



Environment, Agriculture, Resources and Energy Committee

August 2011

Report No 1: Consideration of the 2011-12 portfolio budget estimates

The committee

The Environment, Agriculture, Resources and Energy Committee was appointed on 16 June 2011 as a portfolio committee of the Legislative Assembly. The committee's primary areas of responsibility are food, agriculture, mines, energy, water, natural resource management, the environment and fisheries.¹

The referral

On 17 June 2011, the Legislative Assembly referred the [Appropriation Bill 2011](#) to portfolio committees for consideration and report on the estimates for the organisational units within their respective areas of responsibility.

Following the resignation of the former Minister for Environment and Resource Management on 22 June 2011, responsibilities for the organisational units within the portfolio were reassigned to other ministers.² Based on the revised portfolio responsibilities, agreed by the Governor in Council on 22 June 2011, the organisational units within the responsibility of the committee³ now fall within the portfolios of:

- the Minister for Energy and Water Utilities;
- the Minister for Agriculture, Food and Regional Economies;
- the Minister for Employment, Skills and Mining (that relate to mining);
- the Minister for Main Roads, Fisheries, and Marine Infrastructure (that relate to fisheries);
- the Minister for Finance, Natural Resources and The Arts (that relate to natural resources); and
- the Minister for Environment.

This report summarises the estimates referred to the committee and highlights some of the issues the committee examined.

The report also makes a recommendation to the Legislative Assembly.

Estimates referred to the committee

The estimates referred to the committee are administered by two departments:

- Department of Environment and Resource Management; and
- Department of Employment, Economic Development and Innovation.

The following table provides a summary of the budgets for these departments:

	Budget 2010-2011 \$'000	Est. Actual 2010-2011 \$'000	Vote 2011-2012 \$'000
Department of Environment and Resource Management	850 014	904 678	871 463
Department of Employment, Economic Development and Innovation	1 312 153	1 453 485	1 558 701

Source: *Appropriation Bill 2011*.

Consideration of the estimates

On 20 July 2011, the committee conducted a public hearing in Parliament House and took evidence from ministers, directors-general, chief executive officers and other witnesses on the estimates for the departments and their administered entities.

The following other members participated in the hearing with leave of the committee: Dr Alex Douglas MP, Member for Gaven; Mr Tim Nicholls MP, Member for Clayfield; Mr Howard Hobbs MP, Member for Warrego; Dr Mark Robinson MP, Member for Cleveland; and Mr Andrew Powell MP, Member for Glass House.

A transcript of the hearing can be accessed from the [Queensland Parliament website](#).

¹ [Standing Rules and Orders](#), Schedule 6. The schedule provides that the committee's responsibilities include departments, statutory authorities, government owned corporations or other administrative units related to the relevant minister's responsibilities.

² For a breakdown of legislative and other ministerial responsibilities, see [Administrative Arrangement Order \(No.2\) 2011](#), made by the Governor in Council on 22 June 2011.

³ Based on Schedule 6 of the [Standing Rules and Orders of the Legislative Assembly](#) and the ministerial responsibilities provided in the [Administrative Arrangement Order \(No.2\) 2011](#), made by the Governor in Council on 22 June 2011.

In its consideration of the estimates, the committee used information contained in the budget papers, ministers' answers to questions and additional information provided after the hearing. Ministers' answers to questions on notice, documents tabled at the committee's hearing and the minutes of the committee's private meetings about the estimates process are included in a separate volume tabled with this report.

Department of Environment and Resource Management (DERM)

Ministerial responsibility for DERM is shared between three ministers: the Minister for Energy and Water Utilities; the Minister for Finance, Natural Resources and The Arts; and the Minister for Environment.

The following table compares the appropriations for the whole department for 2010-11 and 2011-12.

Appropriations	2010-11 \$'000	2011-12 \$'000
Controlled Items		
Departmental Services	816 269	883 896
Equity Adjustment	2 397	19 152
Administered Items	86 012	6 719
Vote	904 678	871 463

Source: Appropriation Bill 2011, p.8.

The Appropriation Bill does not provide a supplementary appropriation for the department for 2009-10.

Budgeted capital expenditure for the department and all associated entities for 2011-12 is \$340.1 million.⁴

The following is a summary of the department's service output costs for 2011-12.

2011-12 Service Summary	\$'000
Climate Change	64 774
Environment	491 934
Land	244 473
Water	248 317
Total	1 049 498

Source: State Budget 2011-12, Service Delivery Statements p. 3-116.

Highlights in the service delivery statement for DERM for 2011-12 include:

- continuing leadership of the coordination of the Environment Line of Reconstruction for Operation Queensland, the State Plan.

- implementing Queensland's Waste Reduction and Recycling Strategy 2010-2020;
- an additional \$60 million in funding for the ClimateSmart Home Service, the largest household carbon reduction program in Australia. This additional funding will extend the program to December 2012;
- a strong and proactive compliance program in regulating and monitoring the Coal Seam Gas (CSG) and Liquefied Natural Gas (LNG) industries;
- the first ever comprehensive and systematic assessment of risk to the wetlands of Queensland's Great Barrier Reef catchment area, and the development of a community-based wetland condition monitoring guide; and
- progressing the Green Tape Reduction project to deliver substantial improvements to Queensland's *Environmental Protection Act 1994*.

Minister for Environment

The minister's principal responsibilities, administered by DERM and which fall within the committee's areas of responsibility, are:

- climate change policy and science;
- coastal management;
- contaminated land;
- ecological sustainable development;
- environment including management of mining, including mines operating under special agreement acts;
- environmental planning;
- historical cultural heritage;
- marine parks management;
- nature conservation;
- pollution management;
- waste management; and
- wet tropics management.⁵

The minister also has responsibility for the Queensland Water Commission.⁶

The following table gives an approximate breakdown of expenditure for DERM as it relates to the minister's areas of responsibility.

⁵ Governor in Council, Administrative Arrangement Order (No.2) 2011, 22 June 2011, p.30-1.

⁶ Governor in Council, Administrative Arrangement Order (No.2) 2011, 22 June 2011, p.31.

⁴ State Budget 2011-12, Capital Statement – Budget Paper No. 3, p.64.

Minister for Environment			
	Budget 2010-11 \$'000	Est. Actual 2010-11 \$'000	Est. 2012 \$'000
Departmental Services	482 582	484 454	518 709
Equity Adjustments	-25 997	-17 663	-30 377
Administered Items	0	0	0
	456 585	466 791	488 332

Source: Department of Environment and Resource Management, Correspondence, 22 July 2011.

The Minister for Finance, Natural Resources and The Arts

The minister's principal responsibilities, administered by DERM and which fall within the committee's areas of responsibility, are:

- bulk water supply arrangements;
- Aboriginal and Torres Strait Islander matters including-
 - Land interests;
 - Land titles;
 - Aboriginal and Torres Strait Islander cultural heritage;
- commercial forestry for native forest under the *Forestry Act 1959*;
- commercial water services;
- commercial plantation forestry;
- custody and management of state forests including state plantation forests;
- land including-
 - allocation, management and use of state land;
 - compulsory acquisition;
 - conservation;
 - information;
 - land protection;
 - land titles;
 - strategic cropping land;
 - surveying and mapping;
 - valuations;
- native forest management;
- native title; (excluding for mining, petroleum and geothermal);
- natural resource management including-
 - catchment management;
 - water resource management;
 - place names;
 - quarry sales under the *Forestry Act 1959*;
 - selling allocation of state quarry material under the *Water Act 2000*;

- registration of valuers and surveyors; and
- water recycling strategy.⁷

The following table gives an approximate breakdown of expenditure for DERM as it relates to the minister's areas of responsibility.

Minister for Finance, Natural Resources and The Arts			
	Budget 2010-11 \$'000	Est. Actual 2010-11 \$'000	Est. 2012 \$'000
Departmental Services	313 578	319 134	348 719
Equity Adjustments	-3 337	-191	-804
Administered Items	53 012	80 818	4 459
	363 253	399 761	352 374

Source: Department of Environment and Resource Management, Correspondence, 22 July 2011.

The Minister for Energy and Water Utilities

The minister's principal responsibility, administered by DERM and which falls within the committee's areas of responsibility, is: bulk water storage, distribution and retail arrangements.⁸ The minister also has responsibility for the Queensland Water Commission, the Queensland Bulk Water Supply Authority, the Queensland Bulk Water Transport Authority, the Queensland Manufactured Water Authority and the SEQ Water Grid Manager.⁹

The following table gives an approximate breakdown of expenditure for DERM as it relates to the areas within the responsibility of the Minister for Energy and Water Utilities.

Minister for Energy and Water Utilities			
	Budget 2010-11 \$'000	Est. Actual 2010-11 \$'000	Est. 2012 \$'000
Departmental Services	11 048	12 681	16 468
Equity Adjustments	16 438	20 251	12 029
Administered Items	1 690	5 194	2 260
	30 176	38 126	30 757

Source: Department of Environment and Resource Management, Correspondence, 22 July 2011.

⁷ Governor in Council, Administrative Arrangement Order (No.2) 2011, 22 June 2011, pp. 22-5.

⁸ Governor in Council, Administrative Arrangement Order (No.2) 2011, 22 June 2011, pp. 16.

⁹ Governor in Council, Administrative Arrangement Order (No.2) 2011, 22 June 2011, pp. 16-7.

Issues raised at the public hearing

Issues the committee raised with ministers at the hearing on 20 July 2011 include:

- the delayed construction of the Wyaralong Water Treatment Plant and connecting water pipelines to the water grid, and associated construction costs;
- Queensland water consumption;
- timeframe for provision of further water supply infrastructure;
- the effect of the proposed carbon tax on the bulk water supply operating costs and whether those costs will be passed onto the householder;
- the progress of the upgrade of the Hinze Dam;
- the status of water reforms to allow local governments to withdraw from the current retail arrangements for water;
- the salary of the SEQ Water Grid Manager;
- strategic cropping land and proposed legislation;
- the future of the Ibis Dam at Irvinebank;
- Titles Office registration fees;
- staffing of the communication and media unit within DERM;
- advertising costs associated with Wild Rivers and sandmining on Stradbroke Island;
- budget allocation to the Koala Response Strategy;
- land acquisitions by DERM during 2010-11;
- Queensland National Park fencing upgrades during 2010-11;
- Commonwealth funding to upgrade facilities at Lake McKenzie on Fraser Island;
- achievement of the 2020 landfill reduction targets in the Queensland Waste Reduction and Recycling Strategy 2010-2020;
- local government levy collections;
- protection of dugongs and turtles and alleged illegal trade in dugong products;
- the release of a master plan for protected areas in Queensland, and legislative requirements for each protected area to have a management plan by 2015;
- milestones achieved in the government's North Stradbroke Island Strategy;
- the Queensland government's position on the proposed national carbon tax; and
- levies imposed on ecotourism operators.

Department of Employment, Economic Development and Innovation (DEEDI)

The Minister for Energy and Water Utilities, the Minister for Agriculture, Food and Regional Economies, the Minister for Main Roads, Fisheries and Marine Infrastructure and the Minister for Employment, Skills and

Mining are four of the six ministers that the Department of Employment, Economic Development and Innovation reports to.

Total capital outlays for 2011-12 for the Employment, Economic Development and Innovation portfolio, including statutory bodies reporting to the department ministers and government owned energy corporations, is \$3.883 billion.¹⁰

The following table compares the appropriations for the whole department for 2010-11 and 2011-12.

Appropriations	2010-11 \$'000	2011-12 \$'000
Controlled Items		
Departmental Services	877 105	962 056
Equity Adjustment	47 925	123 753
Administered Items	528 455	472 892
Vote	1 453 485	1 558 701

Source: Appropriation Bill 2011, p.8

The supplementary appropriation for DEEDI for 2009-10 is \$212.33 million.¹¹

The following is a summary of the service output costs for DEEDI for 2011-12.

2011-12 Service Summary	\$'000
Employment and Economic Development	289 636
Infrastructure, Land and Project Development	123 944
Mines and Energy	250 918
Science, Agriculture, Food and Regional Service Delivery	586 821
Total	1 251 319

Source: State Budget 2011-12, Service Delivery Statements p. 2-19.

Priorities for DEEDI highlighted in the service delivery statement for 2011-12 include:

- leading the economic line of reconstruction detailed in Operation Queensland –the State Plan;
- maximising growth and economic opportunities for Queensland;
- strengthening the Regional Development Australia initiative in Queensland, in partnership with the Australian Government;
- supporting industry growth sectors and encouraging new investment in Queensland;
- enabling industry development in the mining and energy sector;

¹⁰ State Budget 2011-12, Capital Statement – Budget Paper No. 3, p.47.

¹¹ Appropriation Bill 2011, Schedule 3, p. 12.

- ensuring adequate supply of gas to service demand from both domestic users and the state's emerging LNG export industry;
- continuing to protect the state's industries from invasive pests and diseases;
- transitioning the Asian Honey Bee response in the Cairns region from one of eradication to one of ongoing management;
- facilitating secure, reliable, cost-competitive energy supply which promotes renewable energy sources and minimises carbon emissions and environmental impacts; and
- reducing peak electricity demand in Queensland by continuing a range of energy conservation and demand management measure.

Minister for Energy and Water Utilities

The minister's principal responsibilities, administered by DEEDI and which fall within the committee's areas of responsibility, are:

- clean energy;
- electricity and gas sectors and market regulation, monitoring and consumer protection;
- energy efficiency, conservation and demand management;
- energy industry development;
- nuclear energy policy;
- renewable energy;
- reticulated fuel gas distribution and retail; and
- sufficiency of supply of fuel gas and liquid fuel.¹²

The Energy and Water Ombudsman also comes under the minister's area of responsibility within DEEDI.

The following table gives an approximate breakdown of expenditure for DEEDI as it relates to the minister's areas of responsibility.

Minister for Energy and Water Utilities			
	2010-2011	2010-2011	2011-2012
Departmental Services	Pub Budget	Est. Actual	Vote
	\$'000	\$'000	\$'000
Minister for Energy & Water Utilities			
Mines & Energy	89,996	85,435	77,343

Source: Department of Employment, Economic Development and Innovation, Correspondence, 25 July 2011.

¹² Governor in Council, Administrative Arrangement Order (No.2) 2011, 22 June 2011, p. 16.

Minister for Agriculture, Food and Regional Economies

The minister's principal responsibilities, administered by DEEDI, are:

- agricultural chemicals;
- agricultural colleges;
- animal welfare;
- biosecurity;
- food and fibre production;
- food processing and value added development;
- forestry industry development;
- plant and animal diseases;
- primary industry research, development and extension;
- private forestry;
- racing; and
- regional economies.¹³

The following table gives an approximate breakdown of expenditure for DEEDI as it relates to the minister's areas of responsibility.

Minister for Agriculture, Food & Regional Economies			
	2010-2011	2010-2011	2011-2012
Departmental Services	Pub Budget	Est. Actual	Vote
	\$'000	\$'000	\$'000
Employment & Economic Development	8,957	8,188	7,622
Science, Agriculture, Food Regional Service	263,141	293,640	296,983
Total	272,098	301,828	304,605

Source: Department of Employment, Economic Development and Innovation, Correspondence, 25 July 2011.

Minister for Main Roads, Fisheries and Marine Infrastructure

The minister's principal responsibility, administered by DEEDI and which falls within the committee's areas of responsibility, is fisheries.¹⁴

The following table gives an approximate breakdown of the relevant expenditure for DEEDI related to fisheries.

¹³ Governor in Council, Administrative Arrangement Order (No.2) 2011, 22 June 2011, p. 19.

¹⁴ Governor in Council, Administrative Arrangement Order (No.2) 2011, 22 June 2011, p. 17.

Minister for Main Roads, Fisheries and Marine Infrastructure			
	2010-2011	2010-2011	2011-2012
Departmental Services	Pub Budget	Est. Actual	Vote
	\$'000	\$'000	\$'000
Fisheries	38,756	39,740	38,809

Source: Department of Employment, Economic Development and Innovation, Correspondence, 25 July 2011.

Minister for Employment, Skills and Mining

The minister's principal responsibilities, administered by DEEDI and which fall within the committee's areas of responsibility, are:

- mining and petroleum including –
 - extractive resource planning;
 - gas pipelines;
 - geological survey, exploration, promotion and investment attraction;
 - greenhouse gas storage;
 - land access policy;
 - mineral and energy resources;
 - mineral resource impacts on Aboriginal and Torres Strait Islander interests;
 - mining and petroleum industry development;
 - mining, petroleum and geothermal tenures;
 - Native Title (relating to mining, petroleum and geothermal);
 - pipeline licences; and
 - rents; and
- safety and health including –
 - abandoned mines, explosives, extraction industries, gas, geothermal, mining and petroleum.¹⁵

The following table gives an approximate breakdown of relevant expenditure for DEEDI as it relates to the minister's areas of responsibility.

Minister for Employment, Skills and Mining			
	2010-2011	2010-2011	2011-2012
Departmental Services	Pub Budget	Est. Actual	Vote
	\$'000	\$'000	\$'000
Mines & Energy	95,974	122,136	123,692

Source: Department of Employment, Economic Development and Innovation, Correspondence, 25 July 2011.

Issues raised at the public hearing

Issues the committee raised with ministers at the hearing on 20 July 2011 include:

- the impact of the proposed carbon tax on electricity generators and electricity prices;
- measures taken by the government to address rising power costs;
- the energy CSO assistance to rural and regional Queenslanders;
- the benefits to Gold Coast communities from Energex's expenditure to augment its distribution and sub-transmission infrastructure;
- the regulatory assessment framework applying to power infrastructure investment projects;
- the effect of the carbon tax on the profitability of CS Energy;
- the government's promotion of solar power;
- the licensing and safety of solar panel installations;
- the impact of the proposed carbon tax on farm businesses and businesses processing agricultural products;
- the testing of flying fox colonies for Hendra and other viruses;
- delays relating to the delivery of a commercialised Hendra virus vaccine;
- the impacts of the suspension of live cattle exports to Indonesia;
- the establishment of a biosecurity laboratory at James Cook University;
- development of a tick fever vaccine;
- infrastructure funding in the Queensland racing industry;
- the cost of responding to biosecurity incidents;
- wild dog management in Queensland;
- funding, infrastructure and operational matters concerning the Australian Agricultural College Corporation in North Queensland;
- the importance of the resources sector to the Queensland economy, including the flow-on benefits;
- the impact of the proposed carbon tax on the mining and resource industry;
- the safety and regulation of the coal seam gas industry;
- the fisheries budget, in particular, revenue and expenditure;
- Queensland snapper bans, over-fishing of snapper and status of stock since March 2011;
- annual fishing licences;
- shark research;

¹⁵ Governor in Council, Administrative Arrangement Order (No.2) 2011, 22 June 2011, pp. 20-2.

- the impact of the proposed carbon tax on recreational fishers, commercial fishermen and marine dependent businesses;
- decline of the Coral Reef Fishery; and
- the Recreational Fishing Advisory Committee.

Recommendation

The committee recommends that the proposed expenditure, as detailed in the *Appropriation Bill 2011*, for the portfolios of:

- the Minister for Energy and Water Utilities;
- the Minister for Agriculture, Food and Regional Economies;
- the Minister for Employment, Skills and Mining (that relate to mining);
- the Minister for Main Roads, Fisheries, and Marine Infrastructure (that relate to fisheries);
- the Minister for Finance, Natural Resources and The Arts that relate to natural resources); and
- The Minister for Environment

be agreed to.



Carryn Sullivan MP
Chair

August 2011

Committee Members

Mrs Carryn Sullivan MP (Chair), Member for Pumicestone
 Mr Andrew Cripps MP (Deputy Chair), Member for Hinchinbrook
 Mr Jack Dempsey MP, Member for Bundaberg
 Mr Steve Dickson MP, Member for Buderim
 Ms Di Farmer MP, Member for Bulimba
 Mr Peter Lawlor MP, Member for Southport

Secretariat

Mr Rob Hansen (Research Director)
 Ms Robyn Moore (Principal Research Officer)
 Ms Sarah McCallan (Principal Research Officer)
 Ms Rhia Campillo (Executive Assistant)

STATEMENT OF RESERVATION

ENVIRONMENT, AGRICULTURE, RESOURCES AND ENERGY COMMITTEE

General Comments on Estimates Process

The LNP Members of the Committee welcome the recent changes in the Estimates Committee process as an improvement. However, we offer the following comments on the reformed Committee procedures in the spirit of ensuring Estimates Committees are able to truly examine the Government's appropriations and ensure the Executive is held to account.

Notwithstanding our ability to hold the government much better to account, a number of Ministers and some senior officers still tried to avoid answering questions on what should have been straight forward issues.

We bring attention to the ongoing issue that the Budget Papers are generic in nature and the outline for the forward years of expenditure is often lacking in detail sufficient to have confidence in government's planned expenditure, showing the Bligh Government is living for the moment rather than forward planning for Queensland's future.

Across portfolios there have been many announcements made by the Government since the Appropriation Bills were introduced that were not included in the Budget Papers. Such announcements underline the out of control spending and the lack of accountability that continues to add to a budgeted debt of \$85 billion in 2014-15.

In addition, it should be noted that concerns are held that the questioning by Labor Members failed to hold the Bligh Government accountable for waste, poor planning, and a lack of transparency.

AGRICULTURE

Andrew Cripps MP, Shadow Minister for Agriculture, Food and Regional Queensland, Member for Hinchinbrook

I refer to the draft report in relation to the Budget Estimates hearings of the Environment, Agriculture, Resources and Energy Committee on Wednesday 20 July 2011. I submit the following Statement of Reservations in relation to the Agriculture, Food and Regional Economies portfolio, as well as some general observations about the conduct of the Estimates Committee process in 2011.

The following observations relate specifically to the proceedings concerning the scrutiny of the Agriculture, Food and Regional Economies portfolio. The Minister was unable or unwilling to answer many of the questions that I asked him in a direct and precise

manner. The Minister was adept at giving long winded and rambling answers that were clearly intended to take up the time of the committee.

CARBON TAX

The Minister admitted to the Committee that the federal government's proposed carbon tax would have an impact on agriculture in Queensland. In response to a question from me, the Minister advised that the State Government's strategy to overcome the increased cost of farm inputs and the loss of market share against imported products was to rely on yet to be delivered productivity gains via R & D.

I welcome investment in R & D in the agricultural sector, as it has been neglected for too long. However, I question the State Government's reliance on productivity gains from this research to maintain the competitiveness of Queensland's agricultural sector burdened with the carbon tax. The Minister needs to stand up and protect Queensland agriculture from the serious impacts of the proposed carbon tax.

R & D productivity gains should be about taking agriculture forward, delivering increased profitability and sustainability, not attempting to compensate for bad public policies. I have every confidence in the capacity of our research institutions and the professional people in them. It is a huge burden on them to expect enough productivity gains in agriculture to overcome the massive cost of Labor's carbon tax.

AUSTRALIAN AGRICULTURAL COLLEGES

I asked the CEO of the Australian Agricultural Colleges Corporation about the future management arrangements of the Burdekin Agricultural College. I was advised two parcels of production land, one cattle and one sugar cane, would be sold and that the teaching and residential facilities would be gifted to an independent school. The CEO could not advise me at the time of the value of the infrastructure to be gifted.

Advice provided subsequently indicates that the infrastructure to be gifted has been valued at \$3.73 million and the revenue from the working sugar cane farm was between \$1.18 million and \$1.9 million between 2007 and 2010. This annual revenue will now be forgone and the AACC will in the future not own the facilities to train students in skills relating to the sugar industry or the cattle industry.

The gifting of an asset worth \$3.73 million makes a mockery of the State Government's so-called "de-invest to re-invest" strategy, where proceeds from the sale of AACC assets would be used to provide alternative training opportunities for rural industries. The question is what additional training opportunities for rural industries are being forgone by a \$3.73 million asset being given away for free?

Subsequent advice also indicates student to instructor ratios have increased at the Burdekin, Dalby and Mareeba campuses of the AACC. Dramatic increases in hours of training at the Burdekin and Mareeba campuses account for some of these results and

make it clear that additional instructors are required. It is a serious concern that, despite training hours declining at Dalby, student to instructor ratios still increased.

Despite a dramatic increase in student numbers at the Burdekin Agricultural College, the State Government is moving ahead with its plans to gift the teaching and residential facilities and sell the production land connected to it. While student numbers at the Dalby campus have fallen, the simultaneous decline in the student to instructor ratio at the campus indicates resources are being significantly withdrawn.

HENDRA VIRUS

I asked the Minister if, in view of the outbreak of Hendra virus in multiple locations across Queensland and the logistical challenge facing Biosecurity Queensland in responding to the outbreaks in several regions at once, the State Government would support private veterinarians by reimbursing the costs of personal protective equipment used when responding to suspected cases of the Hendra virus.

The Minister refused to commit to supporting private veterinarians who are on the front line of responding to cases of suspected Hendra Virus, insisting that the expenses incurred were simply a commercial cost of doing business. This indicates the Minister has no understanding of the seriousness of the animal and public health challenge associated with the Hendra virus that is unfolding across Queensland.

Biosecurity Queensland does not have the resources to effectively respond to Hendra outbreaks at multiple locations across the state. As such, the responsibility is falling on private veterinarians. I was appalled when the Minister advised the Committee that he had undertaken a Google search to determine the cost of personal protective equipment for vets responding to suspected cases of Hendra.

For the Minister to suggest that the proposal put forward by the Australian Veterinary Association for the reimbursement of personal protective equipment, was basically an ambit claim for money and not directly related to the serious risks private veterinarians face when responding to suspected cases of Hendra virus, is extraordinary and an insult to everyone in the veterinary science profession.

The reasonable proposal put forward by the Australian Veterinary Association is about ensuring that there is adequate professional capacity across the state to respond to suspected cases of Hendra virus and to protect people. The credibility of a Minister that relies of a Google search to inform himself on issues regarding the response to a serious animal and public health issue must be questioned.

LIVE CATTLE EXPORTS

I asked the Minister if the federal government's decision to suspend live cattle exports to Indonesia had damaged North Queensland's cattle industry and impacted on the state's 2020 beef plan. The Minister said the suspension of trade would only have damaged Queensland's live export industry if the suspension had continued.

It is a real concern that the Minister thinks that the federal government's knee jerk and unwarranted decision has not hurt the Queensland industry. This indicates a disconnection between the Minister and the reality about how the suspension of live cattle exports to Indonesia has financially impacted on the live export industry.

At the time of writing, despite the suspension of trade being lifted, no Australian cattle export company has been issued with an export permit under the new system that requires strict animal welfare standards and guarantees. As such, the suspension of trade is effectively still in place, threatening the Queensland industry.

MINING

Jack Dempsey MP, Shadow Minister for Mining and Resource Management, Member for Bundaberg

Labor underplays major economic losses from mine flooding

The Minister outlined in his opening statement that 54 coalmines affected by water were producing coal by the end of June. He said that the majority had recovered to 80 per cent production and the rest were producing at about 40 per cent production, lauding this as a strong result. LNP Committee Members note that the Queensland mining industry has estimated that the impact on tonnage over the first six months of 2011 were 40 million tonnes, or around \$7 billion dollars in lost exports. This is far from a good outcome, and the Labor Government must take some responsibility for the slow recovery. The Government contributed significantly to delays in restoring mines to full production through its slow response to industry's calls for streamlined approvals processes for mine water evacuation.

Massive impact of Carbon Tax on coal mining

LNP Members of the Committee re-affirm our strong opposition to Labor's proposed Carbon Tax, and the major impacts it will have on Queensland industries, and the cost of living for Queenslanders. The Minister's answers on Carbon Tax issues revealed that the Department has failed to undertake any modelling on the impacts on Queensland's mining industries. Answers played down any possible impacts and instead outlined a scant number of possible avenues for coal mining companies to apply for small amounts of compensation under Labor's proposed Carbon Tax regime. LNP Members draw the attention of the Committee to industry modelling undertaken by ACIL Tasman which shows that Queensland mining sector costs of this great big new tax in coming years will include:

- \$18 billion in new coal industry tax liabilities over the first 10 years
- 2700 coal mining jobs in Queensland by 2018
- a \$1 billion loss in Queensland government coal royalties by 2020-21.

Labor's poor performance on Sovereign Risk rankings

The Committee discussed the recent release of the Fraser Institute's *Survey of Mining Companies 2010/2011* which shows that, under Labor, Queensland's ranking on security and preference as a mining investment location (sovereign risk ranking) has fallen from a rank of 8th in the world in 2006-07 down to a rank of 38th. It clearly identified Queensland as the lowest ranked of all Australian States in the area of sovereign risk. The Minister attempted to discredit the report despite the direct references to Queensland contained therein, including the following comment from an international mining industry professional and other similar comment:

"In Queensland, there are so many prescriptive, legislative hurdles for exploration and the people administering the policies seem to be dead against exploration." (Exploration Company, Consultant)

Ministers disagree over the role of the Chief Scientist

The Minister, despite his declaration that *"The Chief Scientist has a role in advising government across-the-board around matters that are important to Queensland that involve science"* refused to provide details to the Committee of his conversations with the Chief Scientist about the effects of Carbon Tax on the mining industry.

It is worthy of note that the Minister for Natural Resources admitted that she or her Department failed to consult the Chief Scientist on soil science which is to be used to determine land that qualifies as Strategic Cropping Land under a draft proposal by the Government.

Labor's continued failure to address CSG industry issues

The Minister's answers with regard to the Government's work to advance the Coal Seam Gas (CSG) industry in Queensland attempted to blur the position of the LNP on CSG industry development. The LNP position on CSG is very clear. The LNP supports the expansion of a sustainable CSG industry in Queensland. We recognise and welcome the huge contribution that a CSG industry will make to the State's economy. In building this valuable industry, we are committed to providing fairer compensation and access arrangements for landholders, ensuring greater direct local benefits for affected communities, and rigorously monitoring industry impacts to protect Queensland's natural environment and resources.

LNP Members of the Committee raised significant issues with regard to the Labor Government's failure to date to address the lack of consistency in relation to the method of gas well inspections undertaken, and the fact that very few of these inspections are actually undertaken by inspectors independent of the companies operating the wells. With only 23 petroleum and gas inspectors currently on the ground to service the whole state, the Government has failed to outline a plan, or budget for an increase in inspectors and inspections that will be required. The projected increase from "around 3,000" to a projected 40,000 gas wells in the near future, with growth in the

industry seeing 400 new gas wells were registered between March 2011 and June 2011 alone raises serious questions about the Government's ability to adequately monitor and police industry operations, even in the short term.

The Minister undertook to provide a response on a constituent issue raised by the Member for Warrego, regarding legislation on proximity of gas company infrastructure to dwellings. LNP Members of the Committee will follow up to ensure this matter is properly addressed by the Minister.

NATURAL RESOURCES

Jack Dempsey MP, Shadow Minister for Mining and Resource Management, Member for Bundaberg

Structure and direction of DERM

LNP Members of the Committee draw attention to the Minister's opening statement correcting earlier advice, and confirming that 140 of the additional 194 full-time equivalent staff who joined DERM in 2010-11 were employed in "support that service delivery", while just 54 were employed in front line service. This supports the LNP's view that DERM is increasingly being reshaped by the Government into an organisation focussed on delivering green ideology and green preferences to Labor, instead of delivering sensible environmental outcomes for the state, its industries and its people.

An increase of 194 staff to 5,581 staff represents a significant 3.6% increase in staff numbers over a single year, reflecting the Labor Government's preference for increasing the number of bureaucrats, and the layers of bureaucracy to be navigated by Queensland business and industry.

Strategic Cropping Land

LNP Committee Members draw attention to the fact that the Labor Government has had 20 years in which to implement a legislative regime under which the State's best cropping land can be protected and preserved for future generations. They have failed to do so.

The Minister continued to refuse to commit to a date to bring SCL legislation to the Parliament, instead running the Government line touting its introduction before the end of 2011. The LNP will continue to work to hold the Government accountable in ensuring it meets this deadline to give Queensland's agricultural industries some level of confidence about future protection of the state's best cropping land.

The Committee's questions on Strategic Cropping Land (SCL) revealed that Government modelling had shown a wide ranging estimated economic cost between \$10 billion and \$40 billion from the Government's outdated plan for a Strategic Cropping Land Regime. In terms of the SCL regime proposal currently under consultation, the Government has failed to undertake any economic modelling.

The Minister admitted that she or her Department failed to consult the Chief Scientist on soil science which is to be used to determine land that qualifies as Strategic Cropping Land under the Government's draft proposal. This failure to consult is particularly noteworthy following the earlier declaration by the Minister for Mines that *"The Chief Scientist has a role in advising government across-the-board around matters that are important to Queensland that involve science"*.

Golden Triangle mine gets post-deadline go-ahead

The Minister put forward a view that Queensland's sovereign risk standing would have been improved through a special arrangement to allow the approval on 2 June of the EIS terms of reference for a proposal for a coal mine in the Golden Triangle near Springsure, following Ministerial assurance that the area would be protected, and a Government-imposed 31 May deadline for approvals. The LNP argues that a project approval by government past a deadline set by that same government can only serve to erode mining industry confidence about security and attractiveness of business investment in Queensland. A key measure of sovereign risk must be the level of a Government's adherence to its own guidelines, decisions and laws.

LNP Members of the Committee particularly noted that:

- the relevant application was accepted by the Department of Environment and Resource Management on 17 December 2011.
- the company provided its response to the submissions and a revised draft Terms of Reference back to DERM on 5 May 2011,.
- a bureaucratic process for approving advertising of the approval was cited by the Acting Director General of DERM as the reason for the 2-day post-deadline delay in approving the EIS Terms of Reference:
"Principally because there is a process that we have to go through in terms of notification and in terms of advertising. Those processes require a standard proforma and approach to the way we do that. That was the reason there was that delay" "the position was that, for all intents and purposes, the process that we had gone through had been completed, other than for finalising of the advertising."

Land Titles charges

The LNP Committee Members note that the Labor Government is putting up fees for customers of the Queensland Land Titles Office as of 1 August 2011 – another Government fee slug on Queenslanders.

We believe that the 150-year-old system which sees the Titles Office fee on a property bought for \$180,000 set at around \$130, while the fee on a \$500,000 property costs around \$1,000 more could be re-examined by the Government with a view to bringing these costs down. While we acknowledge that the lower end of this scale is set to levels

to assist those with less financial resources, we also believe that a disproportionate number of customers are paying way too much for the same 'stamp' as land values increase.

Comms officers

LNP Committee Members note that DERM's workforce includes a full-time equivalent total of 73 communications officers. LNP Committee members will continue to monitor departmental communications staff levels and costs across government to ensure that government is held accountable for its continued preference for spin above substance.

Labor's taxpayer-funded advertising agenda

In relation to the Department's advertising, the Minister confirmed that full-page advertisements entitled '*Traditional Owners support Wild Rivers*' appeared in the Weekend Australian, the Sunday Mail and the Sydney Morning Herald at a cost to taxpayers of \$235,797. Ads promoting the Government's timeframe for ending mining on North Stradbroke Island appeared in the Courier Mail, Sunday Mail, Redland Times, Bayside Bulletin and Stradbroke Island News cost \$57,265.

LNP Members of the Committee consider this advertising to be essentially political in nature, and take this opportunity to again express strong concern over Labor's use of taxpayer funds to promote a political bid for Green preferences.

ENERGY AND WATER UTILITIES

Steve Dickson MP, Shadow Minister for Energy and Water Utilities, Member for Buderim

The Queensland State Budget is woefully ill-prepared for the impact of the carbon tax on Queensland's economy. Most importantly, the cost of electricity to homes will increase on top of the \$700 increase in household power bills since 2006. The cost to the State Budget bottom line is likely to be billions of dollars and the value of electricity generators could decrease by up to \$1.7 billion. The Bligh Government continues to be a vocal supporter of the carbon tax despite the massive hit to the State's finances. The Department failed to disclose any modelling done to identify the impacts of the carbon tax on Queensland.

The \$7.7 billion South East Queensland water grid debt continues to be passed on to households in the form of higher water prices. Despite spending \$350 million to build the Wyaralong Dam that is not connected to the water grid, the Bligh Government is forcing households to pay around \$50 extra in bulk water charges to compensate for Labor's failure to plan and deliver.

The Queensland Water Commission revealed the Wyaralong Dam connection to the water grid will most likely not be required until 2027. This is in contrast to the Bligh Government's spin that the project had been delayed until 2014-15. Furthermore, the Bligh Government continues to underestimate the cost of connecting the Wyaralong

Dam to the water grid. The estimated \$545 million to connect the Wyaralong Dam to the grid still remains factored into the bulk water price for 2014-15, meaning Queenslanders will once again be paying for Labor's failure to plan and deliver major infrastructure.

The State Budget fails to provide any new measure to reduce the price of water for households in Queensland. The Bligh Government's water reforms have been an enormous waste of time and taxpayer money, while only increasing the price of water for families. Queensland families are suffering under cost of living pressures because of Labor's failure to properly plan and deliver cost-effective water infrastructure.

The Bligh Government has wasted \$80,640 on solar signs that it appears to be a misappropriation of funding for advertising. Taxpayers' money has been spent to produce and distribute 51,800 plastic signs promoting the Bligh Labor Government's solar slogan. The solar sign splurge is another example of the Bligh Labor Government wasting taxpayers' money on self-promotion. This money would have been far better put to use addressing soaring electricity costs that are only increasing under the mismanagement of this lazy incompetent Labor Government, and which will rise even further thanks to Labor's carbon tax.

ENVIRONMENT

The LNP Members of this Committee make the following statement on Environment on behalf of Andrew Powell MP, Shadow Minister for Environment, Member for Glass House with which we agree.

The following are raised as points of reservation as identified during the Environment session:

Reporting of Koala Response Strategy

A strong reservation arises from the Minister's answer to a question regarding the Koala Response Strategy regarding the reduction in the total estimated cost of the Koala Response Strategy grant component from \$40.49m in 2010/11 to \$24.75m in 2011/12 as presented by the respective Capital Statements. The 2011/12 Budget also reveals that \$9.5m scheduled for expenditure in 2010/11 remained unspent. Funds reliant upon the imposition of the Waste Levy have been factored into the KRS capital grant pool.

Misinformation on Crocodile Advisory Committee

Regarding a DERM Crocodile stakeholder forum in June of this year the issue was raised of the lack of invitation to Australia Zoo, which is established as a preeminent management and research authority in Queensland. This is despite the fact that a Memorandum of Understanding exists between the Queensland Government and Terry Irwin (on behalf of the Zoo) pertaining to species management and that Australia Zoo act as trainers of Wild Rivers Rangers in survey and catching techniques.

The Minister undertook to inform the committee by the end of the session with a response. Concern is held that the information provided at the later time was in part incorrect; the minister stated *“Australia Zoo were invited to the crocodile advisory committee and they accepted, but...the person who was to come along had to withdraw at the last moment due to personal reasons.”* Whilst the subsequent ‘letter providing clarification’ (dated 22 July, 2011) is welcomed it does expose some communicational problems within DERM that require urgent attention.

Attitude towards illegal Dugong trade

With regard to the illegal trade in dugong products evident in the far north of Queensland photographic evidence was tabled. The Minister asked whether or not the tabled material included *“evidence that they are actually Queensland dugongs and turtles”* despite it being verified. The response covering *“some of the actions we are undertaking because there have been a lot of claims with regards to selling dugongs and turtles”* lacked substantive information and it appears further investigation into the seriousness of the situation is required.

Discrepancy in National Park management commitments

Concerns are noted about the response to questions regarding the legislative requirement to install management plans for each Queensland protected area which appeared to differ between Minister and the Acting Director-General. The Minister stated the *“goal is to have management plans in place for each and every protected area within Queensland by 2015.”* This response was qualified by the statement that *“there are different levels of full management plan...we have got some temporary plans and there are management strategies in place and they differ around the place”*. It appears the Minister was unaware of the previous Minister Kate Jones MP’s statement that completing the management plans for every park would take 30 years and \$60m, and that it wasn’t *“the best use of taxpayers’ money”* to do so. Concerns remain as to the discrepancy between the two positions and the sheer feasibility of the new Minister’s goal. The Acting Director-General stated each individual protected area will have a formalised management plan *“in accordance with the Nature Conservation Act”*. Questions remain regarding the difference between a *“formalised”* management plan and *“temporary plans”* and various *“management strategies”* and whether they constitute that which is required by the NCA.

FISHERIES

The LNP Members of this Committee make the following statement on behalf of Dr Mark Robinson MP, Shadow Minister for Main Roads, Fisheries and Marine Infrastructure, Member for Cleveland with which we agree.

The following are raised as points of reservation as identified during the Fisheries session:

Minister's non-answer on departmental website

Reservations are held about the importance placed on current information on the website. In particular, the data presented on a Department of Primary Industries and Fisheries webpage appears to be out of date. A report entitled 'Help protect Queensland Snapper', included the latest listed set of stock numbers dating from February 2011.

In reply, the Minister embarked upon a statement concerning his consultative activities around the Government's 'Snapper Ban' held in February/March this year instead of addressing this issue. Concern is held that the Minister did not address the question

Carbon Tax

The Minister dismissed questions relating to the affect of the proposed Carbon Tax, despite the fact that its imposition will cause recreational fishing and boating to become more expensive.

The Minister did not provide recreational fishers and boat-users with a worthwhile answer on this important issue. The ramifications of a Carbon Tax present as the most important public policy issues to confront the Queensland for some time; and the lack of response by the Minister is disappointing in this respect.

In addition the Minister did not provide any meaningful comment on the likely impact of the carbon tax on the forward estimates of the Fisheries Queensland budget despite the likelihood it will adversely impact on the agency's budget.

Snapper Tax

It is brought to the attention of members that the Minister's answer regarding the snapper ban disallowance motion in parliament in March 2011 appeared to be misleading. The Minister refused to confirm that he voted against the Opposition's motion that would have put a stop to the government's 6 week snapper ban in February-March 2011.

In addition it appears the Minister's answer may be misleading with regards to whether any new science in 2011 was the basis for the change of policy on the snapper ban. It appears the answer may have referred to a 2009 snapper stock assessment report as a 2011 study. An answer from the Minister to a question taken on notice request him to provide all 2011 dated scientific studies undertaken on snapper has revealed none exist.

RACING

The LNP Members of this Committee make the following statement on behalf of Tim Nicholls MP, Shadow Treasurer, Shadow Minister for Finance and Trade and Shadow Member for Racing, Member for Clayfield with which we agree.

The following are raised as points of reservation as identified during the Racing session:

Inaccuracy of the Budget Papers

There must be concern over the robustness of the figures in the Government's Budget Papers when the Minister takes the opportunity of the hearing to announce an additional \$20 million for the Racing Industry Capital Development Scheme when this Scheme was listed in the Budget at a smaller amount. While the LNP supports investment in capital for our Racing Industry, such a monetary announcement should have been included in the recent budget papers. This raises issues about the robustness of the Government's financial decision making process and instead indicates this government is making decisions on the basis of political opportunism.

Racing Queensland

In addition the announcement of an *Industry Infrastructure Plan* on the day of the Committees Estimates hearing raises the same concerns. This document included altered allocations to Queensland racing clubs for infrastructure upgrades. This plan has not been delivered in consultation with the industry and fails to reflect the concerns of each of the three codes. The release of the plan at the Estimates Hearing displays disregard for the industry and its participants.

Further, It is concerning the Minister failed to guarantee Gold Coast Turf Club will receive the \$35.4m allocation announced if Racing Queensland determined to do otherwise.



ANDREW CRIPPS MP
Shadow Minister for Agriculture, Food
and Regional Queensland
Member for Hinchinbrook



JACK DEMPSEY MP
Shadow Minister for Mining and
Resource Management
Member for Bundaberg



STEVE DICKSON MP
Shadow Minister for Energy and Water Utilities
Member for Buderim