there is a very substantial effort in relation to that particular process to try to contact the debtor. There is no value for SPER in not contacting a debtor. The value is in contacting them because then they will pay. So we want to see that occur as much as we possibly can so that we can establish that line of communication and start the recovery process. As I indicated in my earlier address, it is a question of cleansing the information that we have so that we can identify people and get in touch with them in order to be able to get that fine collected. There is no value in not being able to fine someone. That is one of our greatest challenges in fact. I have spoken to the Office of State Revenue about that.

Also in respect of the sale of the QIC buildings, I indicated that there would be interest savings of \$130 million. I want to indicate that that is the overall saving in interest costs. So it is not \$130 million a year, which I think maybe people took it that way. It is a \$130 million gross saving, if you like. I just wanted to be clear about that so that people were not under any misapprehension.

Turning now to your question, member for Gladstone, in relation to electricity pricing, the government is currently in the final throes of consideration of the independent review panel's recommendations in relation to electricity and electricity pricing throughout Queensland. I would not want to pre-empt the deliberations of my colleagues in cabinet in relation to those issues, but maintaining the uniform tariff policy is an election commitment. That was confirmed in the government response to the Commission of Audit report.

Mrs CUNNINGHAM: Thank you. Just on a different issue altogether now, I have not been able to identify a line item, but I am assuming it is in your taxes, fees and fines general revenue stream. In relation to the new rural fire levy, the government has levied \$90 on top of any council rural fire levy and that income is going, I believe, to consolidated revenue. It has generated a lot of concern, particularly in the rural fire sector. Whilst I know that Jack Dempsey administers Emergency Services, the responses that my rural fire sector has received have been from the treasury department. There is a lot of concern that \$90 is going to be collected from a new rate base—that is, the rural rate base—but none of that levy—this is the information they have been given—is going to go to the rural firefighting segment. Given that they are volunteers, can you clarify whether any of that \$90 levy, aside from the local council levies, will actually be reinvested back into the volunteers and their firefighting equipment? They are the ones who respond to rural fires.

Mr NICHOLLS: The levy, which is now the emergency management and fire levy—the emergency management levy—has been expanded to cover the services that are provided throughout Queensland. What has occurred over the past couple of years has been an increasing need for government to provide emergency management services, and increased standards have led to increased expenditure. For example, whereas previously a single jet turbine helicopter would have been sufficient, the standard is now a twin turbine jet helicopter to undertake emergency services, and that comes commensurately at a higher cost. Experience over the last couple of years has meant that greater investment has been made in emergency management services such that the emergency management budget is now some \$560-plus million per annum. Obviously we want to maintain a high state of readiness to address the potential that we have experienced all too frequently in the past.

The government resolved that to help offset some of that cost we would broaden the scope of the levy and we would broaden the coverage of the levy. All services previously provided that were funded by the levy will continue to be provided—that is, the fire services that were supported by that levy will continue to be supported—and it will go some way, although not all the way, to addressing the cost of the emergency services that are also provided. Whether that is a swift water rescue crew, whether that is a helicopter, whether that is a water bombing on a bushfire, it will go some way to dealing with it.

In terms of the volunteers, the government will continue to provide support to them as I understand it currently does in relation to things such as uniforms and donations of equipment. I know that certain vehicles and other items of equipment are provided by the government for it, but will that levy or a proportion of the levy be directly given to the local brigade in a local area? No, it will not. It will be used to offset the entire cost of delivering emergency management and fire services throughout the state that the state currently provides. So the volunteer fire service will continue as a volunteer basis. It will receive the level of support that it currently receives from the government, but it will not be receiving additional funding as a result of that, if that is your question.

Mrs CUNNINGHAM: I am sure this is what you have just said, but none of that \$90 will be directed specifically to the rural fire brigade—none of that \$90?

Mr NICHOLLS: No. The \$90 will go into the general support of everything. So if a rural fire brigade currently does get support, it will continue to receive that support and the money will be used to defray that cost that was otherwise just coming out of consolidated revenue. That is how it works.

Mrs CUNNINGHAM: Thank you.

CHAIR: Is that everything from you, member for Gladstone?

Mrs CUNNINGHAM: Thank you.

CHAIR: I call the member for Bundamba.

Mrs MILLER: Treasurer, I refer you to page 77 of Budget Paper No. 2 which includes employee expenses of the government, and I ask: do you have a butler—a Jeeves or a Niles—employed on your personal staff, which I note has increased by three positions compared with the previous government?

Mr NICHOLLS: I take the business of government extraordinarily seriously and I take the business of government employees extraordinarily seriously. I do not think it is actually a matter for a joke or a snide comment. I think it is appropriate that all jobs—

Mrs MILLER: This is serious.

Mr NICHOLLS: I am answering your question. I think that all jobs in the Queensland Public Service need to be carefully managed by the managers who are employed to do that. In terms of the operations of my office, my office continues to operate as it has since I have been in office and those details have been provided in the SDS. I think it is extraordinarily short-sighted to try to belittle the issues in relation to the employment of Queensland public servants, as you seem to be wanting to do.

Mrs MILLER: No; you did not answer the question. I ask again: do you have a butler employed? I do note that between 2004 and 2006 in Brisbane City Council that a butler was employed by then Lord Mayor Campbell Newman at that time while you were there as a councillor, so it is obviously normal for LNP people to think that they have a right to have a butler. So do you or do you not have a butler employed on your personal staff?

Mr NICHOLLS: Member for Bundamba—

CHAIR: Treasurer, you have already answered the question. You have made it clear that—

Mrs MILLER: No, he has not answered it properly. He has not said yes or no. Yes or no?

CHAIR: Okay. You have no further questions?

Mrs MILLER: Not yet.

CHAIR: Okay. I call the member for Mulgrave.

Mr PITT: Treasurer, I refer to page 27 of the SDS where it mentions increased revenue and lower than expected capital spending on a government precinct redevelopment last financial year. I also note the ongoing process regarding casino developments in South-East Queensland. Treasurer, when you are publicly known to be negotiating with Echo Entertainment and have met with them on at least four occasions over a casino site in the Brisbane CBD, do you consider it appropriate to be accepting corporate hospitality from Echo Entertainment as per your pecuniary interest register?

Mr NICHOLLS: That is a very fair question. Yes, I have met with Echo Entertainment to discuss a number of issues and that has been publicly disclosed on my diary, which you are obviously referring to. Yes, prior, I think, to that I had been invited to attend a function at the Gold Coast and as part of that Echo provided me with some accommodation. My family also accompanied me, for which I paid for their component of it, and I declared that, as is entirely appropriate, and met all of the requirements of both the Parliamentary Service and the ministerial handbook and the disclosure requirements. So the fact that you are asking me a question is a sign in fact of my complete and utter compliance with all of those rules.

Mr PITT: Did you seek—

Mr NICHOLLS: Just to deal with that, because there is an—

Mr PITT: I have a follow-up question.

Mr NICHOLLS: No, because there is an implication in your question and it is the usual implication—that is, in some way, shape or form a member of government ought not to speak with or deal with a proponent of a project. It is similar to, for example, members of the former government accepting hospitality from P&O Cruises, including attendance on a luxurious Princess boat that was moored in Brisbane at the time. I reflect also on the then Premier's response, with which I agreed and with which I raised no issue, and that is if you want things to happen you need people to speak to those people who are prepared to invest in Queensland, and I make no bones about that. In terms of then considering whether the right decision has been made, you need to have all of the evidence in front of you, and that evidence has been provided to you. Can I also say in respect of that that I have had a discussion with the Integrity Commissioner in relation to this issue. The contents of those discussions obviously are confidential, but I have had that discussion.

So let me make it abundantly clear. When it comes to making those sorts of decisions we are transparent, we are honest, we are upfront about it, but we make no excuses for the fact that we are prepared to talk to people who are prepared to invest in Queensland and have a very fair and frank process about it.

Mr PITT: So just to be clear, you do not see that there is any—and I say perceived—conflict of interest through this process? As we all know, reality and perception are two very different things. I ask: is there a perceived conflict of interest there? Is that something that should be declared before—

Mr NICHOLLS: How—

Mr PITT: I am asking the question still, Treasurer. Is that something that should be declared or maybe absenting yourself from a cabinet meeting which may deal with these matters?

Mr NICHOLLS: How can that be the case when the declaration is made, when the very clear indication around it is that it was at the request of Echo? I have made that declaration. I cannot see that you would consider spending one day—less than one day—at Jupiters to be something that would influence the outcome of a decision of government. That would be small-mindedness on a scale beyond which most reasonable people would have some capacity of understanding.

Mr PITT: I have asked very straight questions and I do not appreciate the suggestion that there was an imputation in the—

Mr NICHOLLS: Then why raise it in the first place?

Mr PITT: I asked a straight question. We are here to ask questions. You are here to answer them.

Mr NICHOLLS: And I have done so.

Mr PITT: Treasurer, with reference again to page—

Mr NICHOLLS: It would have been, of course, interesting to see—

Mr PITT: I have moved on, Treasurer.

Mr NICHOLLS: It would have been interesting to see your predecessor—

Mr PITT: Treasurer, I have moved on to another question, thanks very much. With reference again to page 37 of Budget Paper No. 2, in January last year you boldly suggested that the Queensland economy was a 'basket case'. This is at a time when private final demand was growing at 10.9 per cent and business investment at 40.8 per cent. I think earlier you said growth of three per cent was solid when at the time it was four per cent. Treasurer, considering that private final demand has now fallen to four per cent and is projected to fall further with business investment projected to contract over the next three years, do you concede that on Treasury figures private investment is lower under this government? I would be very keen to find out what sort of colourful rhetoric you may use to describe this situation under your government. Is it still a basket case or is it worse?

Mr NICHOLLS: Sorry, I heard you say I described the economy last year as a basket case. Can you repeat that first part of your question, sorry?

Mr PITT: In January of last year you suggested that the Queensland economy under the previous government was a basket case. That is on the record and it has been spoken about numerous times. The settings when that was actually said were in a far better situation than we are currently facing here in Queensland, particularly, as I have talked about, in terms of private final

demand and business investment. You used the term 'basket case' to describe those conditions. It is worse now. Treasury has provided figures. What language will you be using to describe your current situation if that was a basket case?

Mr NICHOLLS: Under the Labor government, I think it is fair to say that the way the Queensland economy was being run was a basket case. We had debt spiralling out of control, we had cost-of-living pressures going through the roof, we had an asset sales program that apparently you were proud of one day but then ashamed of the next. We had a commitment to spend, I think, \$17 billion in capital expenditure and then to bring it back down to below \$10 billion in capital expenditure. There was, if memory serves me, a \$1.2 billion failure in the Health payroll system. We had a fake Tahitian prince walk out of the health department with something like \$14 million in his pocket.

Mr PITT: I am talking about the state economy and the conditions that you described as a basket case.

Mr NICHOLLS: I think in those circumstances under the stewardship of the Labor Party it was entirely appropriate to describe the management of the economy as a basket case.

Mr PITT: So unemployment at 5.5 per cent versus unemployment at 6.4 per cent? If it is a basket case at 5.5 per cent, what is it at 6.4 per cent?

Mr NICHOLLS: I go back to my opening statement. You had the best terms of trade since the Second World War. You had an exchange rate that was in some cases at around about 65c. You had record coal prices. You had record transfer duty coming through. You had record expenditure by a federal government that was determined to pump billions of dollars into the economy. You had—

Mr PITT: Which has been lauded around the world. I am going to pull you up on that, because it has been lauded around the world as being a very important part of why the Australian economy has gone forward.

Mr NICHOLLS: You can speak to any number of economists who have a different view about it. I am saying that you had a record amount of money spent pump priming the economy. If you want to disagree with that, that is fine.

Mr PITT: No.

Mr NICHOLLS: That is what happened. So there was hundreds of millions of dollars spent giving people \$900, there was a pink batts scheme, there was a school hall scheme—all of that money being spent—and yet you had an unemployment rate, as I say, that went from 3.7 per cent to 5.5 per cent, the then worst in mainland Australia. At the time, compared to the rest of Australia, Queensland under Labor was in a basket case.

Now, where are we going? What I have already indicated to you today is that, for the March year—to 31 March—we have gross state product that is up 3.6 per cent compared to the rest of Australia at 2.5 per cent and all of Australia at 2.6 per cent. So I think in comparison to where we were, things are going well. In relation to the decline in business investment, I think—and I have always acknowledged—there was an enormous amount of business investment going on and that was driven by the enormous ramp-up in expenditure on the coal seam gas to LNG projects. I have always made that abundantly clear and, in fact, during the budget presentations I made it abundantly clear that there had been enormous growth—over 40 per cent investment—and I acknowledged that. I do not think, though, that it is on anyone's particular political beliefs that the gases in the ground or the markets determines that there was a fantastic demand for LNG exports out of Queensland. That is a naturally occurring feature. You can think we are blessed by God to have it, or whatever it might be. That investment was never going to stay at that level. In fact, your own figures would have predicted that coming off. Our figures, prepared by the Treasury officers, simply show that same decline. We will still see very substantial business investment occurring but, as I have said—and I have said it all around the state—you have seen a massive ramp-up in expenditure as a result of that money going in, particularly into those Curtis Island plants. You cannot stay at that level. It is going to start tapering down. What you are seeing is the first stage of the tapering down. What you then need to say is, 'What happens after that?' What happens is the exports pick up and your GSP picks up again so that over the forward forecasts we are predicting on average four per cent growth in gross state product. Is that the same sort of growth? It is a different sort of growth, because it is export led as opposed to construction led. I have said the challenges for government are around converting that massive export-led growth into the other parts of the economy and those parts of economy—the four pillars we talk about are—tourism, resources and agriculture.

So when you look at those areas, I think it is quite clear. When you look at the unemployment rate, I reflect back on where we were just before the afternoon tea-break—we spoke about unemployment and where it was going. Where have the major losses, if you like, in unemployment been? I think that is one of the areas we need to look at. So if we are going to fix the problem we need to say, 'Where is the problem?' We see agriculture, forestry and fishing has a decline of around 11½ thousand employees and manufacturing, 13½ thousand employees. They are the two largest single components of the decline in employment. What affects those two areas more than anything else? The high Australian dollar and a carbon tax.

Mr PITT: Thanks, Treasurer. I will move on to the last question of this series, if that is still okay.

CHAIR: Yes, that is fine.

Mr PITT: I refer to page 24 of Budget Paper No. 2 and page 21 of the 2011-12 midyear review, where it details that taxes per person increased by \$257 in Queensland since the LNP came to government. Treasurer, if you applied this increase to four people it would be more than \$1,000. You described this proposition as 'complete and utter rubbish'. I am a little confused. These are figures from your own budget papers. You do not stand behind the statements that were in your budget figures?

Mr NICHOLLS: I absolutely stand behind those figures in the budget papers and I think they are actually far more robust than the ones in your last—

Mr PITT: So \$257 times four is more than \$1,000. So that statement is complete and utter rubbish?

Mr NICHOLLS: Do you want me to answer your question or do you want to just tell me the answer you want me to give you?

Mr PITT: I am happy for you to answer the question.

Mr NICHOLLS: The answer is this. I stand behind the figures that are published in the budget. Of course I do. They are set and the advice is taken and received by the Treasury from the Treasury officials who do it. I compare that to the findings of the Commission of Audit, for example, in the last budget of the prior government, which predicted 14 per cent year-on-year growth in transfer duty.

Mr PITT: You are getting off topic. I am asking you a very specific question.

Mr NICHOLLS: So you tell me how much fiddling of the accounts went on.

Mr PITT: Treasurer, I have asked you a very specific question about a statement you made. A \$257 per person rise in taxes and charges since your government came to power times four is more than \$1,000 and you said it was complete and utter rubbish. This goes to the heart of the statements being made by you as Treasurer on numerous occasions. I am asking you that direct question. Do you stand behind the figures?

Mr NICHOLLS: I recall very clearly when the statement was made. It was put to me by a journalist as I was about to enter a function and they said a claim had been made and it was provided with no context whatsoever. So let me point this out to you. In terms of what we are talking about, in terms of Queensland's tax competitiveness, which is ultimately where we need to be, let us look at the outcome rather than the process. What has occurred over the last two years is that there has been a recalculation by the ABS of the population data. That recalculation was used by the former federal Treasurer in order to rip over \$100 million out of Queensland's Health budget based on a process where he said that the ABS had recalculated the number of people in Queensland. So the ABS data now indicates that the population has changed and that relates to part of the difference in per capita charges.

To go further, have we increased some fees and charges? Yes, we have. I made it abundantly clear. We increased the stamp duty on insurance premiums. We equalised at nine per cent and we provided the details on that. Why did we do that? We did that because we have an obligation, we believe, to help fund the national disability insurance scheme, or DisabilityCare Australia. The budget was about providing sufficient funds to enable us to implement that system—a system that we believe will result in far better outcomes for people with a disability. We agree with the federal government that it will deliver outcomes and an idea whose time has come. So did we do it? Yes. Have we done it for good purpose? Yes. What is that purpose? DisabilityCare Australia to enable people to live a far more dignified life whilst dealing with their particular disabilities and to have the choice over that. Is that a fair choice that we are prepared to stand up and make? Yes, we are. Is that a choice that you are prepared to stand up and make? No, it is not. You voted against it.

CHAIR: Thank you. I call the member for Stretton.

Mrs OSTAPOVITCH: Treasurer, just following on from what you have been speaking about, the 2013-14 budget includes an estimated actual expenditure for the 2012-13 financial year. How did the government perform in terms of reducing wasteful and inefficient expenditure and maintaining expenditure discipline?

Mr NICHOLLS: I thank the member for Stretton for that question, because I think this is one of the highlights of the budget. I know from talking to Treasury officials that it was something that we were very pleased to report on, because maintaining expenditure discipline is often one of the most difficult things to do in government. From a Treasurer's perspective, it is particularly difficult, because all of my good colleagues—and I mean all 89 members in the House—want to see more money spent on their particular areas or on particular areas of importance to them. That is something that I truly do understand.

In 2012-13, we introduced budget measures, a fiscal consolidation task, of around about \$7.7 billion over the forward forecast of 2015-16. It was made up of expense measures, that is, reducing our expenditure; it was made up of revenue measures—we increased some revenue through some taxes and charges; and capital measures, that is, not having to spend as much on capital projects as was otherwise predicted. They were measures that were largely achieved by a government exiting activities that are not the domain of the Queensland government—stopping doing what is not our responsibility to do. Consistently, particularly federal governments, have sought to push responsibilities for their areas onto state governments. We have said, 'No, that is not our area.' People will recall we stopped the redundant carbon schemes that were taken up by the former government with such vim and vigour. We have reduced waste and inefficiency around travel, around advertising and we have also implemented specifically targeted revenue measures which I announced in last year's budget. In terms of those carbon schemes, we took \$431.2 million out of the forward forecast and we have ceased some other schemes that are appropriately the responsibility of the Australian government.

So as at the 2013-14 budget, general government expenses in 2012-13 are estimated at \$46.5 billion—\$2 billion less than we budgeted for. So we have actually achieved better than we had targeted for. So this means that expenses in 2012-13—the year just gone—will only be 1.1 per cent above the 2011-12 levels, which represents, as again I have said in many parts of the state, the lowest level in general government expenses increase since accrual accounting was introduced in 1998. It contrasts with the average expenses growth under the previous government of nearly nine per cent per annum.

The previous government, in many of their budgets, spoke about controlling general government expenses. I think they set themselves a target of three per cent. Of course, they clearly failed to meet that requirement over that period of time. So I think that result, that record low increase in expenditure growth in 2012-13, clearly demonstrates the government's ability to manage its expenditure successfully, to implement savings measures and to reduce waste and inefficiency.

I had some comments here a moment ago in relation to what Standard & Poor's and Moody's were saying in relation to the government's ability to manage these expenses. I have them here, if you just bear with me. Moody's announcement highlights the importance of achieving a fiscal balance, pointing out—

From 2007/08 through 2011/12, general government sector deficits—

this is under the former Labor government—

averaged annually a high 15% cent of revenues.

That was what Moody's said in November. Their announcement in November also notes that the government's 'more prudent fiscal approach is a positive development' and they point out—

The government's ongoing resolve to carry out already identified expenditure restraints—as well as its ongoing efforts to seek additional savings—will be of key importance for Moody's assessment of credit quality.

The key credit rating strengths identified in that November 2012 Moody's report are 'still strong budget flexibility, Commonwealth government support, ample levels of internal liquidity, and a diverse economic base with significant growth potential'. As you can see, the government's steps, including controlling its expenses most particularly, are helping keep our credit rating at the level it is at. We would like it to improve, obviously, but we do not want it to deteriorate.

Moody's also state in their quick comment on the 2013-14 budget that had we failed to do that things would get worse. They say, 'If policies are not sufficiently robust to counter ongoing budget (fiscal) deficits then we would consider making ratings adjustments.' So the penalty for not exercising

the controls that we need to and taking the steps that we need to would have been further ratings adjustments. You do not need to be a genius to understand that that would mean we would be further downgraded. We continue to monitor it. We continue to make sure those savings are delivered, but at the same time we continue to focus on the delivery of front-line services.

CHAIR: Member for Sunnybank?

Mr STEWART: Are you able to highlight some of the key capital projects funded in the 2013-14 budget, including those that relate to the rebuilding of Queensland?

Mr NICHOLLS: Sure, and I am happy to do that. One of the things we did in this budget process was prepare the booklet that showed the extent of the impact of natural disasters in Queensland over the past decade. I acknowledge that natural disasters have no fear or favour when it comes to their timing or their location of impact. The paper just indicates how significantly natural disasters have had an impact on Queensland.

In this budget, capital purchases will be over \$11 billion, with capital grants—normally those grants go to local authorities—of over \$3 billion. So nearly \$14 billion in capital expenditure is provided for in this budget. The focus for the capital program remains the continuation of the reconstruction effort after the natural disasters of 2010-11 and, more recently, 2013. Significant reconstruction and resilience works are coordinated by the Queensland Reconstruction Authority, including \$1.93 billion for road reconstruction, \$2 billion in capital grants to local governments, including \$80 million for betterment projects to restore essential public assets damaged by ex-Tropical Cyclone Oswald. I acknowledge the contribution by the federal government to that \$80 million. Their contribution is \$40 million. We were prepared to put \$100 million into that betterment program. We had asked the federal government to make a similar contribution. The former federal Treasurer felt that they were unable to do so. We accept their position. We do not like it but we accept that that is the case. \$80 million is a downpayment and it is a start, but more needs to be done. To continue to rebuild in exactly the same place, of course, is going to be fraught with difficulties and dangers.

We also continue this year over and above our rebuilding program, and if my memory serves me correctly this budget allocates over \$9 billion to rebuilding programs over three years and includes: \$330 million to the Queensland Children's Hospital at South Brisbane; nearly \$290 million to the redevelopment of hospitals in Cairns, Mackay, Mount Isa, Townsville and Rockhampton; and \$151 million for the completion of the Gold Coast University Hospital, Mr Chairman, down in your part of the world—a program which I think is reaching its end.

In terms of the Transport and Main Roads portfolio, including rail and ports, the government will be spending \$5.6 billion, including capital grants, in 2013-14. We continue funding for the Gold Coast Rapid Transit system of \$178 million; the Moreton Bay Rail Link, funded jointly with the Moreton Bay Regional Council and with the federal government but with the vast majority falling on the state, of \$170 million; and upgrades of the Cooroy-Curra section of the Bruce Highway which was an announcement made last year as a result of negotiations between the transport minister and Minister Albanese at that time.

We commenced work on the new secondary school at Highfields and, importantly, a PPP for 10 new state schools in South-East Queensland as well as the continuation of funding to introduce year 7 into secondary schools. There are a number of other highlights in terms of capital purchases across the various portfolios, but you can see that the capital program continues to run at a very high level.

CHAIR: Thank you. I call the member for Moggill.

Dr FLEGG: Treasurer, could you outline for the committee the revenue collapse that has occurred and how this compares to revenue trends over the past decade?

Mr NICHOLLS: Revenue has collapsed quite substantially over the forward forecasts, as I indicated, compared to the independent Commission of Audit. We were expecting to receive \$5.3 billion less; it was over \$4.4 billion less than the prior government's best estimates on it. We have taken steps and advice to ensure that our forward forecasts are, we believe, reasonably robust. For example, our predictions or forecasts in relation to revenues from royalties, particularly coal royalties, are based on our business intelligence unit's liaison with things like the Queensland Resources Council and the mining companies and we then are conservative to that as well.

Obviously, efforts to try to forecast the exchange rate are fraught with difficulties. Our forecasts are around the exchange rate remaining at A\$1.01 to US\$1. Obviously that has changed in the last couple of months but it does not immediately mean a pick-up in revenues for the state because prices

have fallen as well. So whilst we get the benefit of the lower exchange rate, I am sure you appreciate the prices come down as well so it has gone like that. So, net, are we better off? We do not know yet, and we anticipate that it would need to stay lower for some time because those contracts are often written three, six or 12 months in advance, depending on the particular detail.

That is the problem we face now. I have described it as the new normal. We cannot expect a return to the boom times any time soon. I think the consumer has changed their behaviour; corporates have changed their behaviour. There is an increased focus on paying down debt and, Dr Flegg, you know that there are increasing concerns, then, about the global environment, the quantitative easing that has been undertaken in Japan, and I know you have a view in relation to that coming home to roost and the three-arrows pillar of the Japanese economy and whether that is going to drive the expansion that is hoped for by the Japanese government over there. There are a number of factors at play beyond our control that address those areas.

In comparison, I guess for most of the past decade, until the global financial crisis, Queensland enjoyed strong revenue growth—and I have highlighted some of those details, including transfer duty revenue growth of 22 per cent, a doubling in coal royalty revenue and an increase in the prices. GST growth continued to grow very strongly. It grew at an average of 7.6 per cent in the six years from 2001-02 to 2007-08. That was supported by strong growth in household and domestic consumption prices. This year, as I indicated, revenues have come off. GST collections in 2013-14 are lower than forecast at the 2012-13 MYFER due to downward revisions in the Australian government's forecasts of GST collections. While we expect in total GST revenue to grow, it is not going to grow as much as had been predicted. So we will still see growth in GST revenue, but just not at the rates that had previously been the case. That is largely due to the Commonwealth Grants Commission's assessment that Queensland should receive a higher per capita share. So we are a beneficiary of the Commonwealth Grants Commission's regime at the moment. That is as a result of floods and cyclones and lower economic activity in the state. They have given us slightly more than an equal per capita share.

We have had growth in transfer duty, we have had growth in GST, we have had growth in royalty revenue but we are seeing declines in those areas that I have mentioned. I guess the question more particularly is: where did the money that we were getting during those boom times go? They were, as I described them at the time, rivers of gold. What happened with those funds? We had 1,500 'Buy Local, Back Qld' T-shirts that were made in Bangladesh and were held sitting in boxes. I think there was an attempt to cut the labels off and re-sew them but that did not go anywhere. We had garden gnomes bought at a cost of \$20,000 for an ad campaign that was never used. We had \$750,000 spent on 190,000 backpacks. Some 58,000 of them were still sitting in warehouses when we came to government. We had \$680,000 on the egg sculpture at the Conondale National Park near Kenilworth at the end of a fairly lengthy trail. We had the 24 electric car parks in Adelaide Street without any electric cars to use them. We had the infamous \$6.1 million Olympic ski jump that was 36 metres high and came with its own elevator and was seven lanes wide. And we had, of course, the \$1,000 spent on fixing the lid on the luxury loo of the then member for Sandgate's executive office—the self-closing, self-heating and self-what-elsing I don't know toilet, but for \$1,000 you would want to be getting your money's worth for it.

So, yes, revenues have fallen down. Yes, we are adjusting to them. We are making the changes. We have built resilience into the budget. We have taken the tough decisions. We are not squandering it. Had previous governments not squandered we perhaps might not be in the position we are currently in.

CHAIR: Member for Murrumba and Treasurer, I will give you about three minutes to ask and answer this next question before we then move back to the opposition side.

Mr GULLEY: Can the Treasurer please outline the outlook for Queensland's major trading partners and the forecast growth of trade?

Mr NICHOLLS: I thank the member for Murrumba for the question, because I often say this: Queensland is a trading economy and a trade exposed economy on the western rim of the Pacific and our prosperity depends quite strongly on the fortunes of our trading partners. For a considerable period of time we have been fortunate in that our trading partners have continued to prosper, notwithstanding the effects of the global financial crisis. But I think we all recognise that change is occurring. Is it all gloom and doom, as some would have? No, I do not believe so. China's economic growth rate, reported at 7.5 per cent, is in accordance with their government's proposal, and I think there are any number of economies around the world that would wish for a growth rate of 7.5 per cent

year on year on year, but it is coming off that very high, turbo charged figure that has been in place for some time. I was looking at the reports in the *Australian* or the *Financial Review* yesterday or today which show there has been variability in that figure.

So economic growth across our major trading partners is estimated to be 2¾ per cent, similar to that recorded in 2012. We anticipate it strengthening to 3¼ per cent in 2014 onwards with non-Japan Asia—we say 'non-Japan Asia' because Japan is still our major trading partner, China second—continuing to be the main driver of growth. So Japan continues to be the economy that I guess we are concerned about and is not contributing to that growth number. So that is where it sits at the moment. These rates remain below the annual average of 3.7 per cent in the decade to 2007, immediately preceding the global financial crisis. So the GFC has had an impact and it has an impact on us, and I have acknowledged that on a number of occasions.

The volume of Queensland's total overseas exports was estimated to have grown 5.5 per cent in 2012-13. Exports growth is forecast to strengthen to six per cent in 2013-14 and 8¾ per cent in 2014-15—that is the first stage of the LNG exports—before surging up to 23¾ per cent in 2015-16, and that is when all three processing trains on Curtis Island come on stream and the massive amounts of gas that they will be producing then start being exported.

CHAIR: If you could round out your answer now.

Mr NICHOLLS: I would say to the member for Murrumba that the combination of strengthening exports and weakening imports is forecast to see net overseas exports contribute strongly to overall economic growth from 2013-14, reaching six percentage points by 2015-16. But, as I say, there is more work to be done and that is particularly around the trade and investment component of my portfolio.

Mr PITT: Treasurer, I refer to your answer to question on notice 869 and page 4 of the SDS where it refers to the development of 1 William Street. In the question on notice you seem unable to confirm whether the government's plan to sell office buildings and relocate to William Street will have a positive net present value because you do not believe in this measure, yet the Premier referred to this measure just this morning. How do you explain this when net present value is used as a key indicator by Projects Queensland in their guidelines, which you oversee? I table the project assurance framework for your benefit.

Mr NICHOLLS: I am sorry, there was a whole heap of paper being passed. Can you repeat the question?

Mr PITT: Did you hear the preamble, Treasurer, or would you like me to repeat it? This relates to net present value. It is used as a key indicator by Projects Queensland in their guidelines, which you oversee, yet in your answer to the question on notice you seem unable to confirm whether the plan to sell office buildings and relocate to William Street will actually have a positive net present value, I assume because you do not believe in this measure. Can you please speak to that?

Mr NICHOLLS: I might ask the head of Projects Queensland, who provided the advice in respect to the 1 William Street project, to address the technicalities of your issue.

Mr Stewart: One of the key attributes in understanding the private developer process that went forward was looking at other than financial benefits. So, simplistically, if you look at net present value you do not get account of some of the really key attributes from innovation and risk management from private sector transfers. One of the key things we have tried to do in the work and looking at the 1 William Street site was how, under a public private partnership, we get that opportunity. We really saw that come through in the process we have run. I think, very simplistically, net present value is one equation, but more importantly with public private partnerships is the ability to get that risk transfer. I must say we saw that very clearly in the 1 William Street response.

Cbus Property won that project. If you look outside, that construction work is happening in earnest. In fact, Cbus is reporting to us that they are ahead of program on that project. Importantly, though, what we have been able to find through that analysis was that we did get very good risk transfer—much better risk transfer than we would normally get by building a project in our own right or building an office in our own right. It is fair to say that we have seen that, we have seen that in many other private public partnerships and we will continue to see that in the future.

Mr PITT: Mr Stewart, can you confirm whether it actually does have a net present positive value?

Mr Stewart: We were asked to go to market on that project. We have gone to market on that project. We are very happy with the results we got. One of the benefits of the private developer

arrangement that we put in place at the end of the day, as you would see with many corporates around the city, is the ability for government not to necessarily own accommodation, but to lease that accommodation. Again, all I can say is that we saw very effective leasing outcomes associated with the project. I think, again, it is a very simplistic process to just rely on NPV. With public private partnerships—and we have seen it time and time again—we get high levels of risk transfer. That is where we start seeing a lot of the innovation in the design and construct process.

Mr PITT: I will ask the next question to the Treasurer. Treasurer, regarding 1 William Street and the SDS, leaked QTC modelling states that the sale of office buildings and the relocation to 1 William Street has a negative net present value or a net present cost of \$435.6 million. The project assurance framework, which I have tabled, for undertaking a cost-benefit analysis says a project should not proceed if it has a negative net present value financially unless there is a substantially positive economic net present value. Treasurer, will you be able to table evidence here today that your sale of office buildings and relocation of public servants to your new tower actually does meet your own cost-benefit analysis requirements and if not why not?

Mr NICHOLLS: I answered a number of questions last year in relation to that. Project X, in relation to 1 William Street, was based on documents that had obviously clearly been stolen from QTC. They were documents that were marked as 'draft'. They were allegedly developed in the concept stage of 1 William Street when it was run by the Department of Housing and Public Works, not Projects Queensland. That department provided the key assumptions to QTC and QTC in that report, as you will recall, placed half a page of limitations on that draft document including, I think, from memory, that the assumptions that they were given had not been tested and any consideration of the outcomes of that draft report needed to be taken with effectively what they were saying was a grain of salt. I cannot comment on that document. I do not know its voracity. As I say, it was a stolen document prepared in the early stages.

What I do know is that when we came to assess the 1 William Street project, which is being delivered by the private sector through Cbus, the Construction and Building Industry Super fund, and the allocation and accommodation of office space, we anticipate a saving to government over the forward years of over \$60 million each year. That is by consolidating the current hodgepodge of leasing arrangements in the CBD, it is by bringing people together in one building, it is by utilising space far more efficiently and ensuring that we again have the right sized Public Service. We will go from what I think was 23 buildings in the CBD housing government offices down to a substantially smaller number. The exact number I cannot recall. Do you recall it, Dave?

Mr Stewart: Not off the top of my head.

Mr PITT: Thank you, Treasurer.

Mr NICHOLLS: Quite a few more. In effect, across general government sector agencies we currently occupy approximately 1.1 million square metres in 153 owned buildings and leased property in 646 buildings. We will come down quite substantially as a result of that. As a result of those factors, we come down to 222,000 square metres in government owned buildings and 201,000 square metres in commercially leased space. It is a very substantial halving in the CBD. We will be making very substantial savings in relation to that particular issue.

Mr PITT: Thank you, Treasurer, for raising the issue of how many government workers will be around and having to make space for their accommodation. Last year, you stated that the Department of Public Works had instructed QTC to assume a 20 per cent reduction in the number of government workers by 2017. This is also reflected at page 2 of an RTI document released yesterday on the sale of office buildings. Treasurer, now that the budget papers contain a similar projection, how did the Department of Public Works anticipate so accurately your policy and that of your Costello report to slash and outsource services and jobs, or is this figure just a coincidence?

Mr NICHOLLS: I have not seen the RTI, sorry. Can you say it again?

Mr PITT: I have the RTI here if you would like to have a moment to look at it?

Mr NICHOLLS: No. Can you just ask the question again?

Mr PITT: How has the Department of Public Works managed to anticipate so accurately your policy and that of the Costello report to slash and outsource jobs to have—in your words, not mine—the right sized Public Service? Is it just a big coincidence that these numbers match up?

Mr NICHOLLS: I assume so, yes.

Mr PITT: It is just a coincidence that they have been able to project them very accurately?

Mr NICHOLLS: I think you will find that the number that was in the independent Commission of Audit report in relation to the size of the Public Service—and I think they indicated that, relative to the size of government, the size of the Public Service was 18,500 larger than it needed to be. I think that number was a generally understood number for across government in terms of those services. I do not think there was anything particularly startling about that. I think that number was understood across government. I think, in terms of the decisions made by Public Works as to their accommodation, Public Works is responsible for government accommodation and for providing those numbers. If you want to ask the minister responsible for Public Works, I am sure he will be able to give you an answer as to where it came from.

Mr PITT: Treasurer, tonight you have talked again about the \$60 million savings that you suggest will be forthcoming. Will you release all the modelling that justifies your claim of \$60 million per year savings from selling government office buildings and relocating to 1 William Street?

Mr NICHOLLS: We went through quite a number of issues in relation to the \$60 million annual savings. Can I say that the 1 William Street project as a project is a cracker of a project. It is up and running. It is employing 1,000 people a year. It is utilising private funds to provide employment and work here in Brisbane. It is turning what has been a dusty old eyesore into a building that will provide a home, and a suitable home, for our Public Service for decades to come. It will enable us to consolidate and provide services from one location and, as a result of being able to accommodate our Public Service in that building, we will be able to reduce our rental footprint very substantially. We have made significant progress in achieving the space reduction. At a higher level, about 100,000 square metres less space at a commercial rate of rental at \$600 a square metre, which is the going rate, equates to about \$60 million. So 100,000 square metres, \$600—

Mr PITT: I am asking: is there modelling available and will you release it?

Mr NICHOLLS: Sorry?

Mr PITT: Is there modelling available that justifies this claim, because we have heard it spoken about? I would like to find out if modelling does exist, that it has been undertaken. If it does exist, will you release it?

Mr NICHOLLS: The work was undertaken by Projects Queensland around it all. In terms of a number of the details, they are necessarily commercial-in-confidence but the simple maths of the savings—

Mr PITT: With respect, commercial-in-confidence—

Mr NICHOLLS: I can tell you, here is the modelling: 100,000 square metres of let-able area no longer required by government; \$600 per square metre; 100,000 by \$600 is \$60 million. That is the modelling.

Mr PITT: That is the modelling?

Mr NICHOLLS: That is how it is done.

Mr PITT: So it is back-of-the-envelope stuff and there was no actual work done?

Mr NICHOLLS: There is no need to make a program—

Mr PITT: I am asking a general question here, Treasurer. I am not trying to be smart. Why will you not release the modelling?

Mr NICHOLLS: There is undoubtedly a need on the part of the member to see something where there is nothing. There is quite simply a calculation that says we require 100,000 square metres less space as a result of the efficiencies we get out of 1 William Street. At \$600 a square metre, which is the current commercial rate of rent, that is \$60 million. On top of that there are the debt savings as a result of the QIC transaction, so we no longer need the buildings that we are moving out of over a period with QIC of \$130 million over the forward forecasts and we are getting efficiencies as a result of not being stuck in old buildings with old spaces. A worker in a current building requires 18 square metres; in a new building they require just over 10 square metres. That is the way of modern buildings being developed. If you go down to 111 Eagle Street, if you go down to the HQ building towards the end of Fortitude Valley opposite the Fortitude Valley Police Station, you will see how new buildings are configured and how efficiencies are gained.

Mr PITT: Treasurer, this relates to lease terms for office buildings. In answer to non-government question on notice No. 5, it appears that you have either been unable to or refused to provide the information requested. However, in the right to information documents received by the Opposition yesterday, the lease terms for office buildings are included and the average lease costs of

\$81 million per year. I am asking: why was this information not disclosed when asked in the question on notice when, obviously, it has been available under right to information? Have you been deliberately evasive on this? What does this say about openness and transparency? We asked a question on notice—

Mr NICHOLLS: It says any competent person can go down to the Titles Office and do a search. It is available for anyone.

Mr PITT: Doesn't it show that you are actually not forthcoming with information when asked by a parliamentary committee?

Mr NICHOLLS: I would not have thought so.

Mr PITT: I think it expresses arrogance, personally.

Mr NICHOLLS: It is completely and utterly open and available. That information is available. Anyone can go to a computer screen, as I understand it, and pay a fee and get the whole lease terms. The whole document is there.

CHAIR: Thank you, Treasurer, and thank you, member for Mulgrave. I call the member for Sunnybank.

Mr STEWART: Treasurer, if we can get back to the forecasts of economic growth relative to other Australian states, can you inform the committee of that and also the drivers for the particular growth?

Mr NICHOLLS: Based on what we understand to be the latest state and federal government forecasts, Queensland's economic growth which is currently, according to the latest state figures, 3.6 per cent—we will have to wait some time to see the national ABS figures—we anticipate growth for 2012-13 at 3.5 per cent. We do anticipate it moderating to three per cent and three per cent and then we anticipate it growing back up again, quite significantly as a result of those gas exports that I indicated to you, by six per cent as the full weight of those exports come online.

That will deliver an average rate of growth of four per cent over the forward forecasts. This is at or above the national rate and stronger than all other states other than Western Australia, which continues, at this stage, to predict growth based on predominantly its reliance on its iron ore exports. Interestingly, resources count for a much larger proportion of the Western Australian economy than they do for the Queensland economy. Though we talk a lot about resources, they only actually reflect—when I say 'only', they still reflect a substantial amount—around 10 per cent of our gross state product, given everything else we do.

Our growth will average four per cent per annum. As I said, it will moderate as growth in our major trading partners remains subdued. We have had discussions around the fact that we see growth in our major trading partners at around 2¾ per cent. It is still fairly soft in Japan. We think it will be well above the national growth forecast of 2.75 per cent. The economy will continue to perform and perform well, hence my comments in relation to it being solid and being solid in comparison to other states.

Looking ahead, if interest rates remain low—and as market economists are saying—or go even lower and together with a drop in the Aussie dollar versus the US, we will see a strengthening of the household sector. I think everyone would accept that consumers have been particularly frugal in terms of their own expenditure over the last little while, completely understandably, as they see reports from around the world. That has flow-on effects which we have experienced in terms of GST revenue and so on. With low interest rates and improving local demand we will see the consumer coming back in. That will continue to drive growth in the state's economy.

So we see growth continuing fairly solidly. For comparison we could look at some of the other states in Australia. In 2012-13 the figures are: Queensland 3½ per cent, New South Wales 2½ per cent, Victoria 1½ per cent, South Australia 1¼ and Tasmania negative ¾ per cent. In 2013-14 the figures are: Queensland three per cent, New South Wales 2¾ per cent, Victoria 2¼ per cent and South Australia 2½ per cent. Pushing out to the forward years, in 2015-16 the figures are: Western Australia 4¼ per cent—so we will actually pass Western Australia in 2015-16 if these forecasts hold up—Queensland six per cent, New South Wales 2¾ per cent and so on.

These are forecasts. They are the best estimates of the officials of Treasury. They are based on the views of consensus economic forecasters—that is, the consensus of 18 or 19 forecasters—when it comes to where the economy is going to head. They are the figures that have been provided to us at Treasury. As I say, they go to underpin a solid performance. We continue to want to see better.

CHAIR: I call the member for Moggill.

Dr FLEGG: Could you outline the Queensland labour market outlook including employment growth projections?

Mr NICHOLLS: Sure. We have had a bit of discussion around employment growth. I have indicated, as I did in my opening statement, that growth was considerably moderate in 2012-13, at a quarter of a per cent. The factors surrounding that include: household caution—that is, consumers continuing to sit on their funds and not spend as they perhaps did half a decade ago; the high Aussie dollar, which continues to have an impact on labour intensive sectors; and commodity prices, which have made life more difficult, no doubt as has the carbon tax and high labour costs. Trade exposed industries have suffered. We have seen the results of that in the past couple of months in Queensland and indeed more broadly throughout Australia. I referenced for example the Ford Motor Co. a little while ago. They will perhaps by no means be the last but they are certainly a significant one.

With growth in household spending, including some recovery in the labour intensive dwelling sector, which is expected to pick up from 2013-14 onwards, employment growth is forecast to accelerate over the forecast period to 2¼ per cent in 2013-14, 2½ per cent in 2014-15, and 2¾ per cent in 2015-16. Quite substantial growth is forecast over the forwards. This means that around 50,000 jobs are forecast to be created in 2013-14, 60,000 in 2014-15 and 70,000 in 2015-16. That is 180,000 jobs created over the next three years.

Those are the best forecasts that have been put forward to us by Treasury officers. We think the participation rate will remain relatively stable after high periods of growth driven by the movement of people from interstate and the availability of jobs up here. We think that will moderate now as people are, as I indicated, more conservative in their outlook and their prospects. Labour force growth is predicted to be slightly below employment growth. That will also assist. If labour force growth is less than employment growth you will get a net benefit.

We need to understand that these are forecasts. There is a high degree of variability about it. We need to remain committed to driving projects, particularly private sector projects, that will encourage long-term job prospects here in Queensland. The prior process of priming and turning up and giving someone a job for three or six months, whilst a short-term sugar hit, is not a long-term solution to what was ailing the Queensland economy at that stage—that is, the massive level of debt that was being incurred, the massive amounts of red tape and the burden on business that really restricted employment prospects throughout the state.

CHAIR: I call the member for Murrumba.

Mr GULLEY: I will look at the Treasury and Trade portfolio. Can the Treasurer please outline the Treasury and Trade portfolio achievements for 2012-13?

Mr NICHOLLS: In terms of the portfolio as a whole, the prime focus was to deliver the budget and to maintain the state's finances and accounts in good order. I think that certainly has been able to be achieved. I know the Under Treasurer has also put in place measures to improve the financial accountability of the state and continues to do so.

We were focused, as the SDS outlines, on the core recommendations of the Commission of Audit which were to stabilise then significantly reduce debt. Our target was to achieve and maintain a fiscal balance by 2014-15—something that on these figures we have been unable to achieve. But rather than follow the example of previous governments and change the principles, we have said that we are still going to strive to achieve those principles. We remain committed to them. We aim to maintain a competitive tax environment, which we believe we do. We have set out the three measures of competitiveness of the Queensland tax environment. We also target full-term funding of long-term liabilities, in accordance with actuarial advice. Again, we continue to do that and work to ensure that employees who rely on the state's superannuation scheme, whether that be the defined benefit fund or the accumulation fund, are assured that when they leave the employment of the state and retire their interests are looked after.

In 2012-13 the department made significant progress towards these objectives by applying its commercial, fiscal and economic expertise to deliver ongoing reform and achievements. Two budgets have been delivered and they chart a course of recovery to get Queensland's finances back on track and back in the black. The budgets have responded to the fiscal repair identified in the independent Commission of Audit by addressing the unsustainable gap between expenditure and revenue growth—I have highlighted that previously—and the consequent rapid rise in state debt that saw us heading towards over \$85 billion in debt. Those budgets have been framed in a challenging external environment. I have highlighted some of those difficulties as well.

During the year Queensland Treasury and Trade prepared the government's response to the independent Commission of Audit report, which was delivered at the end of April. That audit provided advice on the state's current and forecast fiscal position and recommended strategies to strengthen the economy, restore the state's fiscal position and ensure value for money in service delivery. We also identified how the quality and quantity of front-line services can be improved, including models that make better use of the skills, capacity and innovation of the private and not-for-profit sectors. Of the 155 recommendations, the government adopted 118 outright, 13 are noted, six were not accepted and the remainder are under consideration.

In line with our election commitment, Projects Queensland was established in the department to foster investment partnerships. Projects Queensland has been one of the outstanding successes of this government in terms of delivering value for money and delivering commercial projects properly, effectively and efficiently. Working with the Department of the Premier and Cabinet and the Department of State Development, Infrastructure and Planning, the central agencies, Projects Queensland has moved rapidly on the delivery of such projects as 1 William Street and on the delivery of things that needed to be done but have not been done in the past—the government wireless network, for example.

At the moment, our public safety services are still on an analog network. We are the only state in Australia that has not moved to a digital network. We have the G20 coming here. If this had been left to Labor you would be able to pick it up on your iPhone using one of the apps that is available. You can imagine just how successful that would be with President Obama trundling into town. We are now going to have a digital network solution. Projects Queensland has the lead on that.

We will see the delivery of a public-private partnership to see 10 new state schools developed in South-East Queensland. That is a project that has been developed, has gone to the market already, has considerable strength and interest from a number of proponents and will see 10 new schools developed in Queensland in record time. The last attempt at a PPP for schools in Queensland, undertaken by the former government, took two years to finalise, if my memory serves me correctly.

Projects Queensland develops a pipeline of projects, it applies commercial expertise and skills and it ensures that the state receives value for money in the delivery of the projects that it needs to deliver, whether that is by the private sector being involved, where we are predominantly looking, or whether that is through the traditional procurement methods used by governments in the past. That has been an outstanding success and one of the great achievements of the first 14 months of this government.

We launched the \$15,000 Great Start Grant program for people buying their first home and we reinstated the principal place of residence concession. We are undertaking the SPER review that I have indicated. We have not mentioned it much, and I know the Assistant Minister for Regulatory Reform is sitting behind me, but we have also commenced the process of reducing the burden of red tape by 20 per cent. We have committed to do that by 2018. To support this we have established the Office of Best Practice Regulation within the Queensland Competition Authority to advise on regulatory issues. The department is advising the assistant minister on the best process to facilitate, coordinate and drive regulatory reform. Ministers across the entire government will be receiving and have received guidelines and assistance in achieving that outcome. We have seen some tremendous outcomes there, whether it is around the delivery of regulatory reform for the white meat industry—pork—or whether it is around making it easier for small businesses in the motor vehicle repair trade to carry out their business without the need to fill in forms. Whether you are a small carpenter or a small manufacturing business, you have been relieved of the burden of enormous amounts of red tape as a result of the work that the department, together with the assistant minister, has been able to achieve.

We have put in place a framework for reducing the regulatory burden and the first red-tape reduction report card. Under the former government it was talked about a lot. There was even a division set up in Treasury which folded after two years the effort was so poorly supported by the former government. We are getting out of the way of small business and doing effective things to ensure that occurs.

During the course of the year we also had three minister-led trade and investment missions to the key markets of Japan, China, the United States and India. I led the first of those missions. My departmental costs were half those of the last trade mission led by the former government. It cost less than \$60,000 to do that trip. In 2012 the Premier of Queensland's Export Awards were staged and PWR Performance Products—people who make, if my memory serves me correctly, radiators for racing cars—won that award. They are housed in Queensland.

CHAIR: In the state seat of Coomera, as a matter of fact.

Mr NICHOLLS: An outstanding organisation and obviously worthy winners of the award, Mr Chairman.

We have obviously worked to reduce the cost of bulk water. We have administered the passage of legislation to merge the three South-East Queensland bulk water entities to reduce the cost of water. That has had an immediate impact in terms of the increase that would have otherwise occurred, reducing that by \$5. We have continued the work of the fiscal discipline unit and various other areas in terms of ensuring we continue to deliver services. We have continued to administer the Motor Accident Insurance Scheme, the Queensland Government Insurance Fund and a variety of other operations. So it has been a busy year for this government. It has been a 12-month period that has seen two budgets delivered, a response to the Commission of Audit and one of the most significant reform tasks ever undertaken by a government in Queensland.

CHAIR: Thank you very much, Treasurer. I call the member for Mulgrave.

Mr PITT: My question is to the Under Treasurer. Under Treasurer, did Treasury have input into the cabinet submission or cabinet deliberations regarding the MP pay rise announced by the Acting Premier after cabinet on 1 July?

Ms Gluer: No.

Mr PITT: So there was no involvement in that?

Ms Gluer: No.

Mr PITT: Under Treasurer, with reference to page 57 of budget paper No. 4 where sets out increases to insurance duty—the Treasurer previously described it as a ‘windfall on misery’; I think that was one of the things said in this particular area—was any advice requested on potential impacts on the uptake of insurance in disaster affected areas and, if not, why not?

Ms Gluer: I do not actually believe that did form part of the assessment when it was done, and the main reason for that, Mr Pitt, is that the actual increase in insurance duty is such a small part of the actual premium and the actual premium increase in the areas that I think you are referring to was very significant compared to the stamp duty portion of that.

Mr NICHOLLS: So what we did was—

Mr PITT: I have—

Mr NICHOLLS: I think you want to get a full answer. What we did was we looked at—

Mr PITT: Treasurer, I have some other questions of the Under Treasurer.

Mr NICHOLLS: Sure, but I think in terms of the fullness of answers—

Mr PITT: I am happy with the response from the Under Treasurer, so I would like to move on, thank you.

Mr NICHOLLS: You want to understand what was going on. We asked for a full analysis—

Mr PITT: Treasurer, excuse me, I have just said I have a line of questioning and I would like to ask the Under Treasurer those questions.

Mr NICHOLLS: And I am saying that we have a full analysis in relation to it.

Mr PITT: And I am happy with the response she has provided. Thank you very much. Under Treasurer, I have another question for you. Notwithstanding the response from the Treasurer and Mr Stewart earlier, I have asked a couple of times about the net present value, whether it was a positive net present value, with regard to 1 William Street. Are you able to advise if Treasury, QTC or Projects Queensland have undertaken any calculation of the net present value or the net present cost of selling office buildings in the CBD and relocating to lease space in 1 William Street and, if so, will you release that?

Ms Gluer: I think they are two separate questions, Mr Pitt. So the first question is in regard to the sale of the QIC properties. Is that right? That was the first part of your question.

Mr PITT: Yes. I am talking about the sale of those buildings, yes.

Ms Gluer: In regard to the sale and the leaseback of the buildings to QIC, the sale proceeds received for that were approximately \$562 million. The property required by government to deliver services constantly changes. Accordingly, in the last 11 years the previous governments—

Mr PITT: Sorry, Under Treasurer, it is a very specific question. I am asking about whether you can advise whether any calculation of net present value or net present cost of selling office buildings was undertaken.

Mr NICHOLLS: You are not going to get a different answer. Projects Queensland answers to the Under Treasurer.

Mr PITT: I am asking the Under Treasurer, thanks very much.

Ms Gluer: Projects Queensland actually answers to me, Mr Pitt. But more particularly, in terms of the sale of the office buildings, the discussion that Mr Stewart referred to before is the answer from Treasury.

Mr PITT: So that is the answer. Thank you very much. To the Treasurer, I refer to page 9 of the SDS and your agency's role to support employment in Queensland, as well as the answer to question on notice No. 434. Before the election the Premier said that 420,000 jobs would be needed to be created to reach the four per cent unemployment target. With 267,900 jobs projected to be generated to 2016-17, are you confident of 152,100 jobs being created in 2017-18 to meet the target or do you refute the Premier's figures?

Mr NICHOLLS: There are a couple of things. Firstly, I just wanted to take the opportunity to address the issue in relation to insurance premiums, because I think it is important that people do have an understanding of that. We did do some analysis—

Mr PITT: Treasurer, I have asked you a separate question.

Mr NICHOLLS: Yes, I know. We did do some analysis in relation to insurance—

Mr PITT: With limited time, Treasurer, I would appreciate it if you would answer the question that I have asked.

Mr NICHOLLS: Indeed. So we went to North Queensland and we said to people that a building valued at \$300,000 and contents insurance on \$75,000 had an average combined premium of \$3,300. For this average policy, the increase in duty—

Mr PITT: Treasurer, I have asked you a couple of times now if you can answer the question.

CHAIR: Excuse me, Treasurer, can you just bear with me for a moment. What is the issue?

Mr PITT: Chair, I asked a question of the Under Treasurer earlier. She provided a response and I was happy with that response. We have moved on to other questions and the Treasurer is attempting to go back over old ground. I have asked him a question right now about his employment target in Queensland and he is proceeding to go ahead. I prefer that he would answer the question as it relates to the employment target.

CHAIR: Treasurer, do you feel there needs to be a slight expansion on the Under Treasurer's answer?

Mr NICHOLLS: I think it is appropriate to put it in context. Yes, I do. I will not spend a lot of time, and I will answer the question.

CHAIR: Okay. I will give you one minute on that.

Mr NICHOLLS: Thank you. I appreciate that. In North Queensland, a building valued at \$300,000 and contents insurance on \$75,000 had an average combined premium of \$3,384—quite substantial, I acknowledge. For this average policy, the increase in duty would equate to \$47 per annum. That is the increase in terms of the increase that we have made. No-one likes any increase, but I think in terms of what we are talking about it is \$47 as opposed to the south-east corner, where it would be \$25. And the average increase in duty for a comprehensive insurance premium on a \$30,000 car would be around \$27.60 per annum. So I think it is important that we put that in context because that is certainly something that needs to be done.

In terms of the member's question in relation to employment and employment growth in relation to our four per cent target, I just want to reflect on a previous comment that the member made in relation to the rate of growth in employment. In terms of employment growth, in fact the last time we saw a negative number for employment growth in Queensland was in 2009-10, when full-time employment fell by 0.9 per cent under the former government. So, in terms of being accurate and in terms of the information that is put to us—I notice Mr Pitt was very keen to equate a one-quarter per cent increase in employment in 2012-13 with 1990-91—the last time employment in full-time terms actually fell was under the former government in 2009-10, when it declined by 0.9 per cent.

In terms of the four per cent target that we set, yes, we remain committed to the four per cent target. Yes, we realise it is a stretch target. Do we need to do more to achieve that target? Absolutely we do. Are we giving up on it? Absolutely we are not. That is why we want to see things that destroy jobs such as the green tape, the red tape, the carbon tax and the mineral resources rent tax—all of

those sorts of things—all imposed on job-creating activities by a federal Labor government removed so that we can continue to target the growth in those areas. Unless we do that, the jobs will continue to be strangled, and there is enormous commentary from businesses around Australia about the way that the federal government has harmed employment prospects in this country through red tape, the increasing regulatory burden, the increasing complexity of their awards system, the overreach of Fair Work Australia—all of those issues all play a role in what is going on.

Mr PITT: So the 5.5 per cent to go to four per cent in just one year is achievable?

Mr NICHOLLS: What I am saying is—and I, too, take some solace from a former leader of yours who committed to five per cent, and it took him I think, if memory serves me correctly, six years to achieve it, from 1998 through to 2004. I take solace from the former Premier Beattie's target of five per cent. We are trying to do a little better and get four per cent. We remain committed to that target. We have never deviated from it. We have never said it is not a hard target to achieve. But we are not going to change that target simply because things are not quite working out as well as people might have otherwise expected.

Mr PITT: And you will certainly be using jobs that involve, in your words, as little as one hour a week which you berated the former government about time and time again. You will be using those jobs to help meet your target, Treasurer?

Mr NICHOLLS: Well, now you raise an interesting topic because I do remember the promise that was made by the former government—

Mr PITT: No, no, no. I am not asking you for commentary on it. I am asking you—

Mr NICHOLLS: You raised it. You cannot raise the question and then say you do not want the answer to it. Mr Chairman!

Mr PITT: I can raise the question, Treasurer, as to whether you will be using that same measure which was used by the Howard government that you berated the former government for. So was John Howard wrong as well?

Mr NICHOLLS: Mr Chairman—

CHAIR: The member for Mulgrave opened the subject. You may answer it.

Mr NICHOLLS: The former Labor government made a commitment to provide 100,000 jobs for 100,000 breadwinners—full-time jobs. Breadwinning was not as little as one hour a week. That was the commitment that was made. Now what did the former government achieve? Firstly, they did not achieve 100,000 jobs in three years. Secondly, they achieved only 49,500 full-time jobs over that period of time—and that period of time, as I say, and as the member himself has indicated, was when business investment was at better than 43 per cent. You had money flowing from the Commonwealth in terms of the school halls building project, the pink bats scheme. You had the best terms of trade—

Mr PITT: And then a global financial crisis.

Mr NICHOLLS:—and you had a massive capital works program that saw the state go to 100 per cent debt funding of its capital works and they were still unable to achieve their target. We remain committed to it. We made the commitment. It was as clear as day. We said we would attempt to achieve a four per cent unemployment target.

Mr PITT: Using 420,000 jobs—420,000 jobs was the figure that was floated by the Premier.

Mr NICHOLLS: A four per cent unemployment target was what we targeted. That is what we remain committed to and that is what we said to the people of Queensland. We will not change our story halfway through as your government did.

Mr PITT: I ask the question again.

CHAIR: Thank you. I call the member for Murrumba.

Mr GULLEY: Could the Treasurer please outline how establishing Trade and Investment Queensland as a statutory authority will bring stability and certainty to the organisation and how this compares to the organisation's treatment under the previous government?

CHAIR: May I point out, Treasurer, we have four minutes and I know that there are two questions on this side.

Mr NICHOLLS: Surely we can extend, Mr Chairman.

CHAIR: Try to answer as succinctly as you can. Thank you.

Mr NICHOLLS: Trade and Investment Queensland is quite simply a case of form following function. We undertook a review. It was undertaken by Mr John Mickel, of course a former trade minister and former Speaker, and Geoff Thomas, a former special representative for the Queensland government appointed by Peter Beattie to North America and an experienced international businessman. What they found was that Trade and Investment Queensland had been used as a plaything particularly by previous governments. It had had seven ministers in 10 years. Its information systems were outdated. In fact its financial software, if I recall correctly, was unsupported. Its software for its customer relationship system was an Excel spreadsheet. In fact most of the employees—and I congratulate them for persevering for so long under such terrible circumstances—kept their own file cards in order to ensure that contacts were made.

What we are doing is (a) we are providing additional funds; (b) we are providing a clear home for it; (c) it will not matter whether it sits in Treasury, it will not matter whether it sits with the Premier, it will not matter where it sits; it will have a home, it will have its own computer system, it will have its own software system. It operates on a 24-hour basis, with commissioners around the world—I think we have 16 officers around the world. We need an outwardly facing brand Queensland focused organisation that is dedicated to serving the interests of Queensland's small to medium enterprises as they engage in the world and proceeds to sell brand Queensland to the rest of the world as a beautiful and attractive investment destination, which is what it is going to do when it is set up and running. I am particularly pleased to see it operating. It clears it up, it sorts out a problem and it gives Trade and Investment Queensland and all those great hardworking employees in that organisation the opportunity to do what they want to do, and that is sell Queensland to the world.

CHAIR: I call the member for Sunnybank.

Mr STEWART: Treasurer, can you please outline the planned red-tape reduction incentives plan for 2013-14 and the engagement program with Queensland businesses?

Mr NICHOLLS: Absolutely, and I indicated to you a very strong commitment to reduce red tape. We have appointed the assistant minister, the member for Nanango, to drive that. I know that she has undertaken consultations on behalf of the government throughout the length and breadth of the state to identify areas of red tape. She engages with local communities. We have implemented or are currently progressing more than 360 specific red-tape reduction initiatives ranging from major legislative reforms to specific administrative changes. More than 150 of these reforms have already been fully implemented, resulting in substantial savings and benefits in all key areas of the Queensland economy.

The key reforms implemented and examples of the tangible benefits include: reducing major project approval times by approximately 50 per cent—that helps get more people in jobs faster; improving the regulatory environment for investment in ecotourism facilities in protected areas by introducing long-term 30-year leases; amalgamating multiple commercial activity agreements into one agreement for each operator; the green-tape reductions under the Environmental Protection Act including reducing the overall number of environmentally relevant activities; and streamlining the approvals process for the remaining ERAs, saving up to \$6 million in annual fees and reducing the paperwork for up to 9,400 small to medium businesses.

We have established the MyMinesOnline portal to enable lodgement and tracking of activity notices and applications, and we have the development of a number of referral triggers under the IDAS system, the integrated development assessment system, resulting in 1,500 fewer referrals a year. We have removed the waste levy, saving businesses \$96 million in 2013-14 and \$373 million over four years. We have introduced reforms to liquor and gaming regulations, making it easier for local clubs to hold functions and use local volunteers to work behind the bar rather than the ridiculous red tape that hamstrung local communities. Schools can now carry out events with alcohol without needing to get licences. Agencies have been streamlining. We have the Office of Best Practice Regulation to publish an annual report on each department's performance, and in the Office of State Revenue we are streamlining all the procedures in relation to the old paper based systems and providing a range of improvements including automatic calculation of royalty liabilities and pre-population of forms—that is, we put the data in first before they go out. Not only are we driving reform across government through the Office of Best Practice Regulation in our lead role in that area but also within the department we are working to make it easier to do business with the Office of State Revenue and Treasury to deliver enhanced outcomes for businesses throughout Queensland.

CHAIR: Thank you, Treasurer. The time allotted for the consideration of the proposed expenditure for the areas of responsibility administered by the Treasurer has now expired. Thank you, Treasurer and advisers. The committee has resolved that answers to any questions taken on notice

or additional information must be provided to the committee secretariat by 3 pm on Thursday, 18 July 2013. The committee has also concluded its examination of the matters referred to it by the parliament. On behalf of the committee, I thank officers of the Parliamentary Service for their assistance with today's hearings. I declare the Finance and Administration Committee hearing closed.

Mr NICHOLLS: Just before you do that, can I seek your indulgence for just one minute to make a statement?

CHAIR: Certainly.

Mr NICHOLLS: I thank the members of the committee for their questioning. I appreciate the robustness and the vigour with which questions have been asked. I think that is a worthwhile part of what we do here. I thank all of you for that. I think it is a great benefit that we are able to do this in such a way.

I also thank the officers of Treasury for their hard work. They have done a particularly sterling job in putting together budgets in difficult circumstances and in assisting all departments in their preparations for budget and for estimates. I particularly acknowledge the hard work of my own staff: my chief of staff, my deputy chief of staff, policy advisers and in particular—I forgot to mention them last time—my media people, who do such a sterling job in keeping me under control, and all the officers of the various GOCs who are here today who were prepared to provide answers. It has certainly been a great privilege to be able to respond on behalf of the government as the Treasurer and Minister for Trade and to represent all those good people here today. Thank you very much.

CHAIR: Thank you, Treasurer. Thank you, everyone.

Committee adjourned at 6.32 pm