

## THURSDAY, 17 JULY 2014

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### ESTIMATES—STATE DEVELOPMENT, INFRASTRUCTURE AND PLANNING COMMITTEE—ENERGY AND WATER SUPPLY

#### Estimates Committee Members

Mr DF Gibson (Chair)  
Hon. TS Mulherin  
Mr MJ Hart  
Mr R Katter  
Ms KN Millard  
Mr BC Young  
Mrs JR Miller

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#### Member in Attendance

Hon. A Palaszczuk  
Mr MJ Pucci

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#### In Attendance

Hon. MF McArdle, Minister for Energy and Water Supply  
Mr J Baker, Backbench Liaison Officer/Policy Adviser  
Mr F Quinivan, Chief of Staff

#### **Department of Energy and Water Supply**

Mr D Hunt, Director-General  
Mr K Sedgwick, Deputy Director-General, Water  
Mr B Barr, Acting Deputy Director-General, Energy

#### **CS Energy Limited**

Mr M Moore, Chief Executive Officer

#### **Energex Limited**

Mr T Effeney, Chief Executive Officer

#### **Ergon Energy Corporation Limited**

Mr I McLeod, Chief Executive

#### **Powerlink**

Ms M York, Chief Executive

#### **Stanwell Corporation Limited**

Mr R Van Breda, Chief Executive Officer

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#### Committee met at 9.03 am



**CHAIR:** Good morning, everyone. Welcome to the State Development, Infrastructure and Industry Committee's second public hearing for the examination of the Appropriation Bill 2014. I would like to introduce the members of the committee. I am David Gibson, the member for Gympie and chair

of the committee. The Hon. Tim Mulherin, the member for Mackay, is the deputy chair but he is absent for the first session this morning and I welcome the Leader of the Opposition, who is his replacement. The other committee members with us today are: Mr Michael Hart MP, the member for Burleigh; Mr Rob Katter MP, the member for Mount Isa; Ms Kerry Millard MP, the member for Sandgate; and Mr Bruce Young MP, the member for Keppel. Mr Michael Crandon MP, the member for Coomera, is an apology for today's hearing. The committee has also granted leave for other members of the parliament to participate in its hearing from time to time throughout the day.

The committee will examine the proposed expenditure contained in the Appropriation Bill 2014 within its portfolio responsibilities contained in schedule 6 of the standing rules and orders. The first item for consideration today is the proposed expenditure for the organisational units within the portfolio of the Minister for Energy and Water Supply. On behalf of the committee, I welcome the minister, departmental officers and members of the public to the hearing. The committee will suspend proceedings for the following breaks: from 10.45 am to 11.15 am, from 1 pm to 2 pm and from 3.30 pm to 4 pm.

I remind everyone present that any person may be excluded at my discretion as chairperson or by order of the committee under the standing rules and orders of the Legislative Assembly. Today's committee's hearing is being broadcast live via the Parliamentary Service's website and to receivers throughout the parliamentary precinct. I ask everyone to ensure that their mobile phones or other electronic devices are turned off or switched to silent mode.

Witnesses, please take note that you will need to turn your microphones on and off when addressing the committee. Everyone, please bear in mind that there are to be no more than two microphones on at a time. I ask departmental officers to identify themselves when they first speak to enable Hansard to record their name and to speak directly into the microphone.

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

That the proposed expenditure be agreed to.

Minister, if you wish, you may make a three-minute opening statement.

**Mr McARDLE:** Mr Chairman, thank you very much. I acknowledge yourself and all members of the committee, and also my staff and my DG and his staff as well.

Mr Chairman, the government is determined to develop a strong plan in regard both energy and water for the growth of this great state. The committee would be aware, having been attendees in Mackay and also in Brisbane, that the government is working towards a 30-year plan—that is, the Queensland Plan. That plan has a number of facets. Those facets include a desire for the population growth in regional areas and also the south-east and the growth of the four pillars that this government has enshrined in its approach to Queensland over the 30-year time line.

Mr Chairman, those desires and growth must come with the development of both electricity and water strategies. It is with those strategies in mind that I, my office and the department began some time ago now on the development of two plans. Those plans culminated in the release in June this year of *WaterQ* and *PowerQ*. The process to achieve those outcomes were lengthy and entailed consultation in both cases, with around 1,500 surveys and submissions together with travelling across the state to engage and understand the desires of not just people in domestic situations but in commercial situations and also large providers of both power and water. Mr Chairman, I have with me a copy of both *WaterQ* and *PowerQ*. I seek leave of the committee to table a copy of both of those documents for the reading of the committee at an appropriate time.

**CHAIR:** Is leave granted? There being no objection, leave is granted.

**Mr McARDLE:** Thank you, Mr Chairman, and the committee. I want to first of all talk to *PowerQ*. There is no doubt, as I said earlier, that electricity will underpin the four pillars of the economy in conjunction with water. The government sees the electricity sector as providing the most expansive opportunities we have in this state to develop the supply and delivery and use of electricity. In particular, we see the resilient cost-effective and consumer focused supply for Queensland as being our paramount consideration. We need to extract real value for customers and promote efficient markets.

The power sector across this state, this nation and the globe is changing. It is changing in a dramatic way and has long-term and far-reaching impacts. New technologies are the mainstay of that particular change. At a later time, if chance occurs, I will go into the issue of solar power and battery. But can I just tick off some of the changes that may well be coming through. Microgrids could well be

a phase of the future. You may not actually buy your solar panels and batteries; you may lease them in time to come—not that far away. Electric cars are also an element in the future growth and use of electricity. The understanding of the impact of those and other factors in how we develop the sector in this state is critical.

The issue in regard to the plan being of 30 years duration is important for this. We are going to enshrine what I have termed in the document an 'expert panel'. No-one can tell me in 30 years time what the technology will be. No-one would have guessed that the simple iPhone today would develop for the brick sized item we saw back in the late eighties and early nineties. But if we are working in the space mentally of what the technologies may be and understanding the pressures we are under then we have a much better chance of capturing the nuances and understanding of what is coming down the road. I made the comment recently that battery technology is headed towards us like a freight train. I believe that to be the case, and we need to deal with that and understand how it can be of benefit to the state.

*WaterQ* in my opinion is equally an exciting document, again because our population growth and food growth in this state has become a cornerstone to the economic development of Queensland. My colleague Dr John McVeigh is working towards doubling the food production in the period of four months. That means water is essential. But again I come back to two points. The issue of technology again is precedent.

Mr Chairman, I hold in my hand here a water meter but it is an advanced water meter that is used in the Mackay Regional Council and would be well known to the member for Mackay. About a month ago I met with Deirdre Comerford, the Mayor of Mackay. They have this advanced meter fitted to several thousands of homes in Mackay. That gives them real-time reading in regard to the use of water, leaks and other issues that the council can use to enable them to potentially defer \$100 million of capital investment in the future. That is real savings to the people in Mackay. The Mackay Regional Council have taken this on board because they see that it is of value to them and their population. This may not be the answer to every concern across every town or every city, but it is a great use of technology in understanding what can become available and applying it in a manner that is economical and has long-term consequences.

Mr Chairman, the government is committed to working with all sectors across this state, and both the expert panel in *PowerQ* and that in *WaterQ* will hopefully be announced in the very near future. Those panels will be charged with providing advice to the government. They will be manned by people who are qualified across the sectors, plus also people who actually have the capacity to see not into the future but of the future to guide us as to where the technology is headed to.

The documents were a culmination of many people's hard work. I want to congratulate the staff in my office and also in my department and also the people of Queensland who came on board, together with the utilities you see here today you may well ask questions of. Together we have achieved I think a good start. The challenge now is to ensure the documents do not sit on a desk and gather dust. My commitment is that with these two panels they will not do so. It is, I believe, the start of a blueprint for the future in understanding the challenges we face, not just as a government but as a state in working towards long-term outcomes. Thank you.

**CHAIR:** Thank you very much, Minister. To assist both myself and the minister, I would ask all members to refer to the SDS when asking their question so that we can ensure that we are addressing appropriate areas within the expenditure. I now call the Leader of the Opposition.

**Ms PALASZCZUK:** Thank you very much. If I may, could I ask a question to Mr Dan Hunt, the Director-General of the Department of Energy and Water Supply? Good morning, Mr Hunt. In the SDS it talks about a four-pillar economy to basically secure a resilient energy and water supply for the future. Mr Hunt, in April this year, the Premier announced eight new dams. Can you please explain to the committee how much these eight new dams will cost and also where these eight new dams will be located?

**Mr Hunt:** I think what the Premier announced was that there would be an investigation into new dam site for flood mitigation purposes. There has been a prefeasibility assessment of a number of sites. Largely, those sites have been identified through a very large number of past studies that have been done over previous decades going back probably to the 1960s, I think.

There were originally eight or 10 sites identified for analysis. A few of those will not be able to be proceeded with because there has been development in the interim period. Other sites have also been identified as possibilities. It is really too early to look at the cost of those sites or how they would

be funded. We are reporting back to government by the end of this year on a prefeasibility assessment of those sites. Subject to a decision of government at that time, there will be further work done on those sites for the future.

**Mr McARDLE:** Chair, could I add to that?

**CHAIR:** Do you want to clarify or add to that?

**Mr McARDLE:** Yes. Thank you very much indeed. I thank the leader for the question. As the leader knows, in 2011 this state suffered in the south-east corner one of the worst floods in history. There have been worse floods back in the 1890s. The Floods Commission of Inquiry did not raise the issue, to my recollection, of more dams being established. If I am wrong, I will stand corrected. It did indicate other steps that can be undertaken.

You and I will both agree that we can never flood-proof Brisbane or, for that matter, any region in this state but the Premier certainly has a very strong belief that steps need to be taken to at least address the areas that could potentially provide flood mitigation and potentially water storage as well. I think the Premier's proposal of looking at this on a preliminary basis highlights the understanding that flood mitigation is something that we can take on board and assess the sites that may become available, but it is much too early to even contemplate the question of cost because we do not know whether they are viable or not. The preliminary studies will come back to the government at the end of the year, and the government will then consider whether or not these sites are worthy of further study. It will be some time before a final report is prepared that allows the government and, indeed, the public to understand what the implications are.

I can say to the leader—if we can use that term for the sake of shortness today—that I travelled to Linville, one of the sites, quite recently with the member for Nanango, Deb Frecklington, and spoke to the people of that region to give them an understanding. We made it quite clear that this is only a very preliminary step to find out what we can do. I think the public, particularly those who went through the 2011 flood and other regions in 2013, understand that if we can mitigate a flood we should certainly do so. I cannot tell you the cost of 2011. A figure of \$2 billion comes to mind. I might be well and truly out. That might be the lower range. But if we can do something to alleviate the suffering then I think that is a goal we should all aim for.

**Ms PALASZCZUK:** I have a follow-up question to Mr Hunt and then I will come to the minister. I think I recalled you saying that some of the sites have been ruled out. Could you please state to the committee which sites the department has ruled out for further investigation?

**Mr Hunt:** Three sites were ruled out—one at Peachester, one on Cressbrook Creek and one on Lockyer Creek. The Peachester site had had significant development and the flood mitigation benefits from that site were fairly small anyway. The other two sites were high in the catchment with very little flood mitigation impacts.

**Ms PALASZCZUK:** So the department is now pursuing five sites, not eight?

**Mr Hunt:** No, there are still eight sites. There are some other sites that are being looked at as well.

**Ms PALASZCZUK:** What are the other three sites?

**Mr Hunt:** There is one on Laidley Creek that was suggested by Lockyer council and there are a couple of sites on Warrill Creek as well which would be only retention basins not—

**Ms PALASZCZUK:** As you can appreciate, landholders and owners of property are quite concerned if their properties are going to be impacted so we need to get it quite right about—

**Mr Hunt:** Absolutely, but we need to do a thorough investigation of all the available sites.

**Ms PALASZCZUK:** I have one more question for the minister. In relation to these eight dam sites that are now being pursued by the government, can you please explain to the committee in the *WaterQ: a 30-year strategy* where these eight dam sites are? I just had a quick flick through and I could not see the eight sites in here. I may be wrong.

**Mr McARDLE:** Thank you, Leader. I think the issue of the 30-year water strategy is about long-term planning in relation to the delivery of water. These dam sites, in my opinion, fit very neatly into the expert panel. They fit very neatly into how the expert panel can work with the government and provide advice to me in relation to those dams.

The document is a living, breathing document. It is simply impossible to put every nuance within the document, but the ambit of the document is such that it gives scope and understanding that, as time moves forward, plans based upon population and other factors may well change. I think

that is the role of the expert panel. I would certainly like to talk to them about the issues that are raised by you here today. I think it is a wonderful opportunity for them to give me certain advices. We will always rely upon the experts—the hydrologists and the other experts in this area in the state—to advise the government as to detailed planning. That is their job. But I think the WaterQ document is a prime example of picking up not just the issues contained in the document but also the use of the panel to pick up other factors that I can use to get advice about plans going forward. They can supplement. I think that is the intent of the document.

**Ms PALASZCZUK:** Minister, as you can appreciate, it was a pretty big announcement by the Premier to say that we are going to build eight new dams, and I am a little concerned that in your 30-year document you have released today I cannot see where those eight new dams are.

**Mr McARDLE:** Well, again, Leader, I come back to the point that this is a document that will continue to evolve. The expert panel and the government's panel referred to in that document will have a very important role in advising me. I think that is the intent of the document. I think if you try to pigeon the document into a set outcome you fail to understand the true intent of the document. The document should never be seen as simply putting a blueprint in place for the future. It will have fed into it many factors and many considerations. For example, the parliamentary committee that is being chaired by the member for Gympie is looking at a desal plant. It is looking at the western corridor recycling plant. They are not in there either, but the panel can certainly look at that report and advise me on that. The document must be seen in the context of a living, breathing document providing a wide scope and changing as time goes by.

**Ms PALASZCZUK:** So it is a living, breathing document with no details?

**Mr McARDLE:** Well I think—

**CHAIR:** I am going to rule that question out of order.

**Ms PALASZCZUK:** I withdraw.

**CHAIR:** Thank you. I want to make it easy for all of us. It is a long day. I might flick to any government members who want to pick up on this question of dams. I know I am flicking to you quickly. Member for Keppel?

**Mr YOUNG:** Thank you, Chair. You mentioned the cost of the 2011 flood event was \$2 billion at the lower end. I thought that would have been on the lighter side. Is there a more defined figure than that?

**Mr McARDLE:** I made the comment that was a figure that came to mind. I might pass to the director-general to give a more concrete figure and then come back and make other comment regarding that.

**Mr Hunt:** Sorry, Minister, I do not have that detailed number. We can take that question on notice if you like.

**CHAIR:** Director-General, you cannot take a question on notice. Minister, are you happy for that question to be taken on notice?

**Mr McARDLE:** Yes, but I would like to make a comment if I could. There is, of course, the monetary cost. There is no question about that. There is also, very sadly, a psychological cost that is born with any disaster. That is very hard to measure in dollar terms and maybe it should not be measured in dollar terms. In my mind, undoubtedly from 2011 and 2013 right across the state there are members and families who are still suffering psychologically from that together with their financial loss which I am not trying to depreciate in any way, shape or form.

One of the things that disasters clearly indicate is that the recovery of the human spirit can take a long time. There have been detailed studies undertaken, if I recall, on the bushfires in Victoria that highlighted this is a long-term scenario. In fact, what can happen is that the consequences last a long time. Though one member of the family may be impacted directly, the consequences flow across all family members. We have seen that in other circumstances. Though the financial impact is of course critical, I think the emotional impact is equal. The psychological impact can be devastating.

I make the point—and I think everyone in the chamber would agree with me—that the 'Mud Army' in 2011 was a phenomenal sight. Although there is a negative impact psychologically, there is also a positive impact psychologically because people pitched in to help people who had gone

through the mill, so to speak. I think a lot of those people were gen Y—a generation that is often maligned. A lot of those people who were part of the 'Mud Army' were very young people and highlighted the spirit in a positive sense of what a very sad situation can produce.

**CHAIR:** Thank you, Minister. I think we all agree with those sentiments regarding the 'Mud Army'. It was a particularly inspiring moment to see the community gather together in such a way. With regard to the WaterQ document, you have talked about it being a living, breathing document. With regard to the change that is required for the provision of water for Queenslanders into the future, could you expand on how WaterQ will facilitate the direction that we need to be looking at into the future? How does the WaterQ document drive the change required for the provision of water to Queenslanders into the future?

**Mr McARDLE:** We go back to the two aspects of WaterQ that I think are most important, and that is the population growth across Queensland and the development of the strategy to double food production within a period of 40 years. There are four areas under the LGAQ QWRAP banner. There is one in the far north, there is one in Western Queensland, there is one in Whitsunday and one in the Mackay region. What QWRAP is doing is banding together local councils. The councils are trying to work out how they can work together in developing a water structure. Each group may in fact take a different tack. They are not being asked or even considering banding together ownership of assets, but what about training, personnel and long-term planning for the use of water? That is one of the strategies within the document to encourage the QWRAP principle.

I was out at Longreach about two or three weeks ago and they launched their own document out there to highlight how the councils in that region are working together. What I would like to see, and I would encourage the other QWRAP areas to actually look at this, is how they can achieve the outcomes that they need for the region. I think the principle that applies in this case is that, if we can consider looking at the catchment as opposed to the shire or council boundaries, we get a much better long-term outcome. That is one of the reasons why I think the WaterQ policy is a good policy. It empowers the local governments to work together for the long-term planning and the long-term planning outcomes.

Again, I go back to this expert panel. This panel is just so important because I want that panel to be heavily involved in understanding what is needed across the regions and what the growth patterns are going to be. In that sense, my department has also commenced an assessment over the recent past of Cairns, Townsville and two other areas, Mount Isa as well, to look at what their long-term plans are for water. Over the next three years, this assessment process will take place to understand what their population levels are going to be, what their growth is going to be and what their needs are going to be. For example, is there a need in Cairns for a new dam at Nullinga? That dam may well be for irrigation purposes, thereby allowing Tinaroo Dam to provide more water into a growing population.

Those two issues are very important. It empowers QWRAP and the LGAQ, and it also assists via the department for assessment on the ground on the major population areas that are growing across the state. So they are two regional based outcomes that I am very happy with and very keen to work with. Down here in the south-east corner, there is no doubt that our population will continue to grow. We are continuing to work with QUU, Unitywater and the councils as well to understand what the growth patterns are down here, what the economic situation is as time goes by and what their desires and needs are as well.

**CHAIR:** I call the member for Keppel.

**Mr YOUNG:** Minister, I refer to page 2 of the SDS. Can the minister update the House on the consultation process for new dams in South-East Queensland and how that compares with previous attempts?

**Mr McARDLE:** The question is about new dams. I have answered this question in part before and I do not want to go over that. That would simply delay time, but the point I want to make is this. This is about planning, this is about understanding that if you do not get the planning right you end up with a puddle of water that has no connection or you have a dam that does not exist. Those were outcomes that this government learnt from and that we understand cannot be allowed to occur again. It is necessary that the planning takes place and that it is fulsome and effective and, more importantly, that the planning derives an outcome for all concerned. The only other comment I would like to add is this. The government will consult. We will understand but we cannot have a replication of what did not take place in the past—that is, adequate and proper planning.

**CHAIR:** Thank you, Minister. I call the member for Burleigh.

**Mr HART:** Minister, you mentioned before the Gold Coast desalination plant and the Western Corridor Recycled Water Scheme. I refer to question on notice No. 2. Can the minister advise how many megalitres of water these pieces of infrastructure produce for the people of Queensland and what is the cost per megalitre of that water?

**Mr McARDLE:** The issue of the desal plant, together with the western corridor recycled plant, is also a vexed question. We know that the desal plant was built at a cost of \$1.2 billion. At the moment, it sits in what is called hot standby mode. Hot standby mode means that it can be brought online, and if I recall correctly it can be ramped up in 24 hours. I remember back when Peter Beattie was Premier of the state—and members on the committee or who were in the House on that occasion might remember this too—and he would stand in this House and make the claim that up to 1,000 people a week were coming into Queensland. It was a massive number, and I suspect many of those people were in fact moving to and living in the south-east corner. The Premier used to highlight the fact that our state was of such stature that they were deserting Victoria, New South Wales and elsewhere in droves. What did not happen though was that the planning did not occur, and then of course we had the crash-through approach—or as they used to say tender by invoice—to develop a desal plant and other equipment items as the drought gripped the south-east corner.

The desal plant itself has produced 1,509 megalitres in the past 12 months, and the cost of that water per megalitre is \$34,320.78. That excludes interest. So 1,509 megalitres have been produced and the cost per megalitre is \$34,320.78. It is a startling sum of money. I must say that the government—and myself in particular—is looking forward with some degree of anxiety and anxiousness to the report by the committee that has been chaired by today's chairman on what approach we may adopt in regard to the use of that and other assets. I think the cost of \$1.2 billion is part of the \$10.3 billion debt that has been borne by people in the south-east corner and for which payment will be required for many years to come. So it is a lot of money for what is a small amount of water. But the real cost is having infrastructure that simply is not able to be used, given that our dams at this time in the south-east corner are I think at about 87 or 88 per cent capacity with significant forward use still available.

**CHAIR:** Thank you, Minister. We will go back to the Leader of the Opposition.

**Ms PALASZCZUK:** Thank you. Minister, I refer to page 2 of the SDS in relation to lowering the cost of living for families and the reference to electricity prices. Are Queensland residents paying more for their electricity now compared to in 2012 when your government came to office?

**Mr McARDLE:** I thank the Leader of the Opposition for her question. The leader has raised a very important point and I think it is important we go into a fairly detailed analysis of this. I want to hark back to the days when the state was run by Premier Beattie. I think the leader may be aware of newspaper reports of a battle between the government, Energex and Ergon in regard to dividends being siphoned—I will use that word, not other people's words—from Ergon and Energex after serious warnings by senior people in both organisations that doing so meant maintenance and future infrastructure capex was being put at risk. I think everybody in this chamber can recall clearly the brownouts and blackouts that took place certainly in the south-east corner from 2000 to 2010 and the consequences of the Somerville report that had to happen.

Somerville recommended that there be an n minus 1 reliability standard imposed. At the time, that may well have been the right thing to do but what it did lead to was significant growth in regard to long-term borrowings of those entities—Ergon, Energex and Powerlink. In fact by the end of 2010-11 the debt level had reached \$12.656 billion. It had grown from 2005-06, with a figure of \$6,178.8 billion, to be double that figure. We were paying interest by 2010-11 of \$807 million a year. This is reflected in the network charges component of the bills that people receive.

The government understands there have been increases in power prices; there is no doubt about that. This government, however, has taken significant steps to stabilise those prices. We have looked at, as the member would know, the closing of the 44c FIT to new applicants. We have made it quite clear, however, that if you retain eligibility you will continue to receive that 44c FIT until 2028. We put in a transition FIT of 8c in about October 2012—

**CHAIR:** Minister, I am sorry to interrupt. I am cognisant that this is being broadcast and some people may not be aware of what the FIT is that you are referring to. Could you perhaps expand on it and then refer, as governments love to do, to the acronym that we have for it.

**Mr McARDLE:** Mr Chair, I might finish that one sentence and then go back to the FIT, if you do not mind. We put in place a transitional 8c FIT in about October 2012. That was enshrined in legislation to expire on 30 June 2014. That was, if I recall correctly, supported by all sides of the House. There was no division on the bill.

What is a FIT? If I can put it in very simple terms, it is what a person is paid when they transport energy or electricity back into the grid from their home. They are paid in a kilowatt component. Therefore, for every kilowatt they send back, they are paid 44c. It means that if you are using power in your home and you transmit power back into the grid then you are paid a 44c FIT plus a top-up perhaps of up to 10c to 12c by the retailer.

What we did is that we looked at that and we put in a transition regarding the 8c FIT. We have looked at the n minus 1 standard. We have come to a conclusion that that standard is actually adding to the gold plating—hence the figures I referred to earlier with the growth and the debt level being so dramatic, and the interest level being so dramatically increased. So we removed that n minus 1 requirement; however, we have made it quite clear that the relevant utilities are required to maintain reliability and capacity.

As the member would also know, we have now moved down the line of market monitoring—a bill that is before the House with NECF as well, and that will come on for debate sometime this year. If I can talk in general terms about that bill, it looks at opening up the retail sector in the south-east corner larger than it is now. Members would be aware that 70 per cent of people in the south-east corner are already on a market contract. If I recall correctly, there are about 66 or 69 contracts that now exist in the south-east corner that deal with the domestic tariffs, and I think there are about 38 that deal with tariff 11 alone. They can get a reduction of just over 12 per cent on their bill, but as I say to anybody who is looking at a contract, irrespective of who it is with, you have to read the fine print and understand that it is in your interests to take that new tariff on.

Under the n minus 1 we will also be cutting out \$2 billion in capex going forward. We hope that the market monitoring will move into the Ergon sector from 1 July 2016. The issue there, of course, is that there is no competition at this point in time in Ergon—or very little. We will look at the CSO, which will continue into the Ergon sector, being moved through to the network. It will take some work to achieve that outcome but it will then open up that market for greater contestability, shall we say, from 1 July 2016. So, yes, there has been a price increase; there is no question about that. The history of this matter goes back a long way.

**Ms PALASZCZUK:** But, Minister, it was your government that promised to lower the cost of electricity for Queensland. It was in the contract with Queenslanders. By my calculations the average bill has gone up by around \$500 a year.

**CHAIR:** Leader of the Opposition, we will not go into debate, but if you have a question I will allow you to ask it.

**Ms PALASZCZUK:** I am getting to the question. They have gone up by about \$500 a year, including an increase of 22 per cent last year and 13 per cent this year. Minister, when are you going to acknowledge that it is a broken promise?

**Mr McARDLE:** I do thank the member for the question. I have outlined the cost drivers associated with this and particularly highlighted what I believe are the very real roots of this problem: a government that did not heed the warning, that saw these entities as nothing more than a dividend or a profit-sharing regime, that did not care for the consequences of what they were doing and that came very close to the whole network collapsing. After serious warnings, they still did not heed the advice. It took a formal inquiry to establish what the government had done; they had put in gold plating. We are taking that gold plating apart. The government also adapted and adopted green schemes without understanding the full implications of that and added that on to electricity bills. Can I point out the QCA model shows quite clearly that 44 per cent of every power bill is network charges—44 per cent—that directly goes to work not undertaken and undertaken by past Labor governments who ignored sage advice and put at risk the system and then, more importantly, gold plated the system that we are living with today.

**Ms PALASZCZUK:** Can I move on to the CEO of Energex, please, Mr Effeney?

**CHAIR:** For the benefit of Hansard, could you state your name and the position in which you are appearing before the committee?

**Mr Effeney:** Terry Effeney, Chief Executive of Energex.

**Ms PALASZCZUK:** I refer to SDS page 7, state owned energy entities. Last year you were asked about the job losses in your organisation and you told the committee, 'We have reduced our staff in the period from 30 June 2012 to 12 July 2013 in the order of about 460.' Can you tell the committee, please, whether there have been any more jobs lost from Energex over the last financial year?



**Mr Effeney:** Yes, there have been further staff reductions since June 2013 to the end of June 2014. This is consistent with the very different future that Energex is facing. Can I firstly say that Energex has fantastic employees and it is a difficult but necessary task for us to right size our business to deal with the reduced capital program which we are now facing and the realities of reducing volumes through our network. In that sense, our end of June numbers now are 3,141 compared to the numbers that we provided at the end of last year.

**Ms PALASZCZUK:** Sorry, how many?

**Mr Effeney:** It is a reduction of around another 200 staff. I think the numbers that we provided to you at the end of the last period were 3,344. I think they were the numbers we provided at the end of last financial year, which included some of the numbers up until early July. The number at the end of June will be 3,141.

**Ms PALASZCZUK:** Thank you very much. Could I now ask the CEO of Ergon the same question? Is that Mr McLeod? Welcome.

**CHAIR:** For the benefit of Hansard could you state your name and the position in which you are appearing before the committee?

**Mr McLeod:** Ian McLeod, Chief Executive Officer of Ergon Energy. In terms of our resource numbers compared to last year, like Energex, our consumption and demand has reduced in Ergon Energy, including the demand for connection services across the business. Over the last year our resource numbers have dropped by 199 people across Ergon Energy. That is down to a total of 4,415.

**Ms PALASZCZUK:** I am happy to take this on notice. Would you be able to provide a breakdown by region of those job losses?

**CHAIR:** He cannot take a question on notice, but if the minister is happy for that question to be taken on notice—the minister is happy.

**Ms PALASZCZUK:** If I could ask one more question to the CEO of Powerlink and it would be the same question—any job losses over the last financial year in Powerlink.

**Ms York:** My name is Merryn York. I am the Chief Executive of Powerlink. Powerlink's full-time equivalent workforce as at 30 June is 1,069. That is actually an increase of 10 positions compared with the same time last year. That is driven by our particular work program. We have a lot of activity going on in the Surat Basin. We have focused on improved landowner engagement in particular and that has resulted in the need for some additional employees. We are also moving into the construction phase of the delivery of those projects and we have additional resources associated with that. Further to the increases in staff numbers has been a particular focus on safety and improving our safety performance over the last 12 months.

**Ms PALASZCZUK:** Thank you.

**CHAIR:** I am happy for you to continue. I am cognisant of your time. I call the member for Mount Isa.

**Mr KATTER:** Minister, I refer to page 2 of the SDS in asking this question. It was reported on local ABC radio in Mount Isa and also in the *North West Star*, our local newspaper, that in response to a delegation that came down here from Mount Isa Mines and Mount Isa City Council to resolve the water shortage problems we are having in that city the minister said that he believed the \$500,000 from the Royalties for the Regions going towards the sewage recycling program is going to solve the council water problem. That is a \$14.7 million project and it will not be completed for another two years. In the meantime the council is obligated to charge a special water levy and incur massive pumping costs that, again, go back on the ratepayers. I ask: what is the minister offering to assist in this situation over the next two years to ensure the operations of Mount Isa Mines and the city of Mount Isa are able to maintain a stable water supply?

**CHAIR:** Minister, I am cognisant that the Royalties for the Regions is not within your portfolio, but for the elements that are within your portfolio, feel free to answer the question.

**Mr McARDLE:** I do thank the member for the question. I am not going to comment upon the content of that report. I do recall vaguely seeing it. I cannot comment on the veracity thereof. I can say that, yes, there was certainly a meeting in my office—it was some time ago now—with the mayor of Mount Isa where questions were raised with regard to the future water supply of Mount Isa. Clearly, the city is facing some difficulties. However, what I have also said quite clearly in the past is that the government is certainly there to assist but we do not intend to own the problem. It is important that

when we give power back to local government, as this government is very clearly doing across a range of initiatives, the local government authority, working with the local community and the local state member and federal member, comes to a conclusion as to what is the way forward. What I might do is pass over to the director-general for comment in regard to what the department is doing with regard to Mount Isa and then I will come back with some closing comments about that.

**Mr Hunt:** I will ask my deputy director-general, Ken Sedgwick, who has responsibility for water to answer that.

**Mr Sedgwick:** Ken Sedgwick, Deputy Director-General in the department. I will comment on a couple of aspects of the question. One is in relation to the Mount Isa City Council's claims of state funding being reduced, which has exacerbated the increase in rates and water charges. I just want to make the point that the state has an arrangement whereby—it used to be a higher proportion—50 per cent of the profits that are converted into dividends of the Mount Isa Water Board are passed back to the Mount Isa City Council. In relation to the last 12 months, there was a payment of \$3.8 million to the council that came out of the profits of the water board.

In terms of the second aspect of the question relating to what the department is specifically doing, the minister mentioned earlier that one of the initiatives that has come out of WaterQ relates to regional water supply security assessments that the department is undertaking. We have a number of expert hydrologists and planners who have skills in doing long-term assessments of water supply-demand balances and where there is a tipping point where a water shortage might arise. What the department has started in the last several months is a program of working with initially four councils, one of which is Mount Isa, to assist them in doing that long-term planning for what their water supply and demand balances might be. Our officers visited Mount Isa about a month ago and are going up again next month. So they are working closely with the Mount Isa Water Board and the city council to help both organisations plan for their long-term water security.

**Mr KATTER:** Thanks for that response. I appreciate the effort that goes into the long-term planning. My question was more directed at what is being done to address the acute problem of significant costs going back onto the ratepayers? I am reading about dam safety measures and flood mitigation measures in other areas. We have a drought problem and I just want to see what steps are being taken to address that acute problem of the combination of higher costs and water shortage that is a burden that has been placed on both the large businesses that operate out there, namely Mount Isa Mines, and the residents themselves—the consumers.

**Mr McARDLE:** I think the DDG, Mr Sedgwick, outlined clearly what the government is attempting to do. I have made it quite clear to the mayor that we will assist where we can and when we can. I am not certain of what plans the council has put in place in relation to their own water supply at this point in time. Maybe you can contact the mayor and advise either this body or me.

The answer is really in two parts: what is the council doing, what planning have they got in place to alleviate the concern; and how long has that planning been in train to draw together the threads that need to get through this immediate problem? The government is there to help, but again we are not going to own this problem.

**Mr KATTER:** Minister, this question is regarding the shutdown of the Kogan Creek turbines. I am wondering why those two turbines were shut down, which to my knowledge are the newest and most efficient thermal coal fired power stations in the Southern Hemisphere, at a time of temporary reduction in demand but Callide A and B, which are on the same network and which needed repairs and are much older and less efficient, were not which has cost the consumers and state money. My question is why was that decision made?

**Mr McARDLE:** I will come to that question in a moment. I want to go back to the question in relation to Mount Isa. In the budget in 2014-15—the Mount Isa Water Board budget—an amount of \$7.5 million was allocated for capital spend, there was \$4 million to complete the upgrade and replacement of Lake Moondarra pipeline stage 2, \$0.87 million to construct and operate a water quality laboratory to provide more timely quality water testing information at a reduced cost, \$0.45 million to place a stairway to the pump well at the Fred Haigh pump station and \$0.43 million to reline the north tank at Mount Isa Terminal Reservoir to mitigate water losses with an impenetrable membrane.

Certainly there are funds that are going into the region to deal with the issues. I would be keen to hear more about the council's long-term planning itself. In regards to the question, given that it is a very specific question, what I might do now is pass that to the CEO of CS Energy to deal with the Kogan Creek question.

**CHAIR:** State your name and the position by which you are appearing before the committee.

**Mr Moore:** Martin Moore, Chief Executive Officer of CS Energy. Thank you for the question. Even though Kogan Creek is, as you say, the most reliable and most recent addition to the national electricity market in terms of coal fired power, like every other power station it has to undergo routine and periodic maintenance. In November 2013 Kogan Creek underwent a mini-overhaul. There is another major overhaul scheduled for late 2015 or early 2016. It is probably worth mentioning that CS Energy trades electricity in a portfolio of power stations, and we balance the demands according to the pricing in the market and the contract position and derivatives that CS Energy holds.

**CHAIR:** Member for Mount Isa.

**Mr KATTER:** Thank you, Mr Chair. Minister, with the discussions and proposals regarding the use of price signals and addressing the distribution of costs onto consumers, obviously a big issue for anyone west of the Great Divide is the cost of transmission and that large equalisation rate subsidy that comes from the government. Can you guarantee that with any change in the charging regime that this problem has addressed, any application of price signals or the like will not be disproportionately geographically biased against those people who live in those western areas where you do incur those transmission costs?

**Mr McARDLE:** If I have understood your question incorrectly, please let me know, member, but what I think you are asking me is this: how do we reassure people in the Ergon sector—and I use that word very wide here—that they are not paying any more for power than we do here in the south-east corner? I think that is what you are saying. That is the community service obligation and uniform tariff policy, a principle of both governments of all colours going back to 1970 that was put in place and adhered to.

I think it is an unwritten law that, as Queenslanders, we all should pay the same price. There should not be two set prices or two prices, one higher and one lower, obviously, which favour one or the other. The government will be paying the CSO component of about \$662.4 million this financial year, and I do not see that varying in any way, shape or form. I think it would be a very retrograde step to actually even fiddle with that, because we are entitled to receive electricity, and we are entitled to receive that at a price that is comparable wherever you live. I can guarantee you that this government will not be moving away from that principle, and I am fairly confident that the Leader of the Opposition would also agree with me that she would never fiddle with that as well. It is just too important a principle.

You referred to transmission and loss of power as well. There was a report I think released by the Deputy Prime Minister in regard to a baseload power station concept in the Townsville region. At this point in time we have the capacity to put into the network around 12,500 megawatts a day of power. There are certain reservations in that that must be taken into account for situations of emergency as well. If I recall correctly—and you can correct me if I am wrong—we have not generated in the last three or four of the hottest days of the year anything like 9,000 megawatts. The figures that I have seen indicate that we have power at the moment until 2020; therefore, the government would not be looking at putting in a baseload power station itself. It might well be that another provider may do so. It is intriguing when you look at it: the actual production of power in the state is about 50 by government owned and 50 by non-government owned. In fact, solar power is the fourth largest generator of power in this state at this point in time—about 1.1 gigawatts. So we have an abundance of power and an abundance of capacity. I hope that does answer the questions you have posed.

**Mr KATTER:** Yes, I really appreciate the answer to the first question. Your second answer drew out something that I had for later on, but I appreciate you elaborating on that. I guess to take that a step further: do you support the policy that any new generation beyond 2020 coming onto the network—and I believe that there is a 10-year planning time frame from conception to delivery of any new significant generation—occurs north of McKay?

**Mr McARDLE:** That might be a Dorothy Dixier to a certain extent. Thank you for the question. I am not going to speculate in regard to (1) when new power stations are required; (2) who is going to build them, except to say the government has no intention of doing so at this point in time; and (3) where they are going to be. I think that in a 10-, 15-, or 20-year horizon, this is where PowerQ becomes very important. How do we view the future? Where do we see the population moving to? Where do we see the growth of the economy moving to as well? It is a matter that time will tell, but we certainly do not see any reason at this point in time to be putting new power stations in.

I add this rider to that: there is a time line in producing the infrastructure that makes the power, but when you look at PowerQ and you go through it, the horizon we see is a mix of power that does include coal base; that does include solar; that does include geothermal; and that does include wind as well because it is a new horizon. How that mix works out over 30 years is a question that will be battled over in this chamber, perhaps not by ourselves, in time to come and by others as well. That is a very important horizon as well to understand that that mix becomes a component in not only delivering the power, but also new sources of employment and also looking at the market determining what the outcome will be and what the sources will be as well.

**CHAIR:** Minister, would I like to refer you to page 7 of the SDS and just building on the department's responsibility for developing and implementing policy that directly affects the supply of electricity and also gas. Minister, could you advise of the Queensland government's policy on gas supply and how that compares to those adopted by other states and expand a bit further if the Queensland government has any plans for adopting a gas reservation policy, and if not, why not?

**Mr McARDLE:** Mr Chair, thank you for the question. I will take the last portion first and make it quite clear: no, this state will not develop or support a gas reservation policy. The industry relies upon private sector investment in this state. We believe strongly that a gas reservation policy will in fact send the wrong signals in regard to sovereign risk and that investment, which is so desperately needed to develop the pockets of gas, both conventional and unconventional, is so tied in with the private sector that to deter that from taking place would in fact impact negatively on the long-term growth of this state and therefore impact on the growth in population and other factors that would make the state bigger and stronger.

The issue of gas in this state is a fascinating question. On Curtis Island we have the trains ready to push the ships off the terminal and also to deliver long-term royalties to the state at least over the next five to six years. The issues in other states are, in my opinion—particularly New South Wales—diabolical. They have put in place a policy whereby the exploration and extraction of gas is in essence at a standstill. New South Wales, depending upon who you read, is facing a crisis in about 2016 in the winter months. Other authors indicate that is not the case. It is a matter of waiting and seeing what will happen.

However, this state has a very firm policy: we are a state rich in resources and minerals of all types. We should embrace that and ensure we extract what we can for the benefit of all Queenslanders. I will put a rider to that. In the early days of gas exploration, there seemed to be a mindset that those coming to the land had the exclusive right to deal with the land, ignoring the rights of the owners of the land. Of course we are not like America, where the landowner actually owns the mineral and resource rights. In Australia that rests with the Crown.

What was happening was that there was, shall we say, a gung-ho attitude being adopted by certain corporations. We put in place the GasFields Commissioner, John Cotter. I think Mr Cotter would be known to all sides of politics as a man who is fair and equitable, and he has achieved a great outcome. In many cases he has been the conduit or mediator between the corporations and the owners of property and he has reached an amicable situation on many occasions. In conferences that I been at before, I have urged that other states adapt a similar method because it is successful. We certainly look forward to a long association with the various corporations, but we are mindful that the people of this state who own the land also must be taken into account and understand their aspirations and also proper and relevant compensation for them and their families. But in a nutshell, we will not be supporting a gas reservation policy at all.

**Mr HART:** Minister, I refer to page 2 of the SDS and the department's focus in 2014-15 on implementing agreed outcomes of the Interdepartmental Committee on Electricity Sector Reform. Minister, can you advise why it is necessary to reform Queensland's electricity sector and what are the challenges the government is facing in doing this? Also, you might just tell us whether there are any alternatives that you are aware of.

**Mr McARDLE:** Do I thank the member for the question. I have gone into the history in years gone by; I do not want to reiterate that. There is no sense in doing so.

In 2012, when Premier Newman came to lead this government, the instructions were to look at the electricity sector and to take it apart and find out what we can do to effect change. What did happen is that we put in place the independent review panel. That particular independent review panel looked at sections of the electricity sector and broke it down into where they believed improvements could be made, savings could be made and consumers could then be assured of a better future. It was in essence, in my opinion, the start of the strong plan and certainly part of the

reason for the development of PowerQ. That body came down with recommendations that were then looked at by the Interdepartmental Committee on Electricity Sector Reform, the IDC, which produced a document to government. Those documents are not the backbone, but they are certainly informing the government as to what has to happen.

I have outlined some of the things that we have dealt with or are dealing with at this point in time. I do not want to go over that again because there is no need to do so. What I do want to say, however, is that I note that in the budget reply speech of the member for Mulgrave he raised the question of a productivity commission. If I recall the terms of his speech, which would have been about in June 2013, he made the comment that he would release certain details within the coming months. I think that was the gist. At this point in time I have seen no details of the productivity commission proposal. That same point was raised by the Leader of the Opposition in her budget reply speech in 2014, that there would be a commission established to look at the electricity sector.

Can I say this: for the time that they were in government, with respect, nothing was undertaken. I cannot locate, on the scant look that I have had, what plans they put in place. In fact I can recall in this chamber a letter being referred to, sent by the then Treasurer to the Australian Energy Regulator, I think it was, arguing for a larger increase in the revenue stream for the utilities in this state. I note that the Leader of the Opposition in talking to Steve Austin a matter of weeks ago was unable, perhaps unwilling or did not know her plan in relation—

**Ms Palaszczuk** interjected.

**Mr McARDLE:** I will quote the actual text—I think that might be an idea—from the Leader of the Opposition.

**Ms PALASZCZUK:** Are we talking about your budget?

**CHAIR:** We were doing so well.

**Ms PALASZCZUK:** We are talking about your budget today.

**CHAIR:** The minister has the call.

**Mr McARDLE:** What I might do while that is being located for me is go back to the commentary by the member for Mulgrave on 4BC on 30 May with Patrick Condren. We all know Mr Condren can be at best prickly when dealing with him—yes, there are certain words that can be used. He asked the member for Mulgrave for details. In fact he gave the member for Mulgrave two clear minutes to outline what his policy would be. To his credit, the member made it clear that he was keen to look at solar. He said, ‘We’ll be focusing on something that has a future in Queensland and that is solar power.’ I would be keen to hear more about that because I have not seen anything on that. I do not think he touched upon a policy development in his budget reply speech. If I am wrong, I apologise for that. But certainly there seems to be a loss or inadequacy or inability to push out a policy in regard to electricity by the opposition. The question might well be: do they intend to look at putting back in a new solar FIT? The current 44c FIT is going to cost Queenslanders by 2028 \$3.3 billion. That is something I am keen to understand as well. Will that be the policy of the Labor Party? The other point, just going back to the quote from the transcript—

**Ms PALASZCZUK:** I raise a point of order, Chair. I draw your attention to relevance. Honestly, we are here today to talk about this government’s budget, not about the past, not about opposition policy—this government’s budget.

**CHAIR:** There is no point of order but I take the concern. Minister, if you can wrap up, I will then call the member for Keppel.

**Mr McARDLE:** I will wrap it up very quickly. The question that was posed by Steve Austin to the member was: ‘Can you promise that you will lower the cost of electricity in Queensland if you are elected?’ The leader then made this comment, ‘I’m not going to make that promise, Steve.’ So I cannot see an alternate policy at this point in time.

**CHAIR:** I call the member for Keppel.

**Mr YOUNG:** I refer to page 2 of the SDS. Can the minister advise us of the third party and stakeholder support for the government’s electricity reform program?

**Mr McARDLE:** Thank you, member. It is important that when you do put out a policy if you get positive feedback about the policy it is not just an endorsement by that organisation but by the collective that they represent. The Queensland Council of Social Services made this comment—

... supports the implementation of the NECF alongside appropriate derogations specific to Queensland. With appropriate implementation, we believe this would represent a significant improvement on our existing consumer protections.

The Queensland Consumers Organisation made this comment—The recognition of the key role customer engagement plays in the effective operation of markets is welcome as is the recognition of the many and substantial obstacles to high informed levels of customer engagement in the electricity market.

The Chamber of Commerce and Industry Queensland made this comment—

... supports the transition to price monitoring, provided that there is sufficient competition within the retail market and adequate customer protection mechanisms in place ... and believe that many businesses would benefit from reforming tariff structures to better represent their usage patterns.

The Energy Retailers Association of Australia made this comment—

... supports the introduction of NECF as it will improve the customer protections framework in Queensland.

They said further—

... supports the transition towards cost-reflective tariffs as they will provide price signals that enable consumers to make informed decisions regarding demand side participation and energy efficiency measures and a customer driven approach to the roll-out of advanced metering technology.

The Energy Supply Association of Australia made this comment—

... strongly supports the IDC's broad ranging review of the Queensland electricity sector. The review provides a timely opportunity to thoroughly investigate contemporary issues and future challenges facing the sector and set out a strategic policy framework for the longer term.

The Energy Network Association makes this comment—

... supports initiatives that enable consumers to participate more effectively in energy markets, including a role for consumers in network determinations, planning processes and consideration of local non-network solutions ... and supports use of price signals to guide and influence customer energy use.

Mr Chairman, there is clearly here a strong vote for change. There is clearly here a signal that is being sent to all politicians that what this government is doing is the right thing. We can no longer continue to operate in the manner we have been doing now for a number of years. These bodies represent a cross-section of our community. Certainly the consumer on a number of levels, certainly the industry and certainly individual organisations that represent specific sections of the industry are there saying this is the way forward. It does have to change and we have to make that change effective. I am buoyed by the fact that these organisations are saying to us this is the way forward.

Can I make this point—and this is absolutely critical as far as I am concerned. At the end of the day the first most important point is the customer or the consumer. Whether it be a person who lives in my seat or any other seat across this state, that person must be the foremost recipient of these changes, and that is why we have spent a lot of time putting these changes together and having PowerQ out there. At the end of the day it is a strong plan. It is a very strong plan that we have for taking this sector forward, bringing with us the consumers who are so pivotal to its success.

**CHAIR:** I call the member for Sandgate.

**Ms MILLARD:** Minister, I would like to cover some cost-of-living issues if I could, please. I refer to page 2 of the SDS where it is noted that the department will be looking at addressing issues with regard to cost pressures on electricity. Minister, could you please advise us and give us some clarification as to what the government is doing to help these most in need in our communities including mine, the electorate of Sandgate, to help the seniors and pensioners with the cost-of-living pressures?

**Mr McARDLE:** I thank the member for the question. It is a question that is replicated across all state seats in Queensland. What we have done is we have set aside \$164.6 million in the 2014-15 financial year to assist pensioners, seniors and concession card holders to manage their energy cost. This is an increase of \$25 million on the prior financial year. What we have also done is the government has stepped in to cover the up to \$50 million shortfall left by the federal government cuts, not just in electricity mind you but across the range of concessions that the government does assist. So we have picked that up as well, understanding the implications of that money not going into the hands of the consumers.

The assistance provided under the electricity rebate has been increased to \$320.97 to keep pace with the price rises this year. Pensioners and seniors will in fact receive an additional \$38.43 over and above last year's amount, which was \$282.54. Coupled with that, there are people who use natural gas, and the reticulated natural gas rebate has increased in line with CPI from \$65.58 to \$67.61. But there are other people who also need assistance over and above that form of assistance.

We boast a boost in concessions for Queenslanders living with certain medical conditions. The Medical Cooling and Heating Electricity Concession Scheme has increased by \$38.43 from \$282.54 to \$320.97, while the Electricity Life Support Concession Scheme has risen to \$653.70 a year for oxygen concentrators and \$437.77 a year for kidney dialysis.

There is also relief for households that are doing it tough in that we have now a \$10 million Home Energy Emergency Assistance Scheme, which can provide up to \$720 a year for those who do need help with emergency payments in regard to electricity costs. There is no doubt a need for these concessions to be paid. The government is committed to doing so, and I think that is strongly evidenced by the fact that, though the federal government cut the NPAs in this arena, this government has stepped into that void to make certain that that loss is not passed through to Queensland consumers.

**CHAIR:** I call the Leader of the Opposition.

**Ms PALASZCZUK:** Minister, I might just follow up on that last topic, if I may, in relation to the pensioner concessions. Can you please explain to the committee how many pensioners receive the electricity rebate and how many pensioners receive the gas concessional rebate?

**Mr McARDLE:** With respect, the scheme is actually administered through the Department of Communities, not my department. You would need to ask the relevant minister.

**Ms PALASZCZUK:** But you were just talking about it then. You must have some idea.

**Mr McARDLE:** No. I think it is important that this is not part of the SDS. This question falls under the Department of Communities and the relevant minister should be asked as to that sort of detail.

**CHAIR:** I invite the Leader of the Opposition to reword the question so it is relevant to this portfolio's expenditure.

**Ms PALASZCZUK:** Chair, with all due respect, the previous member of the government was asking a question about cost of living and pensioners, and the minister was expanding on his concern that the federal government had cut that funding. I am now asking—

**CHAIR:** I understand your point. I have just looked at the question that the previous member asked and it was of a more broader nature. I invite you to reword it so that it—

**Ms PALASZCZUK:** That is all right. I will move on to another topic. That is fine. I will ask Communities then, Minister. They will have more detail obviously. Minister, going back to cost of living, I refer to page 2 of the SDS and the reference to water prices. Are Queensland residents paying less or more for their water now compared with when your government came to office in 2012?

**Mr McARDLE:** I thank the honourable member for the question. This could take some time to answer because there is a large range of history that sits behind—

**CHAIR:** We are set to break at 10.45 am. I will just let you know that, Minister.

**Ms PALASZCZUK:** We are happy for the history lesson, but we are looking at your budget—the period 2012 to now.

**Mr McARDLE:** Well, I am sorry. With all due respect, I can pull out now the article in the newspaper—

**Ms PALASZCZUK:** Happy to have a fulsome answer as long as you answer the question.

**Mr McARDLE:**—whereby the Leader of the Opposition made it quite clear that she wanted fulsome answers. I think that might have been the phrase that she used. I might be wrong, but that was certainly the intent.

**Ms PALASZCZUK:** But I do not want waffle.

**Mr McARDLE:** We will certainly achieve that in this question and this answer. This starts, I am sorry to say, way back when the drought that the Labor government did not see coming had bitten very hard. Amazingly enough, this is a state that moves from drought to floods at a fairly quick rate. Though it is called the millennium drought, the planning in relation to the infrastructure that was put in place suddenly boomed on the scene and has often been referred to as a tender by invoice. What we did get was the desal plant at a cost of \$1.2 billion of debt; the western corridor at a cost of \$2.6 billion of debt; Wyaralong Dam—that wonderful puddle that sits there and goes nowhere—at a cost of \$380 million of debt; and Traveston—let's not forget the golden crown item—where \$715 million was spent on a dam that if you fly over the region now you would not even know where it was. I know the

member for Gympie certainly went through some very harrowing times in relation to that. I hark back to a broadcast I think on Channel 10 when then Premier Beattie flew in on a helicopter to make the announcement. Whether he decided on the way to pick that site as a dam I will never know, but it may well be the case. What we have now is a debt of \$10.3 billion that has been borne by those in the south-east corner, not by the balance of Queensland. It was a price path put in place by the Labor government to try by I think 2027-28 to pay off the debt and for 2017-2028 to get to a price rise of CPI on the bulk water charge.

Most councils are closer to that figure. There are some who will have significant price rises in the two or three years to come. It was a price path put in place by the Labor government. It was a debt incurred by the Labor government. Sadly to say, it is a debt that is left for this government to administer and a debt left for the people in the south-east corner to pay. It is a bit rich, I have to say, for the member to pose a question in regard to water costs when at the end of the day this is a debt that is burdening many people right across the south-east corner.

What did the government do? When we were elected, there was a number of water authorities. We amalgamated those water authorities into one body under Seqwater. We took measures via the new board of Seqwater—and I congratulate that board and all employees of Seqwater in regard to this issue. They saved around \$80 million a year in costs. That and other savings allowed us to reduce the bulk water price from an \$83 increase to a \$49 increase. What we did is we saw the inefficiencies that existed in having a myriad of semi-government bodies running around in many cases, I suspect, duplicating the work of each other when under the one umbrella they could get a better outcome. It was very important that we looked at rationalisation of the bulk water charge. The reduction from \$83 to \$49 is a direct result of this government's initiative.

We will continue to work with Seqwater to alleviate the concerns of people in the south-east corner in reducing bulk water prices, but the reality is this: when the debt exists, the debt has to be paid. Everybody lives by that motto. Again, it is somewhat rich to indicate that this government is in some way at fault for a debt borne out of inadequate and poor planning. In fact, the Seqwater interest costs for 2012-13 based on the Gold Coast desal plant, the western corridor, Wyaralong Dam and the rest of the SEQ bulk water system was \$463 million—just interest on that debt. \$463 million on that debt in 2012-13 alone.

**Ms PALASZCZUK:** Chair, could the minister now please answer the question about whether Queensland residents are paying less or more for their water compared with when your government came to office?

**Mr McARDLE:** What we did is we dropped the bulk water charge.

**CHAIR:** You have asked the question—

**Ms PALASZCZUK:** Minister, how long have you been in government?

**Mr McARDLE:** We dropped the bulk water charge.

**CHAIR:** Minister and the Leader of the Opposition, you will assist the chair greatly if you do not debate as we are conducting this. Leader of the Opposition, you asked the question. The minister is free to answer the question. He has answered the question and I thank him for that very fulsome answer to the question. The Leader of the Opposition has the call.

**Ms PALASZCZUK:** I think I will move on to the CEOs for some direct answers. Can I please ask the CEO of Energex whether you have outsourced any functions or roles that were previously undertaken in-house by Energex over the past year?

**Mr Effenev:** I am not aware that we have outsourced any additional functions or roles, but I am happy if there is a more specific question in relation to that?

**Ms PALASZCZUK:** No, it is just a general question. I also have a follow-up question. Have you employed any external contractors over the past year?

**Mr Effenev:** We employ a whole range of external contractors to do a whole range of operational activities but nothing which has not been our normal course of events.

**Ms PALASZCZUK:** Thank you. Could I ask the same question to the CEO of Ergon, Mr McLeod, whether there has been any outsourcing?

**Mr McLeod:** I would have to go back and check the dates, but the last outsourcing that we did was metre reading in Ergon Energy. We outsource that to a company that was doing some of that work for us up north. Certainly, it is a standard part of our business to use contractors for work that is volatile in nature or not within the skill sets of our organisation. That has been normal practice. Our consulting and contracting costs are significantly down on previous years.



**Ms PALASZCZUK:** And the same questions to Powerlink.

**Ms York:** We have not significantly changed the outsourcing arrangements within Powerlink. We outsource a range of services. In particular, the construction of transmission infrastructure has always been outsourced and continues to be outsourced and engaged on a competitive basis.

**Mr McARDLE:** Mr Chair, that might be classed as the ETU section of the questioning today.

**CHAIR:** I promise you we have some of our own, Minister.

**Mr KATTER:** Minister, this relates to some issues that have already been dragged up today in terms of gas reserve policy and new generation. There is a strong impetus at both levels of government for the northern development of Australia. As you would be well aware, we are 100 per cent reliant on gas-fired power stations in the north-west which presents considerable challenges moving forward for any more development that needs to access baseload power for their operations to expand. I invite your comments in terms of those forward-looking strategies. What is there to deal with that issue that there are some very large obstacles facing any new development in the north? At the same time we need to reconcile that with a strong impetus to develop the north and obviously a large component of that would require some competitive baseload power.

**Mr McARDLE:** Thank you, member. I think there are two questions there. One is about gas and the other is about electricity per se; is that right?

**Mr KATTER:** I have probably made it pretty open ended.

**Mr McARDLE:** Always dangerous.

**Mr KATTER:** There is a lot of latitude for you, Minister. I am after what strategies there are to deal with that problem.

**Mr McARDLE:** Electricity supply, you are talking about?

**Mr KATTER:** Yes, the competitiveness of electricity supply. Past solutions have been connection to the national grid and gas reserve policies. There are some options there. I just want your comments on what you see as the lead solutions for that very great issue we have and the conflict you have between the impetus for northern development and at the same time the issue with power prices.

**Mr McARDLE:** The first point I would make is that the federal government under Senator Barnaby Joyce is very keen to develop a number of dams across Far North Queensland and North Queensland to assist in relation to the development of that region. That would necessitate the equivalent growth of power infrastructure to compensate for that and also to deal with the growth of population in the region.

With regard to the issue of gas policy, we have made it quite clear that we will not be looking at a reservation policy. That is simply not a stand this government will take. It dilutes the incentive for the private sector. The private sector has developed Curtis Island, which will benefit this state enormously by way of royalties. I make the point that those royalties will of course be utilised right across Queensland. How they will be utilised is a matter of planning for the future.

The other point that you raise is electricity. I have touched upon the issue of the CSO and the necessity for that particular item to continue and our commitment to do so. I think the issue of a strong plan is replicated in the PowerQ document. The PowerQ document looks on a long-term basis at what the needs are across the state in conjunction with other government departments and local communities. There may well be in time to come a mix of energy sources. Page 7 of PowerQ headed 'Unique Opportunities' looks at that mix.

There are certain regions in the state that are going to be—if I can use the phrase—gold mines in relation to the use of solar power. It may well be that Mount Isa could utilise that. I do not know at this point in time. I saw a show on *Four Corners* about a week and a half ago based in California which was very enlightening. They were using not just baseload power station or traditional power sources but were encompassing that with the newer sources of power that are being developed across the globe. That combination excites me as well. How do we capitalise on that?

Can I say to the member: you do tend—and I do tend—to refer to baseload power station but we tend to neglect the potential in time to come for other forms of power to come on board as well. Whether they are sustainable is the question. The government is quite committed to working with green schemes on two conditions: that they are not subsidised by the population and that they become commercially viable. Other countries across the globe have raised a curtain on these issues. There are certain problems that have occurred, mainly in Europe, in regard to subsidisation that are being learnt by other sectors across the globe.

In encapsulating that, I would say it is a watch and see situation. I know that the mayor of Mount Isa has some fairly strong plans to develop the mining resource sector in the region. I would be keen to work with him on a long-term basis in PowerQ to see what can happen, because I think the threshold is now open to us to develop not just one stream of power source but multiple streams that interlink together to get a long-term outcome for all concerned.

**Ms PALASZCZUK:** Minister, in relation to government owned corporations and Ergon Energy in particular, I have this concern—and I hope you would be able to put on record what your view is. Ergon operates outside the south-east corner. Do you think it is appropriate for the CEO to be based in Brisbane and not in regional—

**CHAIR:** I will ask you to reword that. We are here to examine the appropriations bill.

**Ms PALASZCZUK:** I know, Chair, but this is about the running of a GOC which looks after regional Queensland. I am after whether the minister has a view one way or the other—

**CHAIR:** And I bring to your attention section 115 of the standing orders where questions cannot ask for an expression of opinion. So would you like to reword the question?

**Ms PALASZCZUK:** Sure. Minister, the current CEO resides in Brisbane. Will you direct the CEO in future to reside in regional Queensland?

**CHAIR:** I call the minister.

**Mr McARDLE:** The issue of a direction is probably not what you mean, or do you mean that in the sense of the GOC Act? Are you asking the government—

**Ms PALASZCZUK:** Well, you are the minister.

**Mr McARDLE:** Are you asking the government to issue a direction to the board? That is what I want to clarify in my mind here. That is a very serious step—

**Ms PALASZCZUK:** You are the minister.

**CHAIR:** Minister, the question has been asked and it is not the place for you to ask the Leader of the Opposition. You can answer it however you see fit, so I will leave you to answer the question.

**Mr McARDLE:** It is historically a fact that Tony Bellas was a CEO, I understand, of Ergon and he lived in Brisbane. Historically—

**Ms PALASZCZUK:** We are not talking about the past.


**Mr McARDLE:** Well, yes, we are.

**CHAIR:** Leader of the Opposition, the minister is answering the question.

**Mr McARDLE:** If Tony Bellas was, as I have been advised, a CEO of Ergon who lived in Brisbane, then you are changing horses midstream. This government will not intervene in a determination by a board unless there are compelling reasons to do so. Historically, Labor has failed to follow its own rhetoric or question; therefore, morally it has no basis to pose the question.

**CHAIR:** Minister, thank you for that. The committee will now take a break and the hearing will resume in the chamber at 11.15.

#### **Proceedings suspended from 10.47 am to 11.16 am**

 **CHAIR:** I welcome everyone back. The committee will continue its examination of the portfolio of the Minister for Energy and Water Supply. I believe the minister wishes to make a clarification or a statement into the record.

**Mr McARDLE:** Yes. I took a question on notice regarding the cost of the 2011 floods. I made the comment that I thought it was \$2 billion. There is apparently no definitive statement. However, the *Wivenhoe and Somerset Dams Optimisation Study* estimated damages and impacts to be over \$3 billion for the Brisbane River catchment, and the Insurance Council of Australia has referred to \$2.4 billion being the loss for South-East Queensland, the Lockyer Valley and Toowoomba. It is not clear what this amount includes but that is just clarification for the record.

Mr Chairman, I have just been advised that the Senate has now passed the repeal of the carbon tax in Canberra. That will now see a reduction in power bills in Queensland of \$170, and this chart we are holding indicates to you what the cost is going to be. What we will now see is that the tariff 11 price will go from about 13.6 per cent or 14 per cent down to about 5.1 per cent. There will in fact be a drop in tariff 12. Tariff 31 will also be a negative growth. Tariff 33 will also see a slight growth but much, much less than what would have occurred under the QCA determination. So I will just repeat that: I have been advised that the carbon tax has now been repealed in this state and tariff 11 will reduce, with a saving of \$170 per annum for people in Queensland.

**CHAIR:** Minister, can I clarify something. Was the statement you made prior to that announcement re the carbon tax your answer to the question on notice that you had taken?

**Mr McARDLE:** Yes, it was.

**CHAIR:** So that question on notice is now no longer—

**Mr McARDLE:** It has now been dealt with in that answer by me.

**CHAIR:** Thank you very much for that. I welcome all of the committee members back and I welcome the member for Logan who is joining us. I call the member for Logan.

**Mr PUCCI:** I want to thank the committee for granting me leave to be here to represent the people of Logan today to ask these questions that are of relevance to the good people I represent. My question is for the CEO of Energex. I refer to page 3 of the SDS and the department delivering on the government's commitment to ensure 'network service providers were implementing efficiency improvement actions'. As you know, for many months my surrounding colleagues of Logan and I have been working with the Logan City Council to facilitate an alternate solution to an Energex proposed power line from Loganlea to Jimboomba for a network upgrade. As a result, on 15 July 2014 Mayor Pam Parker sent you a proposal. Can you update us on the project status and advise us if Energex is seriously considering the mayor's proposal?

**Mr Effeney:** I thank the honourable member for the question and for your interest and support on this particular project. It is an important project for the community of Logan and Jimboomba. The project is commencing and we have commenced construction on the northern part at the Loganlea end of that, with the underground section down the road there that you would be aware of, and design is currently progressing on other sections of that line. As you will be aware, there have been ongoing discussions between Energex and the Logan City Council about potentially an alternate route to that which follows and crosses the Logan River. Energex initiated those discussions earlier this year, and I wrote to the Logan City Council on 20 March about that particular proposal. They subsequently wrote back to me with at least two correspondences indicating they really were not that interested in the alternate.

However, as you have just indicated, I did receive a letter from Mayor Pam Parker only yesterday indicating that potentially the door was open for further discussions about that particular matter. I see that as a positive step in relation to those discussions but it is still early days. The letter from the council is not particularly prescriptive of exactly what the council is offering, so we will now fully evaluate that within Energex, have further discussions with the Logan City Council and see whether in fact we can progress that.

**Mr PUCCI:** I have a follow-up question for the CEO. I again refer to page 3 of the SDS in relation to the same question. Can the CEO let us know what legal requirements Energex would have for providing low-cost options versus the community will and local council needs?

**Mr Effeney:** Our obligations stem back to the national electricity law which is administered by the Australian Energy Regulator, so our investments must comply with the national law and the associated rules. Within that, there is a thing called a RIT-D, which is a regulatory investment test for distribution projects which we have to comply with. So our obligation under the law and the associated rules is that we must be able to demonstrate that we are providing the least cost solution to a particular constraint within the network. However, we obviously need to take into consideration all of those factors and inputs from the various stakeholders—which we believe we have done in relation to the proposal to supply the Loganlea to Jimboomba area.

**Mr PUCCI:** I have one last question. The Logan City Council has concerns regarding additional costs for ratepayers for any alternate route. If Energex were to pick up this entire cost of going down an additional route and picking up any additional cost, how is that cost recouped and who pays for that cost?

**Mr Effeney:** I think we have made it very clear that Energex is not in a position to fund the full amount of the alternate route, which is in the order of \$10 million, and obviously we have asked the Logan City Council to make a significant contribution to that. That funding arrangement is under a program called our CPEP, which is a Community Powerline Enhancement Program, so we do have some funds and it is associated with putting funds in for areas which have got either cultural or significant environmental considerations. So we have approached the Logan City Council on the basis of whether they consider that the Logan River might fit under that. In initial arrangements, they have rejected that. In any case, if we were to fund that—which is the nature of your question—those fundings would then be spread across the whole of the community who pays the electricity bills,

though the benefits would obviously accrue to the residents in the Logan City. So our view is that, in relation to this undergrounding section, there should be appropriate funding from the Logan council and the cost should not be spread across all electricity consumers.

**Mr McARDLE:** Mr Chair, could I add a comment?

**CHAIR:** Thank you, Minister.

**Mr McARDLE:** It is important historically to understand this particular project. The estimated cost back in January 2009 was \$37 million. The former government took no action on this and when we came to government in April I became aware of this matter. I made the designation on 28 November 2012, but in the ensuing period the cost had grown from \$37 million to \$63 million. This is a prime example of gold plating, a prime example of the former government not taking the bull by the horns and a prime example of this government actually taking definitive steps to move forward a project that is so important to the region both domestically and commercially. It is sad to say that there were two ministers in the Labor government who did not take the strong steps and undertake a strong plan for the future. It is regrettable that that is in fact the case, and it is regrettable that because of that inaction the costs have blown out significantly.

**CHAIR:** I call the member for Burleigh.

**Mr HART:** Minister, I refer to page 2 of the SDS and in particular the clear challenges the department has identified in 'implementing policy solutions to put downward pressure on the cost of living'. I notice that the federal government is conducting a review of the Renewable Energy Target scheme, the RET. Has the Queensland government made a submission to the review? What is the Queensland government's position on the RET?

**Mr McARDLE:** I thank the member for the question. Indeed the government has made a submission, but I do not know if it is available on the website of the commission at this time. In the proposal, we made a number of points quite clear. Firstly, these schemes have to be commercially viable and nonsubsidised. They cannot be subsidised by the public. We support the reduction of emissions, but we are concerned that that support should not come at the increase of a cost of living placed upon consumers not just here in Queensland but indeed right across the nation. Commercial viability and free of government subsidy is in fact a critical component of this government's belief as to what should happen with these former schemes.

I commented earlier today on practices and what has happened overseas. The Labor government in this state did not learn from the enormous subsidisation issues that arose in Europe and what that did to the cost of electricity in those states. We have looked at this and we have come to a very firm conclusion—as I said, commercially viable and also the need to be free of government subsidies.

The other thing of course is that the National Electricity Market was set up for a reason, and that reason was to ensure that electricity is provided and investment decisions are made according to the supply-demand balance of power requirements—that is, the NEM is operated to meet power demand or consumption in the most cost-effective way. Government intervention in the NEM simply leads to the undermining of these goals, and the cost of that intervention gets passed through to customers.

Currently, the QCA estimates that the RET is in the order of around \$60 to \$80 on an average bill in a Queensland household. What we have seen here is this government push very hard for the removal of the carbon tax. As I said to this committee, I have now been advised that that has in fact taken place—the carbon tax has been removed, saving \$170. This is a strong government, an effective government. The federal government ultimately do have control of the RET, they do have control of the outcome, but we are certainly committed to ensuring that the RET does not further impact upon power bills in this state.

**CHAIR:** I call the member for Sandgate.

**Ms MILLARD:** I refer to page 3 of the SDS with regard to the department being 'engaged in development of the Queensland State Planning Policy to ensure existing and future electricity network infrastructure is properly considered and reflected in local government planning schemes'. I just wanted to specifically note that from page 3. I note that the new regulatory period for Energex and Ergon Energy's network prices will commence next financial year. Can the minister please advise when the submissions are due to the Australian Energy Regulator and how this government's approach will differ from that of the previous Labor government when it comes to the network pricing?

**Mr McARDLE:** I thank the member for the question. It is an important question and it is important for this reason. This sector is very complicated and there are components of both state and federal jurisdiction that have a major impact and impose on what the cost of power is. The member referred to the Australian Energy Regulator. That is a subset of the ACCC and that is a body that will be expecting applications from Ergon and Energex to be lodged with them by 31 October 2014 for what will be their revenue stream, if I can use that very broad term, for a period of five years—2015 to 2020. That stream in large measure dictates the cost of power going forward. That body will issue a preliminary determination to take effect from 1 July 2015. That is then revised and a final determination becomes available on 31 October 2015. A very clear process exists for them to look at the applications that come before the body, to make determinations upon a range of issues to find out what the revenue stream will be over the five-year period following a set precedent and set rules.

One of the things that this government has done is to look at removing what we call prescriptive reliability standards, and I have explained that before as deriving from the Somerville report and the n minus one scenario. The government's action will remove \$2 billion out of future capital investments over the forward periods. That is a strong action. We did that because the gold plating was continuing to occur to the detriment of consumers.

In 2012 the national rules under which the AER operates were changed. They were changed to become more consumer focused. I can recall articles involving New South Wales—recently and of an earlier date—that show the AER were taking a more stringent view as to what the outcomes should be. They will take more factors into account in setting a regulator rate of return. They will review and, in some cases, amend proposals put forward by Ergon and Energex, as they did in New South Wales, if I recall correctly, and they will apply a capital efficiency sharing scheme to create incentives for networks to continue to find greater efficiencies and right size the networks. In essence, it means the AER now have a greater range of powers, they have a greater threshold that the relevant entities must meet and they have the capacity to amend where they can legally the assumptions and also the outcomes required by the entities. We believe that that will result in a lower return figure than what would have happened under the old regime.

**CHAIR:** I would like to refer you to page 3 of the SDS and the commitment that has been developed by the government on development and consultation under PowerQ that you discussed earlier. Can you explain how PowerQ will drive the change required to set up the energy sector in Queensland for a more affordable and sustainable future? Could you also advise what the first steps are towards this change coming out of PowerQ?

**Mr McARDLE:** This is part of the strong plan strategy that we have because the mistakes of Labor have led us into a scenario where power prices derived from decisions and actions taken some time ago are still impacting upon the current delivery of power at an affordable price. PowerQ is one of the limbs that I see as being the driving mechanism for a long-term change. PowerQ sets a vision. It sets a vision with eight strategies and more than 40 actions to be put into place over not just 30 years, but evolving over time to deliver a long-term growth plan. I have referred to page 7 already of PowerQ where there is a mix of energy sources that the government or governments, including the Labor Party, may at some point in time want to caress and take on board to determine the benefits that can be delivered to Queenslanders. PowerQ is also clearly looking at what are the immediate concerns, what are we tackling and what are the underlying causes of the significant and, in my opinion, almost unprecedented price shocks? We are looking at reliability standards. We are looking at what is the impact of the Solar Bonus Scheme. We are looking at cutting red tape and also improving existing assets through tariff and metering reform. Those issues become important under PowerQ. I have said in the past that PowerQ is a document that is not static in relation to its content or a period in time. It is a document that must stretch over many years—again, a strong plan picking up the faults of the past, understanding the concerns of the future and delivering a bright future on all matters.

The expert panel—just touching quickly on that—will be announced in the near future and it will be able to provide strategic advice to me on a number of issues. This particularly excites me because, as all members would be aware, the horizon for technology in this sector is vastly expanding. It is perhaps one of the sectors in the government that has a horizon of technology well and truly beyond our own imagination. I can give you an example now. I have my iPhone. I can tell you now exactly what my power consumption is today. I can tell you what it has been over the last week and over the last day and break it down accordingly. This sort of technology is the way of the future. We have to understand, however, that technology provides a bonus, but it can also provide a detriment. One prime example of that is the Victorian compulsory rollout of what they termed the smart meter. That

was simply a nonsense argument that they tried to run and placed an incredible burden on people right across that state who, one, did not want it, two, had to bear the cost of it and, three, did not know what the damn thing did. We can do things better by understanding technology and working with people like Ergon, Energex and Powerlink and also the retailers to get a much better return for the investment of many millions of dollars. PowerQ forms that as the basis but, again, it is a plank in a raft of determinations and decisions.

**Mr HART:** Minister, I am glad you have mentioned the breakdown of electricity pricing. I am wondering if you could break down the cost of tariff 11 for the benefit of the committee and tell us what the government might be doing to effect the cost of that.

**Mr McARDLE:** I am going to seek the chair's indulgence here because it is probably better to view this in a pie chart. Of course just to my left here is indeed the pie chart. You can break it down. The largest component in regard to tariff 11 is the network charges—I will call it the poles and wires—44 per cent of your bill consists of the poles and wires. I outlined earlier what the debt was when we came to office back in April of 2012. We then have the generation costs of 19 per cent of the bill. When I talk about the breakdown of a bill it surprises people that, although generation is a major component—do not get me wrong—it is not higher than 19 per cent. You then have the retail at 22 per cent. You have the green schemes at three per cent. You have the carbon tax at seven per cent, which is no longer in existence—again, fought for by this government. Finally, you have the solar, which is at seven per cent. That is the composition of the bill. When we came to government we did freeze tariff 11. We are increasing the concessions in covering off the Commonwealth government's non-payment under the NPA of about \$50 million. Again, I push the point that \$50 million is not just in power; it is across all concessions. We have placed into the House two bills that are critical to the enlargement of the retail market in the south-east corner and, again, I have outlined the concession payments and other concession ideals that we are implementing.

I could repeat myself. That is not warranted in these circumstances. I will leave it at that. I make the point that this government got on the front foot on day one, put in place the IRP, put in place the IDC and we have been working through that ever since. These reviews and these determinations will have a beneficial effect for all Queenslanders.

**Mr YOUNG:** I refer to page 3 of the SDS. You talked about network costs, and we saw via your chart that the network costs are 44 per cent of all household power bills. You spoke briefly on the history of the network costs, the gold plating of the poles and wires. Did you want to elaborate more on the history of the last decade in relation to poles and wires and also what mechanisms you are going to put in place to reduce network costs in Queensland?

**Mr McARDLE:** I have spoken at some length in regard to network costs and the history of this matter. I just want to reiterate this. We inherited a debt of around \$12 billion in 2012 regarding Powerlink, Ergon and Energex and, if I recall correctly, an interest payment of around \$800 million a year. If I am wrong, I apologise for that. Those decisions made so long ago under a cloud of miscomprehension of the impact of what was taking place are impacting today. The revenue period that ends next year saw increasing growth of poles and wires at a time when demand was falling. Demand has been falling in this nation since about 2009 and the expectation that I have seen is that demand in Queensland will increase only slightly and it will be the only state that will have an increase. That is because of Curtis Island and the trains. Other than that, demand will fall. There had been and is no necessity to continue to build that network to a level that is well and truly above what is required; that is continued gold plating. I am assured that the network in this state is at its best it has ever been and we are now at a point that we do not need to continue to build. That is the role the government has adopted: to stop the gold plating, a strong plan for the future.

**Ms MILLARD:** I refer to page 7 of the SDS and one of the department's key service areas of energy strategy. I refer to the government's strongest and smartest choice to repay Labor's projected \$80 billion debt by selling the government owned generators and introducing private investment into the network businesses. Can you please advise why these plans will not put upward pressure on the price of electricity? What evidence have you seen to support this?

**Mr McARDLE:** I do thank the member for the question. I want to start by making it again crystal clear that whether or not CS or Stanwell is sold or whether the investment takes place in the DRs is going to be a matter for the people of this state to determine. Again, the contrast can be clearly made between what this government has said and what the Labor government has done in the near past. The Treasurer, Tim Nicholls, conducted a state-wide survey and a state-wide assessment by meeting people directly or through video link and also through a campaign that alerted the people of this state

to what we were proposing to achieve. It is clear that there are only three choices: we sell some assets, we increase taxes and charges or we decrease services. The Queensland public have said to us that they want to know more about the first of those and we are preparing for an election campaign that will put those questions to the electors. Only if they make the determination that we can do so will that take place.

I know that I am going on here, Mr Chairman, but it is very important to understand that on the current book figures of CS and Stanwell, the value of the assets is about \$33.6 billion. If that is the ultimate sale figure, we will retire debt of about \$25 billion. That will then leave us a pool of around \$8.6 billion. That money has been categorised—and I cannot give you those details at this point in time—into funds that will assist meeting requirements for education, health, transport and also a fund that I will term ‘innovation’ of about half a billion dollars. That is what we are doing. But I am making it very clear that only with the consent of this state are we going to move down that line via an election campaign.

If I can return to the question: there have been perceived risks of privatisation. The component in regard to electricity bills that is of major concern is network charges, and I will not go back over that. I note that Ernst & Young, in a report only earlier this month or last month, indicated that New South Wales and Queensland have been more expensive in network charges than the states of Victoria and South Australia. They are in fact the major drivers of the increase in power prices. We are a state that has control of CS and Stanwell, yet the history in the E&Y publication, and also the Productivity Commission of a few years ago, states quite clearly that that is in fact not the case.

Looking at the St Vincent de Paul report published in about January of this year, it stated that in Victoria if you move from the standard contract into the best performing market contract you could save up to \$800, and I think correctly the South Australian figure was a saving of about \$280. Can I add a word of caution here: it is always important to understand that Victoria and South Australia are not Queensland, so therefore comparisons have to be guarded. But there is strong evidence from a body who I think can be relied upon to indicate that the two states that looked at privatisation, certainly of elements of the network, have shown a benefit moving to consumers. Again we are only considering a sale of Stanwell and also CS; not, under any circumstances, Ergon, Energex or Powerlink.

**CHAIR:** I now call the member for Mackay.

**Mr MULHERIN:** Thank you, Mr Chair. Mr Chair, my question is directed to the Minister. It is about reliability standards, Minister, page 3 of the SDS. Last year, Minister, you said you would begin looking at a decision to move away from the N-1 standard of reliability and that you would make those decisions on a case-by-case basis by assessing the social, environmental and economic impacts. Can you advise where in the network you are considering moving away from the N-1 standard of reliability for the network?

**Mr McARDLE:** The N-1 standard was of course, as you would know, member, part of the outcome of the Somerville report. What we are simply doing is—I use the word ‘simply’ in the strongest sense that it really means—tackling the gold plate in the network. We have said that the reliability standards are adding to the costs of network charges and adding to the cost of power bills. We have moved away from a system that is not required and has not been required in some number of years. We have said, however, to Ergon and Energex, that despite that their requirement is to maintain reliability and maintain capacity. We are exchanging the standards for transmission to allow a more flexible approach where outage risks to consumers are low and cost savings are available.

I think the other point is this: these entities, that is, Ergon, Energex and Powerlink, have a corporate and social obligation to ensure that standards are maintained. What we will not be doing—I can guarantee you that—is moving back to a time when artificially dividends were derived and paid into the government coffers. That led to the unmitigated disaster of Somerville having to be put into place. We do not make any apologies for taking this tack. It is a strong plan—one of which there are many—to drive down or substantially lower the cost of living.

**Mr MULHERIN:** Minister, you are saying that you want the distribution and transmission companies to maintain the reliability that Queenslanders expect, but you are moving away from this N-1 standard. What standard are you going to put in place to give guidance to these GOCs?

**Mr McARDLE:** I thank the member for the question. I think the point the member is either missing or not wanting to acknowledge is the expertise that exists within these particular bodies. Not only that, but these bodies are answerable to the government, as the member readily knows, and the government will always, as a shareholder and owner of those businesses, hold them to account. I

think the member, as I said before, is dismissing or in some manner depreciating the level of professionalism that these people bring to the sector and the role of the government in making certain that they are held accountable. We are not going to repeat the mistakes of Labor. We are not going to allow the debacle that occurred in the mid-2000s to replicate itself. We cannot afford that any more, and can I say that that is the exact reason why documents such as PowerQ exist. This is exactly why the failure to plan almost led to the collapse of the network. That will not happen under this government. We have faith in the boards, and we have an overarching brief to ensure that these standards are maintained. I can tell the member right now that under my watch it ain't going to happen.

**Mr MULHERIN:** Minister, you are saying that I have been dismissive and that I am not reflecting on the professionalism of the people that work in the transmission and subtransmission companies. I am not, Minister. You are saying that you are going to move away from the N-1 standard, but you are going to maintain the reliability that the people of Queensland expect. Surely you would have had some discussions with the board around your expectations of those standards, and they would have some sort of standards in place to guide them in ensuring that they maintain this reliability that we all expect.

**Mr McARDLE:** Thank you, member. The comment that I would again make is that the needs of Queenslanders will of course be protected at all costs. We will do that through existing network performance targets for outages and programs to improve the worst-performing feeders, and we will also set new safety net measures that we introduced to manage the risk of serious outages. What we have done is that the networks have worked in conjunction with the government to move to providing the security that they will continue to supply and the government will hold them, as we should, accountable for their action or inaction. This will be the mantra of the government—again a strong plan for the future—and to not repeat the mistakes of the past.

It is important, as the member does identify by inference, that the network must operate efficiently and effectively, and we will ensure that we do that by working with the networks to achieve the outcomes that Queenslanders expect and, more importantly, that Queenslanders will require as time goes by.

**Mr MULHERIN:** Minister, the Somerville report recommended investment in the transmission and subtransmission system to give people that reliability. You are now saying that we will move away from those standards which provided that reliability. Are you seriously suggesting that the future for the network under your vision is going to be one that is going to move away from that, which will lead to the less reliable supply of power—

**CHAIR:** Minister, do not answer the question yet. Member for Mackay, as tempting as it may be to debate the issue, I would invite you to reword the question so that it is relevant to the appropriation expenditure that this committee is looking at.

**Mr MULHERIN:** Minister, can you guarantee that your vision will not lead to longer blackouts and less reliability of the system since you have moved away from the N-1 standards?

**Mr McARDLE:** What the N-1 standards did was allowed the gold plating to occur. There will always be—

**Mr MULHERIN:** Can you give—

**Mr McARDLE:** Just hold on. I will answer the question.

**CHAIR:** Member for Mackay, the Minister is answering the question.

**Mr McARDLE:** There will be, as there always have been, minimum standards in relation to reliability and supply. They do not vary. What we have cut is the gold plating element which was allowed to be put in place; duplication of infrastructure and over-infrastructure in the network which was not required and has not been required for some time. The minimum standards will still apply. We will remove the necessity to go well and truly above that which drives up the network charges and has driven up network charges now for a number of years.

**Mr MULHERIN:** Can you give an example of gold plating, Minister?

**Mr McARDLE:** What I would say gold plating is is this: there may well be a situation where a piece of equipment exists, and another piece of equipment exists somewhere—

**Mr MULHERIN:** Like, where and when?

**CHAIR:** Member for Mackay, the Minister is answering the question.



**Mr McARDLE:**—that is not required, and therefore the cost involved in that new piece of infrastructure is added to the bill of every consumer in this state.

**Mr MULHERIN:** Minister, it is fine to say 'gold plating' but so that the people of Queensland can understand what you are getting at, give us an exact example of where we have over-engineered or duplicated an asset. Can you give an example of that so we can get a better understanding of what you are on about?

**Mr McARDLE:** I think the member is trying to be a little bit half smart. The member is acutely aware that 'gold plating' is the duplication of infrastructure across this state that his government allowed to be put in place—

**Mr MULHERIN:** So we shouldn't have had a—

**CHAIR:** Member for Mackay, the Minister is answering the question.

**Mr McARDLE:** Just hold on. The member should be acutely aware that the debt level of Powerlink, Ergon and Energex reached over \$12 billion, an increase of double from 2005-06 to 2010-11. That infrastructure was not required to that particular standard or that particular level, and the member is acutely aware that the network charges comprise the largest component of any portion of a power bill. The member sat around the cabinet table and would have discussed this as a member of cabinet. He is acutely aware of the gold plating and acutely aware of the costs borne by consumers. In fact—

**Mr MULHERIN:** You are going to—

**CHAIR:** Minister and member for Mackay, as tempting as it is to debate these issues, this is an appropriations examination.

**Mr MULHERIN:** Well, Mr Chair—

**CHAIR:** Member for Mackay, allow me to speak. As tempting as it is to debate it, there are other forums for that to occur. We will direct our questions to the appropriation bill that is before us.

**Mr McARDLE:** If I can conclude with one comment, please?

**CHAIR:** Yes.

**Mr McARDLE:** The *Australian* newspaper, on 2 December 2012, reads—

Julia Gillard unveils plan to cut household electricity bills. 4\

The opening paragraph reads as follows—

Ms Gillard said under the current system there was a "perverse incentive" for electricity companies to keep "gold-plating" or overinvesting in poles and wires in the system and keep passing on the full cost to consumers.

The Labor Party Prime Minister of the day recognised the fact of gold plating. It is unbelievable that a member of the former Labor government does not even acknowledge the existence of gold plating. If the member that led her party at a national level, the Prime Minister, in fact used the term 'gold plating', I would have thought that is fairly indicative of an acceptance by the ALP of its existence. If the member is now saying gold plating never existed, let him say so but I can tell you right now that this government is not—

**Mr MULHERIN:** Minister, I asked you—

**Mr McARDLE:**—going to sit by and let gold plating continue—

**CHAIR:** Gentlemen, I again bring to your attention that, as tempting as it is to use this forum to debate, it is not the purpose of estimates. We are here to examine the appropriation bill. Member for Mackay, you have the call.

**Mr MULHERIN:** Mr Chair, with all due respect, the minister is quoting from an article. I asked for a specific example of what a gold plated asset is. I have asked the minister to give us an example. Is it the transmission—

**CHAIR:** Member for Mackay, the minister has answered the question. You may now move on to the next question you have.

**Mr MULHERIN:** He hasn't got a clue. Minister, I refer to the SDS, page 2, electricity sector reform. What modelling has been done by your department regarding the potential impact on credit ratings of CS Energy and Stanwell as a result of any privatisation and how would that rating impact on their future operation?

**Mr McARDLE:** I might pass that over to the department to discuss—Director-General, about the modelling?

**Mr Hunt:** The department would not have done any modelling on the credit worthiness of the generators. If that were done within government, that would have been done within the Treasury department.

**Mr MULHERIN:** So you are not aware if Treasury has done that modelling?

**Mr Hunt:** I am not aware of it, no.

**Mr MULHERIN:** Minister, do you accept Fitch's assessment that the sale of CS Energy and Stanwell would lower their credit rating and increase their borrowing costs?

**Mr McARDLE:** It is a question that is based upon a document I have not seen or read. Therefore, I certainly could not make an assessment on that and I would not make—

**Mr MULHERIN:** But didn't you comment on it, Minister?

**Mr McARDLE:** I would not make an assessment on that until I have read the document properly. It is a hypothetical question as well.

**Mr MULHERIN:** Minister, weren't you reported in the media that you made some comments in relation to Fitch's assessment?

**Mr McARDLE:** With all due respect, you are making an assertion. I do not know whether you are going to produce a document for me to look at or what. If you do that, I can certainly look at it.

**Mr MULHERIN:** Minister, what assessment has your department or Treasury done regarding the potential impacts on jobs of the privatisation of the gencos?

**Mr McARDLE:** That would be a matter for Treasury to look at in conjunction with their assessment. It would not be a matter that we would look at.

**Mr MULHERIN:** So you or your department—

**Mr McARDLE:** Let me finish. It would be a matter that would be assessed by Treasury in the process of the next step forward. We would not do that ourselves. It would be Treasury in conjunction with officers of my department that would make that assessment.

**Mr MULHERIN:** Minister, can you guarantee there will be no job losses as a result of any privatisation of the electricity assets by the LNP?

**Mr McARDLE:** Let me make this very clear: we are going to the people of this state with the question. They will be able to ask questions of the government and they will be able to form their own assessment. I want to compare this again quite clearly to the history of your government in privatisation that told no-one what they were going to do. In fact, the then minister was asked on day one whether her department would be impacted and she said no. Then the next day we found that her department was impacted.

We will be open and accountable to the people of this state. We have been to date. We have made it our clear business to inform them as to what we intend to do. It is a strong, open transparent approach—a lengthy approach that started some months ago now with the Treasurer actually spelling it out, not just by going around the state but by online surveys and also by other forums being held. I do not think you can ask for a more open, transparent and accountable method of looking at whether or not assets can be sold.

Can I also make the point that only if the people give us the authority will it happen. I think it is important to understand that that will be an election issue that I am certain you are fighting on behalf of the ALP, despite your history of assets sales. Also, I am certain that the ETU are out there now stirring up the possum with a lot of rubbish and innuendos, trying to distort the facts for their own base political purposes. We will do the right thing. We will go to the people and we will seek their consent.

**Mr MULHERIN:** Minister, we paid the price for privatisation. Minister, you are the government. When you go to seek a mandate from the people of Queensland, will you outline to the people of Queensland potential job losses as a result of privatisation—yes or no?

**Mr McARDLE:** With all due respect, the Leader of the Opposition in the paper on Monday said she would not take yes or no answers. So I am going to elaborate on that particular question. The point is this: you made the comment that you paid the price for privatisation. Let's put this on the record. You made the—

**Mr MULHERIN:** But you are the government, not us.

**Mr McARDLE:** I am answering your question.

**CHAIR:** Gentlemen, again.

**Mr MULHERIN:** It is your—

**CHAIR:** Member for Mackay, the minister is answering the question.

**Mr McARDLE:** You paid the price. You made the comment that you paid the price—for lying about privatisation. That was the price you paid. This government has been open about what we intend to do, and the public will make the determination next year when they go to the polls. So please do not say that you paid the price. You paid the price for lying about privatisation.

**CHAIR:** Minister—

**Mr MULHERIN:** So you will not disclose whether there will be job losses.

**CHAIR:** Member for Mackay! Minister, that language is unparliamentary and I ask you to withdraw.

**Mr McARDLE:** I withdraw. I will say then that the Labor Party paid the price for misleading the public.

**CHAIR:** Thank you, Minister.

**Mr McARDLE:** And the public will have a fully informed—

**Mr MULHERIN:** Just like your Strong Choices website is misleading—

**Mr McARDLE:**—absolutely open and accountable—

**CHAIR:** Member for Mackay!

**Mr McARDLE:**—a strong plan for a bright future.

**CHAIR:** Minister!

**Mr MULHERIN:** No other option.

**CHAIR:** Gentlemen, we were doing so well.

**Mr McARDLE:** Bring back Anna.

**CHAIR:** We were doing so well. Member for Mackay, you have the call.

**Mr MULHERIN:** I was just making the comment—

**CHAIR:** Member for Mackay, it would help my position greatly if we made less comments and asked more questions.

**Mr McARDLE:** The member and I worked this out beforehand, Chair.

**Mr MULHERIN:** Minister, I refer to page 136 of the Budget Paper No. 2 that provides projections for dividends from different GOC sectors. On the same page it states—

The growth in dividends is predominantly due to substantial increases forecast in CS Energy and Stanwell profits. These improvements are driven by forecasts of improved wholesale electricity prices as a result in increased demand from the LNG industry. SunWater, Gladstone Ports Corporation Limited and Port of Townsville Limited's profitability also contribute to the increased dividend payments to Government.

Can the minister provide a table splitting the budget estimated actual and projected dividends from Energex, Ergon, Powerlink, Stanwell, CS Energy and SunWater, listed separately, from 2013-14 to 2017-18? You can take that on notice if you like to provide those details.

**CHAIR:** Minister, the member had the opportunity to ask that question as a question on notice. I will allow you to answer that question in whichever way you see fit.

**Mr McARDLE:** I thought you had asked that question before on notice. Didn't you ask that before as a question on notice?

**Mr MULHERIN:** The information was not forthcoming, so I am asking you again: will you provide that information?

**Mr McARDLE:** What we can do is provide estimates, of course, for the future figures. We can provide those figures as far out as we can.

**CHAIR:** So, Minister, you are happy to take that question on notice.

**Mr McARDLE:** Yes, we will take it on notice.

**Mr MULHERIN:** So you will provide the figures from 2013-14 to 2017-18—

**Mr McARDLE:** But they will only be estimates—

**Mr MULHERIN:** Yes, that is fine.

**Mr McARDLE:**—as far out as we can.

**CHAIR:** So the minister will take that question on notice.

**Mr McARDLE:** I want to make the point that I think what the member is trying to do is in some way look at the dividends and then perhaps parlay that at some future date into the dividend streams and the loss of dividends to the government. I suspect that is what he is getting at, and we will also deal with that as well.

**Mr MULHERIN:** Well let's see where it goes. Minister, what is the average useful life of assets in Energex, Ergon and Powerlink?

**Mr McARDLE:** What sort of assets are you talking about—which one?

**Mr MULHERIN:** Transmission lines, wood pole lines, substations.

**Mr McARDLE:** It depends. There is a range. Do you want to talk to the smallest item or the largest item? I estimate it would be between 30-odd years, 40-odd years, 50-odd years depending upon on what the item is.

**Mr MULHERIN:** AER estimates that Powerlink is about 30 years.

**Mr McARDLE:** Wait on.

**CHAIR:** Member for Mackay, you have asked the question. The minister will answer the question.

**Mr McARDLE:** It could be 30, 40 or 50 years. It depends upon the asset we are talking about. If you want to give me concrete examples, I can get you answers. But to ask a question of that kind is simply ridiculous.

**Mr MULHERIN:** Minister, to give you some indication, out in the western areas you would have termite issues with poles, so they would probably have a shorter life—so it varies across the state.

**Mr McARDLE:** That is exactly my whole point.

**Mr MULHERIN:** I recognise that.

**Mr McARDLE:** That is exactly my whole point. Therefore, I do not see the premise of the question. If we agree on that point—

**Mr MULHERIN:** Under your model of disinvestment of the electricity network, with the private sector gradually acquiring a greater non-share equity interest, wouldn't that eventually lead to 100 per cent non-share equity interest as the assets in the business reach the end of their useful life? So over what time do you expect that to happen?

**Mr McARDLE:** The life of the assets—I do not know what you are talking about.

**CHAIR:** Minister, before you continue, there is an imputation in that question. I invite you to reword that question.

**Mr MULHERIN:** With your proposal—and the Premier said it is 'not privatisation' but getting equity share from the private sector—every time you go about replacing an asset because the life of the asset has expired, over time aren't you gradually giving that asset over to the private sector and at some stage it will reach 100 per cent ownership by the private sector?

**Mr McARDLE:** Let's go back and look at why we are looking at this investment taking place. Again, a fulsome answer is required here and then will I come to the question itself. We arrived in government with a debt growing to around \$80-odd billion. We are incurring interest at sum of \$240,000 per hour. In the period of time here today from start to finish, we will probably reach about \$1 million payment in interest.

We had the expectation that we would spend more money in regard to poles and wires but we were not prepared to continue the cost burden on the consumers by way of future debt to Powerlink, Ergon and Energex. The government will retain 100 per cent ownership of the entities. We will be the shareholders. We will control the shares moving forward. It is an arrangement that is going to assist the people to grow the sector across the whole of the state.

The important point here is that we have taken a definitive step to ensure that the electricity sector and the network continues to grow at a rate and at the same time alleviate the cost burden left behind by the Labor Party. Again, I come back to a strong plan for the future. Labor left us with a hole that we are trying to grapple with and are grappling with.

**Mr MULHERIN:** Minister, forget the focus group. Over time—

**CHAIR:** Member for Mackay.

**Mr McARDLE:** We will retain 100 per cent ownership of the entities.

**Mr MULHERIN:**—you dilute ownership, don't you?

**CHAIR:** Order!

**Mr McARDLE:** We will retain 100 per cent ownership of the entities.

**Mr MULHERIN:** But don't you dilute it over time?

**Mr McARDLE:** We will retain—

**Mr MULHERIN:** Can't you answer that?

**Mr McARDLE:**—100 per cent ownership of the entities. It is as simple as that. That is the guarantee. We will retain ownership—

**Mr MULHERIN:** But isn't the ownership diluted over time?

**CHAIR:** Member for Mackay!

**Mr McARDLE:** The shares will remain in government hands. We will retain ownership of the shares therefore the entities.

**CHAIR:** Thank you, Minister. I think you have made that very clear. I call the member for Mount Isa.

**Mr KATTER:** Minister, Burdekin water charges have seen an increase of more than 200 per cent in the last three years. I just want to get a bit of background on that and what you see as your role in addressing that impost on farmers?

**Mr McARDLE:** Is it water charges alone or are you also talking about the electricity charges associated with the pumping of the water and the delivery of the water?

**Mr KATTER:** I believe it is a combination of both that has caused the 200 per cent increase.

**Mr McARDLE:** Member, you are quite right. The cost of both power and water have increased not just in the Burdekin region but across many regions of regional Queensland, particularly for the irrigators, and also there is the question of how we can curtail or constrict any future growth in power prices. Due to drought conditions, from 25 February this year to 19 March there was very little access to water because water was not available for use. That therefore pushed the pumping costs up significantly. I note that recently the cane growers have been seeking a 33 per cent reduction in power prices for farming irrigation purposes.

That was looked at very closely by the QCA, but it believed there was a significant cost by way of subsidisation. I cannot recall the figures but I think it jumped from around about \$32 million to \$68 million in additional subsidisation costs. Those figures may not be quite accurate, I have to admit. Good rain did fall in the catchment area, I understand, in about April of this year and that has alleviated some concerns.

The other point is this: my colleague Dr John McVeigh has been working with the cane growers, Ergon and other providers to look at water and power measures that will increase efficiency. There are, I think, roughly 30 sites that have been identified for investigation and it is anticipated, although by no means concrete, that the efficiencies could be as high as 30 per cent that would cut into both power and water use. That is taking place. There are preliminary investigation sites underway with a long-term plan to garner the outcome from that investigation and pass it across all irrigators whether it be in the Burdekin or elsewhere.

The other point is this: if this particular scheme can work well, it will be a boon to all irrigators. In conjunction with the work that my department is doing in relation to the cost of power, we hope to have better outcomes in the immediate future. I want to give great praise to cane growers, the QFF and others. They have put in a lot of work in assisting my department and submissions to the QCA in regard to power pricing. They are committed. I think at the end of the day we will come again with a strong plan—a very strong plan because we get the message that agriculture is one of the four pillars of this government. I say to the member: watch this space. We are working with people and will continue to do so.

**Mr KATTER:** Thank you, Minister. That was a good segue for my next question. You mentioned solutions for renewable sources or other sources of energy before, which I think was a very pertinent statement for the future provision of electricity. I have had recent correspondence from

the developers of the ethanol plant for the Burdekin, which entails some 600 jobs. The big issue which you alluded to is the inadvertent benefits or the cross-benefits across agriculture and other industries in establishing co-generation. Earlier when you were mentioning the other alternatives such as solar, I noticed ethanol was not mentioned. Does that play a big role in these 30-year plans and the opportunities for co-generation given that there are other inadvertent benefits? They mentioned some 600 jobs and \$100 million in economic activity per year for that Burdekin plant alone.

**Mr McARDLE:** I want to make the point here that this is a bill before the House. It was put into the House by the leader of your party, and I do not know that I can talk about the content of that bill in this House. If I can, I will make a comment but, if not, I will leave it at that.

**CHAIR:** Minister, I think you can address it. If I understand the member for Mount Isa's question correctly, you are not talking about the production of ethanol; you are talking about the co-generation of electricity as a by-product.

**Mr KATTER:** Well, yes, it sort of is production.

**CHAIR:** I am trying to help you, member for Mount Isa.

**Mr McARDLE:** I think it is ethanol we are talking about.

**CHAIR:** Minister, we will take that as your answer. Member for Mount Isa, do you have another question?

**Mr KATTER:** Yes, one last one. The QGC shipments only paid a 3.6 per cent royalty, I believe, and not a 10 per cent royalty. I was wondering who else is able to achieve that deal?

**Mr McARDLE:** Sorry, I missed the start of that question. Could you repeat it?

**Mr KATTER:** The QGC shipment production only paid a 3.6 per cent royalty, I understand, and not a 10 per cent royalty. If that is true, who else is able to achieve that sort of deal?

**CHAIR:** Member for Mount Isa, I invite you to reword that question relevant to our examination of the portfolio because the payment of royalties is not within the minister's portfolio area.

**Mr KATTER:** No, I probably couldn't do that, Mr Chair.

**CHAIR:** Okay. I now call the member for Sandgate.

**Mr MULHERIN:** Mr Chair, I have a point of clarification. In reference to the question I asked the minister in relation to projected dividends from Energex, Ergon, Powerlink, Stanwell, CS Energy and SunWater, the minister said that it was probably a question on notice. I responded that, if it was, we probably did not get the information that we requested. I have just checked with staff. We did not put a question on notice about this matter to the estimates committee, and to the best of my knowledge we have not asked a question like that in the last 12 months within the question on notice procedures for the parliament. I just wanted to clarify that so we are not misleading everyone.

**Ms MILLARD:** Minister, I refer to page 2 of the SDS regarding the department's continued focus on implementing agreed outcomes of the interdepartmental committee, which is also known as the IDC, on electricity sector reform. I have seen recent reports from the ETU alleging mass depot closures as a result of the IDC report. Can you advise whether or not this is true and correct?

**Mr McARDLE:** I thank the member for the question. One could write a book about the truth the ETU has stated in regard to the government's plans. It would be one page in length. The ETU is simply peddling rubbish and nonsense. There are no mass depot closures being considered by this government. Ergon entered into consultation with the unions and their employees in January of this year to look at what could happen. What I might do, Mr Chair, is refer to the CEO of Ergon to give an update. I make the point that we are looking at what are called local service agency models for depots in the range of eight to 15 employees where there could be improvement in services to customers. Without any doubt, the government is also committed to the delivery of reliable, cost-effective and affordable power services. For more on that point, I ask Ian McLeod, the CEO, to elaborate on the issue of the depots.

**Mr McLeod:** I thank the honourable member for the question. Ergon Energy is pretty well focused on market reform, industry reform and structural reform at this time. We have a regulatory submission that we are putting in in October. In terms of the IDC recommendation, it was about local service agents which has a different construct to closure of depots. There is no relationship at all to closure of depots. Ergon has no plans to close depots. We have no plans at this time to look at the local service agent model. Once we are through the current challenges around reducing prices or putting downward pressure on prices, the AER submissions et cetera then at some time in the future we may look at that.

**CHAIR:** I call the member for Burleigh.

**Mr HART:** Minister, I refer to page 12 of the SDS and, in particular, the administration of community service obligations. I, too, have been reading my media releases and I see the ETU has put out a media release alleging that the community service payment or uniform tariff policy is under threat. Can the minister tell us: is that true and how much will the government pay in CSO payments this year?

**Mr McARDLE:** I thank the member for the question. Again, that is a complete fallacy by the ETU. The UTP policy and the CSO payment is under no threat whatsoever. In the Ergon sector, which includes Origin Energy, we will be paying \$662.4 million in the 2014-15 financial year. Again, to reinforce the point: this government has a strong plan to ensure regional Queensland continues to pay the cost of electricity at no different a figure than those in the south-east corner. This policy has now been in place I think from the 1970s, which would have been put in place by our side of politics and has been followed through by the Labor Party as well. It is a policy that is an unwritten rule—an unwritten law. Every Queenslanders is entitled to receive their power at a similar price, and we are then putting in place a regime to give all Queenslanders—hopefully by 1 July 2016—the option to enter into market contracts with retailers that give them greater diversity and greater opportunity.

This is important because the CSO component will continue to be an element in that new retail market in the Ergon sector. There is simply no plan, no goal, no desire and no want to remove that CSO. It is integral to our plans in the Ergon sector, and I can assure the member yet again the ETU is ignoring a strong plan and is conducting a scaremongering campaign to assist only themselves and not the people of this state.

**CHAIR:** Minister, I refer you to page 2 of the SDS and one of the department's directions to lower the cost of living for families by identifying and implementing energy and water sector reform. Nearly 300,000 households have solar PV systems on their roof. Can you advise how solar PV will be a key part of Queensland's energy future and, importantly, how the take-up of solar PV is continuing now without any government subsidies?

**Mr McARDLE:** I want to thank the member for the question. Again, if you go to page 7 of PowerQ you will see that solar is part of the mix in the future generation of power across the state. Again, at the risk of repeating myself, solar is now the fourth largest generator of power in the state at 1.1 gigawatts. Can I update the committee in relation to solar? I want to do that against this background: I have been told by many people that the solar industry in this state is dead; that it is on its last legs. I can turn on my television any night of the week and I will see three or four ads on each channel for the sale of solar panels, inverters and the like. There is no question about that. I hear it on the radio as well.

At this point in time the figures I have is that across the state we have 357,638 homes with solar panels on their roof. That is an amazing number. I also indicate that I went out to the public in about February-March again stating that the 8c transitional FIT would end on 30 June 2014. The figures I have from Ergon and Energex is that in April, May and June 13,027 homes had solar put on their roof. It looks as though the take-up of solar is still running at a figure of around 3,000 per month.

The other point to that is that, as best we can assume or as best we can devise, there are a couple of thousand homes that do have solar on their roof that are not on the grid or not back on the grid. That is a component that we will deal with in regard to new technology at some time down the track. Solar power takes up about seven per cent of the average consumer's power bill. With regard to the issue of those on 44c, they acted with integrity and honesty in what they were doing. There is no doubt in my mind about that. They will continue to be paid their dividend until 2028 or unless they no longer become eligible for that solar FIT.

We understand that there is an impact by solar. That is why we closed down the 44c to new entrants and moved the 8c transitional FIT. Again, that was a move that was supported by all sides of the House back in October 2012. In addition to that, solar allows you to go to a retailer and with the 8c get a top-up. Of course that 8c will conclude on 30 June. It is either Click or Lumo which have now moved from a 10c to a 12c FIT—I cannot recall exactly which one it is. I do not believe that the solar industry is in any way in danger. I think it will expand, and I think all members of this chamber will appreciate the new technologies coming through.

PowerQ highlights solar as a component. How we deal with that and how we make the best of it is yet to be determined. I can certainly say that, after looking at the *Four Corners* show I referred to earlier and what is happening in the United States, there are horizons that we are yet to look at. We

will always use coal as a baseload power source in this state, but there is no reason why—and that is why the PowerQ document picks it up—other forms of power cannot be utilised to generate power, given that solar is already the fourth largest generator in Queensland.

**CHAIR:** I call the member for Keppel.

**Mr YOUNG:** Minister, I refer to page 7 of the SDS. I notice that there has been increasing criticism about Stanwell Corporation's decision to mothball the Swanbank E gas generator and to reopen the two coal fired units at Tarong. Can the minister update the committee on this decision? Is he aware of any precedents for shutting down generators at Swanbank?

**Mr McARDLE:** I thank the member for the question. Can I make the point that Stanwell is managed by an independent board and it is expected to operate on a commercial basis. This is a strong belief of this government—that is, although it is owned, shall we say, by the government there is no doubt that it must operate in a commercial environment and return to the state, thereby the people of the state, a dividend stream that can be utilised for the benefit of all.

There is also no doubt that the wholesale price of gas has made it quite sensible for Stanwell to consider alternatives to using its contracted gas. Stanwell made a commercial decision to withdraw Swanbank E from service for a period of up to three years. This allowed Stanwell to use their contracted gas supply to meet gas demand in what is a very tight gas market at this time. We believe that Stanwell will return one of its units to service at the coal fired Tarong Power Station over the next 18 months and will continue to provide substantial baseload power capacity to power Queensland.

The second aspect of your question was whether or not there had been comments around this. The member for Bundamba, who is not here in the chamber today, made this comment: 'The closure of Swanbank E will drive up the spot price for electricity,' and then she said that these actions are 'driving up private sector profits and power bills for Queensland families.' The opposite is actually true: it is cheaper to make electricity from coal at Tarong than from gas at Swanbank.

We could be led to believe that this is the first occasion there has been a closure at Swanbank. It is not. In fact, in March 2010 CS Energy announced it would shut down Swanbank B power station with the loss of 140 positions. On that occasion, the honourable member was mute. In fact on 6 September 2011 she made this comment—

We were very proud to stop one of our coal fired power stations and be one of the first in Queensland to be a gas fired power station out at Swanbank. We are very grateful for that.

It would appear that a determination under this government that has an impact on 25 jobs raises the ire of the member for Bundamba, yet when there is a decision of similar note under Labor's rule that impacts on 140 jobs she stands proud and grateful for that determination. It is sad to say that that particular stand is endemic and a cornerstone of Labor Party policy.

**Mr YOUNG:** Following on from there, I refer to page 7 of the SDS. After the government's announcements in the Strongest and Smartest Choice, I noticed allegations from the ETU and their parliamentary representatives in the Labor Party that the sale of the government owned generators would lead to electricity prices skyrocketing. Is this true?

**Mr McARDLE:** Can I make the point that I dealt with this question in a form earlier. The answer is that it will not. There is significant evidence from Victoria and other jurisdictions to indicate that it will not be the case. There have been comments by the Productivity Commission that it will not be the case. In fact, as I said, one half of the power in this state comes from private and one half comes from public sector, and they are all controlled by the national energy market. They play in a field that is market driven. They play in a field that is, to use the word, laissez faire. They compete against one another. There will be no impact.

**CHAIR:** I call the member for Burleigh.

**Mr HART:** Minister, interestingly enough, I had a text from my wife this morning. She had somebody from Green Energy, I think it was—

**CHAIR:** I hope this is relevant.

**Mr HART:** It is on solar panels. There was someone offering to install solar panels on our house with a 28c feed-in tariff, so there are plenty of those offers still out there.

**Mr McARDLE:** I will take that as a question, Mr Chair.

**CHAIR:** No.



**Mr HART:** My question is actually to do with page 2 of the SDS. Has the minister seen any reports on growth of network spending over the past decade and its impact on electricity prices? Feel free to comment on my comment.

**Mr McARDLE:** I will make a comment. Any contract you are given—I do not care what it is for—needs to be read very carefully. The old adage is that if it appears to be too good it is too good. I have not heard of a 28c FIT and I wonder whether other people on the committee have heard of that. I have not heard of that. It is a very high figure. I cannot cast aspersions, nor can I give it bouquets, but I would suggest very strongly that you read the fine print about what it does entail.

Getting on to the more substantive question on the growth of network spending over the past decade—rather than your wife's interest in solar—we have seen a significant growth in spend. What I outlined before are the costs that we picked up back in 2012. As I said, the debt had reached \$12.656 billion when we came to power and that was a debt that was incurred by Powerlink, Ergon and Energex. We saw it as a challenge to arrest that and also to work with Powerlink, Ergon and Energex to deliver better outcomes.

I want to make the point right here and now that I congratulate the boards of all three entities, the CEOs and their staff as well. They have certainly worked very hard to understand the concerns of the public of Queensland and also the concerns of the government. I have also outlined that we have put in place the requirements from n minus 1—maintaining the minimum standard requirement going forward, eliminating the gold-plating scenario. We are also looking at further enhancing the choices available to consumers by putting through market monitoring and also the NECF.

Again, I make the point very strongly here that this government in less than three years has radically reviewed the electricity sector. In the time that I was in parliament from 2004 to 2012, we had a crisis leading to Somerville, we had a significant spend on poles and wires, we had inactivity in regard to tackling the base concerns that are driving prices up and we had loading of other elements into the bill. That was all under the Labor Party. I was looking for any actions by the Labor Party over that time to actually drop, alleviate or assist, and I cannot think of any. In 2½ years this government has moved dramatically to tackle a very real issue. We have a strong plan and a strong future; we have PowerQ. The Labor government had no plan and no desire and they left a debt. And good luck to your wife.

**CHAIR:** I call the member for Sandgate.

**Ms MILLARD:** I refer to page 7 of the SDS and the department's service area of 'energy pricing, consumer and retail'. Minister, one of the key issues for the electricity industry is making our communities more resilient for the future. Can you please detail any support from across your portfolio in the current budget that may assist communities with their local resilience programs?

**Mr McARDLE:** Thank you for that question. The public generally sees the electricity sector—Ergon, Energex and Powerlink—as being bodies that pass through electricity and issue accounts and the like, and that is predominantly what they are there to achieve, but these bodies have a strong social conscience and an awareness that their place in our society is also to assist community based organisations.

Seven years ago, Energex and the Queensland Fire and Rescue Service formalised an agreement designed to support long-term operational and community outcomes. The agreement built on local informal programs which had been in place for decades. One of the key components was to assess how financial support from Energex could assist grassroots community volunteers with direct funding for key operational equipment. Over the years, half a million dollars worth of equipment has been provided directly to brigades across South-East Queensland to assist them to keep their local communities safe. It also enables for a better pre fire season planning and operational response to be put on the ground.

The Volunteer Marine Rescue crew based in the member's seat of Sandgate has benefitted from a long-term support program between Energex and the VMR. Over the past few years, almost \$300,000 has been provided directly to the VMR staff and volunteers at the Brisbane, Raby Bay and Bribie Island bases to assist operations and purchase equipment. Whilst Energex no longer has the naming rights to the Sunshine Coast community helicopter rescue service, it is still a long-term financial supporter and has delivered close to \$10 million in total company and community funds over many years to assist with the operations of this invaluable service.

There are a range of initiatives that all entities look towards to engage with their community because there are wonderful volunteer organisations out there—outside of the ones that I have named—which do a phenomenal job. Without that support, a lot of the things that get done in the

state would simply not get done for the simple reason that a level of government has only a level source of funding available to it. There are wonderful organisations that all three entities do support and there is an abundance of people across this state who have directly and indirectly benefited from funding that has been made available from these entities. I certainly support the continued engagement by them with our community.

**Mr MULHERIN:** Minister, I refer to page 7 of the SDS, renewable energy. I note that the 30-year strategy mentions nuclear power as one of the unique opportunities that Queensland has to source electricity. This is despite what you said last year that there were no plans to pursue nuclear energy in Queensland. I ask you again: is the government planning to pursue nuclear energy as a power source in Queensland?

**Mr McARDLE:** I am going to answer this question in two parts if I can. Last year, if I recall, the member for South Brisbane asked me the question—I will paraphrase it and if I am wrong, please let me know—were we going to put that into the mix as a source of power for Queensland, and I said no. If you read page 7 there is simply nothing there that says that we are going to use nuclear energy as a power source. It acknowledges the existence of uranium and what that would mean elsewhere across the globe, but it does not say—and this government will not—that we will be using that as a power source going forward.

The other portion of that question, of course, is that we have seen the consequences of the tsunami in Fukushima and what took place there. All governments who may look down the track at that source of power—not this government—would have to be cognisant of the impact of what took place there only a few short years ago. The nuclear energy sector is now on generation 4 reactors. They are using beryllium and thorium as the power source—I might be wrong in that—but they are certainly not using uranium as a power source anywhere near the capacity they have in the past. I can answer the question very simply. There is no desire, no will, no appetite and no plan to use it in this state.

**Mr MULHERIN:** So you will keep an open mind on it then?

**Mr McARDLE:** No—I have a very firm view—

**Mr MULHERIN:** It says here, 'While the local use of nuclear energy is still prohibited, understanding its potential and developing our resources will give us long-term flexibility ...'

**Mr McARDLE:** I think the language I used would leave little wriggle room, even for the honourable member.

**CHAIR:** I know we are in the home straight. We have about 14 minutes to go. Member for Mackay.

**Mr MULHERIN:** Minister, I refer to your submission to the RET review in which you stated we should wait before deploying low emissions technologies until our society is wealthier. How long are we supposed to wait for the government to do something about climate change?

**Mr McARDLE:** First of all, climate change does not fall into my portfolio in any way, shape or form. If it is in the SDS, please point it out to me and then I will deal with the issue of climate change.

**Mr MULHERIN:** Renewable energy targets are on page 7.

**Mr McARDLE:** Does it use the words climate change?

**Mr MULHERIN:** No, renewable energy focusing—

**Mr McARDLE:** Does it use the word RET?

**CHAIR:** Minister, you can answer that question as you see fit within your portfolio responsibilities.

**Mr McARDLE:** This could take some time. A fulsome answer may be required. It is an important point that the member raises. I have raised several times in this House articles written by Bjørn Lomborg, and the member may well be across Mr Lomborg's theories. He is based in Copenhagen. He writes for the *Australian* and I assume other publications in other jurisdictions. Some time ago Mr Lomborg wrote an article that commenced with the opening wording to the effect that he is a believer in climate change; he believes it is man-made. Therefore, he fits into the category of the greatest moral dilemma the whole world is facing that was abandoned by Kevin Rudd not all that long ago.

He makes it very clear that the way we are going about the green schemes and about the RET is completely wrong. He says quite clearly that Europe has poured billions of Euros into subsidisation. He makes it quite clear that what we should be doing is research and development, getting these

energy sources to a point whereby they are commercially viable and sustainable in their own right. I believe Mr Lomborg is correct. He has continued that theme in at least two other articles, both appearing in the *Australian*, and makes the point that if Europe had used the funds that they had put into subsidisation to lift the people of the world out of abject poverty and out of their living conditions to a higher economic level, they would have achieved a lot more outcomes in regard to health, education and the like. I agree that only by way of research and development can these schemes become viable. I believe quite strongly that we need to be looking down that road. The PowerQ document identifies these types of energy sources as a way forward and the government endorses that principle as clearly enunciated in the document but with the rider that we need to work with the sector to make them viable. Again, we have a strong plan looking down over the three- or four-year horizon and looking down the 30-year horizon track as best we can. We have to change and move with the times, but imposing subsidisation as an element that is then passed through to consumers is not the way to construct a win-win scenario.

**CHAIR:** Thank you for that fulsome answer.

**Mr McARDLE:** I make one further point—I do apologise—that there is a component—

**Mr MULHERIN:** You've got to get strong and bright so you get the tick from the Premier.

**CHAIR:** Member for Mackay.

**Mr McARDLE:** What phrase did you use? Can you repeat that phrase for me in case I missed it? I think you used the words strong and bright. I agree. I concur with the member.

**CHAIR:** Your interjections are not helpful. Minister, you were just wrapping up your answer.

**Mr McARDLE:** The current QCA documentation indicates that in 2013-14 the RET will add \$83 to the average power bill in this state.

**Mr MULHERIN:** I refer you to page 4 of Budget Paper No. 3. You will note that the estimated actual capital expenditure for 2013-14 for your department was approximately \$297 million. Referring to last year's Capital Statement page 4, your department's capital budget was \$98 million for 2013-14. What was the cause of the \$200 million capital overspend last year?

**Mr McARDLE:** I may ask the DG to respond to that if you do not mind.

**Mr MULHERIN:** Is this gold plating the asset?

**Mr McARDLE:** It is a strong and bright plan. You know that.

**Mr MULHERIN:** You will get another tick in the focus group.

**CHAIR:** Director-general, if you could bring some semblance of order to this, I would appreciate it.

**Mr Hunt:** Could you repeat the question please, Mr Mulherin?

**CHAIR:** Member for Mackay, could you repeat the question for the director-general?

**Mr MULHERIN:** I refer you to page 4 of Budget Paper No. 3. You will note that the estimated actual capital expenditure for 2013-14 for your department was approximately \$297 million. Referring to last year's Capital Statement on page 4, your department's capital budget was \$98 million for 2013-14. What was the cause of the \$200 million capital overspend last year?

**Mr Hunt:** So you are asking a question about last year's budget?

**Mr MULHERIN:** I want an explanation for the overspend.

**Mr Hunt:** I believe it will be in water.

**Mr MULHERIN:** You can take it on notice.

**Mr Hunt:** I think we will have to take that on notice.

**Mr MULHERIN:** If the minister agrees.

**Mr McARDLE:** I agree with that. Take it on notice.

**Mr MULHERIN:** Looking at the 2014-15 budget, your department's capital budget is \$122 million. Can you assure the committee that you will come in on budget this year? What steps have you taken to ensure that you do?

**Mr McARDLE:** I will make this comment. The budget has been set. We will use every endeavour, knowing that there are always unforeseen circumstances that arise, to come in on budget.

**Mr MULHERIN:** Again, on page 4 of the Capital Statement, the energy generation sector's actual capital budget was \$220 million. Last year's budget was \$301 million for the sector. Why has there been an \$80 million underspend? What projects were cancelled or deferred?

**Mr McARDLE:** I will take it on notice and get back to you.

**Mr MULHERIN:** Thanks. Last year you also confirmed that the energy GOCs had underspent their capital budgets by \$598 million. What is the amount this year?

**Mr McARDLE:** Could you repeat the question, please? Sorry, I was talking to a colleague.

**Mr MULHERIN:** You might want to take it on notice.

**CHAIR:** Can you repeat the question, please?

**Mr MULHERIN:** Can you confirm that the energy GOCs had underspent their capital budget by \$598 million? What is the amount this year? Take it on notice.

**Mr McARDLE:** No, I just want to look at this. You are referring to which document there?

**Mr MULHERIN:** This would have been from estimates last year.

**Mr McARDLE:** What document are you referring to this year? What is the SDS on both documents?

**Mr MULHERIN:** It would probably be Budget Paper No. 4. I have not got No. 1 in front of me.

**Mr McARDLE:** I am sorry, you are quoting a document that I do not have in front of me. That relates to last year. I do not intend to deal with that question.

**CHAIR:** Member for Mackay, I give you the opportunity—

**Mr McARDLE:** Can I ask—

**CHAIR:** Hold on. Member for Mackay—

**Mr MULHERIN:** I withdraw.

**CHAIR:** You can have the opportunity to reword the question if you wish. No? Okay, next question.

**Mr McARDLE:** Mr Chair, I do want to raise the point—

**CHAIR:** The member for Mackay has the call. I will let him go to the next question.

**Mr MULHERIN:** Getting back to privatisation and the non-share equity, as this continues to grow will these companies not demand a controlling stake on the boards of Energex, Ergon and Powerlink?

**Mr McARDLE:** We have made it very clear—

**CHAIR:** Minister, that question is a hypothetical. I rule that question out of order. Member for Mackay, ask the next question.

**Mr McARDLE:** I need a point of clarification, Mr Chair. Can the member now refer to the SDS documents that I have taken on notice, please?

**Mr MULHERIN:** Yes.

**CHAIR:** Are you asking—in the question on notice there is a reference to the SDS document?

**Mr MULHERIN:** In the first one I referred you to page 4 of Budget Paper No. 3—

**Mr McARDLE:** Of this year, of 2014-2015?

**Mr MULHERIN:** Yes, and you will note that the estimated actual capital expenditure for 2013-2014 for your department was approximately \$297 million. Referring to last year's Capital Statement, page 4—

**Mr McARDLE:** What budget paper is that?

**Mr MULHERIN:** Budget paper—Capital Statement, which probably would have been Capital Statement—Budget Paper No. 3. Your department's capital budget was \$98 million for 2013-14 and I asked: what was the cause of the \$200 million capital overspend? I also said that, looking at the 2014-15 budget, your department's capital budget is \$122 million. Can you assure the committee that you will come in on budget this year? Again, on page 4 of the Capital Statement the energy generation sector estimated actual capital budget was \$220 million. Last year's budget was \$301 million for the sector. Why has there been an underspend? I will write these out for you.

**CHAIR:** You will place them in the questions on notice?

**Mr MULHERIN:** Yes.

**CHAIR:** I note we only have time for one final question. Member for Mackay?

**Mr McARDLE:** Make it a bright one.

**Mr MULHERIN:** Minister, this is related to state owned entities. Can you confirm the costing of \$45.8 million this year to overhaul unit 2 and 3 at Tarong to bring them back online? How much will it cost to bring units 2 and 3 of Tarong Power Station back online?

**Mr McARDLE:** I think that is an issue that should go to the CEO to answer. I will refer to him to deal with it.

**Mr MULHERIN:** I will ask the CEO.

**Mr Van Breda:** Richard Van Breda, Chief Executive Officer, Stanwell Corporation. Unit 2 of Tarong Power Station was put into cold storage in 2012. It is planned to be brought back online in mid-2015 at a cost of approximately \$24 million. The unit 3 outage on Tarong Power Station is planned in August this year, also making up the balance of that number that you mentioned.

**Mr MULHERIN:** Minister, I have the actual reference documents. So I will go back to that question I asked you before. Last year you confirmed that the energy GOCs had underspent their capital budgets by \$598 million. What is the amount this year? I have here a question on notice taken during the estimates hearing for the Minister for Energy and Water Supply on 17 July 2013 where you give a response. I table that for the information of the committee. Do you want to take that question on notice, too?

**CHAIR:** We will not be accepting this as tabled because we already hold this information, but we note it.

**Mr MULHERIN:** You might want to give it to him to assist him. Do you want to take that on notice as well?

**Mr McARDLE:** We will deal with the answer as on notice and file it accordingly.

**CHAIR:** The time allocated for the consideration of the proposed expenditure for the portfolio of the Minister for Energy and Water Supply has now expired. On behalf of the committee I thank everyone for their attendance. The committee has resolved that the answers to questions taken on notice must be provided to the committee secretariat by 5 pm this Friday, 18 July 2014. I wish to take this opportunity to thank the minister for his fulsome answers and his departmental staff who are here.

**Mr McARDLE:** Mr Chair, I also acknowledge you, all members of the committee who were here today and those who were visitors as well. I also thank my staff, my director-general and his staff and all the entities, CEOs and other people in the room as well. Congratulations. More importantly, I thank Hansard for their indulgence here today. Sometimes it can get heated. I do appreciate the great work that you have done. I also thank the attendants and other staff in the complex.

**CHAIR:** The committee will break for lunch. The committee will resume at 2 pm with the examination of the portfolio administered by the Minister for Tourism, Major Events, Small Business and the Commonwealth Games.

**Proceedings suspended from 1.00 pm to 2.00 pm**

**ESTIMATES—STATE DEVELOPMENT, INFRASTRUCTURE AND INDUSTRY  
COMMITTEE—TOURISM, MAJOR EVENTS, SMALL BUSINESS AND THE  
COMMONWEALTH GAMES****In Attendance**

Hon. JA Stuckey, Minister for Tourism, Major Events, Small Business and the Commonwealth Games

Mr GR King, Assistant Minister for Tourism

Mr J Martin, Chief of Staff

**Department of Tourism, Major Events, Small Business and the Commonwealth Games**

Dr R Eden, Director-General

Mr P Martyn, Deputy Director-General

Mr N Elliott, Assistant Director-General


**Tourism and Events Queensland**

Ms L Coddington, Chief Executive Officer

**Gold Coast 2018 Commonwealth Games Corporation**

Mr M Peters, Chief Executive Officer

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 **CHAIR:** Good afternoon, everyone. I welcome you back to the State Development, Infrastructure and Industry Committee's second public hearing for the examination of the Appropriation Bill 2014. I would like to introduce members of the committee. I am David Gibson, the member for Gympie and chair the committee; the Hon. Tim Mulherin, the member for Mackay, is the deputy chair, but he has sent an apology for this afternoon and is being replaced by the member for Bundamba. The other committee members that we have are: Mr Michael Hart, the member for Burleigh; Mr Rob Katter, the member for Mount Isa; Ms Kerry Millard, the member for Sandgate; and Mr Bruce Young, the member for Keppel. Mr Michael Crandon, the member for Coomera, sends an apology for today's hearing. The committee has also granted leave for other members of the Queensland parliament to participate in these hearings, and I welcome the Leader of the Opposition to our committee this afternoon.

The committee will continue its examination of the proposed expenditure contained in the Appropriation Bill 2014 within its portfolio responsibilities contained in schedule 6 of the standing rules and orders. The item now under consideration is the proposed expenditure for the portfolio of the Minister of Tourism, Major Events, Small Business and the Commonwealth Games. On behalf of the committee I welcome the Minister, the Assistant Minister and your departmental officers and members of the public to the hearing. I remind everyone present that any person may be excluded at my direction as the chairperson or by order of the committee under the standing rules and orders of the Legislative Assembly. The committee's hearing today is also being broadcast live via the Parliamentary Services website and to receivers throughout the parliamentary precinct. I would ask that everyone check that their mobile phones and other electronic devices are either turned off or switched to 'silent' mode.

Witnesses, please note that you will need to turn your microphones on and off when addressing the committee, and if everyone could please bear in mind that there may be no more than two microphones on at a time, and the red light will indicate whether your microphone is active or not. I would ask all departmental officers to identify themselves each time they speak to enable Hansard to record their name and the position by which they are appearing before the committee and to speak directly into the microphone.

Before we commence I remind all members that some activities of this portfolio include undertaking commercial negotiations. Although the committee is within its rights to hear matters that are commercial-in-confidence in a private session, doing so may significantly interrupt the public proceedings of this hearing. I would therefore ask all members if possible to structure their questions in a manner that will protect commercial sensitivities whilst enabling the committee to conduct this hearing in public.

I declare the proposed expenditure for the portfolio of the Minister for Tourism, Major Events, Small Business and the Commonwealth Games open for examination. The question before the committee is that the proposed expenditure be agreed to. Minister, I invite to you make a three-minute opening statement.

**Mrs STUCKEY:** Thank you, Mr Chair. What another glorious sunny winter's day it is here in Queensland. I am delighted to be here to report to the State Development, Infrastructure and Industry Committee on how my portfolio of Tourism, Major Events, Small Business and the Commonwealth Games is delivering a strong plan for a brighter future for all Queenslanders. I would like to acknowledge representatives from my ministerial office, my department, Tourism and Events Queensland, GOLDOC, who join us here this afternoon, and a special acknowledgement to my assistant minister, Gavin King, the honourable member for Cairns. At each estimates hearing I have informed the committee of the targets set for the coming year, and I am very proud to once again advise the committee on the significant achievements and progress that my department, TEQ and GOLDOC have made over the past two years. I would first like to set the scene for the committee.

Prior to coming to government, Queensland was in a sorry state at the hands of successive incompetent Labor governments. Our small business sector was suffocating under copious layers of red tape. In all, there were over 92,000 pages of regulation that cost the state in excess of \$7 billion in taxes, fees and other charges. Tourism was cast aside by the former government. The industry was ignored and the responsible agency was buried as a process-driven management unit. This is in stark contrast to the LNP, which established a dedicated tourism department with a philosophy and focus of engaging and consulting with industry. Let us not forget Labor's reckless plans of temporary venues for the Commonwealth Games and a bid book that failed to account for the consumer price index, leaving a \$306 million black hole.

Partnership and collaboration have been at the heart of our approach over the last two years. These principles have seen us deliver the creation of Tourism and Events Queensland; the Queensland Drive Tourism Strategy 2013-15; the Queensland Ecotourism Plan 2013-2020; Destination Success, our 20-year plan for Queensland tourism; the continued increase in aviation routes and services into and across Queensland through our Attracting Aviation Investment Fund; and investment facilitation in Queensland's tourism industry by removing restrictive red tape and working with investors via our Tourism Investment Attraction Unit. Of course boosting confidence in Queensland's small business sector saw the release of the Queensland Small Business Strategy and Action Plan 2013-15. We will continue to deliver on our strong plans for Queensland. In September our second Small Business Week will be running and the third DestinationQ forum will be held within weeks of each other, demonstrating our ongoing commitment to engaging with, and forming, meaningful partnerships with industry.

In a few weeks the Commonwealth Games flag will officially be handed over from Glasgow to the Gold Coast and the eyes of the Commonwealth will focus on Queensland. We have established our Embracing 2018 Advisory Committee to oversee the lasting legacy for our state. The Gold Coast 2018 forward procurement plan and forward procurement schedule are now available, with over 5,000 registrations for the information sessions and over 3,000 for the webinar reporting to help business get involved in the games. Glowing approval from the Commonwealth Games Federation of the sport program and venue master plan for the Gold Coast 2018 Commonwealth Games is further proof that we are well on track to delivering the games on schedule and on budget.

As a pro small business government that recognises small business as the backbone of our Queensland economy, we have maintained our commitment to supporting and stimulating the growth of our 410,000 small businesses. We have already put in place red tape reduction goals of 20 per cent by 2018 in order to lessen the regulatory burden placed on Queensland small business by Labor. The 2014-15 budget clearly demonstrated our government's strong plan for a brighter future for Queensland and continues to recognise the importance of all aspects that fall within my portfolio.

It should give great confidence to Queenslanders that this year's budget delivers \$250 million for new sporting and tourism infrastructure and more programs to drive investment in small business and boost Queensland visitor numbers. Further to the budget positives, I am here to put on record that over the last three years we have invested an additional \$49.5 million in tourism and events funding which was not in TEQ's forward estimates. Again this budget has allowed us to continue to provide over \$7 million to expand and deliver our business to government services through our successful Business and Industry Portal (BIP). BIP has saved an estimated \$250 million in time and money for businesses over the past two years. \$160 million has been allocated to continue the planning of the 2018 Gold Coast Commonwealth Games, including \$49 million for the development of

the Commonwealth Games village. Last Tuesday I opened the Gold Coast Aquatic Centre, which is under budget and two years ahead of schedule. It is easy to see that with careful planning and fiscal responsibility these games will be the envy of the Commonwealth and leave a long-lasting impression for all involved.

As you can see, this is a brief synopsis of the many achievements that my department has delivered in recent times. We as a government are committed to positioning Queensland as Australia's premier tourism destination with a prosperous economy in which our small businesses can thrive. We realise that there is a lot more to accomplish, which is why we are actively planning for Queensland's brighter future today. I look forward to expanding upon these and many more of our achievements throughout this afternoon's hearing.

**CHAIR:** Thank you very much, Minister. I call the member for Burleigh.

**Mr HART:** Good afternoon, Minister. We will kick off with something that is close to my heart. I refer to Budget Paper No. 4, page 30, which shows that the government has secured the continuation of the V8 supercar event at the Gold Coast, Townsville and Ipswich until 2016. Could the Minister please outline how this is good news for Queensland?

**Mrs STUCKEY:** I thank you the honourable member for the question. I want to thank the member for his support in assisting to secure the V8s not just on the Gold Coast, but of course in Ipswich and Townsville as well, for a further three years. I also would like to thank the honourable member for representing me, as he does on a number of occasions, at the official start of the 2013 V8 Superfest parade on the Gold Coast. Only a couple of weekends ago I was at the Townsville 500, and what a great race meet that was—particularly, of course, with the win from Jamie Whincup.

On 22 July 2013, the Queensland government announced a new three-year agreement with V8 Supercars Australia. As I have said, that will see the continuation of the three races. While the budget papers outline new appropriation for the contract, the total government support for the event remains commercial-in-confidence. Organisers have been encouraged to focus on broadening the appeal of the event through family-friendly community events. Last year on the Gold Coast we saw the trial of Superfest, with some 20-odd events held around the V8s. I understand that the honourable member saw the billycart derby in Burleigh. I enjoyed opera by the beach at Palm Beach, and there were many other different activities that were wrapped around this very successful race meet. In fact it is so successful that it generated close to 200,000 visitor nights with a \$60 million economic benefit. Investment is focused, of course, on driving visitors to the state, thereby providing a significant boost to the economy and the community, as well as being able to showcase Queensland's considerable destinations.

We are able to work towards these partnership events because we work so closely not just with V8 Supercars Australia, but also the relevant regional tourism organisations. I speak there of Townsville Enterprise Limited, Brisbane Marketing and Gold Coast Tourism, and I would like to place on record my appreciation for their cooperation so that we can maximise outcomes for the 2014 events.

**CHAIR:** Thank you, Minister. I call the member for Keppel.

**Mr YOUNG:** Minister, I refer to page 2 of the SDS. I was just wondering if you could give us an update on how the government's focus on partnerships, which you just talked about in collaborations, has benefitted the tourism industry particularly up in my area: Keppel.

**Mrs STUCKEY:** I thank the honourable member for his question, and I want to congratulate him on what a strong industry advocate he is for his region. He is very proud of his region, and it is always a pleasure to visit, as I did only a few months ago.

Of course Keppel forms part of the Regional Tourism Organisation for the Capricorn region, and that extends for a significant distance and is home to some absolutely fascinating destinations and landscapes. When we are talking about partnerships, I guess it really all sits under the DestinationQ initiative. This is a genuine partnership with industry; it is a government and industry partnership. Our DestinationQ forums have become a model for the industry and for a great expression of just what government consultation can bring about when we listen to the voice of the tourism industry. Our partnership, of course, each year has been signed in the form of an agreement with the Queensland Tourism Industry Council.

Can I just say here, though, how pleasing it was to attend the tourism ministers' meeting in Melbourne only last week. This was chaired by the federal minister Andrew Robb and I understand my CEO from Tourism and Events Queensland Leanne Coddington was with me and so was my



director-general. It was almost, I suppose, a little embarrassing to hear the opening remarks which praised Queensland for the initiative that it has taken. It really made the other states sit up. Whilst it is terrific to be able to get together with all of the other states and share knowledge, it is also very heartening to know that we are leading the way with some of these initiatives and that they are being recognised on a national level.

Our destination management approach recognises the uniqueness of our 13 destinations. We also recognise the need for specific assistance for the outback as for perhaps a place such as Cairns. We have eight-year partnership agreements in place between our 13 RTOs and Tourism and Events Queensland, further strengthening the ongoing future of this relationship.

Over the last two years we have invested more than \$37 million in destination marketing activity across Queensland. I speak of the Southern Great Barrier Reef, or 'Where great begins' campaign, which I am sure the honourable member is very familiar with. This is a very exciting partnership between Bundaberg North Burnett Tourism, Capricorn Enterprise and Gladstone Area Promotion and Development Ltd.

Last Tuesday here in Brisbane I witnessed the signing of a formal MOU between those three RTOs and TEQ to formalise this partnership. We do hear that partnerships like this prove to be highly successful as far as the consumer index goes. This MOU includes but is not limited to collaborative activities such as shared exhibition space at trade and travel shows, cooperative marketing campaigns, joint media familiarisation programs, development of collateral, and product and experience development for the Southern Great Barrier Reef destination.

What was interesting about this collaboration was that the awareness amongst Queenslanders of this Southern Great Barrier Reef new brand has risen to 81 per cent compared to 2012 when the awareness for the region ranged between 66 and 72 per cent for the individual regions. But do not just take my word for it. We have a number of endorsements, but if I may just share one of those with the committee. It comes from a very experienced operator in Rick Matkowski, who is the general manager of the North Burnett region. He says—

This formal agreement reinforces Bundaberg North Burnett's ongoing commitment to promoting the region under the Southern Great Barrier Reef brand in partnership with Tourism and Events Queensland, GAPDL and Capricorn Enterprise to fully maximise tourism opportunities for the Bundaberg North Burnett region.

**CHAIR:** I call the member for Sandgate.

**Ms MILLARD:** Good afternoon, Minister and Assistant Minister, and everybody who is here today. I refer to page 2 of the SDS. Minister, could you please outline the benefits of the government's focus on attracting investment into Queensland's tourism industry?

**Mrs STUCKEY:** I thank the honourable member for the question. What a delight it is to get this question from someone who is so active in their electorate and who understands the importance of investment as well. While for so many years Queensland suffered from a lack of new tourism developments across our great state, you could say Queensland was actually shut for business. The development opportunities were clogged in bureaucracy and red tape. That is why when this government set up this new portfolio in 2012 we made sure that investment was front and centre and we set up a Tourism Investment Attraction Unit. It is a one-stop shop for tourism investment. Might I say here that this was an election commitment, and another one that has been fully delivered. Our TIAU provides three levels of service to help facilitate investment into new or revitalised tourism infrastructure: level 1 is investment readiness; level 2, investment facilitation and showcasing; level 3, product development and planning support.

We have focused on overcoming the shortage of CBD hotels in partnership with Brisbane City Council. To that end we released the guide to investing in CBD hotels last year and an undated guide again earlier this year. We have a number of new hotel developments coming online, including Four Points by Sheraton and the Gambaro Hotel in Caxton Street.

We have taken a whole-of-government approach to investment through this investment attraction unit, working with the Department of State Development, Infrastructure and Planning on a number of these initiatives. We now have a new single state planning policy and guidance material that has all been developed to reduce the complexity of the planning system for developers. This of course will make it a lot easier to obtain development approvals through the State Assessment and Referral Agency. Furthermore, with National Parks, we are allowing tourism operators to set up in national parks. Our recent EOI process saw 32 potential projects proceeding to a second stage of the assessment process, and the Obi Obi zipline is a fine example of this.

**CHAIR:** Thank you very much, Minister. I refer to the SDS, page 2. I note you have touched on the DestinationQ forum, but could you perhaps expand on what you have addressed and also to pick up on how this year's forum will be different to what we have experienced in the past in Queensland?

**Mrs STUCKEY:** I thank the honourable member and honourable chair for that question. It is always a pleasure to get a question from you. I would like to acknowledge just how hard you beat that drum for the people of Gympie and how many times you have knocked on my door for event support over the years.

**CHAIR:** And we have appreciated the money that you have provided.

**Mrs STUCKEY:** It is always, of course, put to very good use for the good people of Gympie. Gympie actually forms part of the southern country destination RTO now and that region. Therefore, they have always shown great interest in attending the DestinationQ forums. Our very first forum was in Cairns in 2012. I need to say here this was the very first industry conference for the Queensland tourism industry in over 25 years. It was little wonder that the industry had lost confidence in the government of the day. It was little wonder that Queensland was heading backwards and little wonder that our small businesses were crying out for help, because so many of them are tourism operators.

What has occurred in a space of only two years is that the DestinationQ forum has become the preferred model for industry and government consultation. I spoke a little earlier about the tourism ministers' meeting in Melbourne and the recognition of it there. What we see at the DestinationQ forums is a third of the Queensland cabinet at these forums to directly engage with the tourism operators, and this concept has been widely appraised by industry, whether it is the TTF organisation that represents a national body or from a local aspect.

These forum outcomes that have been put forward by the industry themselves have contributed significantly to policy legislative agenda. Our first forum focused on the immediate needs of our industry to overcome the era of neglect from Labor. There the government signed an historic partnership agreement with QTIC, as the recognised voice of tourism across Queensland. The second forum on the Gold Coast last year focused on the longer term and led to Destination Success, our 20-year plan for the tourism industry. Our third forum coming up on 16 and 17 September in that lovely spot called Noosa is entitled 'Growing your product—Growing our industry', and this is going to focus on actions that grow our tourism businesses.

Mr Chair, when you asked what was really different, for the first time at a DestinationQ forum we will be including a series of master classes that will delve much deeper into local partnerships and of course how to expand upon the growing market of the independent Chinese traveller. Last week I convened a leaders forum, because these DestinationQ forums are for working operators and everybody needs to do a considerable amount of preparation to be accepted as a registrant at them. At the leaders forum last week we discussed the issues that would be taken to the forum in September. That is notwithstanding all of the workshops that have been held throughout the state in recent months as well. I am sure from these exciting and stimulating discussions that I have already been part of that that they will ensure that we get the best outcome for our industry at the forum.

Our 2014 forum has again oversubscribed, with 376 industry registrations for a maximum of 280 places. So when we get feedback from this forum, there are many, many good comments, but I will share just one from Mr Ken Morrison, who is the former CEO of the Tourism and Transport Forum, who said in August last year—

The Queensland government is walking the talk and getting on with implementing many of recommendations which came out of the first DestinationQ conference last year. To have the Premier and six Ministers here today demonstrates an impressive commitment to promoting jobs in the industry. It is great to see real steps being taken to help the tourism industry and the 220,000 Queenslanders whose jobs rely on tourism.

Before I finish on that question, Madam Chair, I got a little bit excited and had you in the southern country RTO.

**CHAIR:** Madam Chair?

**Mrs STUCKEY:** Sorry, Mr Chair. I keep thinking of Madam Speaker. If you notice me glancing up, I am constantly gazing up there to see if I have her wrath or not. I would just like to place you in the correct RTO and will put you in Sunshine Coast rather than southern country.

**CHAIR:** Thank you for that, Minister. On Tuesday the member for Sandgate kept giving me a pay rise, referring to me as the Speaker. I call the Leader of the Opposition.

**Ms PALASZCZUK:** Minister, if I can pick up on your last point about DestinationQ to be held on the Sunshine Coast, how much is that going to cost Queensland taxpayers?

**Mrs STUCKEY:** I thank the honourable member for the question and for her interest in what, as we have said, has become the premier industry event in Australia as well, of course, as in Queensland. The budget for the DestinationQ forum is contained within the department's budget, and I will ask the director-general in a moment to share some of those details with you. When we embarked on this course of action in 2012 to hold the first one, there was quite a significant budget considered to be earmarked. If I can say, the figures that were discussed early on in the first year were something like half a million dollars. So we certainly came in well under budget for that first conference. We have managed to maintain our figures as far as attendance and registrants go. I think you will see that with the same number of registrants this year we have managed to control that budget too. But to give you some of those figures for a conference that actually goes for a day and a half, I will hand over to my director-general.

**Dr Eden:** The budget for the 2014 DestinationQ forum is \$500,000. As the event has not occurred yet, a lot of the expenditure has not occurred yet, so we are just planning for that as a maximum. That includes venue and staging, speakers and facilitators, catering, transport and so on, as you would expect. As the minister said, the 2013 DestinationQ forum totalled \$335,308. We have reported on that elsewhere, but that was across two financial years. So there was some expenditure in 2012-13 and then obviously in 2013-14. But the total for last year's event was \$335,000.

**Ms PALASZCZUK:** I have a follow-up question. So why is there an increase for this one when the last one was held in Cairns?

**Dr Eden:** The last one was on the Gold Coast.

**Ms PALASZCZUK:** Gold Coast, sorry.

**Dr Eden:** This time the design is a little different. It has the two master classes the day before, so it is an extended period of time, and this time we have more costs for speakers. We have allocated up to \$88,000 for speakers on this occasion because we are bringing in some international speakers to talk to us about growth of the product and growth of destinations, which is the focus of this forum. The focus of the last forum was the 20-year plan, so we did not need those international attendees.

**Mrs STUCKEY:** If I could just add there, too, for the honourable member, when I speak of the conference itself, that is the day and a half. The master classes are starting ahead. They are actually starting the day before. Not all registrants will be attending those. But, as the director-general has quite rightly said, that has been the reason for the increase and because we are also bringing in some speakers from overseas. I also understand that we have actually brought some of those speakers out, or one of them in particular whose books I am about to read. He has been in the country for a little while already because he has been advising and doing some of the workshops.

**CHAIR:** Can I pick up on that? The minister referred to a great number of registrations but we did not get the numbers. Can you inform us what the registration numbers are for the DestinationQ forum?

**Dr Eden:** The total size of the forum this year will be limited to 350. That is industry and government. The industry will comprise 280 of those.

**CHAIR:** Thank you for that.

**Ms PALASZCZUK:** I have another follow-up question. I think you mentioned \$88,000 for guest speakers. Are you able to provide the committee with further information about who they are and where they are coming from? I am happy to take it on notice if the minister wants.

**Dr Eden:** Thank you for the question. We are right in the middle of confirming and finalising that. We are in negotiations with some and some are already confirmed. At this point I have not got the detail of those that are confirmed and it has also not been publicly released.

**Ms PALASZCZUK:** I refer to page 38 of the SDS. Minister, can you please explain to the committee why \$24.9 million has been cut out of the budget for Tourism and Events Queensland?

**Mrs STUCKEY:** I thank the honourable member for the question. Was it page 38 that we are looking at?

**Ms PALASZCZUK:** Yes.

**Mrs STUCKEY:** I think you are referring to a figure of \$98,675,000; is that correct? Is that the figure you are referring to?

**Ms PALASZCZUK:** Yes.

**Mrs STUCKEY:** These figures for 2013-14 contain what is called a deferral of some \$14 million. I am going to allow the TEQ CEO to further explain exactly how that happens. It is a process that Tourism Queensland and Tourism and Events Queensland have undertaken. As you can probably imagine, if you are bidding for an event it is very often in out years and therefore you need to sign a contract and make some sort of payment early but the majority of that would be contracted, say, for 2017 or even later. I understand that has been the reasoning behind the way that Tourism Queensland and now Tourism and Events Queensland have been managing their budget. If it is okay with you, I will hand over to the CEO, Leanne Coddington.

**Ms Coddington:** The budgets are set at a point in time. The 2013-14 budget, as the minister referred, included a deferral amount. For the 2014-15 budget at this point, the deferral amount has not been confirmed. The final figures are signed off by the TEQ board and independently verified by the Queensland Audit Office and we expect this to happen in August. The deferrals occur when, as the minister explained, we confirm contracts for future years. We allocate the money out of the current year that the contract is signed and then carry that money forward into the future years. That is called a deferral.

**Ms PALASZCZUK:** I have a question for the CEO. In relation to grants funding to regional tourism organisations, can you confirm that there has been a cut in relation to this funding and, if so, by how much?

**Ms Coddington:** Thank you for the question. The total grant funding to RTOs—regional tourism organisations—to the best of my knowledge has not had a cut. The amount is \$7 million which was put in place by this government which was an increase from the previous \$3.1 million. That grant funding has two components—\$4 million which is what we call core grant funding which is divided among the 13 regional tourism organisations and a contestable grant amount for the balance.

**Ms PALASZCZUK:** Just to confirm, there has been no reduction in funding to the contestable regional grants funding; it remains as it is?

**CHAIR:** Just to be clear for everyone, is there an SDS reference you want to attach to that? It might help if there is a variety of grants funding.

**Ms PALASZCZUK:** No, I don't have an SDS reference.

**Mrs STUCKEY:** There is a total of \$7 million for core and contestable funding. So \$4 million for core funding will be maintained and \$3 million is available for contestable through the right criteria, of course, as we have been operating under.

**Ms PALASZCZUK:** I want to move on to the Commonwealth Games. Minister, I refer to page 2 of the SDS, leading the government representation. I understand there are 37 people attending the delegation to Glasgow, and I ask: how many of the 37 are state government employees? How much money is the delegation costing Queensland taxpayers? Can you provide a list of all the people who will be attending? I understand there may be some council people attending and they may be paying for themselves, but could you advise the estimates committee how much it is costing Queensland taxpayers and what the breakdown of the delegation is?

**Mrs STUCKEY:** I thank the honourable member. It is a very exciting time that we are all facing. If every member of the government and opposition could have gone into a lucky dip to go to Glasgow, then they would have really liked to be fortunate enough to go. But it has been very important that the accreditation process has been followed stringently. That, of course, comes from the Commonwealth Games Federation through Mr Mark Peters in GOLDOC, and it is a recommendation of who will be required and who is invited to what we call the knowledge transfer program. This will be the very last opportunity that we have before our games in 2018—the Queensland games, even though they are being held on the Gold Coast—to be able to experience that. So it was very important that we chose those delegates carefully because they will be there observing.

It is really important for the record to note that being an observer at the Commonwealth Games is not like being an Australian observer. Because if you are an observer in Aussie language you are actually going along to watch a game, but an observer in Commonwealth Games language—and I am sure Mr Peters will correct me if I am wrong—is somebody who goes along and works. They observe the operations underneath. They observe security, transport and the like.

As you have quite correctly stated, there are 37 participants from key Gold Coast 2018 delivery partners attending. There will be 14 from GOLDOC, two from my department, one from the department of state development, six from the Queensland police, two from the Department of

Transport and Main Roads, eight from the city of Gold Coast, three from the major event task force in the Australian government and one from the Australian Federal Police. I understand it is not normal practice to supply names of public servants who attend.

**Ms PALASZCZUK:** That is correct.

**Mrs STUCKEY:** As you can see from this make-up, the Gold Coast City Council will be paying its way. The Australian government will as well. What figures did you want to know?

**Ms PALASZCZUK:** The total cost to taxpayers of the delegation to the Commonwealth Games.

**Mrs STUCKEY:** I do not have the total cost of all the other agencies because we are not bearing that cost. A breakdown for us, I understand, is the observer program estimated costs that GOLDOC have provided us with. That is \$423,000 including the Queensland Police Service. There is a cost of \$65,000 for Queensland government participation—for example, that is five officers from my department, Main Roads and the department of state development in the Glasgow 2014 observer program. The travel accommodation and accreditation costs have all been included in GOLDOC's travel budget. As I have said already, the Gold Coast will be meeting theirs. Mr Peters may be able to assist you with specifically from the GOLDOC aspect if you require further information.

**Mr Peters:** In relation to the GOLDOC's participation, as the minister correctly said, there will be 14 involved in the observer program. As she also identified, the other representatives from different departments total a number of 37. In addition, the minister will also be leading the flag handover ceremony and will be accompanied by her DG and chief of staff. Similarly, the GOLDOC chair, myself as CEO and one of our advisers will also be attending.

I have the costs for the GOLDOC's observer program, which excludes the attendance of the chairman, one adviser and me. As the minister said, that is around \$423,000. It includes travel and accommodation. We have seven of our staff there at the moment embedded in the games and they are providing invaluable information back to us to assist our planning. The observer program starts on the day of the opening ceremony on 23 July, and that is when the rest of the staff will be attending and embedded.

**Ms PALASZCZUK:** Minister, in relation to the delegation, have there been any comparisons with other countries in terms of the size of the delegations they would send to something like this? Is it consistent? Or perhaps if you want to answer, Mr Peters?

**Mrs STUCKEY:** I will let Mr Peters answer that, but, as I said before, the number of people and the areas they are coming from is a recommendation that comes from the federation and the accreditation process is quite stringent.

**Mr Peters:** As the minister said, this is a requirement as part of the host city contract with the Commonwealth Games Federation. The advantage for us is that we get to design the program. With the different government departments, we have actually inputted into it. It is similar to Glasgow's attendance in Delhi, and India had far more people in the Melbourne 2006 games. Although we have done those comparisons, it is really where we believe we can get the most effective learning experiences. As I say, in addition to the observer program we have been allowed to embed staff within the organising committee, and we have staff there at the moment.

**Mrs STUCKEY:** Can I add a little more? I think we are all aware of the enormous undertaking that will be required for the G20 that is occurring here in Brisbane later this year. You will notice on that list I read out there are Australian Federal Police as well as Queensland police. So we will gain a lot of invaluable information. We are getting extra value from this trip because they will be able to bring back some expertise that they can utilise at that major event as well.

**Ms PALASZCZUK:** Continuing on with the Commonwealth Games, I am wondering if you could give the committee an update on some of the venues. I noticed you said that the aquatic centre is open, which is great news. I note some reports that the squash courts at Runaway Bay are being delayed a year; is that correct? Can you give us an update on that, please?

**Mrs STUCKEY:** I thank the honourable member for the question. I am not sure if she is familiar with the recent report that came from the federation. If I may say this, Mr Peters, I often refer to the federation as like working with the Vatican and I say that in the most reverent of ways. They do have a high level—

**Ms PALASZCZUK:** Are they Catholics?

**Mrs STUCKEY:** Well, I am a Protestant so I am saying this with great reverence. I often say that. When you are dealing with such a ceremonious occasion and such a magnificent event that has gone before you many times, it is important that you follow those protocols very closely. It was of

great comfort and a great pat on the back to Mr Peters and his team when the federation gave their tick of approval for all 17 venues. Of course the Parklands village is a separate one. They also approved their location and were very satisfied with the time lines.

This is quite a remarkable feat. They would usually expect to come and give us a fairly thorough checking over twice a year, but I think they have indicated that they will not need to come back for 12 months. So they are very satisfied that all of our venues are on time. I also understand that there has been a commitment to have them completed 12 months out from the event itself, so that should give a lot of comfort as well. I will just get that information on the squash courts.

**Ms PALASZCZUK:** I have three, Minister—the squash courts, the mountain bike track and the Carrara sports precinct. Could I just get an update on those three?

**Mrs STUCKEY:** So it was squash and mountain biking, and what was your third one?

**Ms PALASZCZUK:** The Carrara sports precinct.

**Mrs STUCKEY:** The Carrara Indoor Stadium for weightlifting. As I have said before, we are working very closely with the federation to follow those protocols. That bid book was I suppose our Bible in that sense, and we have tried to adhere to that as best we could. However, where we found that there were savings and better outcomes for those individual sports, then some of those venues have changed. Specifically, weightlifting was originally planned to be held in a temporary facility in Runaway Bay. That will now be at the refurbished Carrara Indoor Stadium. The time line for that is still up until mid-2017. The mountain biking was originally planned to be held at Hinze Dam. It is now being held at the Nerang National Park due to a better overlay opportunity and access for spectators and competitors. The time line for that is mid-2014 to mid-2016. The squash is at the Runaway Bay sports centre and the time line is still the same, for late 2014 to mid-2016. Just as a matter of interest, the wrestling which was originally going to be held at Coomera has been moved to Carrara, and the basketball finals were going to be in a temporary facility at Southport but they will now be held at the Gold Coast convention centre.

**Ms PALASZCZUK:** Thank you.

**CHAIR:** I call the member for Mount Isa.

**Mr KATTER:** For my first question, I refer to page 4 of the SDS. We are very grateful for the \$150,000 for the three years for the Mount Isa rodeo and we are looking forward to the next three years of support from your government. One area I am particularly interested in with this budget is the proportion of the budget that is allocated to promoting both the Outback Way and the Overlanders Way. You might have to take that on notice.

**CHAIR:** Is there an SDS that we might be able to direct the minister to?

**Mr KATTER:** It is on page 4. I would suggest it is under 'tourism and events development'.

**Mrs STUCKEY:** Can I just clarify with the honourable member: are you asking about progress of those two pieces of infrastructure?

**Mr KATTER:** No, just the promotion of them as a concept or as a drive for tourism. There is the Outback Way and the Overlanders Way.

**Mrs STUCKEY:** Certainly, and thank you. I think you will find that the outback tourism RTO has been one of the most progressive that we have seen in the last couple of years. They certainly turn up at the DestinationQ forums in their red shirts. They just about outnumber the city folk so there is a real challenge on there. They have embraced the government's destination marketing approach wholeheartedly. I understand a new CEO for your outback tourism organisation was recently appointed because your former CEO has been poached I think by the Stockman's Hall of Fame in Longreach.

**Mr KATTER:** Qantas or the Stockman's Hall of Fame, yes, you are right.

**Mrs STUCKEY:** But at least they are still in the outback because you have got some very good operators out there and they are winning a number of awards. We are making sure with the 'destination' approach that our RTOs are able to promote connectivity and access. One of the very first strategies that the government brought in was the Drive Tourism Strategy, and that is certainly a drive destination. We further backed that up with our Camping Options Toolkit so that councils are able to have more options to be able to deal with either the caravans or the RVs that we are trying to send your way with some of those great marketing campaigns.

If you have seen the Eventures campaign for the outback, you could not help but have your heart melt a little bit because it really does capture the spirit of the outback and the vastness of the region, not to mention the magnificent people. So you are on our radar. We will certainly make sure it is included. I suggest that you make yourself known to the new CEO of the outback RTO out there and keep in the loop with him.

**Mr KATTER:** Thanks for that, Minister. Is it possible to get those figures on notice, just specifically on what is going on?

**CHAIR:** Just to be clear, you are asking for the specific expenditure on those two drive routes.

**Mr KATTER:** Yes.

**CHAIR:** Minister, are you happy to take that on notice?

**Mrs STUCKEY:** I think it may be a little difficult to be able to satisfy the answer for that because we do not market that way. We would do a marketing campaign.

**Mr KATTER:** Okay.

**Mrs STUCKEY:** We are also collecting what we call the destination management plans, because we have put our destination success out there as a government for our 20-year plan but we have harnessed the expertise and energy of all of our RTOs around the state—all 13 of them—and they are all producing those plans. I would like to see in those plans that those two routes are highly recommended because that will also of course lead to the 'hero experiences' that people can have if they drive them. So we do not do an individual breakdown, as the member is asking for, but I can certainly provide the breakdown of the marketing campaigns that have been held in the outback if that would be of any help.

**Mr KATTER:** Yes, that would be great. Thanks.

**CHAIR:** Member for Mount Isa, do you have any further questions?

**Mr KATTER:** No.

**CHAIR:** We go to the member for Burleigh.

**Mr HART:** Minister, you just mentioned destination management plans. This question refers to page 35 of the SDS. Could you outline the importance of destination tourism plans to the committee?

**Mrs STUCKEY:** I thank the honourable member for the question and I would like to put on record his interest in this process as well, coming from a peak tourism destination such as the Gold Coast. It has been a very comprehensive project that they have undertaken there. It was interesting when I was at the launch of the Gold Coast destination management plan to realise the extent of consultation and also the extent of the experiences that have been able to be captured by these. Of more importance are the time lines that some of these items are going to be actioned by.

Under the guidance of Tourism and Events Queensland, as I said earlier, all of our RTOs—and there are 13 of them throughout the state—have been working closely with industry specifically to develop their destination tourism plans or destination management plans, as different regions are calling them different things. They are outlining their priorities towards 2020, but also of course they have a much longer-term vision in line with the government's 20-year strategies.

These plans are going to provide a very clear direction in every destination, as they identify the opportunities and strategies to create a sustainable events industry across Queensland, as well as of course being able to cater to each individual tourism region. We are starting to see a lot of the unique and niche items that each region has. These plans will play a fundamental role in the future for driving visitation and expenditure to all of our destinations. I have often said that, whilst we are a very vast state and highly competitive by nature, it is really important that, if we grow the pie, every destination will be able to shine, and that is exactly what these plans enable us to do. They have been developed with industry, for industry, by industry. It could not be more industry centric, and of course with that careful guidance from Tourism and Events Queensland.

I understand that seven of these have been completed and the rest are in the final approval stage. The mayor of the city of Gold Coast, Tom Tate, gave the whole process a hearty endorsement when he said that the collaborative project with Gold Coast Tourism and the Queensland government was vital to the city's future economic success. He said—

Tourism is the key industry in our city, this destination tourism plan ... will increase jobs and make sure our tourists who comes here, we want to double their spend by 2020.

As we all know, our mayor is a very loud ambassador for the Gold Coast and tourism.

**Mr HART:** True.

**CHAIR:** I call the member for Keppel.

**Mr YOUNG:** Minister, can you update us on how the Australian Tourism Exchange has benefitted the Cairns region? That is on page 35 of the SDS.

**Mrs STUCKEY:** I thank the honourable member for the question. The ATE was certainly an event that is going to have very long-lasting benefits. I am hoping that the honourable member is enjoying the feedback from the three delegates who attended from his region, because I am sure they will have come back buzzing, just like the whole event did.

The ATE is actually the largest business-to-business tourism trade event in the Southern Hemisphere, and for the very first time in the event's 35-year history it was held in a regional destination. We saw some 590 buyer delegates from 36 countries meet with 1,200 Australian sellers. The estimated injected value into the Cairns community was something like \$10 million, but from what I saw I have to say that you could multiply that many times over for the business that is going to be forthcoming in coming years from the intense meetings and exchange that was going on. We enjoyed very much the response to this, and I would like to congratulate Tourism and Events Queensland in particular. I think it would be nice to hear from the man who was on the ground there and who represents this wonderful region. I would like to ask my assistant minister, the honourable member for Cairns, to make some comments.

**Mr KING:** It is a great pleasure to do that. Thank you, Mr Chair, and thank you, Minister. The ATE is the biggest tourism industry event of its kind in the Southern Hemisphere. I was on the ground for those seven days. The first event was on the Friday night and it went right through to Thursday night. It is very difficult to find the words to describe how sensational and special this ATE event was—not only for Queensland and Australian tourism but of course particularly for my great electorate of Cairns. There were a number of events. There was of course the actual ATE conference where the deals and the business was done, but I attended an event every night in the lead-up to that and I thank the minister who was there on two occasions, on the Sunday night before it officially kicked off.

The whole town of Cairns lifted. It was an incredible injection of energy, excitement and pride. One of the things that shone through for our city and my electorate was the pride that everyone took—from the taxi driver to the retailer. It seemed that every man, woman and child on the street had a smile for those delegates. It was an extraordinary effort by our community. The council in particular did a lot of work in the lead-up to spruce up the town and put on our best coat. Not one delegate I spoke to across those seven days, including many, many international delegates—not one single delegate—had a negative word to say. The minister made some comments yesterday about some of the official feedback where there was something like a 100 per cent satisfaction rating—it was a 99 per cent satisfaction rating—from the sellers, and I think those results have confirmed this ATE as the very best in its 35-year history. For that to happen in a regional city the first time it has ever been held in a regional city is something that I am very proud of and I know the minister is very proud of that also. It is a remarkable achievement when you think that in the past only capital cities have hosted this event.

I pay particular tribute to Tourism and Events Queensland, to Leanne and her team. They were there days before and they were there for days after. I know that they were incredibly exhausted by the end of it. This team went above and beyond the call of duty. They were extraordinary. They put in countless hours. The events that they hosted were absolutely world-class, there is no doubt about it. I absolutely commend the work of Leanne and her team. It was sensational.

To finish up on the lasting legacy, as the minister touched on, yes, there was the \$10 million injection over the course of that week, but as the minister said it really is the long-term benefits not just for Cairns, but also for Queensland. There was a remarkable showing of TNQ operators and operators from right across Queensland. All of the feedback was just so positive. It left a true buzz that has carried on because, due to the funding from this government of events in Cairns—and I talk about the mountain bike World Cup, Chinese new year, the Cairns Ironman and the Adventure Festival, the AFL that was held on the weekend, the upcoming NRL and the big G20 finance ministers meeting in September. The momentum that ATE lifted to a peak has continued. It seems that every other week there is an event to look forward to. It is a testament to this government's and this minister's commitment to turn around tourism after so many years in the doldrums. It will have a lasting impact. Again, I thank and congratulate the minister, TEQ and, of course, Tourism Australia for choosing to hold the event in Cairns.



**Mrs STUCKEY:** If I may have the last word on that, I thank the assistant minister. It is one thing to be able to recognise it from the survey perspective, but it is even more special when you get a third-party endorsement from someone who was there. I would like to briefly share that. It was from Janelle Wilson, Director of Sales, at Delaware North Australia Parks and Resorts. She says—

Having just returned to the office after a week in Cairns attending ATE I want to send a note to congratulate you and the entire TEQ and TTNQ team for making Cairns and Queensland shine during this important Australian tourism event. The event itself was one of the best I have attended in my career in tourism and hospitality and the entire TTNQ region really shone through.

I just want to say that is a huge endorsement. A lot of the people in the tourism industry do attend a lot of meetings. To get the sort of feedback that we got from this event on top of the satisfaction survey shows just how special it really was.

**Ms MILLARD:** Minister, I refer to SDS page 34. Could the minister please outline how Tourism and Events Queensland supports major events across Queensland's regions?

**Mrs STUCKEY:** I thank the honourable member for the question. This government's focus on events in general and in particular major events has seen Queensland become the envy of so many other states with its calendar of major events. I imagine virtually everybody in this chamber today would have been a participant or an observer in the Aussie sense of the word at one of the most magical events that we have held throughout the state in the last couple of years.

Of course, major events contribute to the Queensland economy in a very positive way and they also promote Queensland to interstate and overseas visitors. They play a key role in the growth of Queensland's visitor economy, giving people even more reasons to visit our great state. As you have heard from the honourable member for Cairns and other members, the difference that it makes to hold a major event in your region is enormous in terms of the economic benefit but also for the sense of pride of the people who live there.

I am really pleased to announce today that Toowoomba will host the Oceania mountain bike championships in 2015 and 2017 and the final leg of the national mountain bike series in 2015, 2016 and 2017. This is further proof, as we secure these major events, that our DestinationQ strategy is kicking those goals as we work hard to return Queensland to its rightful place as the No. 1 tourism destination in Australia.

It is important to note that none of this happens by accident. It does take a strong four-pillar approach by this government to be able to support our Tourism and Events Queensland. Tourism and Events Queensland undertake very thorough assessment processes to make sure we get a solid return on investment and value for money. I have to make the comment that such stringent assessment did not happen under the former government and such data collection did not happen under the former government. The inroads that Tourism and Events Queensland have made, particularly through this merger as well as having them both under one roof, has meant we are able to get the best bang for Queenslanders' buck and we are also able to get a fantastic return on investment.

Each of our events undergoes a full commercial assessment, and this includes analysing the long-term viability of the event in terms of audience, business model, sponsor support and competitors. Of course, there is a budget analysis on the ownership structure and governance and a track record for its delivery. The financial modelling highlights the growth in number of participants and spectators, visitor nights and estimated overnight visitor expenditure per person. It is common knowledge that this government has set some ambitious targets. We are striving to create a better Queensland for all who live in it. We also have set a target as far as tourism is concerned to double overnight visitor expenditure from \$15 billion to \$30 billion by the year 2020. It is events such as this and the warm welcome that is given to our visitors in our regions that will enable us to achieve this.

**CHAIR:** Minister, I refer to the departmental budget summary on page 4 of the SDS. Could you please explain what role business to government services play in supporting Queensland's small businesses?

**Mrs STUCKEY:** I thank the chair and honourable member for Gympie for his question. As a regional MP, you certainly would value the contribution that small businesses make. As a pro-small business government, we understand that it underpins our economy here in Queensland. I would like to talk specifically here about one of our programs, and that is Mentoring for Growth. It is part of a suite of business mentoring programs delivered by my department. This includes Mentoring for Growth, Mentoring for Investment, Mentoring for Export and Mentoring for Recovery.

During the 2013-14 period we provided assistance to 408 businesses. This included 123 mentoring panels from a target of 100 panels that have already been conducted. We exceeded our own benchmark there. I suppose it is music to your ears, Mr Chair, that three businesses from Gympie participated in a Mentoring for Growth session. It would be really great to hear their feedback because we are getting some wonderful responses.

The mentors in this program have provided more than 1,700 hours of their time to the program, assisting businesses on growth opportunities and commercial challenges. The value of the time contributed by the mentors is estimated to be some \$537,000, calculated at an industry standard of \$300 per hour. In 2013-14 participant businesses have increased employment by 11 per cent, spent over \$1.6 million in research and development, increased turnover by 45 per cent, profits are up by 17 per cent, and earnings before interest and tax are up by 119 per cent.

Our business and industry portal aims to make life easier for time-poor small businesses and further save them money and time. We have got over 800 online resources available. We run online webinars. We have ABLIS and Australian business account information. It does everything but do your shopping for you. Over the last two years, the business and industry portal has saved business and industry customers \$250 million in time and money. We are seeing a renewed confidence in our small business sector being able to access greater resources and information via our online one-stop shop, saving them both time and money.

**Mrs MILLER:** I would like to table four printouts from the pedestrian.tv website which seem to be promoting the Sydney suburbs of Surrey Hills, Newtown, Manly and Bondi. I refer in particular to SDS page 2 where it says in the fifth dot point 'support drive tourism as part of the Queensland Drive Tourism Strategy' and also the third point 'attract investment into new and revitalised tourism infrastructure' et cetera. All four videos which, unfortunately, I cannot play today, are noted in those documents that I tabled. Minister, I want to know if you are at all familiar with the campaign?

**CHAIR:** Minister, if you can pause a moment, the secretariat staff are getting them together. We will get them across to you.

**Mrs STUCKEY:** I am unable to see what the honourable member is talking about.

**CHAIR:** We are providing that.

**Mrs STUCKEY:** I have had a glance. Would you like to continue?

**Mrs MILLER:** The pages state that these videos were produced in association with Tourism and Events Queensland. Can the minister or anyone here today confirm that these were funded out of the \$285,000 provided by TEQ to Brisbane Marketing last financial year for the greater Brisbane regional marketing campaign or if these videos were funded by a separate allocation?

**Mrs STUCKEY:** I thank the honourable member. As you can understand, there was a little bit to look at there with the number of pages that have just been circulated. I am familiar with the 'Give Me Brisbane Any Day' marketing campaign and the amount that was spent on that. However, I am unable to give you an answer right now as to whether this was included in that. I am happy to take that on notice if the honourable member is happy with that.

**Mrs MILLER:** Thank you very much, Minister. I am happy for you to take that on notice. In relation to those tabled documents, I would like to know whether anyone here today—and I know, Minister, it might not be you; it could be someone else here—can explain to me how you can promote Brisbane by talking about Surrey Hills or Bondi? If we are talking about promoting Brisbane, shouldn't the video talk about Shorncliffe, Sunnybank or even Springfield and Swanbank or maybe even Stafford rather than Surrey Hills?

**CHAIR:** Member for Bundamba, we cannot direct the question to 'anybody'. Would you like it to be to the minister?

**Mrs MILLER:** I direct it to the minister.

**Mrs STUCKEY:** As I said, we are looking into the information that has been tabled and the honourable member has agreed for me to take a question on notice. From a very quick glance, it would look like we are marketing Brisbane to Surrey Hills and elsewhere. However, as I said, we have taken this on notice and we will get back to you.

**Mrs MILLER:** Just as a follow-up to that, I also would like to know—and I am happy for you to take this one on notice as well—whether or not this campaign was market tested before it was rolled out and, if so, by whom, and how much money was expended on the market testing?

**Mrs STUCKEY:** I thank the honourable member, and I thank her for her interest in this. If I can perhaps explain a little how it came about too to give you a little bit of context into it, because I very much enjoyed launching this campaign and I am sure that the honourable member for Sandgate and some of our outer Brisbane seats as well were very pleased to see this campaign come out. As I have said before, there are 13 RTOs in Queensland; one of them is Brisbane Marketing. Some of the regions that are represented by Brisbane Marketing do feel sometimes that their regions are not captured in the marketing, as we are just heard from the honourable member for Mount Isa too, about specifically including them in general marketing campaigns. So it was determined that this big campaign would encompass all of those regions; whether it was out to Redlands, whether it was Ipswich, whether it was the lovely area of Sandgate—it really did encapsulate a much broader region. That whole slogan ‘Give Me Brisbane Any Day’ was designed to attract people out of the city to go and discover some of those many delights that we have in our other regions, which are all within a couple of hours’ drive or less of the CBD. So that was why the campaign came about.

I understand there was very extensive and wide consultation, and while I was launching the campaign there was actually a video up with a number of people who had been involved in the making of it giving their endorsement. To give you a little more information about that though, I might hand over to Leanne Coddington to give you a bit more detail. Whether she is able to give the breakdown that you have asked for specifically within the campaign budget may not be possible, but I am sure she will advise me, after she has had a few words, whether we can take that on notice. We will make every effort to find that for you.

**Ms Coddington:** In regard to this particular content, we will take that on notice to find the detail that you are asking about. In regard to our partnership with Brisbane Marketing and the work that we have done in Brisbane over 2013-14, it included a number of different campaigns. There was a February and March ‘Give Me Brisbane Any Day’ campaign. Again we are just rolling that out now in June and July. We also during March and June did an ‘Always On’ digital campaign as part of our memorandum of understanding with Qantas. We will have a look at that and just make sure we are clearly articulating where that particular content was. But as the Minister has said, we have a great relationship with Brisbane Marketing and look to promote ‘Brisbane, Australia’s new world city’ into our interstate and appropriate international markets as well.

**Mrs MILLER:** Minister, just in relation to the Bondi page—and we are supposed to be promoting Brisbane—the first comment on the Bondi page is—

The only thing this is proof of is that Sydney is so lucky to have such a beautiful beach so close and coastline.

So is it not bizarre, Minister, that money is being spent by Tourism and Events Queensland promoting Sydney?

**Mrs STUCKEY:** Mr Chair—

**CHAIR:** Sorry, Minister, I am just going to ask you to pause. We have just noticed there is some unparliamentary language in the documents that were tabled. I am just consulting with the research director. The committee will adjourn to a private room to consider the tabling of these documents and then we will return. So I do apologise, but we will part for a brief moment.

#### **Proceedings suspended from 3.19 pm to 3.21 pm**

**CHAIR:** The committee will now resume this hearing. Minister, if I could ask for those copies to be returned. The committee has resolved that those documents will not be published until the offending remarks by people who have posted comments on those documents are redacted. We can still address the content of the question; we just won’t reflect on the comments that are made in those documents.

**Mrs STUCKEY:** I thank you. Before we had that short delay I felt that it was probably important to acknowledge that we have accepted to take that question on notice, so it is very difficult to respond to any future questions on that while we are looking into it. I would ask if we can move on, and we will get back to you as soon as we can find that information.

**Mrs MILLER:** Chair, just to follow up from that. Minister, if I write out quite a detailed list in relation to that you will take them all on notice; is that right?

**CHAIR:** The Minister will take the questions on notice that have been asked as questions without notice.

**Mrs MILLER:** Yes, but do you want me to go through other questions in relation to those videos, or do you want me to just make a list of the other questions?

**CHAIR:** Minister, just pause for a moment. The process should be, Minister, that the member for Bundamba will ask the question without notice and the Minister can then take it on notice. If you wish to go those as a series of questions, I am happy to allow you to do that. But that is a formal process because we are in the questions without notice period.

**Mrs MILLER:** That is okay. Chair, may I suggest that perhaps the Minister and the officers here present might like to view the videos during the break that we have, and then they could come back with some of the answers. It might just be easier on everyone. Anyway, I will continue on.

Minister, I also refer to SDS page 2, and this is in relation to the Gold Coast in particular. Minister, I was just wondering whether you have spoken to the Gold Coast mayor Tom Tate about his suggestion to introduce a bed tax on the Gold Coast. I was wondering whether you will categorically rule out that a Newman LNP government will not allow the introduction of a bed tax.

**CHAIR:** I invite you to reword the question because there is an opinion in there.

**Mrs MILLER:** Thank you, Chair. In relation to SDS page 2, is there any intention or is it embodied in the documents here that there will be a bed tax for the Gold Coast in this next financial year?

**Mrs STUCKEY:** I thank the honourable member. I am looking at page 2, but I am not quite sure exactly which item number she is referring to; however, I will attempt to answer this question. The comments that were in the *Gold Coast Bulletin* on 29 May made it very clear that the Queensland government is not considering the implementation of a bed tax for Queensland. If the Gold Coast council is able to identify viable new revenue raising measures, it should work to ensure the tourism industry's support and that the funds are used to grow tourism and not replace existing funding.

However on that matter it is important to note and put on the record that at our DestinationQ forums every year a range of issues are brought up by the industry, and remembering that we are working very closely hand in hand with the industry. Over the last couple of years we have seen the industry express a desire to explore funding models for tourism. So in a broad sense there are some very wide-ranging discussions happening with the industry, and this government determined that any reform should be industry led, not top down from the government.

**Mrs MILLER:** I am also referring to SDS page 2. Just following on from that, Minister, will the Newman LNP government perhaps amend the Local Government Act or any other act—it might not be in your portfolio—to allow for such a bed tax?

**CHAIR:** Minister, as has been pointed out, the areas that are within your portfolio of responsibilities you may answer freely on.

**Mrs STUCKEY:** I do not have anything in my portfolio of responsibilities.

**Mrs MILLER:** I refer to SDS page 2. I am aware of media reports last month of Mayor Tate again once again floating the idea of charging tourists for more parking on the Gold Coast. I am just wondering if you have spoken to Mayor Tate about this proposal, bearing in mind that you are trying to get as many people to the Gold Coast as possible, including those who drive to the Gold Coast from Brisbane and other areas. I think there has been some genuine concern from people about paying exorbitant parking fees, and I am wondering if you can comment on that.

**Mr HART:** I rise to a point of order.

**Mrs MILLER:** It is a very serious issue in relation to deterring people from the Gold Coast, and I am asking the Minister if you could comment on that, please.

**CHAIR:** Member for Bundamba, I will invite you to reword the question. We can only look at the appropriation bill that is before us within the committee, so if you would care to reword it.

**Mrs MILLER:** I will reword it. Minister, in relation to SDS page 2, which is encouraging tourism on the Gold Coast, I am very aware that Mayor Tom Tate has been talking about the idea of charging tourists for more parking. Would that mean an increase in any future budgets in relation to promoting the Gold Coast if such parking fees were increased?

**Mrs STUCKEY:** I thank the honourable member. The issue of parking falls squarely in the council's domain and is a debate for them to be having, and I do not see that it falls under the SDS that we have before us.


**Mrs MILLER:** I refer to SDS page 2. Minister, are you aware of any modelling that has been undertaken by the Gold Coast City Council or any other city council or any other government/state entity in relation to councils trying to slug tourists for visiting their areas? I am speaking broadly here, whether it is bed taxes, parking or whatever; are you aware of any research that has been conducted in relation to this at all?

**CHAIR:** As it is relevant to your portfolio, I will allow you to answer the question as you see fit.

**Mrs STUCKEY:** I thank the honourable member. I understand her genuine concern for the topic that she is discussing. I do not see where it falls under the SDS that we are debating today. But what I do want to say, though, is that this government has created a very positive environment for industry to consider all of the issues that affect tourists, and of course there are a number of supported studies to inform this discussion. If a council or other bodies outside the government are undertaking them, then I would suggest that the honourable member writes to them.

**CHAIR:** It is time now for the committee to adjourn for a break. We will return at 3.45 pm.

**Proceedings suspended from 3.31 pm to 3.48 pm**

 **CHAIR:** I welcome everyone back. The committee will continue its examination of the portfolio of the Minister for Tourism, Major Events, Small Business and the Commonwealth Games. Before we commence with any questions, I just wanted to perhaps give the minister an opportunity if there was anything from the previous session that you want to clarify or bring to the committee's attention in relation to questions on notice. If not, we will move straight into questions.

**Mrs STUCKEY:** No.

**CHAIR:** Thank you for that. I call the member for Burleigh.

**Mr HART:** Minister, I refer to page 3 of the SDS. Can the minister please provide further information regarding Queensland Small Business Week?

**Mrs STUCKEY:** I thank the honourable member for the question. As a former small business owner, the member knows firsthand the significance of the government recognising our small to medium sized enterprises in this manner. The 2013 Small Business Week was held in July last year, and we will be having a subsequent Small Business Week this year in September, the very first week of September. But last year we saw 91 activities and events that captured over 4,500 attendees throughout the state. Perhaps I should not play on the word 'captured'—that saw interest from 4,500 attendees. This all culminated with the Buy Locally Saturday in partnership with CCIQ. It was a part of our 'Think Queensland, buy locally' campaign.

As you can imagine, 91 events in a week is a very high-activity period. We had COSBOA's 11th National Small Business Summit being held in Brisbane, heralding the commencement of that week. The week of course was initiated to recognise and celebrate Queensland's some 410,000 small businesses and recognise the importance of them to the economic benefit to our state. Many government members come from small business backgrounds. I do myself and, as I have already said, the honourable member does, and so do a number of others in the government. Therefore, we understand firsthand the challenges that they face. We also understand that they are very time poor and, of course, suffering under those 92,000 pages of red tape that Labor inflicted on them has not made it any easier for them. We have heard from that week that businesses benefited from being able to network, to share, to learn, to plan, to grow their business, understanding that they have some support, and also of course from being able to meet other business owners from similar fields but also those very varied.

I attended a number of events that week including the mentors and leaders breakfast at Mount Coot-tha, the NAB Small Business Summit plenary session, the small business webinar at The Edge at the Queensland State Library, Buy Locally Saturday in my beloved Currumbin, the Small Business Week breakfast in Townsville and the Small Business Week breakfast at the Gold Coast convention centre. Between 1 and 6 September this year we will be celebrating with over 100 events—our second Small Business Week. There will be the webinars, workshops, business breakfasts and training. The theme this year is helping small business to have a big future. Buy Locally Saturday will once again be held this year, falling on 6 September, and again this year we are in partnership with CCIQ.

It is a hallmark of the Newman government to form partnerships with industry because by working hand in hand we are able to achieve the outcomes for both. I encourage all Queenslanders to think local, buy locally when next purchasing and making their decisions and understand the impact that it will have on their local community by doing so. This is all very much part of our strong plan for a brighter future for Queensland small businesses.

**CHAIR:** I call the member for Keppel.

**Mr YOUNG:** Minister, page 3 of the SDS mentions online resources for government tendering opportunities. Minister, how is your department assisting small business to access information on tendering opportunities?

**Mrs STUCKEY:** I thank the honourable member and acknowledge you for the personal experience you have gained over many years as well in tendering and the importance of it for our small business sector. As I said earlier, many of our small businesses are time poor. Having to spend copious amounts of time to find information to comply with onerous obligations is something that they simply cannot afford financially or physically.

Our new online tendering section on the business and industry portal has tools and online searching functions for the latest government opportunities for business. I have mentioned before to those present that the business and industry portal, or BIP, as I affectionately call her, has 800 services on it now. I really want to take a moment to commend the fantastic team in my department for the hard work that they have been doing on BIP. I am sure that she is a part of the family to them too, with the many different additions that they have been able to make to her.

Our online tendering resources include guides for developing tendering responses and the process of supplying to government. Our fit to supply diagnostic tool helps businesses determine their supply capability, and the specialised search function for the QTender database of government open tender opportunities is another invaluable tool. Other resources include advice and assistance in registering a business with the industry capability network and QTender. All in all, this is a government about saving our small businesses time and money and supporting them.

**CHAIR:** Thank you, Minister. I call the member for Sandgate.

**Ms MILLARD:** Minister, I refer to the strategic direction as part of the departmental overview on page 3 of the SDS. Can the minister please explain how the government is assisting small business to grow and develop and what role does the Queensland Small Business Strategy and Action Plan play in this?

**Mrs STUCKEY:** I thank the honourable member for the question and again acknowledge her dedication to small business over many years, particularly the role of manufacturers in our state. The strategic direction of course is led by the Queensland Small Business Strategy and Action Plan 2013-2015. This was the first such plan for many years by a government showing its support for small business. I launched this in May 2013.

Some five priorities covering 32 actions are contained in this plan. It aims to lower unemployment, make it easier to do business, increase opportunities, create a stronger business to government engagement and maximise business potential. To date, 23 actions have been commenced or implemented. These include payroll tax relief, skills and training reform, Office of Best Practice Regulation, regulatory impact statement system, red-tape offset, green-tape reduction, paying bills on time, streamlining mining approvals, government procurement, industry capability network, black business finder—to name only a few. As you can see, we are halfway through our plan and we are more than halfway through those actions. The remaining nine actions will be commenced and completed by the conclusion of our plan in 2015. These include additional apprenticeships, regional training assistance, fair trading reform, business online services, digital readiness and supporting Aboriginal and Torres Strait Islander businesses.

The business and industry portal is a one-stop shop that really does create a positive benefit for our small businesses. Our mentoring for growth, as I mentioned before, has also had a significant impact on assisting businesses. It was wonderful to be at a breakfast only a couple of weeks ago at Mount Coot-tha to meet some of the recipients of some of those programs and to see some of the innovative ideas. We understand that small business creates the engine room in our state. This is where the innovation lies and this is why they deserve our support.

**CHAIR:** Thank you, Minister. I am conscious of the time and I would like us to be able to touch on the Commonwealth Games, so I might move to that particular area. I refer to the SDS, page 2. Minister, I would like you to outline how the government will ensure that Queensland maximises the long-term benefits from hosting the Gold Coast 2018 Commonwealth Games.

**Mrs STUCKEY:** I thank the honourable member and chair for the question. I know that the excitement is building quickly as we have a countdown of some three years and nine months—I used to be able to do it in days—to the Gold Coast 2018 Commonwealth Games. The Newman government has committed to ensure that we do maximise the lasting benefits to Queensland from hosting Gold Coast 2018. There will be a \$2 billion economic boost for our state, creating some 30,000 jobs. As I have said on many occasions, these games are not just the Gold Coast games. They are Queensland's games, and we are doing all we can to make sure that every corner in Queensland can get involved in this very special occasion.

We believe that these games belong as much to Barcaldine as they do to Broadbeach. Earlier this year I was very proud to launch Embracing our Games Legacy: Queensland's Legacy Strategy for the Gold Coast 2018 Commonwealth Games. This is about realising the lasting benefit for all of Queensland's business, industry, sporting and community groups. By working together we will be able to ensure that this is a legacy we can be proud of. The strategy focuses on three key areas: our economy, our lifestyle and our community. The delivery of this strategy will be guided by the Embracing 2018 Advisory Committee, which I announced on 21 May. This is an honorary committee and there is no remuneration.

I have to say, though, the keenness for people to be on this committee was so commendable such is the importance and excitement that such an event engenders in so many people. This committee is chaired by Rob Borbidge AO and features a number of prominent Queenslanders with diverse knowledge bases, experience and backgrounds. Importantly, there is strong Gold Coast representation. This committee will advocate the Embracing 2018 vision, purpose and themes, identify partnership opportunities, help identify the risks and solutions for the Embracing 2018 program and its objectives, and by having a broader state-wide membership with members in Brisbane and Far North Queensland the committee will be able to maximise legacy benefits for not only the Gold Coast but the whole of Queensland.

When we were doing some of our online surveys in the early information gathering stages, it was absolutely wonderful to see people logging in from the outback, from Rockhampton and from Bundaberg. They wanted to supply their strawberries and their beef. They wanted to volunteer from Longreach for these games, even though when we first did the online survey the games were so many years away.

**Ms MILLARD:** Minister, I refer to page 2 of the SDS. Can the minister update the committee on any feedback from the CGF on the state's preparations for this significant event?

**Mrs STUCKEY:** I thank the honourable member for her question. This really is the biggest sporting event in Australia for the decade. There is so much attention on Glasgow now as we farewell our team of athletes on their journey and wish them all the best. I take this moment to pass on our very best to all of our Aussie athletes, particularly the Queenslanders, who are travelling to compete in Glasgow. We wish them the best of Aussie luck. I would really like that written in capitals.

**CHAIR:** I am sure Hansard will allow that. No, they are shaking their heads. Unfortunately, no capitals.

**Mrs STUCKEY:** I will repeat it to make sure, then, a bit later. The Gold Coast 2018 Games, as I have said, are a very significant event. I can reassure all members here that the Newman government will be delivering these games on time and on budget. I am immensely proud of the diligent work that has been undertaken to date by GOLDOC and its chair, Mr Nigel Chamier, and the board as well as the Office of Commonwealth Games Coordination and the Commonwealth Games Infrastructure Authority. This is a true partnership at work.

In November last year the Commonwealth Games Federation Coordination Commission undertook a comprehensive review of the progress to date, which I mentioned earlier, and they have confirmed that we are on time and on budget. Mr Bruce Robertson, who is the chair of the coordination commission, was quoted as being 'completely satisfied with a number of aspects of the project and in fact impressed with a range of areas'. As I said earlier, they were so confident with our planning they determined that another visit would not be required until October 2014 rather than every six months, which is common practice.

This is a glowing endorsement of the progress made to date with the Newman government at the helm. The coordination commission also said that it was impressed with expedient activation by the three levels of government and it heralded our strong delivery partnership between delivering agencies and other levels of government, and noted the planning and delivering of infrastructure is sound and on track. What stronger endorsement do we need than that of this federation? I do say that you can judge us on our record.

The Gold Coast Aquatic Centre has been completed and officially handed back to the Gold Coast City Council. This magnificent facility was completed in time for the city that I call home to host the Pan Pacific Swimming Championships later this year. That is two years ahead of schedule. It is the first time the Pan Pacific Swimming Championships will be held in Queensland in 25 years, and we have completed a magnificent venue two years ahead of schedule. It deserved repeating. We have also, as I said, released our Embracing 2018 so that we will be able to enhance the legacy benefits for so many years to come. All 17 venues will be completed at least one year out from the games. All I can say is please bring on the games.

**Mrs MILLER:** I have some questions on the Commonwealth Games as well, Minister.

**Mrs STUCKEY:** I am glad to see your interest, honourable member.

**Mrs MILLER:** Yes. Representing the good people of Bundamba we cannot wait actually and considering it was a Labor government that was successful in bringing the Commonwealth Games to Queensland. I refer to page 2 of the SDS. I refer to the Department of Tourism, Major Events, Small Business and the Commonwealth Games and the Commonwealth Games procurement planning reputational legacy and the promotion of trade and tourism benefits for the Commonwealth Games. I ask the minister to explain the need for passing the Commonwealth Games brand protection legislation last year, particularly an approximate cost of preparing that legislation. Could you outline whether there are any financial penalties for the misuse of the Commonwealth Games brand?

**Mrs STUCKEY:** I again thank the honourable member for the question and for her interest in the games. As we said, these are going to bring a \$2 billion economic benefit and create some 30,000 jobs, so the procurement processes are going to be very important. As far as the detail that the member has requested, I will ask my director-general to answer that. But I think it is important to note that we are on time, on budget and all processes have been approved by the federation.

**Dr Eden:** Thank you, Chair, and thank you for the question. If I understand the question, it is about the brand protection legislation that was brought in last year. As part of the overall budget for the games, there is a large proportion of revenue and sponsorship that needs to be raised. So the legislation was required in order to ensure that, in seeking sponsorship, the rights of those sponsors which they will pay good money for will be protected. So the legislation introduced into the House and passed covered that and covered the branding of the games. It therefore allowed what could be used and what could not be used. It is one of the reasons why the Embracing 2018 initiative is there, so the community and people can get behind the games without using copyright or protected logos and terminology.

**Mrs MILLER:** I am particularly interested if there are any penalties for misuse of the brand.

**Mrs STUCKEY:** I am happy for Mark Peters to talk about penalties for misuse. I understand even at the time of the introduction of this legislation there were a couple of instances, which is why we needed to tighten that. It could not be more pertinent because once Glasgow is over and the flag is firmly ensconced on Queensland soil then it is going to be even more important as we secure sponsorship to protect that brand.

**Mr Peters:** As Dr Eden said, there is a requirement to have protection of the revenue opportunities that the community and government have underwritten. Also, under the host city contract there is a legal requirement to establish protection of rights through legislation and at the federal level also to have that in place. The process at the moment is to look to address any of those breaches through discussions with those who have breached it and the penalties in terms of the costs involved in doing that and whatever legal action pursues. So far the breaches that have been depicted have been dealt with amicably with the individuals involved, and that is the process that the corporation is putting in place.

**Mrs MILLER:** Basically, as I understand what you have said, Mr Peters, businesses must follow the legislation and if they are in breach you will have a discussion with them; is that right? I am just wondering to date has there been any legal action for misuse of the brand? Has anybody paid up if you felt they should have got permission from you?

**Mr Peters:** Since the legislation was enacted there have been 173 breaches. That can be from domain names to people inadvertently putting it on websites. A total of 129 of those have been dealt with amicably and we are working through another 44 at the moment.

**CHAIR:** Sorry, Mr Peters, I just did not hear the number.

**Mr Peters:** 173 infringements have been detected.

**CHAIR:** And the 120 figure?

**Mr Peters:** 129 have been dealt with.

**Mrs MILLER:** Minister, will you inform the committee if the member for Southport and Assistant Minister for Planning Reform, Rob Molhoek, obtained permission from the Gold Coast 2018 Commonwealth Games Corporation or the board before becoming involved in the creation of the book *Southport Towards Twenty 18*? I have a copy that I am prepared to table which states that it was his idea and which uses the Commonwealth Games logo. I just wanted to know whether he obtained permission. Can I table that?



**Mrs STUCKEY:** Through you, Mr Chair, I would question the relevance of that question to this particular SDS.

**CHAIR:** I will allow the relevance and for you to answer how you see fit, because we had discussed prior quite extensively the logo issue. So I will allow relevance but it is up to you how you choose to answer it, Minister. Just looking at it, it does appear that it is a picture but there is a logo. I will provide this so you can see more clearly.

**Mrs STUCKEY:** I thank the honourable member for the question and again for the interest. As we said, brand protection is very important. I am familiar with this document. I saw it over the weekend. From my understanding, Towards Twenty 18 is not protected by our brand—

**Mrs MILLER:** No, it is the use of the Commonwealth Games logo.

**Mrs STUCKEY:** The logo is not used in this document. There is a picture of the announcement of the logo which has me standing in front of it on that magic day. Anyone can use a photograph if they are—

**Mrs MILLER:** I am going to go further with this. I am wondering, Minister, or through Mr Peters, did the company headline ad obtain permission from the committee or the board to use Commonwealth Games words or imagery before creating, printing and distributing the *Southport Towards Twenty 18* book?

**Mrs STUCKEY:** I would like to start this answer, and I am sure Mr Peters can have a word to you too. To my knowledge, as Towards Twenty 18 is not using the Commonwealth Games logo, it is not something that we have protected from the Commonwealth Games. If the logo has been used in the document, I am not aware of that. I have seen the photograph—

**CHAIR:** Minister, perhaps just to—

**Mrs MILLER:** I can explain it further.

**CHAIR:** For the benefit of the committee, clearly there are two logos—the Commonwealth Games logo and the Towards Twenty 18 logo. I am going to ask this question only for our benefit. Is it possible that we could see the two logos so it is very clear to us what is being referred to? I do not know if any of your departmental officers have it.

**Mrs STUCKEY:** Yes, I am wearing the logo. The logo is the picture on the big banner in there with me standing in front of it. That is the Commonwealth Games logo. It is protected. They are the words that are protected.

**CHAIR:** Thank you. So the Towards Twenty 18 is a different logo?

**Mrs STUCKEY:** Yes.

**CHAIR:** Thank you.

**Mrs STUCKEY:** I am not sure if Mr Peters wants to add to that.

**Mr Peters:** I am not aware of any approach from that company, but if the minister is happy I can certainly find out.

**CHAIR:** Minister, are you happy to take that question on notice to find out?

**Mrs STUCKEY:** Yes, I am happy for us to take that on notice. I understand that all of our protection is for prohibited purpose. There is some community use and not-for-profit use that is allowed. It would assist if Mr Peters could clarify that through a question on notice.

**CHAIR:** Thank you very much, Minister. I call the member for Bundamba.

**Mrs MILLER:** I actually have the document here, the *Brand Protection Guide*, where it has the permitted uses et cetera which I would like to table. Minister or Mr Peters, will you inform the committee if the member for Southport obtained permission from GOLDOC or the board to star in a YouTube advertisement posted online by an employee of HeadlineAd agency which uses the words Commonwealth Games to solicit potential advertisers to buy advertising space in the *Southport Towards Twenty 18* book? Again, if you want to take that on notice, I am happy.

**CHAIR:** Minister, as it is relevant, I will allow you to answer the question as you see fit.

**Mrs STUCKEY:** I thank the honourable member for her interest and for the question. It is a question that we would like to take on notice, if Mr Peters is happy with that as well.

**Mr Peters:** Yes.

**Mrs MILLER:** I refer to page 9 of the *Brand Protection Guide* that I just tabled, where it states—

... you must not use Commonwealth Games words or images (or anything substantially identical or deceptively similar) if the use:

- Is for commercial purposes;
- Is for promotional, advertising or marketing purposes, whether or not for commercial gain; or
- Would suggest a sponsorship-like arrangement to a reasonable person.

The document then explains various trademarks, including the official logo, which the chair just held up for everyone to see, and what use of terminology might be considered an association which is in fact consistent with the legislation. Minister or Mr Peters, are you aware of whether the HeadlineAd agency sought permission or paid a licencing fee to use the Gold Coast Commonwealth Games logo and trademarks?

**Mrs STUCKEY:** I thank the honourable member for the question. Given the amount of detail and depth that the member is asking, Mr Peters may like to make a comment, but I am happy to add that to the questions on notice. We will take it on notice and add it to the other requests, if the honourable member is happy with that.

**Mrs MILLER:** Yes. I have a follow-up question that you also might want to take on notice. If there was a licensing fee paid, how much did the HeadlineAd agency use to pay the imagery and trademark? Minister, I am happy for that to be taken on notice as well.

**CHAIR:** Minister, I will allow you to answer that but I appreciate there may be commercial arrangements in place. I will leave it to you to answer as you see fit.

**Mrs MILLER:** If it is commercial, I am happy for you to say it is commercial.

**Mrs STUCKEY:** I am happy for Mr Peters to make that comment but I would also encourage the member to address the SDS that we have before us.

**CHAIR:** Mr Peters?

**Mr Peters:** I am not aware to date of any licence fees being paid in relation to any of our business, but I am quite happy to take that forward, as we have, to check out the circumstances.

**CHAIR:** Thank you very much for that.

**Mrs MILLER:** I refer to page 2 of the SDS, and there are three dot points in relation to the Commonwealth Games. Minister or Mr Peters—however you want to answer this—does GOLDOC or the board conduct any analysis on the commercial return that companies receive through the association with the Commonwealth Games or through the use of imagery or the term ‘Commonwealth Games’? I am just wondering if there is any process involved where you might calculate any commercial return—for example, if it was a really big company. You spoke before about it being very beneficial to sponsors. Do you calculate any commercial return?

**Mrs STUCKEY:** I thank the member for the question. I am happy for Mr Peters to address that.

**Mr Peters:** We have a significant target of sponsorship revenue to raise in relation to the games, and the company that we have on actually puts together packages in relation to the use of our logo and certain terminology. Depending on the extent of the package and what level of sponsorship a company wishes to be involved in, that then equates to a sponsorship arrangement that is done, and there are a whole lot of different levels of sponsorship that companies can get involved in.

**Mrs MILLER:** I refer again to page 2 of the SDS in relation to the Commonwealth Games. Are you aware that *Southport Towards Twenty 18* has a page on the member for Southport’s election fundraising website called the Southport Forum. I understand that the Southport Forum seems to operate like other LNP fundraising vehicles, like the Free Enterprise Foundation, the Millennium Forum, Forward Brisbane Leadership et cetera. This question is to either the minister or Mr Peters. Will GOLDOC and yourself confirm that no funds generated using Commonwealth Games branding, to your knowledge, have been funnelled back to the Southport Forum either directly or through HeadlineAd? I am happy for you to take that on notice as well.

**CHAIR:** Member for Bundamba, I will ask you to reword the question so that it is relevant to the expenditure. Whilst I acknowledge the importance of the issue you are raising, I am not exactly certain it is relevant to our Appropriation Bill at this time.

**Mrs MILLER:** Okay. In so far as there are penalties involved for the misuse of the Commonwealth Games logo and branding, I am wondering whether or not GOLDOC will investigate any misuse by the member for Southport on the Southport Forum's website of the Commonwealth Games branding and whether or not you will pursue this complaint—which I am now formally making—and see whether there are any penalties that rightfully should go back to GOLDOC.

**CHAIR:** Minister, before you answer the question, member for Bundamba, I appreciate the importance of the issue. There are other forums to pursue an official complaint, which you are very familiar with.

**Mrs MILLER:** And I will follow that up.

**CHAIR:** I will encourage you to do that. Minister, as it is relevant to your appropriation expenditure that we are examining, you are free to answer the question however you see fit.

**Mrs STUCKEY:** I thank the honourable member. It is a question that I will take on notice or I will pass to Mr Peters, but again it is pretty much out of my range today.

**CHAIR:** Understood, Minister. Mr Peters, do you have any comment you would like to make for the committee's benefit?

**Mr Peters:** The legislation allows for certain actions to be taken. There are a number of ways whereby we are informed whether there have been breaches. Some are through the auDA process around domains; others are when people actually inform us. Whenever there is a suspected breach, we will investigate. As previously stated, we are now aware of this one and we will find out the facts.

**CHAIR:** Thank you very much. I call the member for Bundamba.

**Mrs MILLER:** Because this is a very serious issue, are you able to explain to us how that investigation would be conducted? I know you said before that you would investigate it et cetera and you would discuss it. What lengths would you go to in relation to something like this? I understand that it has been estimated that about \$255,000 was made from this particular publication of Mr Molhoek's.

**CHAIR:** Before that question is answered, member for Bundamba, I would invite you to address the issue of relevance to the appropriations bill that we are examining.

**Mrs MILLER:** Okay, thank you very much. Minister and Mr Peters, it may be that there has been no permission granted, and I know you have now undertaken to do an investigation and I thank you for that. I just want to know the process, because you could actually make some money back by the use of the branding. I am just trying to make sure that you actually follow this through and if there is any penalty that you will go to those lengths.

**CHAIR:** In the broad term of the process, I am happy to allow any answer, Minister, as you see fit.

**Mrs STUCKEY:** Thank you, Mr Chair, and through you to the honourable member. I thank her again for the question, but I would suggest that this is a hypothetical situation that she is presenting. Mr Peters has accepted to take the question on notice and we will supply the information, but what the member has presented is hypothetical.

**CHAIR:** Thank you. Member for Bundamba, do you have any further questions?

**Mrs MILLER:** No.

**CHAIR:** I call the member for Mount Isa.

**Mr KATTER:** Minister, I refer to page 4 of the SDS in relation to tourism issues and departmental expenditure. Mount Isa and the surrounding towns and the small businesses greatly benefit from tourism, and a big part of that is the flights in and out of Mount Isa. We have benefitted in the last couple of years from Virgin starting; they have increased the competitiveness out there. There has been some call for an increase in the Virgin flights to, again, enhance that competitiveness. Are you prepared to support those moves for a second Virgin weekday service into Mount Isa?

**CHAIR:** Minister, before you answer that, I am just not certain that this is within the minister's portfolio but I will allow her to answer the question as she sees fit.

**Mrs STUCKEY:** I thank the honourable member and welcome him back because I have some other news for him about an earlier question as well. The regulation of routes is under the purview of Minister Emerson in transport. However, I am very proud of my department's activities in the aviation attraction space. If the honourable member would like to write to me with some more details, I would

be more than happy to support him in that way, but bearing in mind that these are commercial decisions and also regulation decisions that fall outside my portfolio. However, I am very flattered to think that he thinks I have that sort of influence. I would be very happy to do that. But if I may—

**CHAIR:** Your reputation of what you can achieve is getting out there!

**Mrs STUCKEY:** It is all in the wording in the letter. If the honourable member drops me a line and requests some support, then I will be more than happy to write him a letter. But do not tell everybody! Of course you can.

I have a reply for the member, who earlier asked about what we are able to do in terms of marketing to support those wonderful ways that you have out there. The contestable grants to RTOs for your sector in 2013-14 for outback adventures was \$360,000 and in 2014-15 it is \$375,000. So those ways will benefit from the marketing activities that we are conducting. As I said earlier, make sure you speak to your RTO and if they have not already completed the destination management plan and the destination tourism plan make sure they do so. However, I think you will see that they feature on there already.

**Mr HART:** I refer to SDS page 3. How is the government ensuring that local contractors are given the greatest opportunity to secure work for the Gold Coast Commonwealth Games 2018?

**Mrs STUCKEY:** I thank the honourable member for the question. The Commonwealth Games have certainly created not only a great interest but a great opportunity for so many of our tradies as well as other suppliers. The honourable member knows how much small businesses have suffered. Like me, he travels that M1 on many occasions and sees all the tradies at different hours of the day heading north for business because under Labor they were not able to find that work on the Gold Coast. On 17 June of this year I launched the Commonwealth Games forward procurement framework. This was the first time that a whole-of-games approach to games procurement has been undertaken. Our aim is to maximise those opportunities for local businesses. The framework of this plan aims to reduce duplication across agencies, reduce red tape for suppliers, assist local businesses to build capacity, improve the supply chain, improve communication and leverage agency initiatives like Small Business Week.

I am sure the honourable member was aware of the information sessions on procurement that were held in June and July. There was massive and overwhelming interest in that but also some very positive feedback was received by all of us. I attended one of the first sessions on the Gold Coast and, all up, some 5,000 people registered for these sessions. I know in Brisbane they had convention rooms full with some 1,000 people attending them wanting to know how to get a piece of the action with all of the different services that will be required in the lead-up to the 2018 games. I also understand that another 3,000 small businesses registered for these sessions online. If people did not get a chance to get to those sessions, I do suggest they visit our BIP because she has got a lot of resources on there that will assist with further procurement information.

As we talk about procurement, I think it is really important to note that on the aquatic centre site some 90 per cent of the contractors were from South-East Queensland, with some 60 per cent from the Gold Coast. With the parklands village, which will be home to 6,500 athletes and officials, there is going to be an amazing number of opportunities. I talked before about some of the produce that different regions want to supply. There is also ping-pong bills, fencing, linen, IT services—the list of suppliers, products and services that are going to be required is endless.

**Mr YOUNG:** We touched earlier on the Glasgow games, and I refer to page 2 of the SDS. Can you give us an outline of how Queensland will leverage off the Glasgow games to further promote Queensland and the Gold Coast 2018 Commonwealth Games?

**Mrs STUCKEY:** I thank the honourable member for his interest also. As I said, as we farewell so many of our athletes—and some of them are already over there—it really does bring home the fantastic opportunity we have been presented to promote Queensland. In Glasgow in coming weeks we are going to be able to maximise every opportunity that we possibly can. The early engagement that we will be having through Glasgow will strengthen our brand position and demonstrate that Queensland as we know it is a world-class destination, especially for tourism and cultural, sporting and business events. Fanelli's Trattoria based in the heart of the city's Merchant Square will be converted into a Queensland surf club. That is going to be heart-warming for Glasgow to have a surf club experience right in the heart of their city. This will be the focal point of activity across multiple Queensland government bodies including Tourism and Events Queensland, Trade and Investment Queensland and through my department.

This activation in Glasgow will run for four days from 30 July to 2 August, concluding the day before the closing ceremony. The general public will be able to access this Gold Coast themed venue and give them a unique Gold Coast, Queensland experience, something they can look forward to when they come down under. We will be making sure that we supply them with Queensland inspired food and beverage as well. Of course, although it is top secret, the highlight at the end of the games is the flag handover ceremony where we will see a 10-minute creative piece showing Queensland's beauty at her very best that will be broadcast to billions of people across the Commonwealth. We will also be distributing a four-page newspaper wrap on the Glasgow *Daily Record* to appear the morning after the closing ceremony. That will have a circulation of 241,000 people. I am very much looking forward to making sure that that flag reaches its destination safely.

**CHAIR:** Thank you very much, Minister. I promise you that whatever you have shared with us top secretly via the web is not going anywhere!

**Mrs STUCKEY:** I will not be singing. I am not singing during the 10 minutes.

**CHAIR:** Thank you. I now move into the broader Tourism field. I refer you to the SDS page 3 and question on notice No. 4. Could you please outline what Destination Success is and why this document is so important?

**Mrs STUCKEY:** I thank the chair and honourable member for Gympie for this question. Destination Success is pretty much what it says. It is our 20-year plan for Queensland tourism. It was launched on 19 February this year and is a very key part of the Newman government's strong plan for a brighter future here in Queensland. It was developed in partnership with industry through a CSIRO foresight study. It engaged some 450 operators in industry workshops across the state. This included student and industry association workshops as well. Add to that the online surveys and social media presence and it was a very comprehensive collection. The DestinationQ forum of 2013, where some 380 industry delegates discussed their visions and strategic directions, was formulated into a partnership agreement signed by industry and the government. There were six themes that helped form this Destination Success at last year's DestinationQ forum and there were 20 strategic directions.

A lot is going to change over the next 20 years, granted, and we actually cannot predict the future, but we can prepare for it. This plan is all about meeting those challenges and opportunities head on. We know that this industry is exposed and vulnerable, and that is why we are doing all we can to ensure its future. That is why as a government we have given it the respect of making it one of the four pillars of our economy. We have a clear direction, unlike Labor. Our diverse iconic experience will be the foundation of our destinations and we will showcase the best of Queensland: our people, our lifestyle, our culture and our heritage, our natural wonders and climate, and our community. This is an 18-month action plan detailing 129 actions delivered in partnership across industry and government. As is always the case, the progress will be reported back through the annual DestinationQ forum and through a specific annual state of the industry report. I thank you for your interest in Destination Success, because we are all a part of it.

**Mr HART:** I refer to SDS page 34. As you know, I am a bit of an avid sports fan. Can you outline for us how attracting international sporting events helps to attract visitation to our great state?

**Mrs STUCKEY:** I thank the honourable member for the question. Yes, I have to say that you certainly are an avid sports fan and that is why it is such a delight to be able to be part of a government that recognises the importance of our world-class sporting events and from a lifestyle perspective too—to be able to promote that healthy lifestyle to our kids in schools and also to everybody who lives here and those who come to visit.

The events that I would like to talk about today are a very small sample. The first is the Brisbane International. We had a record-breaking tournament this year. It was held from 29 December last year through to 5 January. Those of us who remember that would know that it was pretty warm. We had a warm and sunny summer. We were very fortunate to be able to secure Roger Federer for the event. What a coup that was for Tourism and Events Queensland and the tourism organisers. This event delivered a direct and incremental spend in Queensland by visitors of over \$4 million, equating to an increase of over 25 per cent year on year. Tennis Australia reported that the event delivered an international media value of \$9.2 million and a domestic media value of \$5.8 million. Reuters reported an additional media value of US\$5.1 million attributed to a Roger Federer PR activity coordinated by Tourism and Events Queensland. The record crowd attendance of 105,730 over eight days was a 19 per cent increase year on year.

There was also the rugby union test. The Castrol EDGE France Tour—Australia verses France was held on 7 June 2014 at Suncorp Stadium with 33,718 attendees. The economic impact of that event is currently being compiled. There was the Castrol EDGE Rugby Championship—Australia verses South Africa—on 7 September last year at Suncorp Stadium with 36,767 visitors. That was a boost of almost \$5 million for Brisbane from that event. Let's not forget the Gold Coast Sevens and the Sevens festival in October last year, attracting 20,750 visitors and a \$10.2 million economic impact. That is a very small sampling of what we have been able to generate from some of these major events.

**Mr YOUNG:** I refer to page 34 of the SDS. I was wondering if you could give us an outline of the importance of the Queensland regional events calendar?

**Mrs STUCKEY:** I thank the honourable member for the question. He really knows what a boost these events bring to our regions. There are a large number of events held right across Queensland. I really want to commend the partnership that brings these forward for determination by our expert panels. The Village Festival in your Yeppoon was awarded \$15,000 through our Regional Development Program during 2013-14. I would like to thank you for representing me at this event. It is one that I do hope to get to in the future. In recognising the importance of events and their contribution to attracting visitors, we note what it is that these events generate. There is a lot of local economic activity and development for your region and many others. It also enhances their profile and the appeal of them as the host destination.

It brings in people from outside. It brings external visitation and the all-important expenditure created by overnight visitation. We have continued to support regional events again in this budget. If we define a regional event, it is an event that is held outside the Brisbane City Council electoral boundaries. The funding allocated can be used towards one of four specific uses including: marketing activities, strategic planning, the engagement of short-term personnel and hire of temporary infrastructure. I think it is important for members to understand just how broad that category is. Event organisers can apply for up to 25 per cent of their total event cash budget, and all of the applications are required to include a level of support from the relevant local council and RTO. As I said, we do have an expert industry panel of representatives from QTIC, government departments such as the Department of Premier and Cabinet, as well as my own. The QTIC board actually have a look at these submissions before final approval is given by me. All of the applications are checked for eligibility against the funding guidelines and then assessed internally as well by a panel of industry stakeholders against specific criteria.

I make the announcement today that Mackay will host the 2014 Regional Development Program Conference held 7-9 November at the Mackay Entertainment and Convention Centre. This conference will provide an opportunity for event organisers and tourism professionals to network, share knowledge and learn about growing a successful event in Queensland. The conference is held annually as part of the TEQ Regional Development Program designed to extend the flow of economic and social benefits to regional Queensland. I understand a full program, for those interested, will be available in coming weeks.

**Mrs MILLER:** I refer to SDS page 2 where it talks about objectives. It says 'grow a four-pillar economy through actions aimed at increasing annual overnight visitor expenditure from \$15 billion in 2010 to \$30 billion in 2020'. Minister, I also refer to the latest national visitor survey which was released on 9 July, and I would just like to table this for the benefit of the committee. Minister, will you explain why the number of overnight visitors to Queensland has in fact dropped two per cent from 18 million to 17.7 million?

**Mrs STUCKEY:** I thank the honourable member for the question. Just before I answer that, I was wondering if you would like a response to the question we took on notice earlier about the documents that you tabled?

**CHAIR:** I would be happy to take that, Minister, if you would care to.

**Mrs STUCKEY:** Yes. I would ask Leanne Coddington, the CEO of TEQ, to give a little bit of information about that that we have to date.

**Ms Coddington:** Thank you, Minister. Thank you for the question earlier. The content that you referred to is a small portion of an overall broader campaign that we have run in partnership with Brisbane Marketing and Qantas in line with the 'Give me Brisbane any day' winter campaign. So in that campaign we were encouraging Sydneysiders to embrace their desire for a Queensland holiday and break the winter blues with the next instalment of this campaign. It is really asking Sydneysiders, 'Are you stuck in your Sydney bubble?' What do they know outside of Bondi, Surrey Hills, Newtown

and Manly? As we all know, the Sydney market it is a very, very hectic market and we need to do something different to attract attention. We also know that consumers in today's market want real content. On top of that, we have used social media because that is how you can do both of those things. You can really get to people; you can get to their hearts and minds. But we also know that with social media you cannot control the responses that you are going to get through those mediums.

So as I said, we have worked in partnership with Brisbane Marketing and Qantas, and we are running this four-stage campaign. The first was the teaser, and that was pedestrian TV activity where we spoke to Sydneysiders to talk about 'How do we get you out of your bubble?' and those four clips were produced. We then launched it, and we have used high-profile Sydney KIIS FM presenter Tim 'Rosso' Ross. We have enticed him to break free of his Sydney bubble and discover the beauty of Brisbane. Other socialites and Sydneysiders who are well known on social media are being flown to Brisbane like Trent 'Maxi' Maxwell from *Bondi Rescue*, and we are asking them to come to Brisbane to find another side of themselves. We brought them up to Brisbane over three weekends and we got fantastic content. Rosso had experiences from sand tobogganing on Moreton Island, to dining in Fortitude Valley, to abseiling on Kangaroo Point cliffs and other Brisbane related activities. That content then has been used on TV in Sydney as well as radio content on KIIS FM and social media. That whole campaign is just coming to a close, and we will know the results in future weeks.

**CHAIR:** Thank you. We will now return back to the Minister.

**Mrs STUCKEY:** Thank you. I would like to thank Leanne Coddington for that information as well.

There was a question about visitor stats and our target of \$15 to \$30 billion in 2020. I think it is important to note here too, Mr Chair and honourable members, that in setting that ambitious target we aligned with a national target, and it is really interesting to note that Gold Coast tourism has now aligned with that target as well. We are all working towards that. I would just like to share something before I respond further.

This is a message from Taleb Rifai, the Secretary-General of the United Nations World Tourism Organisation. He visited not long ago and wrote to thank me subsequently. He says—

Throughout my visit I was consistently impressed by the excellent achievements of your tourism industry. The extensive level of research and sectorial engagement that went into Queensland's tourism plans was particularly notable. These plans have since been shared with my officials as best practice examples and will be used as models for our work at the international level.

It is wonderful to see recognition at that level of the work that is being done to undo the years and years of neglect under successive Labor governments to our magnificent tourism industry.

In the year ending March 2014, Queensland recorded 17.5 billion in annual overnight visitor expenditure. This reflects a 2.1 per cent increase from where we were in March 2012. Our current growth is above the rate forecast, so our industry performance is actually lifting. The figures that the member refers to were March to March. We had an amazing first quarter this year with some fantastic campaigns supported by Tourism and Events Queensland, and I would like to congratulate them on the pre-Easter campaign too. The 'Pack Your Bags' campaign just showed how agile and how creative we can be when we need to be coming into some of our peak holiday times. We are yet to receive the Easter figures. That will come out in the June-to-June segment.

I am really proud of the initial efforts that we have undertaken to restore this industry. It is going to take some time to see these efforts fully reflected in the visitor data. But if the enthusiasm of this industry is any indicator and the buoyancy of being able to work hand in hand with the government is any indicator, then we will certainly be on track to achieve those targets. All partners are working together towards our 2020 goal at the federal, state and council levels.

**Mrs MILLER:** I would just like to go to SDS page 38 and take up from what we discussed earlier this afternoon. This is from the answers to questions. A deferral usually means carrying over funds budgeted in one year to the next year. I am wondering from 2013 to 2014 how much of the \$118 million has been deferred? I think, Leanne, you answered that before.

**Mrs STUCKEY:** I thank the honourable member for her question. As Ms Coddington has answered this previously, I will allow her to further assist you.

**Ms Coddington:** Thank you, Minister. Thank you for the question. As I said earlier, we are yet to finalise our accounts for this financial year, and therefore that deferral from 2013-14 to 2014-15 has not been finalised. That needs to be finalised in our books, go to our board for approval and also go to the Queensland Audit Office for approval, which we expect to happen in August.

**Mrs MILLER:** Thank you. I am also referring to that same page. Minister, given the answer, then why is the estimated actual for 2013-14 higher? Should it not actually have been reported lower?

**Mrs STUCKEY:** I thank the honourable member for the question. I will refer the question to Leanne Coddington again.

**Ms Coddington:** As at the time of the budget being handed down we did not know the amount of the deferral. Until that amount is known, it cannot appear in the budget; therefore, the estimated actual includes the deferral that came forward from last year, and then that will get adjusted if it was known at this time. But it was not; therefore, the deferral comes in later.

**Mrs MILLER:** Thank you, Chair. So when will the truth come out about this? It seems that these figures—

**CHAIR:** There is an inference in the question.

**Mrs MILLER:** No, this is a budget before us. Will you supply the figures in August? You are saying that you will be adjusting them. Will the Minister supply the actual figures in August?

**Mrs STUCKEY:** I thank the honourable member. It will be published in September for all to see.

**Mrs MILLER:** Minister, will it be published on the website?

**Mrs STUCKEY:** I thank the honourable member. The annual report will be published on the website.

**Mrs MILLER:** I did not ask that. I did not ask anything to do with the annual report. I asked the question in relation to the answer that Ms Coddington said. I am wondering if that answer will be published on the website. I am not talking about the annual report.

**Mrs STUCKEY:** I thank the honourable member. I will refer to Leanne to enlighten us on the normal process here.

**Ms Coddington:** Thank you, Minister. Thank you for the question. The budgeted statements, our figures that we have for 2013-14, become part of the annual report, so in that process of publishing the annual report, the deferral will be in there.

**Mr HART:** I just have a supplementary question on that. Can I ask the Minister inform the committee if this is a standard accounting practice that happens in every department, and is this the standard that has been in the department for a number of years?

**Mrs STUCKEY:** I thank the honourable member for the question. Tourism Queensland was merged with Events Queensland; they are a statutory body. They do operate a little bit differently from a government agency, and that is why we have this issue with deferrals. But as I said earlier too, when we are bidding for events to enter into a contractual arrangement, whether it is next year or four years out, there does need to be an organisation of the funds so that we are able to meet those agreements. I understand that this has been the practice to date with the way that this funding is managed and was managed under the former government.

**CHAIR:** There being about two minutes, we have time for a brief question and answer. Member for Bundamba.

**Mrs MILLER:** Thank you, Chair. Can the minister or TEQ confirm that the allocation to TEQ for 2014-15 would have been lower if the deferred funding was not counted?

**Mrs STUCKEY:** I thank the honourable member for her question, but it is hypothetical because the practice has been for deferral. What I can say about this budget and what really impresses me about it is the fact that over the last three years this government has invested an extra \$49.5 million that was not in those forward estimates before we came to government. We are open to new models. We are encouraging our cooperative marketing campaigns. We look to the highly successful events like ATE, which my assistant minister is so proud to have hosted in his patch, and to be able to leverage off that for many years to come. Of course, there is also the Gold Coast 2018 that we will be able to leverage off. If we are looking at just how this budget's health is, I have to say that it is looking in very good shape.

**CHAIR:** Thank you, Minister. The time allocated for the consideration of the proposed expenditure for the portfolio of the Minister for Tourism, Major Events, Small Business and the Commonwealth Games has now expired. On behalf of the committee, Minister and Assistant Minister and your departmental staff, I thank you for your attendance here today.

**Mrs STUCKEY:** May I add my gracious thanks as well to all of my team, to the committee and to the research staff who have been in the chamber today. I know it has been a long day for you. We think you saved the best till last. I would like to congratulate all of my team for their efforts. Chair, thank you particularly for your very fair and even chairmanship of this committee.



**CHAIR:** Thank you, Minister, and thank you for those kind remarks. The committee has resolved that answers to questions taken on notice must be provided to the committee secretariat by 5 pm this Friday, 18 July. This has been an historic session of estimates within the Queensland parliament, with two days of hearings of all the portfolio committees being heard simultaneously across various rooms within the parliament. I want to put on the record my thanks to the Hansard staff for their fantastic work that they have done and for the speed at which they have been producing the *Hansard* copies. We have been particularly impressed today, so thank you very much to Hansard. I thank all the parliamentary staff, the attendants, security staff and everyone for dealing with the large number of people within the parliamentary precinct and for ensuring that it has all been done in a manner without any hiccups. I want to put on the record our thanks to our secretariat for their fine work to ensure that the committee is able to do its examination of the various ministers' portfolio areas. I now declare the hearing closed.

**Committee adjourned at 5.02 pm**