

2013-14 Budget Estimates

Report No. 28

State Development, Infrastructure and Industry Committee

August 2013

State Development, Infrastructure and Industry Committee

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Chair's foreword

This report presents a summary of the committee's examination of the Budget Estimates for the 2013-14 financial year.

Consideration of the Budget Estimates allows for the public examination of both the responsible Minister and Chief Executive Officers of agencies within the committee's portfolio area. This was undertaken through the questions on notice and public hearing process.

The committee has made one recommendation as follows:

- that the proposed expenditures, as detailed in the Appropriation Bill 2013 for the committee's areas of responsibility, be agreed to by the Legislative Assembly without amendment.

On behalf of the committee, I also wish to thank the Deputy Premier and Minister for State Development, Infrastructure and Planning, the Minister for Energy and Water Supply and the Minister for Tourism, Major Events, Small Business and the Commonwealth Games and their departmental officers for their cooperation in providing information to the committee throughout this process.

I would also like to thank the committee members for their hard work and valuable contribution, and to the committee secretariat for their support.



David Gibson MP
Chair

August 2013

1. Introduction

1.1 Role of the committee

The State Development, Infrastructure and Industry Committee (the committee) is a portfolio committee of the Queensland Parliament established under section 88 of the *Parliament of Queensland Act 2001* (POQA) and Schedule 6 of the Standing Rules and Orders of the Legislative Assembly.

Section 92(1) of the POQA provides that in relation to its portfolio area a committee may consider Appropriation Bills.

The committee's areas of responsibility are:

- State Development, Infrastructure and Planning
- Energy and Water Supply
- Tourism, Major Events, Small Business and the Commonwealth Games.¹

On 7 June 2013, in accordance with Standing Order 177(2), the Appropriation Bill 2013 providing the budget estimates for the committee's areas of responsibility was referred to the committee for examination and report.²

On 17 July 2013, the committee conducted a public hearing and took evidence about the proposed expenditure from the Deputy Premier and Minister for State Development, Infrastructure and Planning, the Minister for Energy and Water Supply, the Minister for Tourism, Major Events, Small Business and the Commonwealth Games and other witnesses. The hearing transcript can be accessed from the Parliament's website.

1.2 Aim of this report

The committee considered the estimates referred to it by examining the information contained in:

- budget papers
- answers to pre-hearing questions on notice
- evidence taken at the hearing
- answers to questions taken on notice during the hearing.

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

Prior to the public hearing, the committee provided the Deputy Premier and Minister for State Development, Infrastructure and Planning, the Minister for Energy and Water Supply and the Minister for Tourism, Major Events, Small Business and the Commonwealth Games with questions on notice in relation to the estimates. Responses to all the questions were received.

Answers to the committee's pre-hearing questions on notice; documents tabled during the hearing; answers to questions taken on notice; minutes of the committee's meetings; and correspondence are included in a volume of additional information tabled with this report.

¹ Schedule 6 – Portfolio Committees, Standing Rules and Orders of the Legislative Assembly as amended 4 June 2013.

² Queensland Parliament, Record of Proceedings, 7 June 2013, at 2234.

1.3 Participation of other members

The committee granted leave for other members to participate in its public hearing. The following members participated:

- Ms Anastacia Palaszczuk MP, Leader of the Opposition and Member for Inala
- Ms Jackie Trad MP, Member for South Brisbane
- Mr Curtis Pitt MP, Member for Mulgrave.

2. Recommendation

Standing Order 187(1) provides that a committee's report on estimates must state whether the proposed expenditures referred to it are agreed to.

Recommendation 1

The committee recommends that the proposed expenditures, as detailed in the Appropriation Bill 2013 for the committee's areas of responsibility, be agreed to by the Legislative Assembly without amendment.

3. Deputy Premier and Minister for State Development, Infrastructure and Planning

3.1 Department of State Development, Infrastructure and Planning

The Deputy Premier is the Minister responsible for the Department of State Development, Infrastructure and Planning (DSDIP or the department). The department has four service areas as detailed below:

- Coordinator-General, to plan, coordinate and deliver large-scale infrastructure projects under the *State Development and Public Works Organisation Act 1971*
- State Development, to lead economic and infrastructure policy development for the State
- Major Projects, assisting to deliver infrastructure and industry to the community
- Planning, to reform the State's planning and development assessment systems to deliver a new planning framework.

In addition, in 2013-14 the department is responsible for administering funds on behalf of the State for the following agencies:

- South Bank Corporation
- Economic Development Queensland.

Table 1 below provides a comparison of the department's appropriations for the previous and current financial years.

Table 1: Appropriations for the Department of State Development, Infrastructure and Planning for 2012-13 and 2013-14.

Appropriation	Budget 2012-13 \$'000	Est. Actual 2012-13 \$'000	Estimate 2013-14 \$'000
<i>Controlled Items</i>			
departmental services	358,734	199,512	289,140
equity adjustment	200	(7,607)	101,879
<i>Administered Items</i>	2,390,424	614,339	10,025
Vote	2,749,358	806,244	401,044

Source: Appropriation Bill 2013, Schedule 2, p. 11.

3.2 Budget highlights – Department of State Development, Infrastructure and Planning

2013-14 budget highlights for the department include:³

- launch the Royalties for the Regions second funding round for infrastructure projects in Queensland’s resource communities
- manage the planning and development of the Parklands priority development area to support delivery of the Gold Coast 2018 Commonwealth Games™ and progress delivery of non-village infrastructure
- conduct the Property Asset Utilisation Review identifying surplus Government land assets and planning for their divestment, ensuring the sustainable management of land-based assets
- progress the 10-year strategy to upgrade the Bruce Highway
- continue reforming the State’s planning and development assessment systems including operationalising the State Assessment and Referral Agency (SARA), introducing a single State Planning Policy and finalising and implementing a new infrastructure funding framework
- release a draft Queensland ports strategy for public consultation
- case manage major resource projects to minimise potential delays and costs
- progress reforming the Government’s approach to prioritisation, funding, delivery and maintenance of economic infrastructure through *Infrastructure for Economic Development*
- release an Economic Development Directions Statement for Queensland Airports
- finalise the Darling Downs, Central Queensland and Cape York regional plans and commence drafting the South East Queensland Regional Plan
- progress reforms of legislation and policies to reduce cost and time burdens on the resources industry and facilitate new resource development through the Resources Cabinet Committee
- progress the strategic investment attraction program through Invest Queensland, securing new investment and jobs and diversifying and strengthening regional and State economies
- continue to deliver a 50% reduction in timeframes across all stages of the Coordinator-General’s project assessment process, progress assessment of major projects that will stimulate the Queensland economy and bring construction and operational jobs to the State and implement a new process for managing the social impact of major projects
- implement regional infrastructure frameworks and supply chain projects for the Galilee and Bowen Basins and the North West Minerals Province
- support the defence industry to build capabilities, connect to new partners and clients, and position itself to take advantage of national and international supply chain opportunities
- develop the Governing for Growth strategy, a whole-of-Government approach to foster economic growth over the next decade
- negotiate streamlined planning and development approval processes with the Australian Government, particularly in relation to the Great Barrier Reef
- further progress the Surat Basin rail, Broadwater Marine, private infrastructure facilities, Infrastructure Facilities of Significance and Mary Valley Economic Development Strategy
- expand the pilot program to release water captured in Central Queensland coal mines.

³ State Budget 2013-14, Service Delivery Statements, Department of State Development, Infrastructure and Planning, pp. 4-5.

3.3 Agencies within the Department of State Development, Infrastructure and Planning

Table 2 below details the budget for the agencies within the department for the 2012-13 and 2013-14 financial years.

Table 2: Agency budgets for 2012-13 and 2013-14

Agency	Budget 2012-13 \$'000	Est. Actual 2012-13 \$'000	Estimate 2013-14 \$'000
Economic Development Queensland	..	85,062	147,634
Property Services Group ⁴	58,235	34,778	..
Urban Land Development Authority ⁵	127,963	44,011	..
South Bank Corporation	88,970	100,699	93,416

Source: State Budget 2013-14, Service Delivery Statements – Department of State Development, Infrastructure and Planning.

3.3.1 Economic Development Queensland

Economic Development Queensland (EDQ) was established on 1 February 2013, therefore no budget is provided for the 2012-13 financial year. Table 2 above provides the budget estimate for EDQ for 2013-14.

EDQ facilitates economic development and development for community purposes. EDQ plays a role in identifying new residential, urban and industrial development projects and undertakes a strategic planning function for Priority Development Areas.

EDQ is made up of the following three commercial areas:

- residential development
- industrial development
- urban development.

EDQ replaces the former Urban Land Development Authority (ULDA) and Property Services Group (PSG). EDQ will continue the current development activities of these bodies and identify new projects, which may include retail or development outcomes.⁶

⁴ The Property Services Group operated from 1 July 2012 to 31 January 2013. It was abolished on 1 February 2013 and is therefore not included in the 2013-14 Appropriations.

⁵ In the previous financial year the Urban Land Development Authority operated from 1 July 2012 to 31 January 2013. It was abolished in the previous financial year on 1 February 2013 and is therefore not included in the 2013-14 Appropriations.

⁶ Queensland Government, Department of State Development, Infrastructure and Planning, Economic Development Queensland, <http://www.edq.qld.gov.au/economic-development-queensland/economic-development-queensland.html>, accessed 12 July 2013.

3.3.2 South Bank Corporation

The objectives of the South Bank Corporation (the Corporation) as outlined in the *South Bank Corporation Act 1989* (SBCA) are to:

- promote, facilitate, carry out and control the development, disposal and management of land and other property within the Corporation area
- achieve an appropriate balance between the Corporation's commercial and non-commercial functions
- ensure the Corporation area complements, rather than duplicates, other public use sites in the inner-city Brisbane area
- provide for a diverse range of recreational, cultural and educational pursuits for local, regional and international visitors
- accommodate public events and entertainment that benefit the general community
- achieve excellence and innovation in the management of open space and park areas.

In accordance with the Government's policy to identify the State planning powers that could be transferred to local authorities, the process to transfer all Corporation planning powers commenced through amendments to the SBCA on 1 February 2013.

In December 2012, the Queensland Government entered into an agreement with Brisbane City Council (BCC) to take over the management of the Southbank Parklands component of the Corporation Area from 1 July 2013. The Government is now in the process of assessing options for the remainder of the Corporation Area and the assets and activities of the Corporation. Until a final decision is made, the Corporation will continue to operate in this diminished role.

The major deliverable for the Corporation in 2013–14 will be to transfer the Corporation's Parklands management responsibilities to BCC and to work with the Government to implement its decisions in relation to the future of the remainder of the Corporation's assets and functions.⁷

3.4 Issues raised at the public hearing – Department of State Development, Infrastructure and Planning

Issues raised by the committee at its public hearing included:

- the Government Precinct Redevelopment in the Brisbane central business district including: the consultation process; decisions in relation to the development of a casino; and consideration of the appointment of a probity adviser to oversee the development
- the allocation of infrastructure funding through the Royalties for the Regions program, and infrastructure issues in regional Queensland
- consideration of funding for feasibility investigations into the development of strategic dams in North Queensland
- the pilot mine water release program and the Fitzroy River Basin
- the Government's approach to creating economic development over the next decade, including the progress of Economic Development Queensland
- the development of the Galilee Basin as a coalmining, processing and export base
- the operational differences between the previous Urban Land Development Authority and the newly established Economic Development Queensland
- purpose and progress of the Government Land and Asset Management Group

⁷ State Budget 2013-14, Service Delivery Statements, Department of State Development, Infrastructure and Planning – South Bank Corporation, p. 44.

- consideration of developing infrastructure to connect the North-West Minerals Province with the national electricity grid (the CopperString proposal)
- the progress of the Coorparoo Transit Oriented Development
- the role of the State Assessment and Referral Agency in development approvals
- the role of the single State Planning Policy in planning and development
- the timetable for the review of the South East Queensland Regional Plan
- stakeholder representation on the North Queensland Resources Supply Chain Steering Committee and the impact on the execution of the *North Queensland Resources Supply Chain: Operationalising the 50 Year Infrastructure Plan*
- salary payments to ministerial chief of staff
- cost of charter plane travel for the Deputy Premier for the period of 1 July 2012 to 31 December 2012
- role of the GasFields Commission and update on progress
- role of the new regional planning framework in protecting agricultural land and regional towns
- update on the rebuilding of the Mary Valley
- role of the Resources Cabinet Committee
- update on the bilateral approval agreement between the Commonwealth and Queensland Governments
- implementation of the new infrastructure charges framework
- role of priority agricultural areas and how they are assessed and designated.

4. Minister for Energy and Water Supply

4.1 Department of Energy and Water Supply

The Minister for Energy and Water Supply is responsible for the Department of Energy and Water Supply (DEWS or the department). The department has two service areas as detailed below:

- Energy, responsible for policy development, reform and regulation of the Queensland energy sector to ensure cost-effective, secure and reliable energy supply
- Water Supply and Sewerage Services, responsible for implementing water sector reform to address cost of living pressures.

In addition, in 2013-14 the department is also responsible for administering funds on behalf of the State for the Energy and Water Ombudsman Queensland. In the previous 2012-13 financial year the Minister for Energy and Water Supply had responsibility for the Queensland Water Commission (the Commission). The Commission was abolished on 31 December 2012.

Table 3 below provides a comparison of the department's appropriations for the previous and current financial years.

Table 3: Appropriations for the Department of Energy and Water Supply for 2012-13 and 2013-14.

Appropriation	Budget 2012-13 \$'000	Est. Actual 2012-13 \$'000	Estimate 2013-14 \$'000
<i>Controlled Items</i>			
departmental services	151,926	78,166	103,473
equity adjustment	500
<i>Administered Items</i>	717,645	703,936	643,044
Vote	870,071	782,102	746,517

Source: Appropriation Bill 2013, Schedule 2, p. 8.

4.2 Budget highlights – Department of Energy and Water Supply

The 2013-14 budget highlights for the department include:⁸

- implementing agreed outcomes of the Inter-Departmental Committee on electricity sector reform
- releasing a 30-Year Electricity Strategy and a 30-Year Water Strategy
- continuing to implement Queensland Floods Commission of Inquiry recommendations, including leading and implementing the Wivenhoe and Somerset Dams and North Pine Dam Optimisation Studies
- implementing red tape reduction initiatives
- finalising a Government position on reform of local management arrangements (LMA) for SunWater's channel irrigation systems.

⁸ State Budget 2013-14, Service Delivery Statements, Department of Energy and Water Supply, p. 3.

4.3 Agencies within the Department of Energy and Water Supply

Table 4 below details the budget for the agencies within the department for the 2012-13 and 2013-14 financial years.

Table 4: Agency budgets for 2012-13 and 2013-14

Agency	Budget 2012-13 \$'000	Est. Actual 2012-13 \$'000	Estimate 2013-14 \$'000
Energy and Water Ombudsman Queensland	6,293	5,881	6,420
Queensland Water Commission ⁹	10,815	7,768	..

Source: State Budget 2013-14, Service Delivery Statements – Department of Energy and Water Supply.

4.3.1 Energy and Water Ombudsman Queensland

The Energy and Water Ombudsman Queensland (EWOQ) provides an independent dispute resolution service to assist residential and small business energy or water customers if they are unable to resolve a complaint with their electricity, gas or water supplier. EWOQ is fully funded by an industry levy imposed on electricity, gas and water distributors and retailers who service small energy and water customers.¹⁰

In 2013-14, the Energy and Water Ombudsman will focus on the following key priorities:¹¹

- fairly and independently investigate and facilitate the resolution of disputes between Queensland's small electricity and reticulated gas customers and energy suppliers, and South East Queensland's (SEQ) small water customers and water suppliers
- raise awareness and proactively promote EWOQ services to energy customers across Queensland and water customers in SEQ with an emphasis on Aboriginal people, Torres Strait Islander people and people from culturally and linguistically diverse backgrounds and seniors.

4.4 Issues raised at the public hearing – Department of Energy and Water Supply

Issues raised by the committee at the public hearing included:

- electricity price increases and Government's approach to reducing electricity prices
- the impact of rising water charges, based on the evaluation of assets, on the sustainability and future of the mining industry in North-West Queensland
- the government's 30-year energy strategy: timetable for release of final paper; consultation on the development of the strategy; plans for Queensland's energy mix; and plans for investigating the feasibility of new dams and irrigation schemes
- the Gold Coast Desalination Plant and Western Corridor Recycling System: business cases for construction; cost impact compared to other water sources; management of ongoing operational costs; and Government plans to further optimise use
- the proposal to use the western corridor recycling pipeline water for irrigation purposes

⁹ The Queensland Water Commission was an independent statutory body under the *Water Act 2000*. Amendments to the *Water Act 2000* by the *South East Queensland Water (Restructuring) and Other Legislation Amendment Act 2012* abolished the Commission on 31 December 2012.

¹⁰ Energy and Water Ombudsman Queensland, <http://www.ewoq.com.au/>, accessed 12 July 2013; State Budget 2013-14, Service Delivery Statements, Department of Energy and Water Supply, p. 24.

¹¹ State Budget 2013-14, Service Delivery Statements, Department of Energy and Water Supply – Energy and Water Ombudsman, p. 25.

- the Government's position on the future of renewable energy sources in Queensland
- the ability of Government Owned Corporations to service debt
- the benefits of the Household Assistance Package to electricity consumers
- closure and sale of regional and remote generators and impact on job security in these communities
- assessment criteria for determining closure and sale of regional and remote generators
- explanation for the capital underspend in 2012-13 in the energy generation, energy transmission and energy distribution sectors
- update on the Recreational Management Framework for dams and catchments, including the consultation process and issues raised to date
- the cost to Government of meeting the community service obligation under the uniform tariff policy, which ensures that customers of a similar type pay the same price for electricity regardless of where they live, and the existence of a similar electricity policy in other states
- assistance to local government compliance with monitoring standards to ensure clean drinking water, specifically in relation to the standard for monitoring E. coli in drinking water
- the repayment of the water grid debt under a 40-year repayment proposal, including the forecast level of debt if the repayment period is extended
- the savings achieved from the amalgamation of bulk water entities since implementation
- savings in relation to water bills
- community sector representation on the tariff reform working group
- the investment strategy for the LNG industry
- Government assistance to lower income earners experiencing hardship as a result of increasing electricity bills
- the rates of disconnections for electricity in 2012-13
- State bulk water charges and the impact on the cost of living
- dam levels and dam releases during recent significant weather events
- the planning process and control of irrigation schemes
- Inter-Departmental Committee report recommendations and potential merger of Ergon and Energex: breakdown of \$580 million savings from proposed merger; and expected impacts on electricity prices, jobs and regional network maintenance
- the consultation undertaken with stakeholders prior to the introduction of the Solar Bonus Scheme
- the impact of the Australian Energy Regulator's gamma decision on electricity prices
- Energex's performance in restoring power following ex-Tropical Cyclone Oswald in January 2013
- the progress of repairs to Paradise Dam caused by flooding from ex-Tropical Cyclone Oswald in January 2013
- the changes in employee numbers in the period from June 2012 to June 2013 at Energex, Ergon Energy and Powerlink Queensland
- the ongoing reliability of network power performance standards
- the rationale behind changes to dividends received by the Mount Isa Council from the Mount Isa Water Board.

5. Minister for Tourism, Major Events, Small Business and the Commonwealth Games

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

The Minister for Tourism, Major Events, Small Business and the Commonwealth Games is responsible for the Department of Tourism, Major Events, Small Business and the Commonwealth Games (the department). The department has two service areas as detailed below:

- Tourism and Events Development, to promote sustainable industry growth by delivering a strategic, whole-of-Government approach to the future of tourism
- Business to Government Services, to ensure the department can effectively provide information and services to business, to encourage small business growth and promote a diverse economic base for Queensland.

In addition, in 2013-14 the department is also responsible for administering funds on behalf of the State for the following agencies:

- Gold Coast 2018 Commonwealth Games Corporation
- Tourism and Events Queensland.

Table 5 below provides a comparison of the department's appropriations for the previous and current financial years.

Table 5: Appropriations for the Department of Tourism, Major Events, Small Business and the Commonwealth Games for 2012-13 and 2013-14.

Appropriations	Budget 2012-13 \$'000	Est. Actual 2012-13 \$'000	Estimate 2013-14 \$'000
<i>Controlled Items</i>			
departmental services	47,639	47,440	99,992
equity adjustment	473
<i>Administered Items</i>	102,515	87,958	108,472
Vote	150,627	135,398	208,464

Source: Appropriation Bill 2013, Schedule 2, p. 11.

5.2 Budget highlights – Department of Tourism, Major Events, Small Business and the Commonwealth Games

The 2013-14 budget highlights for the department include:

- delivering the second *DestinationQ* forum on the Gold Coast to support the Government's objective to continue a partnership with industry
- implementing a new 20-year plan for tourism
- progressing planning for the Gold Coast 2018 Commonwealth Games
- finalising the Games Legacy Plan for Queensland
- commencing development of the Commonwealth Games Village in collaboration with the Department of State Development, Infrastructure and Planning

- implementing a Queensland Small Business Strategy and Action Plan 2013-2015 detailing the Queensland Government's programs and actions supporting small businesses
- delivering the inaugural Queensland Small Business Week to promote the importance of small businesses to the Queensland economy and to educate the business community on the Queensland Government's business support services
- developing a central strategy for business-related services across the Queensland Government to support the business and industry portal of the Queensland Government's one-stop shop.

5.3 Agencies within the Department of Tourism, Major Events, Small Business and the Commonwealth Games

Table 6 below details the budget for the agencies within the department for the 2012-13 and 2013-14 financial years.

Table 6: Agency budgets for 2012-13 and 2013-14

Agency	Budget 2012-13 \$'000	Est. Actual 2012-13 \$'000	Estimate 2013-14 \$'000
Gold Coast 2018 Commonwealth Games Corporation	10,055	9,325	16,515
Tourism and Events Queensland	117,932	108,645	118,860

Source: State Budget 2013-14, Service Delivery Statements – Department of Tourism, Major Events, Small Business and the Commonwealth Games.

5.3.1 Gold Coast 2018 Commonwealth Games Corporation

The Gold Coast 2018 Commonwealth Games Corporation is working with Government and Games' partners to plan, organise and deliver the Commonwealth Games in 2018.¹²

The 2013-14 budget highlights for the Corporation include:¹³

- providing input into the Games Village design brief and participating in the evaluation process
- implementing a suite of corporate software solutions to meet the Corporation's needs
- researching potential games management systems and assessing current venue technologies
- developing an event sustainability framework to leave a legacy of environmentally sustainable assets and behaviours
- progressing the security strategic plan that involves all levels of government to deliver a safe and secure environment for residents and visitors during the Commonwealth Games
- developing the transport strategic plan for the delivery of transport services within the public domain and across Games specific requirements, including the draft concept of operations plan
- planning for the Glasgow 2014 Commonwealth Games closing ceremony when the Commonwealth Games Federation flag is officially lowered and passed on to the Gold Coast
- further defining roles, responsibilities and governance arrangements with other agencies involved in the delivery of the Commonwealth Games
- developing the sponsorship marketing plan that outlines the strategy to acquire and service corporate sponsors from within Australia and overseas for the 2018 Commonwealth Games

¹² Gold Coast 2018 Commonwealth Games Corporation, <http://www.gc2018.com/?name=about-us>, accessed 12 July 2013.

¹³ State Budget 2013-14, Service Delivery Statements, Department of Tourism, Major Events, Small Business and the Commonwealth Games – Tourism and Events Queensland, pp. 34-35.

- increasing awareness, understanding and appreciation of the Gold Coast 2018 Commonwealth Games amongst key partners and communities
- determining a long-term office accommodation strategy to meet the needs of the Corporation's forecast workforce
- developing the risk management framework that integrates with the practices of Games partners and key stakeholders.

5.3.2 Tourism and Events Queensland

Tourism and Events Queensland (TEQ) is the Queensland Government's lead marketing, experience development and major events agency, representing Queensland's tourism and events industries.¹⁴ TEQ was established in December 2012.¹⁵

The 2013-14 budget highlights for Tourism and Events Queensland include:¹⁶

- delivering the \$20 million Tourism Investment Strategy (TIS), a strategy concentrating on destination marketing for key Queensland destination brands in partnership with regional tourism organisations and commercial partners in both the domestic and international markets
- supporting increased aviation route capacity into Queensland in partnership with airlines, the Department of Tourism, Major Events, Small Business and the Commonwealth Games and Queensland's airports through the Attracting Aviation Investment Fund
- providing \$7 million in financial support to the regional tourism organisation network to grow regional tourism, provide new experiences, and support the overall industry goal of \$30 billion in overnight visitor expenditure by 2020
- promoting the 'Best Jobs in the World' campaign with Tourism Australia, which attracted more than 330,000 applications from 196 countries. There were more than 100,000 applications for the Queensland position and almost 10,000 video entries uploaded
- building on the *DestinationQ* destination management approach, including an international mentoring program, 'Digital Ready' workshops, and an annual regional events conference
- supporting a diverse range of major events in Queensland to deliver an estimated economic impact of \$202 million and generated 1.04 million total visitor nights. Major events within the TEQ portfolio attracted 426,327 visitors to event local areas¹⁷
- growing Queensland's major event calendar including securing new arts and cultural events such as the Bolshoi Ballet, Driving Miss Daisy and the Cai Guo Qiang exhibition, and new sporting events including the *IRONMAN 70.3* Sunshine Coast, the Great Barrier Reef Masters Games, and the Australian PGA Championship for two years on the Gold Coast and the 2014 and 2016 International Cycling Union World Cups in Cairns
- supporting 102 events in the regions in 2012-13 through the \$3 million TEQ Regional Development Program. TEQ has created the most comprehensive portfolio of supported regional events of any state in Australia with more than \$21 million invested across 976 events since 2001
- expanding home grown events and delivering an extra 40,400 visitor nights over two years through supporting the Birdsville Races, Easterfest in Toowoomba, Blues on Broadbeach and the Australian Festival of Chamber Music in Townsville.

¹⁴ Tourism and Events Queensland, <http://www.tq.com.au/about-tq/index.cfm>, accessed 12 July 2013.

¹⁵ Events Queensland ceased as an entity on 10 December 2012.

¹⁶ State Budget 2013-14, Service Delivery Statements, Department of Tourism, Major Events, Small Business and the Commonwealth Games – Gold Coast 2018 Commonwealth Games Corporation, p. 26.

¹⁷ Figures quoted are as at 30 April 2013.

5.4 Issues raised at the public hearing – Department of Tourism, Major Events, Small Business and the Commonwealth Games

Issues raised by the committee at the public hearing included:

- the date for completion of the master plan for the Gold Coast 2018 Commonwealth Games; and preparations for the Gold Coast 2018 Commonwealth Games
- the allocation of responsibility between the Department of Tourism, Major Events, Small Business and the Commonwealth Games and the Department of State Development, Infrastructure and Planning for aspects of the Gold Coast 2018 Commonwealth Games, such as the master plan and infrastructure
- completion dates for the sporting facilities for the Gold Coast 2018 Commonwealth Games
- the role of the Minister for Tourism, Major Events, Small Business and the Commonwealth Games with respect to the Gold Coast 2018 Commonwealth Games
- the number of meetings attended by Gold Coast 2018 Commonwealth Games Corporation Board members
- the number of times conflict of interest disclosures prevented Gold Coast 2018 Commonwealth Games Corporation Board members from participating in board decisions
- links between the Gold Coast 2018 Commonwealth Games Corporation Board members and Jones Lang LaSalle
- management of the Gold Coast 2018 Commonwealth Games infrastructure
- funding for outback tourism and tourism related infrastructure
- the impact of major events, such as the Gold Coast Airport Marathon, on the Queensland tourism industry
- investment in the Queensland tourism industry
- new hotels in Brisbane’s central business district
- the *DestinationQ* forum
- assistance provided to small businesses affected by flooding
- the future of V8 events in Townsville, Ipswich and the Gold Coast
- replenishment of sand on Gold Coast beaches
- outcomes of the Tourism Investment Strategy
- promotion of Queensland in China by Tourism and Events Queensland
- the impact of the *Think Queensland, Buy Local* campaign on small businesses
- operation of the *Mentoring for Growth* program
- the percentage increase of visitors to the Gold Coast
- air services into Cairns by China Eastern Airlines
- assistance for Chinese tourists
- relocation of organisations such as the Gold Coast Harness Racing Club to accommodate the Gold Coast 2018 Commonwealth Games
- impact on tourism of the perceived crime problem on the Gold Coast
- the Small Business Advisory Council
- operation of the Events Flood Assistance Program
- the Gold Coast 2018 Commonwealth Games Legacy Plan
- the impact on small business of the inaugural Queensland Small Business Week
- publication of the pecuniary interests of the Gold Coast 2018 Commonwealth Games board members
- extension of trading hours
- the payroll tax threshold in the context of the Queensland small business strategy
- the breakdown of the cost to launch the Gold Coast 2018 Commonwealth Games
- ensuring the sustainability of small business in remote areas with respect to government procurement

- support provided to major regional events by Tourism and Events Queensland
- the Attracting Aviation Investment Fund
- the Queensland Tourism 20 Year Plan
- activity undertaken as part of the Queensland Drive Tourism Strategy
- the location of the headquarters of Javelin Australia
- the Gold Coast 2018 Commonwealth Games procurement policy.

6. Statement of Reservation

This statement is submitted by the Member for Mackay, the Deputy Chair of the State Development, Infrastructure and Industry Committee on behalf of the Labor Opposition.

State Development Infrastructure and Planning

Questions Remain on Government Precinct and Casino Licensing

The Deputy Premier was questioned about whether he had implemented any probity process for meetings being held between the Government and casino operators including negotiations about the granting of a new casino licence in Brisbane.

It was revealed that the Deputy Premier had met with Echo Entertainment accompanied by the Treasurer and Attorney-General earlier that week and insisted that holding these meetings without probity advice was acceptable as no decision has been made to vary the operation of casinos in Queensland.

"I can assure the member once again that if a decision is taken to vary the operation of casinos in Queensland, and if a decision is taken, then the first thing that we will do is to build a probity process around the assessment of what I am sure will be a large field of contenders who will seek to be part of that change."

However, on 9 July 2013 the Deputy Premier told the Courier Mail that:

"I think it's time we got down to some formal negotiation," he said. "Even though the public consultation isn't complete, we are getting a clear message that people want to see a signature development, a landmark development here.

It's almost impossible for that sort of development without inclusion of a casino, without involvement of some big players, so we are starting to talk to those players."

(Courier Mail 9 July 2013, page 14)

The Deputy Premier told the Committee that no formal negotiations were underway as no decision around varying the operation of casinos had been taken, while telling the Courier Mail that such negotiations had commenced and the inclusion of a casino is necessary for a signature development.

The Deputy Premier's conflicting positions on this issue is concerning as he also advised the Committee that no probity adviser had been appointed while formal negotiations with proponents were underway including invitations to submit proposals for casino developments.

The Treasurer's involvement in negotiations with Echo Entertainment is problematic with the Treasurer's pecuniary interest register declaring that he has accepted hospitality including free holiday accommodation from Echo Entertainment. It is likely that a probity adviser would recommend against the acceptance of hospitality from proponents who are formally engaging with the Government, and stand to make a substantial financial gain from any Government decision to vary the operation of casinos in Queensland.

The Deputy Premier on 9 July told the media that he had written to both Crown and Echo Entertainment inviting them to a formal meeting. When questioned about why the Deputy Premier would engage two proponents exclusively in negotiations without having an open process the Deputy Premier once again asserted that no decision on a casino had been made.

"Whether or not a casino is part of the eventual development of the government precinct is a matter that will be for a decision down the track."

This statement contradicts his earlier statements to the media that a decision had been made to “*get down to some formal negotiation*”.

The Opposition also asked why no consultation occurred on the 1 William St project. The Deputy Premier avoided this question despite his statement on Channel 9 news on 24 July that:

“The last thing I want to see across the road from our great parliament building is a great glass and chrome thing...”

The Deputy Premier further advised that no economic modelling had been undertaken as to how many casinos the Queensland economy could support despite saying before the Committee hearing that a casino will be needed for a ‘signature’ development.

Charter Flights

The Deputy Premier also continued to dismiss his excessive expenditure on charter plane travel to and from his electorate. As detailed in last year’s Estimates hearings the Deputy Premier has other cheaper commercial flight options available. The Deputy Premier defended the expenditure of \$160,000 in taxpayer’s money over a nine month period for his charter flights.

Mine Water Releases

The Deputy Premier failed to detail how many additional mines will be included in the expansion of the mine water release trial despite listing it in the Service Delivery Statement.

The Deputy Premier was also unaware of the incomplete data and limitations of the Gilbert and Sutherland report undertaken on his Government’s mine water release program. The Deputy Premier then attempted to blame this incomplete data under the LNP Government’s mine water release trial on the previous Government.

Deputy Premier Confirmed he Signed off on MP Pay Rise for Premier and Ministers

The Deputy Premier confirmed that he signed an Executive Council Minute on 3 July 2013 approving pay rises for the Premier, Ministers and Members of Parliament. The previous day the Director-General of the Department of Premier and Cabinet confirmed that this Executive Council Minute included pay rises for the Premier and Ministers and that the Deputy Premier was aware of what he was signing. This seriously brings into question the Deputy Premier’s public statements that he was unaware of having approved additional pay rises for the Premier and Ministers.

Infrastructure Charges Discussion Paper

The Opposition also questioned the Deputy Premier about the Government’s Infrastructure Charges Discussion Paper.

The Deputy Premier failed to provide an assurance that Local Governments would not be worse off from a revision to the scope of essential infrastructure for which developer contributions are required.

The Deputy Premier made a number of public statements about Local Governments ‘gold plating’ community infrastructure when announcing the Discussion Paper.

The Discussion Paper at page 20 states that revising the list of essential infrastructure will “*show a reduction in infrastructure costs for a developer, regardless of location, based on the reduced scope of infrastructure*”.

This may lead to community infrastructure either not being built at the time of a development with higher retrofitting costs and/or to adverse impacts on the financial sustainability of Local Governments.

Energy and Water Supply

Electricity Price Increases

At the estimates hearing the Minister repeatedly refused to accept responsibility for the increases in electricity prices that have occurred on the LNP's watch. A quote from the now Deputy Premier was read to the Minister that related to governments accepting responsibility for power prices. The quote was from Parliament on 22 April 2009 and is as follows:

“What has happened with electricity prices in Queensland is symptomatic of what has happened with this government in so many other areas. Government members make promises that mean nothing.

They set targets that are absurdly ridiculous. They set out with all sorts of theories and propositions that never become reality—that produce the opposite of what was promised when it was introduced into this parliament.

Electricity pricing in Queensland is the responsibility of the government, and that responsibility is exercised by the minister. It is in the legislation. It is in section 90 of the Queensland Electricity Act 1994 and the minister should read it.

When every Queenslanders opens their electricity bills from this day forward, they should sheet blame home to the minister and the government. It is the government that is responsible...”

The Minister refused to directly address that quote, preferring to sidestep the issue and talk about the complexity of the electricity market and its operation. The fact that the electricity sector is complex is certainly not in question. What is in question, however, is why Ministers in the now Newman Government were so eager to ignore that complexity when they were in Opposition and blame the Government of the day for any electricity price increases. Now that they are in Government however, they refuse to accept any responsibility citing the complexity of the electricity market as the reason for increasing prices.

Those actions suggest hypocrisy and a complete lack of self-awareness. The Minister and his colleagues are treating the people of Queensland with disdain by refusing to acknowledge that they are responsible for the 22.6% increase in electricity prices this year.

This massive price increase is all the more insidious because the Newman Government was elected partly on the back of its promise to freeze electricity prices to save households \$120 a year in ongoing savings. In fact, whilst he was still in Opposition on 16 June 2011, the now Treasurer made the following promise:

“Under our plan the LNP would be able to offer Queensland households lower power bills than Labor.”

The reality is that electricity bills have gone up by \$140 last year and by \$268 this year. This amounts to a combined increase of more than \$400 since the Government was elected on its promise to lower bills by \$120. This is all the more reason for the Government and the Minister to accept responsibility for the stunning increase in electricity prices that they have slogged Queenslanders with.

In fact, in a media release from Minister McArdle on 22 February 2013 regarding what was then the draft Queensland Competition Authority report flagging a possible increase in electricity prices of up to 21% the Minister said the following:

“...increases like this [21%] are just not acceptable. The Newman Government will ensure it is reduced to the lowest level possible.”

Additionally, the Premier commented on the proposed 21% price increases in a Courier Mail article on 24 February when he said:

“The Government might have to subsidise it, in fact probably will have to subsidise it, but we're determined to find a way to ensure people don't get hit with a double-digit increase.”

After breaking its election promise to freeze power prices, the Newman Government then promised to reduce the proposed price increase from 21% to single digits. But again it promised more than it could deliver. Not only did it fail to reduce the proposed price increase to single digits, but the proposed 21% increase actually became a 22.6% increase after the Newman Government promised that it would try to reduce it. The Minister refused to acknowledge this or accept responsibility for it.

The Opposition notes that the Newman Government has embarked on a deliberate campaign to distract Queenslanders from their own broken promises on electricity prices. They have deliberately attempted to shift the blame for electricity price increase to environmental schemes, which they regularly describe as ‘crazy,’ and carbon pricing. This is despite the fact that the Queensland Competition authority has said that one of the main contributing factors to the size of the 22.6% increase this year was the Government’s poorly thought out policy of ‘freezing’ tariff 11. It is disappointing that the Newman Government believes that it is not worth considering the impact electricity generation has on the environment and that any policies to mitigate that impact are ‘crazy.’

Job Losses in the Energy Sector

The Minister was unable to guarantee that the government would not sell off small remote generators with between eight to fifteen employees. Considering the impact that the loss of these jobs could have in remote and regional centres, the Opposition believes it is incumbent on the Government to ensure that these jobs remain in local communities.

The Opposition also questioned the CEOs of Energex, Ergon and Powerlink as to the number of staff and contractors that had been lost in the past year. The number of jobs lost from those entities were reported as follows:

- Energex – 460 jobs
- Ergon – 690 jobs
- Powerlink – 63 jobs.

This amounts to 1,213 job losses in Energex, Ergon and Powerlink in the past year. This massive figure is a serious cause for concern. Unfortunately, the Opposition was unable to receive clarification at the hearing on the type and location of the positions that had been lost in order to determine what impact these job losses would have on the network and communities.

Capital Spending and Network Reliability

The Minister was asked about a significant underspend in the capital budget for 2012-13 in the energy generation, transmission and distribution sectors amounting to \$300m. This question was taken on notice and the Minister's response revealed that the capital underspend was worse than anticipated. The five energy Government Owned Corporations spent \$578 million below the budgeted capital expenditure for 2012-13. There are legitimate questions still to be answered about whether this capital underspend will have any future impact on reliability.

The Minister was asked about public comments that he had made regarding the reliability of the electricity network and Queenslanders' expectations of reliability of supply. The Minister has suggested in the past that Queenslanders would be happy to accept lower standards of reliability for a lower electricity price.

In his answer the Minister suggested that major centres such as Brisbane and Cairns might warrant a higher standard of reliability of supply than other more remote regions. The Opposition is concerned that a review of reliability standards might have a disproportionate impact on regional and remote Queenslanders in light of the Minister's comments. We will continue to scrutinize any statements or policy changes from the Government regarding reliability of electricity supply.

Merger of Ergon and Energex

The Minister was asked if he could give a guarantee that no job losses would result from the proposed merger of Ergon and Energex. He was unable to give such a guarantee. He was also asked about a radio interview in which he could not say whether such a merger would reduce electricity prices. Given that these guarantees could not be given, it begs the question as to what purpose a merger would have and whether that new entity would be retained in public hands or sold to the private sector.

Water Supply

The Opposition asked the Minister about the Government's election promise, similar to that made regarding electricity prices, to save all households \$80 a year each year on their water bills. After the election this policy was restricted to south east Queensland households only and became a one off \$80 rebate instead of a yearly \$80 saving. These points were put to the Minister who seemed unrepentant in his insistence that the Government had honoured its election commitment. It is clear from the facts that they have not fulfilled the promise that they made and this is another example of a broken promise on the cost of living from the Newman Government.

The Minister was asked about his answer to question on notice number one regarding the quality of drinking water available in regional and remote communities. The Opposition remains concerned that the quality of drinking water in those communities is not satisfactory and calls on the Government to take every measure possible to ensure that people in those communities have reliable access to clean, safe drinking water.

The Director-General was asked about the level of peak debt for the water grid and whether the Department had modelled the impacts of the Government's election promise to pay off the debt over 40 instead of 20 years. This question was taken on notice but the answer provided by the Minister neatly avoids providing the actual dollar figure at which the debt would peak under the Government's rushed election policy which has since been dumped.

Tourism, Major Events, Small Business and the Commonwealth Games

Commonwealth Games

The Opposition is united in its support of the Commonwealth Games and is particularly proud to have played a part in putting the Gold Coast and Queensland on the world stage. The benefits of the Commonwealth Games may be immeasurable for the people of the Gold Coast and the opportunities the Games present are significant.

All concerns raised by the Opposition in relation to the Commonwealth Games should be taken as constructive.

Master Plan Delay

The Opposition raised concerns about the nine month delay in completing and releasing the Master Plan for the Commonwealth Games Village. Any delays in the Commonwealth Games infrastructure plans and associated building program could cause long term reputational damage to Queensland and the Gold Coast.

The lasting perception following the previous public criticism over delays in other Commonwealth and Olympic Games around the world could only be described as a public relations disaster for the host cities. Every effort must be put into delivering a successful Commonwealth Games.

The Opposition will continue to raise any delays to protect the reputation of Queensland businesses and the Government's need to deliver these projects on time. We see this as being essential to protect jobs and future investment in Queensland.

The Opposition is glad to see that the Minister for the Commonwealth Games shares the Opposition's concerns when she stated:

"May I say that you are not alone in having concerns about time lines being met. I would like to reassure the committee and the people of Queensland that I have every confidence in my board and also in the Deputy Premier's department in being able to deliver this project on time and on budget, but, even more importantly, that it will leave behind a legacy that we can be proud of."

That the Minister appears to have little control over the time lines being met is concerning and in no way satisfies the Opposition that anyone has ultimate responsibility for the Commonwealth Games.

The Minister's explanation that, *"I think the Deputy Premier said that I choose everything down to the paint colour and then we give it to them to build and it comes back all shiny and new for us to deliver the games"* is concerning.

The Commonwealth Games is such an important event that surely one Minister must be held accountable should the wheels start to fall off which, given the already nine month delay, must be considered a possibility.

What can't be allowed to occur is the Deputy Premier saying, I was not informed what colour to paint the rooms in the Games Village so I couldn't submit the plan and the Minister for the Commonwealth Games saying that she couldn't pick the colour scheme because she hadn't received the dimensions of the athletes' rooms.

That the Minister is stressing her involvement in choosing colour schemes defies belief given the other serious responsibilities and functions the Minister should be performing to increase tourism, other small business opportunities as well as formulating a plan to tap into Commonwealth Games opportunities for local businesses. The Minister reaffirmed her involvement in the colour of paint when she later informed the Committee that, *"I thought I made myself clear before as to exactly what we do, down to the colour of the paint."*

Commonwealth Games Board

The Opposition raised the issue of transparency and accountability processes surrounding the decision making processes of the Commonwealth Games Board. High importance should be given to the level of confidence required in the Board's decisions to protect the international reputation of the Queensland government and its relationships with the business community.

The Minister initially appeared not to be able to answer what checks and balances she had put in place and was unsure of whether any potential conflicts of interest existed with Board members that have the potential to cloud the reputation of the Games.

It is important to remember that the test of a conflict of interest is not only an actual conflict of interest but also potential for a perceived conflict of interest.

The Opposition is concerned about the information provided by Mr Peters, the CEO of the Commonwealth Games Corporation that *"During board meetings, there have been no declarations of conflicts of interest"* made by any board members about any issue.

While the Opposition is pleased that Board Members have completed a corporate governance refresher session, the Opposition remains in the dark about what decisions have been made by the Board with regard to stadiums in Queensland and what commercial information has been provided to the Board about other stadiums in Queensland. The Opposition notes that former senior employees of Stadiums Queensland now work for the Commonwealth Games Corporation as outlined in the annual report.

The Opposition wants to make it clear that it has no information that anything untoward has happened but it is clear that business opportunities are being pursued in relation to managing Queensland stadiums by the private company which has representatives on the Board. This has been confirmed under right to information material from the Department of National Parks, Recreation, Sport and Racing. The Opposition would not like to see anything take the focus off a successful delivery of the Games and every aspect must be looked at to ensure Queensland's business and governmental reputation is in the highest regard on the world stage.

V8 Supercars

The Opposition has been critical of the Minister's handling of the contract negotiations for the V8 Supercars and the lack of detail that was available to the community in relation to whether the Gold Coast event was even going to be held in 2014. We hope the lack of certainty has not resulted in families who were considering attending the Gold Coast event confirming bookings with interstate events instead.

Information provided during the hearing reaffirmed that the Supercars promote increased business opportunities for hotels, restaurants and other tourism businesses in regional Queensland. The reported cuts to the amount of money provided by the Queensland Government appear to have caused the organisers to cut the festival program for next year,

which may impact on families' decisions to attend the events, particularly on the Gold Coast where the festival like atmosphere was part of the attraction to the event.

Gold Coast Beach Erosion

The Minister once again completely washed her hands of any responsibility she, or the state Government, have to the people of the Gold Coast on beach erosion. The massive erosion problems along Gold Coast beaches have been of great concern to tourism operators and other locals for a number of months. The Opposition supports the efforts of the Gold Coast City Council and finds the Newman Government's refusal to engage constructively on the issue deeply worrying.

The Gold Coast is an extremely popular tourist destination for a number of reasons, including attractions in the hinterland and theme parks; however it is undeniably true that the city's beaches and surf culture are its greatest drawcard. The scale of erosion in recent months has threatened the tourism industry by making Gold Coast beaches a less attractive place to spend time. The centrality of beaches to the city's tourism market is acknowledged in the Gold Coast Destination Tourism Strategy 2012-16:

"Gold Coast Famous for fun' is the brand and vision for the Gold Coast as a leisure tourism destination, focusing on the things that the Gold Coast is known and loved for. It captures the essence of the region – warm sun, inviting sea and golden beaches..."

There is a long history of Queensland governments providing assistance to city councils to maintain and restore beaches that have suffered from erosion, nowhere more so than on the Gold Coast. The construction of the Seaway and sand bypassing system was funded under the Bjelke-Petersen Government and the Tweed sand bypassing system also received state government funding. This history undermines the Minister's claims that:

"So the bottom line is that it is the council's responsibility."

It is disappointing Minister Stuckey chose to downplay the issue by suggesting that it was only a minor issue saying:

"Might I also add here that the Gold Coast has some 52 kilometres of beaches. I am not at all disputing or discounting that there is some severe erosion, but, of the 52 kilometres, it is a very small amount that has severely eroded."

This ignores the fact that the severe erosion has disproportionately affected some of the most popular tourist beaches on the Gold Coast including Surfers Paradise, Nobby, Miami and Burleigh Heads. Beach erosion is a significant issue for the Gold Coast tourism industry which the Minister purports to support. The Newman Government should step up to the plate and assist the Gold Coast City Council to address the current restoration works.

Gold Coast Tourism Numbers

During questioning on Gold Coast erosion Minister Stuckey made the following claim:

"I would just ask you to take a look at the figures from March 2012 to March 2013 which include certainly very inclement weather, and you will see that the Gold Coast had a 19 per cent boost in international tourists."

The Leader of the Opposition requested the Minister table those figures and under further questioning by the member for South Brisbane it was revealed that the actual year to March increase for international visitors to the Gold Coast was 3% which is a significantly smaller increase than the Minister's initial claim.

Suspension of China Eastern Flights into Cairns

The Opposition is concerned with the suspension of China Eastern Airline services into Cairns for a period of twelve weeks and questioned Minister Stuckey on this matter. While the Minister was unconcerned with this development and explained that the agreement with China Eastern was a seasonal one, it will still have significant affects on Cairns tourism providers. In addition the Opposition would like further information from the Minister on what incentives were offered to China Eastern to service the Cairns market and whether any of these benefits will accrue to the airline while services are suspended.

Small Business

The Opposition sought to ask questions on a number of issues that directly affect Queensland small businesses during the estimates hearing. While trading hours fall under the portfolio responsibilities of the Attorney-General and Minister for Justice it was disappointing that the Minister was unable to articulate a coherent position on the possible extension of trading hours and the Opposition questions her ability to stick up for small businesses around the cabinet table on this issue.

Payroll taxes also significantly affect small business, but once again this issue does not fall under the Minister for Small Business's responsibilities.

The Minister was happy to talk up her *"Think Queensland, buy locally"* campaign but was forced to make the following acknowledgment regarding the state government's procurement policy:

"The state procurement policy that we have says that 'local' is Australia or New Zealand."

This is yet more evidence of a government that asks Queenslanders to do one thing but then does the opposite itself.



Tim Mulherin MP

Deputy Leader of the Opposition