

2020 - 21 Budget Estimates

Report No. 2, 57th Parliament
State Development and Regional Industries Committee
February 2021

State Development and Regional Industries Committee

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Acknowledgements

The committee acknowledges the assistance provided by the departmental officers from the Department of State Development, Infrastructure, Local Government and Planning; Department of Agriculture and Fisheries; and the Department of Regional Development, Manufacturing and Water.

The committee also acknowledges the assistance provided by the Queensland Parliamentary Service.

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Chair's foreword

This report presents a summary of the committee's examination of the budget estimates for the 2020-21 financial year.

Consideration of the budget estimates allows for the public examination of the responsible Ministers and the chief executive officers of agencies within the committee's portfolio areas. This was undertaken through the questions on notice and public hearing process.

The committee has recommended that the proposed expenditure, as detailed in the Appropriation (2020-2021) Bill 2020 for the committee's areas of responsibility, be agreed to by the Legislative Assembly without amendment.

On behalf of the committee, I thank the Deputy Premier and Minister for State Development, Infrastructure, Local Government and Planning; the Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities; and the Minister for Regional Development and Manufacturing and Minister for Water; and their departmental officers for their co-operation in providing information to the committee throughout this process.

I would also like to thank the members of the committee for their hard work and valuable contribution to the estimates process, and other members whose participation in the hearing provided additional scrutiny.

Finally, I thank the committee's secretariat and other Parliamentary Service staff for their assistance throughout the process.



Chris Whiting MP

Chair

February 2021

1 Introduction

1.1 Role of the committee

The State Development and Regional Industries Committee (committee) is a portfolio committee of the Legislative Assembly which commenced on 26 November 2020 under the *Parliament of Queensland Act 2001* and the Standing Rules and Orders of the Legislative Assembly.¹

The committee's primary areas of responsibility include:

- State Development, Infrastructure, Local Government and Planning
- Agricultural Industry Development, Fisheries and Rural Communities
- Regional Development, Manufacturing and Water.

Section 93(1) of the *Parliament of Queensland Act 2001* provides that a portfolio committee is responsible for examining each Bill and item of subordinate legislation in its portfolio areas to consider:

- the policy to be given effect by the legislation
- the application of fundamental legislative principles
- matters arising under the *Human Rights Act 2019*
- for subordinate legislation – its lawfulness.

The committee also has oversight functions in relation to the Independent Assessor.

On 3 December 2020, the Appropriation (2020-2021) Bill 2020 and the estimates for the committee's area of responsibility were referred to the committee for investigation and report.²

On 8 December 2020, the committee conducted a public hearing and took evidence about the proposed expenditure from the:

- Deputy Premier and Minister for State Development, Infrastructure, Local Government and Planning
- Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities
- Acting Minister for Regional Development and Manufacturing and Minister for Water³
- other witnesses.

A copy of the transcript of the committee's hearing is available on the committee's inquiry webpage.⁴

Prior to the public hearing, the committee provided the Ministers 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 and documents tabled during the hearing are included in a volume of additional information tabled with this report. This can be found on the inquiry webpage.

¹ *Parliament of Queensland Act 2001*, s 88 and Standing Order 194.

² Standing Order 177 provides for the automatic referral of the Annual Appropriation Bills to portfolio committees once the Bills have been read a second time.

³ The Hon Stephen Miles MP, was Acting Minister for Regional Development and Manufacturing and Minister for Water on 8 December 2020.

⁴ See: <https://www.parliament.qld.gov.au/work-of-committees/committees/SDRIC/inquiries/current-inquiries/Estimates2020-21>

1.2 Aim of this report

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

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

- budget papers
- answers to pre-hearing questions on notice
- evidence taken at the hearing
- additional information given in relation to answers.

1.3 Participation by other Members

The committee gave leave for other Members of the Legislative Assembly to participate in the hearing. The following Members participated in the hearing:

- Mr Stephen Andrew MP, Member for Mirani
- Mr Michael Berkman MP, Member for Maiwar
- Mrs Deb Frecklington MP, Member for Nanango
- Mr Dale Last MP, Member for Burdekin
- Ms Ann Leahy MP, Member for Warrego
- Mr Tony Perrett MP, Member for Gympie
- Dr Amy MacMahon MP, Member for South Brisbane
- Ms Fiona Simpson MP, Member for Maroochydore

2 Recommendation

Pursuant to Standing Order 187(1), the committee must state whether the proposed expenditures referred to it are agreed to.

Recommendation 1

The committee recommends that the proposed expenditure, as detailed in the Appropriation (2020-2021) Bill 2020 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, Local Government and Planning

This section discusses issues raised during the committee’s examination of the estimates.

3.1 Department of State Development, Infrastructure, Local Government and Planning

The Honourable Steven Miles MP, Deputy Premier and Minister for State Development, Infrastructure, Local Government and Planning, is the Minister responsible for the Department of State Development, Infrastructure, Local Government and Planning (the department).

The department was formed following Machinery-of-Government changes, effective 12 November 2020. The former Department of Local Government, Racing and Multicultural Affairs was renamed the Department of State Development, Infrastructure, Local Government and Planning. Further, the state development function was transferred from the former Department of State Development, Tourism and Innovation; and the infrastructure and planning functions were transferred from Queensland Treasury to the department.⁶

The department has five service areas as follows:

- Develop the economy – attract and facilitate investment opportunities and industry development in Queensland that provide enduring economic benefit
- Infrastructure and economic resilience strategy, policy and planning – deliver a clear and consistent economic policy direction for the State with the development of economic, infrastructure and regional strategies
- Local Government – provide high quality and timely administration of both the local government system and local government funding programs
- Independent Assessor – provide timely and proficient administration of the councillor complaints framework
- Better planning for Queensland – drive the effectiveness of Queensland’s planning system by ensuring accessible and transparent requirements and efficiency of the State’s assessment functions.⁵

The following table taken from the Appropriation (2020-2021) Bill 2020 compares the appropriations for the department for 2019-20 and 2020-21.

**Appropriation for 2020-2021 - Department of State Development, Infrastructure, Local Government and Planning
(formally Department of Local Government, Racing and Multicultural Affairs)**

Appropriations	(Actual) 2019-20 \$'000	2020-21 \$'000
<i>Controlled Items</i>		
departmental services	228,428	601,383
equity adjustment	(267)	21,301
<i>Administered Items</i>	569,586	725,416
Vote	797,747	1,348,100

Source: Appropriation (2020-2021) Bill 2020, Schedule 2, p. 14.

⁵ Queensland State Budget 2020-21, Service Delivery Statements, Volume 1, p 50.

3.1.1 Budget highlights

2020-21 budget highlights by service area include:

Develop the economy

- progressing assessment and delivery of largescale infrastructure, agriculture, aquaculture, energy and resource projects through the Coordinator-General’s statutory powers and whole-of-government coordination
- facilitating successful delivery of Queen’s Wharf Brisbane integrated resort development, including the completion of The Landing public realm structure and commencement of construction of the Neville Bonner Pedestrian Bridge
- supporting and growing Queensland’s emerging renewable hydrogen sector, resource recovery sector and through industry development initiatives

Infrastructure and economic resilience strategy, policy and planning

- leading and coordinating post-disaster economic recovery with a priority on regional recovery, including reporting to government on performance outcomes
- delivering the Capital Program 2020 Update, reinforcing the government’s commitment to a significant pipeline of capital investment; supporting industry confidence and attracting further investment
- developing an updated infrastructure blueprint that sets the direction to support economic recovery through a short-term plan of action and longer-term vision for transformation

Local Government

- delivering the COVID Works for Queensland (COVID W4Q) program and SEQ Community Stimulus Package SEQ councils
- engaging with the Commonwealth to seek a commitment to match funding to build the Bundaberg Flood Levee
- designing and delivering capacity building programs that support Mayors, Councillors and council officers undertake their roles and responsibilities, including training in governance and financial management

Independent Assessor

- collaborating with the Local Government Association of Queensland to develop an interactive application which seeks to assist councillors to identify and lawfully manage prescribed and declarable conflicts of interest

Better planning for Queensland

- driving approaches for improving and enhancing the regulatory and legislative environment of the state’s planning system, focussing on upfront certainty and ease of implementation
- working with local governments on streamlining the planning system and promoting economy recovery measures.⁶

⁶ Queensland State Budget 2020-21, Service Delivery Statements, Volume 1, pp 51- 57.

3.1.2 Capital

The department's overall capital purchases budget of \$6.2 million largely consists of:

- \$5.8 million for Autonomous Systems Test Sites
- \$197,000 for completion of the Local Government Grants Management System (eGRANT)
- \$155,000 for State Development Area property management.⁷

3.2 Statutory bodies and commercialised business units

The Minister for State Development, Infrastructure, Local Government and Planning also has ministerial responsibility for the following statutory bodies and commercialised business units:

3.2.1 Queensland Reconstruction Authority

Queensland Reconstruction Authority (QRA) is the state's lead agency responsible for managing and coordinating the program of recovery and reconstruction works within disaster-affected communities, and for delivering policy and activities to improve the resilience of Queensland communities.⁸

Service area highlights for 2020-21, include:

- administering the first full year of implementation of Disaster Recovery Funding Arrangements (DRFA), whilst also continuing to administer the National Disaster Relief and Recovery Arrangements (NDRRA) in parallel until the delivery and acquittal of all existing programs of NDRRA works are completed in 2022
- assisting with activation, damage assessment and coordinating Queensland's ongoing recovery efforts and NDRRA/DRFA recovery and reconstruction programs from 23 disaster events in active delivery during the year
- delivering three regional resilience strategy projects as part of Resilient Queensland 2018-2021, involving 17 local governments across Central West, Fitzroy and Mary River regions.⁹

The following table provides a summary of the income statement provided in the Service Delivery Statements.

Summary Income Statement

Queensland Reconstruction Authority	Actual 2019-20 \$'000	2020-21 Budget \$'000
Total Income	870,840	764,700
Total Expenses	870,107	766,439
Operating Surplus/(Deficit)	733	(1,739)

Source: Queensland State Budget 2020-21, Service Delivery Statements, Volume 1, p 66.

⁷ Queensland State Budget 2020-21, Service Delivery Statements, Volume 1, p 58.

⁸ Queensland State Budget 2020-21, Service Delivery Statements, Volume 1, p 64.

⁹ Queensland State Budget 2020-21, Service Delivery Statements, Volume 1, p 64.

The Capital Statement identifies the Queensland Reconstruction Authority as an entity included in capital outlays in 2020-21.¹⁰ Capital highlights include:

- administration of the \$65.5 million over five years to improve safety and disaster resilience across the state under the Queensland Resilience and Risk Reduction Fund
- administration of a suite of targeted measures aimed at promoting disaster recovery and resilience from recent significant events including the \$100 million Betterment Fund to improve the resilience of infrastructure damaged by the Monsoon flooding event of early 2019 under the joint State Commonwealth Disaster Recovery Funding Arrangements. The programs will be delivered over three years to 2021-22.¹¹

3.2.2 South Bank Corporation

The South Bank Corporation is the development and management authority for Brisbane’s South Bank area.

New initiatives for 2020-21 include:

- progressing the preparation of a new master plan for the South Bank Corporation area
- opening the new Riverside Open Space, which will deliver 6,816m² of riverside green, public art, barbeque facilities and a riverfront event space
- continuing to work with rental tenants in the parklands, Little Stanley Street and Grey Street to support them through the COVID-19 pandemic with rental abatements and marketing initiatives.¹²

The following table provides a summary of the income statement provided in the Service Delivery Statements.

Summary Income Statement

South Bank Corporation	2019-20 Actual \$'000	2020-21 Budget \$'000
Total Income	74,890	48,648
Total Expenses	105,621	73,776
Operating Surplus/(Deficit)	(30,731)	(25,128)

Source: Queensland State Budget 2020-21, Service Delivery Statements, Volume 1, p 68.

Capital grants highlights for 2020-21 include:

- \$4.66 million for South Bank parklands enhancements and replacements, and
- \$7.49 million allocated to South Bank’s new Riverside Open Space.¹³

¹⁰ Queensland State Budget 2020-21, Capital Statement, p 99.

¹¹ Queensland State Budget 2020-21, Capital Statement, p 99.

¹² Queensland State Budget 2020-21, Service Delivery Statements, Volume 1, p 67.

¹³ Queensland State Budget 2020-21, Capital Statement, pp 26-27.

3.2.3 Building Queensland

Building Queensland provides independent, expert advice on major infrastructure. Its core function involves the preparation of business cases to inform the State's investment decisions.¹⁴

The following table shows the budget for the entity for 2020-21:

Building Queensland	2019-20 Actual \$'000	2020-21 Budget \$'000
Total operating expenses	7,031	4,856
Capital	0	0

Source: Queensland State Budget 2020-21, Service Delivery Statements, Volume 1, p 69.

3.2.4 Economic Development Queensland

Economic Development Queensland is a commercialised business unit, the purpose of which is to facilitate economic development and development for community purposes.

Service area highlights for 2020-21 include:

- continuing to repurpose surplus and underutilised state land by accelerating the delivery of \$66 million in capital works projects across a number of projects
- rolling out the Building Acceleration Fund to provide interest-free loans for projects that generate private sector investment, unlock development opportunities and create jobs
- continuing to facilitate the development at Northshore including delivery of a new facility for the vaccine delivery company Vaxxas, start of construction of the Stage 1 Waterfront Development precinct and major road upgrades to facilitate private sector investment and jobs.

The following table provides a summary of the income statement provided in the Service Delivery Statement.

Economic Development Queensland	2019-20 Actual \$'000	2020-21 Budget \$'000
Total Income	75,740	102,488
Total Expenses	111,544	112,970
Income tax expense/revenue	(6,680)	(1,976)
Operating Surplus/(Deficit)	(29,124)	(8,506)

Source: Queensland State Budget 2020-21, Service Delivery Statements, Volume 1, p 72.

Economic Development Queensland is identified as an entity included in capital outlays in 2020-21 in the Capital Statement.¹⁵

¹⁴ Queensland State Budget 2020-21, Service Delivery Statements, Volume 1, p 69.

¹⁵ Queensland State Budget 2020-21, Capital Statement, pp 99.

3.3 Key issues raised at the public hearing

Issues raised by the committee and participating Members in relation to the portfolio areas of responsibility of the Minister included:

- Environmental Impact Statement process for the Cross River Rail project
- impact of Queensland Olympics bid on development in regional and North Queensland
- status of Queen’s Wharf development and local procurement opportunities
- planned capital investment for South-East Queensland
- local manufacturing of vaccines and vaccine delivery systems
- global tourism hubs in Queensland, including Cairns and the Gold Coast
- status of the CopperString Project in Queensland’s north west
- implementation of the Disaster Recovery Funding Arrangement
- performance based planning in Queensland
- the transfer of Building Queensland to core government
- closure of the Dalby biorefinery
- the role of infrastructure in Queensland’s plan for economic recovery
- assistance provided to businesses during COVID-19 pandemic
- government modelling of population growth in South-East Queensland
- government activities relating to the residential rental market
- local government planning, and planning transparency
- measures to support community health and wellbeing
- 10-year review of the Brisbane City Plan 2014
- financial management, transparency and integrity of local government
- measures aimed at addressing flooding in Bundaberg
- the Unite and Recover Community Stimulus Package
- Works for Queensland Program
- complaints finalised by the Office of the Independent Assessor and office resourcing.¹⁶

¹⁶ Public hearing transcript, Brisbane, 8 December 2020, pp 1-37

4 Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities

This section discusses issues raised during the committee’s examination of the estimates.

4.1 Department of Agriculture and Fisheries

The Honourable Mark Furner MP, Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities, is the Minister responsible for the Department of Agriculture and Fisheries. The department has three service areas as follows:

- Agriculture – to lift the productivity of Queensland’s food and fibre businesses
- Biosecurity Queensland – to mitigate the risks and impacts of animal and plant pests and diseases and weeds to the economy, the environment, social amenity and human health. This service also upholds standards for animal welfare and agricultural chemical use
- Fisheries and Forestry – to ensure sustainable and productive fisheries and the responsible allocation and use of state-owned forest and related resources.¹⁷

The following table taken from the Appropriation (2020-2021) Bill 2020 compares the appropriations for the department for 2019-20 and 2020-21.

Appropriation for 2020-2021 – Department of Agriculture and Fisheries

Appropriations	(Actual) 2019-20 \$'000	2020-21 \$'000
<i>Controlled Items</i>		
departmental services	356,915	333,136
equity adjustment	(6,908)	(6,203)
<i>Administered Items</i>	1,107,114	238,303
Vote	1,457,121	565,236

Source: Appropriation (2020-2021) Bill 2020, Schedule 2, p. 9.

4.1.1 Budget highlights

2020-21 budget highlights across the three service areas include:

Agriculture

- supporting Queensland’s economic recovery by delivering initiatives and programs in support of a resilient agribusiness sector
- delivering AgTech initiatives and programs
- promoting Queensland's agricultural products and innovations internationally
- supporting the protection of the Great Barrier Reef with research, development and extension on land management practices that improve Reef water quality as well as productivity
- supporting recovery efforts in response to business disruptions and natural disasters, continuing drought assistance programs while this drought lasts and delivering reforms to drought programs through the Drought and Climate Adaption Program

¹⁷ Queensland State Budget 2020-21, Service Delivery Statements, Volume 2, p 2.

- providing grants of up to \$250,000 matched with co-contributions from grant applications under the Rural Economic Development Grants Scheme to promote industry development and jobs in rural communities.

Biosecurity Queensland

- continuing to position Queensland as a leader in national biosecurity preparedness and enhancing Queensland's biosecurity prevention and response capability, including preparing the pork industry for the threat of African swine fever
- implementing and monitoring actions related to strategic plans, including the *Queensland Biosecurity Strategy 2018-2023*, the *Queensland Invasive Plants and Animals Strategy 2019-2024* and the *Northern Australia Biosecurity Strategy 2030*
- meeting national standards for livestock welfare and continuing to contribute to national processes to develop appropriate animal welfare standards and guidelines
- working collaboratively with the Queensland Racing Integrity Commission and Racing Queensland to implement the Queensland Government's response to recommendations from the independent *Inquiry into Animal Cruelty in the Management of Retired Thoroughbred and Standardbred Horses in Queensland* (the Martin Inquiry)

Fisheries and Forestry

- continuing implementation of the *Queensland Sustainable Fisheries Strategy 2017–2027* to support fisheries reform
- implementing the second round of regulatory reforms to major Queensland fisheries (including trawl, crab and east coast inshore)
- obtaining/maintaining access to export markets for commercial fisheries by negotiating and maintaining necessary Commonwealth approvals under the *Environmental Protection and Biodiversity Conservation Act 1999* (Cth)
- establishing the Native Timber Advisory Panel to oversee and make plans for the industry's future
- supplying state-owned forest products and quarry material on a commercial and environmentally responsible basis.¹⁹

4.1.2 Capital

The department's capital program is focussed on developing and upgrading research facilities to deliver outcomes for agriculture, biosecurity, fisheries and forestry.

In 2020-21, \$19.8 million has been allocated for upgrades, replacement and new asset acquisitions, through a range of capital programs including research facilities development, minor works, heavy plant and equipment, scientific equipment, vessels and marine equipment and computer equipment programs.

Significant capital projects include:

- \$3.6 million to continue the Toowoomba Facilities Upgrade Project, resulting in enhanced service delivery and improved operational efficiency

¹⁹ Queensland State Budget 2020-21, Service Delivery Statements, Volume 2, pp 2-8.

- \$1.1 million to complete the refurbishment of the Wacol Tick Fever Centre to meet required Australian Pesticides and Veterinary Medicines Authority standards
- \$1 million allocated to refit the Queensland Boating and Fisheries Patrol vessel the 'KI Ross'.²⁰

4.2 Statutory Bodies

The Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities is also responsible for the following statutory bodies:

4.2.1 Queensland Rural and Industry Development Authority

The purpose of the Queensland Rural and Industry Development Authority (QRIDA) is to create sustainable rural and regional communities.

In 2020-21 service area highlights include:

- providing a broad, flexible and cost-effective range of administrative services to assist government agencies deliver financial and regulatory programs to the highest standards. Key financial and regulatory programs include:
 - First Start and Sustainability loans under the Queensland Government's Primary Industry Productivity Enhancement Scheme (PIPES)
 - concessional loans and grants under Disaster Recovery Financial Arrangements (DRFA)
 - Reef Catchment Rebates and managing the panel of Industry Specialists
 - COVID-19 Jobs Support Loans
- management of the compulsory Farm Business Debt Mediation program to provide a process for the efficient and equitable resolution of farm debt disputes.²¹

The following table provides a summary of the income statement provided in the Service Delivery Statement.

Income Statement

Queensland Rural and Industry Development Authority	2019-20 Actual \$'000	2020-21 Budget \$'000
Total Income	202,905	436,353
Total Expenses	480,121	417,501
Operating Surplus/(Deficit)	(277,216)	18,852

Source: Queensland State Budget 2020-21, Service Delivery Statements, Volume 2, p 17.

The Queensland Rural and Industry Development Authority is not an entity included in capital outlays in 2020-21 as noted in the Capital Statement.

4.2.2 Queensland Racing Integrity Commission

The Queensland Racing Integrity Commission (the Commission) oversees the integrity and welfare standards of racing animals and participants in Queensland.

²⁰ Queensland State Budget 2020-21, Service Delivery Statements, Volume 2, p 10.

²¹ Queensland State Budget 2020-21, Service Delivery Statements, Volume 2, p 15.

In 2020-21 service area highlights include:

- implementing an annual engagement program to raise industry and community awareness of the Commission’s role and purpose
- developing awareness and education materials for racing industry participants and the wider community in order to achieve the Commission’s Education Strategy and support the recommendations of the Martin Inquiry into the management of retired racing horses
- reviewing the Commission’s Licensing Standards to ensure that they continue to be relevant and aligned to the Commission’s strategic priorities
- supporting Racing Queensland to establish and govern a retraining/rehoming program for Thoroughbred and Standardbred horses, bred for the racing industry.²²

The following table provides a summary of the income statement provided in the Service Delivery Statement.

Queensland Racing Integrity Commission	2019-20 Actual \$'000	2020-21 Budget \$'000
Total Income	30,457	31,110
Total Expenses	30,446	31,110
Operating Surplus/(Deficit)	(11)	..

Source: Queensland State Budget 2020-21, Service Delivery Statements, Volume 2, p 22.

The Queensland Racing Integrity Commission is listed as an entity included in capital outlays in 2020-21. Capital projects include:

- \$309,000 for the other asset replacements project
- \$300,000 for the Registration and Licensing Environment project.

4.3 Key issues raised at the public hearing

Issues raised by the committee and participating Members in relation to the portfolio areas of responsibility of the Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities included:

- sources of departmental savings in the 2020-21 budget
- the Greater Graduate program 2020-21
- research development and extension (RD&E) program funding and initiatives
- first-mortgage loans for rural communities
- trade relationships and the export of agricultural products during the COVID-19 pandemic
- measures to support the agricultural, farming, aquaculture and fishery industries during COVID-19
- measures to address labour shortages on farms arising from the COVID-19 pandemic

²² Queensland State Budget 2020-21, Service Delivery Statements, Volume 2, p 19.

- implementation of drought reforms in Queensland
- measures to eliminate red imported fire ants in Queensland
- measures to support the dairy industry
- legislation and standards relating to animal welfare
- measures to support Queensland’s beef industry
- financial impact of feral pests in Queensland
- native timber industry and development of an industry action plan
- commercial seafood industry in Queensland including country of origin labeling
- insurance duty on agricultural products
- measures to support the aquaculture industry
- strategy and financial support for commercial fishing industry
- economic opportunities from fishing for Aboriginal and Torres Strait Islander communities.²³

²³ Public hearing transcript, Brisbane, 8 December 2020, pp 68-100

5 Minister for Regional Development and Manufacturing and Minister for Water

This section discusses issues raised during the committee’s examination of the Bill.

5.1 Department of Regional Development, Manufacturing and Water

The Honourable Glenn Butcher MP, Minister for for Regional Development and Manufacturing and Minister for Water, is the Minister responsible for the Department of Regional Development, Manufacturing and Water.

As part of the Machinery of Government changes, effective 12 November 2020, the former Department of Regional Development and Manufacturing was renamed the Department of Regional Development, Manufacturing and Water; and the Water function was transferred to the new department from the former Department of Natural Resources, Mines and Energy.²⁴

The new department will deliver services across two areas:

- Develop the economy – Create jobs that provide enduring economic benefit by delivering regional economic development opportunities and supporting the manufacturing industry in Queensland
- Water resource management services – The sustainable management of Queensland’s water resources as well as oversight of water service providers and water infrastructure owners.²⁵

The following table taken from the Appropriation (2020-2021) Bill 2020 compares the appropriations for the department for 2019-20 and 2020-21.

**Appropriation 2020-21 for Department of Regional Development, Manufacturing and Water
(formerly Department of Regional Development and Manufacturing and Department of State Development,
Manufacturing, Infrastructure and Planning)**

Appropriations	2019-20 \$'000	2020-21 \$'000
<i>Controlled Items</i>		
departmental services	450,263	..
equity adjustment	99,551	18,942
<i>Administered Items</i>	914,419	..
Vote	1,464,233	18,942

Source: Appropriation (2020-2021) Bill 2020, Schedule 2, p. 12.

5.1.1 Budget highlights

2020-21 budget highlights across the two service areas include:

Develop the economy

- advancing technology adoption for regional manufacturers
- enabling workforce development of regional manufacturers
- prioritising skills and training for advanced manufacturing across the four regional hub areas

²⁴ Queensland State Budget 2020-21, Service Delivery Statements, Volume 3, p 37.

²⁵ Queensland State Budget 2020-21, Service Delivery Statements, Volume 3, pp 38-40.

- managing the Made in Queensland Program and monitoring outcomes from projects being undertaken
- releasing and implementing the Rail Manufacturing Strategy for Queensland
- implementing the Personal Protective Equipment and other Essential Products Directions Statement
- progressing the Queensland Craft Brewing Strategy including launching BrewLab and introducing an artisan liquor licence
- continuing the Skills Implementation Plan for Advanced Manufacturing.²⁶

Water resource management services

- continuing to deliver on Murray-Darling Basin Plan implementation commitments
- delivering a Minister's report on the performance of the Moreton Water Plan, including meeting commitments to the Central Lockyer Valley Water Supply Scheme
- delivering an amendment to the Fitzroy Basin Water Plan to include arrangements for the construction and operation of Rookwood Weir
- commencing a study to examine the water resources and associated issues on Minjerribah (North Stradbroke Island) in consultation with key stakeholders and Traditional Owners
- delivering a report on the performance of the Gold Coast and Logan Basin water plans
- implementing South East Queensland bulk water prices to be charged by Seqwater for the 2021-22 to 2024-25 period, based on advice from the Queensland Competition Authority
- progressing the transformation of rural water futures for improved fairness, transparency and accountability.²⁷

5.1.2 Capital

In 2020-21, \$510.2 million is allocated to the water capital program, including \$474 million in capital purchases and \$36.2 million in capital grants. Significant individual capital projects include:

- \$77 million for Paradise Dam essential works
- \$93 million for Seqwater other infrastructure capital works
- \$115 million capital expenditure for Rookwood Weir.²⁸

5.2 Key issues raised at the public hearing

Issues raised by the committee and participating Members at the public hearing included:

- Western Corridor Recycled Water Scheme recommissioning program
- water pricing impacts for users of the Eton and Haughton irrigation schemes
- measures to support the reduction of water charges for the agricultural sector
- measures to support the payment of water charges by households
- water security

²⁶ Queensland State Budget 2020-21, Service Delivery Statements, Volume 3, p 38.

²⁷ Queensland State Budget 2020-21, Service Delivery Statements, Volume 3, p 40.

²⁸ Queensland State Budget 2020-21, Capital Statement, pp 93-95.

- investment in water infrastructure and impact on employment
- Feasibility study on options to improve town water supply security for Warwick and surrounding communities
- Paradise Dam capacity
- Rookwood Weir development
- return of financial dividends through the Mount Isa Water Board
- upgrade of bulk water infrastructure
- dam safety improvement projects
- investigation of proposed Bradfield inland irrigation scheme
- part A water charges
- funding for proposed hydro-electric power station at Burdekin Falls Dam
- the Made in Queensland program and support for small to medium manufacturers
- regional manufacturing hubs
- manufacturing of trains in Queensland
- use of the 'BrewLab' as part of the Queensland Craft Brewing Strategy
- Personal Protective Equipment manufacturing in Queensland.²⁹

²⁹ Public hearing transcript, Brisbane, 8 December 2020, pp 38 – 67.

6 Statements of Reservation

STATEMENT OF RESERVATIONS

Mr Jim McDonald MP (Deputy Chair) and Mr Michael Hart MP

As Queenslanders deal with the impacts of COVID-19, the 2020/21 Budget was the time for the Palaszczuk Government to respond.

Instead, the third-term Labor Government claimed businesses are back on their feet and all jobs lost because of COVID-19 have been regained – claims woefully out of touch with reality.

The more than 200,000 Queenslanders who are currently out of work were relying on the Labor Government to get this Budget right. But for them it's simply pages of broken promises and dreams.

All Labor has delivered Queensland in this budget is \$28 billion in new debt to simply keep the lights on, and an infrastructure spend that is both billions less than southern states and but is also being delivered years into the never never.

In its third term all the Labor Government can manage as an economic plan is a 41-page glossy brochure and an unemployment rate 13 percent higher than Victoria and nearly 25 percent higher than New South Wales.

Committee operation

As is prudent, the Opposition agrees with passing the budget. However, there are some reservations that should be noted.

As mentioned above, this budget outlines unemployment figures into the forwards confirming Queensland will have the worst unemployment figures in the country. Despite this, the government has not communicated any plans to fast-track projects to stimulate the economy and create jobs for Queenslanders.

By holding off the budget until after the election, the Government had a responsibility to be completely transparent about debt levels. Instead they outlined \$4 billion worth of debt before the election only to reveal the actual increase in debt would be seven times that amount at \$28 billion. While the opposition understands the need to borrow funds to build the roads, dams and other job creating projects; we are extremely concerned about the revelations in the budget which show the massive increase in debt has yielded only a tiny increase in the State's net worth. This is in stark contrast to results in other states who have used increased borrowings to fund large infrastructure building programs.

Finally, the structure of the whole budget process is fundamentally broken. With a vastly truncated estimates process, the Government had a responsibility to ensure it was completely transparent. Given the circumstances, it was more important than ever that a full and frank examination of Minister and their portfolios occurred. Instead, the Queensland public was served up a dysfunctional sideshow of the highly politicised Estimates hearings.

The LNP proposes a complete re-imagination of the Estimates process, starting with the appointment of non-Government Chairs during estimates – an initiative that we will implement in Government.

STATE DEVELOPMENT, INFRASTRUCTURE, PLANNING

The estimates hearing emphasised the Palaszczuk Labor Government's lack of concern for state development projects in regional communities, such as the Cairns Global Tourism Hubs which was axed in July 2020.

It was disappointing that the Minister could not evidence the existence of KPIs for the project, which would be expected for a project of this size. The Minister also could not give a clear answer as to the exact date the project was axed, but the Director-General advised that "some time prior to COVID we were not in a position to move forward with that particular transaction".

This is a failed 2017 election commitment which at no stage ever got any traction. This represents the views of the Far North community and industry experts who reported that this was a project destined to fail from the beginning. When asked what Labor's intentions are to generate economic activity for Cairns since the global hub has been canned, the Minister could not give answer. Instead, the Minister went on to boast about Brisbane's Queen's Wharf infrastructure project, highlighting Labor's anti-regions and anti-jobs agenda.

The hearing highlighted the lack of transparency surrounding infrastructure projects in Queensland. One of the LNP's criticisms was around the transitioning of Building Queensland from an independent statutory body to a unit within the Department. The LNP Building Queensland in-house will not improve transparency of the delivery and planning for major infrastructure in Queensland but will instead cloud government decision-making and jeopardise infrastructure outcomes.

When asked about the lack of transparency of pipeline of infrastructure at a time of great economic need, the Minister confirmed the *Infrastructure Pipeline Report* was delayed in order to respond to COVID-19. On this point, the LNP cannot stress enough the need for investment pipeline visibility – something industry stakeholders are yearning for. Queensland should have ambitious budgets that focus on infrastructure to attract private sector investment, but sadly this is not the case under a Queensland Labor Government.

LOCAL GOVERNMENT

With reference to Question on Notice Number 6 and the lack of information provided. This information has been provided to previous Estimates Committees particularly in relation to the programs funded by the Local Government Department.

The Government chose the timing of the budget and they are now using excuses to hide information that has previously been provided to the Parliament. This demonstrates the lack of transparency and openness of the Government, and the

Governments disregard for accountability when it comes to the use and direction of taxpayers' funds.

The government was unable to offer any assurances that costs incurred by local councils in administering the state government's extensive border closure policies would be reimbursed. These costs included accommodation and toilets for police manning these closed crossings and constituted a significant burden on councils, particularly those Councils described as financially distressed and those with a limited rates base.

It has proved difficult to cover these costs through the COVID Works for Queensland program as applications closed on 12 June 2020. With borders reopening on 1 December 2020 and closing partially shortly after, councils would have been unaware of the costs to be incurred and the length of time they would be required to fund these border facilities.

To claim, as the Minister did, that councils could have funded the State Governments border closure expenses from earlier Works for Queensland grants ignores the range of council projects that required additional funding and effectively ties what is an untied grant program. The border closures and their funding could in no way be regarded as part of a measured stimulus program, the focus of the COVID Works for Queensland program.

The imposition of a state government policy – the indefinite closure of borders – had to be funded by councils without consultation. This sort of cost shifting between levels of government disadvantages the level of government in the most vulnerable position – in this instance, local authorities which have no option but to comply with policies and costs imposed from the State Government.

The Office of the Independent Assessor was created to investigate complaints in relation to local authorities.

In 2019-20 the Office received 1,030 complaints – compared with the 160 that were expected. Only 38 percent of investigations were finalised in less than three months while the bulk – 46.5 percent – took between 3 and nine months to finalise. 15.5 percent took longer than 9 months to finalise.

This calls into question the complaint triage and questions if vexatious complainants are being dealt with in an expeditious manner to ensure that councils, councillors, staff and electors are not left in a state of uncertainty while the investigation proceeds.

Success should not be measured by the time taken to assess complaints but by the time taken to finalise all complaints. Those funding this service – taxpayers – deserve no less.

WATER, REGIONAL DEVELOPMENT, MANUFACTURING

The main takeaways from the estimates hearing into water was of broken promises, election promises without any plan for implementation and the continuous 'go-slow' on dam projects in Queensland.

Most disappointing was that the budget revealed that there was no funding at all for the much-lauded water pipeline from Toowoomba to Warwick.

Despite the Premier visiting Warwick in January 2020 during the height of the Southern Downs's water shortage crisis to tell locals that the ribbon could be cut before Christmas, nothing has progressed.

There was no funding in the capital statements to fund any construction. Yet another politically opportunistic broken promise in an election year.

It was also revealed that Labor water discounts promised in the election would only be taken off after the expected QCA price increases set for 1 July 2021. This would likely result in some scheme seeing no change at all after the large increases they were already scheduled to get from 1 July 2021.

The department also revealed that it still had no way of working out how it would enforce and regulate the different water take between horticulture who was receiving a larger discount and other commodities.

Labor again refused to even consider providing relief to 1,125 irrigation customers continuing to pay more than \$6 million per annum in part A charges for no allocation year on year. This issue continues to go unresolved for irrigators with poorly performing assets like those in the Lockyer, Emerald, Boyne River, Chinchilla, Upper Condamine & Nanango (Barker Barambah Scheme).

The mess at Paradise Dam continues with Labor refusing to guarantee that the Bundaberg scheme would be returned to its original capacity. The only guarantee from the Government was to uphold existing allocations – not enough to guarantee the growth of the region's agricultural production into the future.

The Queensland Government and Sunwater confirmed that they not interested in using the available \$18 million in federal funding for the Glendorf water storage outside of Maryborough. It was very disappointing that Labor continues its anti-dam and anti-water agenda by refusing to use the money that was made available for a critical piece of water infrastructure that would increase agricultural production and create much needed local jobs.

Manufacturing

When it comes to manufacturing the current Palaszczuk Labor Government is effectively flying blind with no understanding or analysis of the job losses being incurred throughout the sector in Queensland. The Department of Manufacturing confirmed that it had completed no modelling or analysis on 18,000 manufacturing jobs lost in Queensland before COVID-19.

The LNP committee members find this quite extraordinary that the department tasked with setting policy frameworks to maintain and attract new manufacturing jobs in Queensland has no analysis on the factors impacting upon this industry.

Along the same vein it was remarkable that the Department also admitted that it had no role in the modelling, construction or delivery of the election commitment for the new six-car trains at considerable cost to Queensland taxpayers.

AGRICULTURE, FISHERIES, FORESTRY

The budget handed down for Agriculture, Fisheries and Forestry in Queensland is nothing short of a disgrace with the only headline item being the cut to the department's budget. The estimates process confirmed what industry has been saying about the lack of leadership from the Minister for Agriculture, Mark Furner and the Palaszczuk Labor Government.

To the detriment of Queenslanders, the majority of the hearing was filibustered by Minister Furner and his departmental staff opting to provide long and irrelevant monologues rather than factual and relevant answers to questions. Questions posed by Opposition members who sought clarity and answers on behalf of Queensland's farmers, fishers and foresters mainly went unanswered.

Despite eye-watering borrowings, record debt and record spending, DAF is going backwards— backwards in staff and in funding. There is a \$44 million cut to DAF's budget in 2020-21 compared to actual expenditure in 2019-20.

There is nothing for the department—no expansion in services. There are nine fewer staff budgeted for in 2020-21 than were employed in 2019-20, a drop from 2,124 to 2,115. That is nine fewer staff when the governments only solution to create jobs is a Public Service led recovery. While other city-centric departments increase staff, DAF is being cut. Since 2015 there are 30,000 more Brisbane bureaucrats and yet the department responsible for rural and regional industries is shrinking.

The government has dropped an austerity anvil on hardworking DAF staff and the sector. Agriculture faces cuts to front counter services and closed DAF offices. Extension services have all but disappeared. Research and development are ignored. The government has an appalling record of relentlessly attacking agriculture.

Labor has attacked and undermined through unfair vegetation laws, blocked new dams, underfunding, mismanaged biosecurity and closed agricultural education colleges. Labor used a politically motivated report, funded by a Labor donor, to close the Emerald and Longreach agricultural colleges.

As it currently stands 67.4 per cent of Queensland remains drought declared. Parts of Western Queensland are entering their eighth year of consecutive drought. In the hearing it was again confirmed that Labor has no drought policy. In 2018 the Palaszczuk Labor Government promised to reform drought support programs and conduct a review.

It broke the promise to reform drought support by pushing the reforms out past the last state election. Again, in the hearing Minister Furner refused to rule out cutting freight and fodder subsidies for new drought declared farmers from 1 July 2021, effectively confirming its plan to implement the cuts.

In 2019 the fisheries department commenced the implementation of vessel monitoring, which resulted in considerable frustration and angst throughout the commercial fishing industry due to the poor quality and service provided by Option Audio.

In September 2020 the Queensland Ombudsman finalised its investigation into the saga and found that the department had not demonstrated it had sufficiently considered the safety risks associated with the implementation of vessel tracking and had failed in its responsibility to ensure the vessel tracking units were fit and proper.

Despite these revelations Minister Furner and the department refused to apologise or compensate fishers for the mismanagement that adversely impacted commercial fishers.

Commercial fishers deserve to be respected and treated with dignity from this Palaszczuk Labor Government.

Disappointingly, but unsurprisingly Minister Furner also refused to provide solid commitment as to when the promised Native Timber Advisory Panel would be finally appointed to get to work. This is despite the Premier promising the establishment of the panel in November 2019, more than a year ago.

Queensland's \$3.8 million forestry industry and the thousands of Queenslanders it employs and supports deserves more respect than this. To add salt to the wound the Minister and Queensland Government effectively lashed their hands of all responsibility around the regulation and enforcement of proper process around the export of whole timber logs in Queensland – something industry group Timber Queensland has raised publicly.

Of particular concern was the Minister's lacklustre acknowledgement of his responsibility to oversee rural communities. In pre-estimates hearing Question on Notice no.8 it confirmed what rural Queensland already knew, the considerable decline in Outback Queensland with no plan to reverse the trend.

Since 2015 there has been a combined 7.4% decline in population in Queensland's 22 local government areas defined as 'Outback Queensland'. All but one (Doomadgee) of the 22 local government areas have suffered considerable population declines under Labor's watch.

The Palaszczuk Labor Government failed to offer satisfactory solutions to these perennial problems facing rural communities other than pointing to Queensland Rural and Industry Development Authority loans which while useful did not and have not offered solutions to the long-term population decline ravaging rural Queensland.

Conclusion

Queensland needs a new approach to get the economy going and Queenslanders back to work.

The LNP calls for infrastructure spending to be brought forward and rolled out now to help those 200,000 Queenslanders re-enter the workforce.

The LNP will unleash economic growth by:

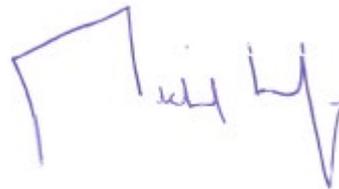
- Encouraging those with entrepreneurial spirit to invest their own money in job creating ventures;

- Valuing the Public Service by empowering them to make decisions which drop barriers to growth;
- Unshackling the mining industry and tourism industries through world's best practice environmental protections which both preserve our natural environment and utilise it to create jobs;
- Placing significant investment in agriculture research and development with output increased through world's best practice education, training and support for our producers; and
- Building the water infrastructure Queensland needs.

The LNP's approach will return Queensland to the rightful position as the nation's economic powerhouse and create a better Queensland for us, our children, and generations to come.



James McDonald MP
Member for Lockyer
Deputy Chair



Michael Hart MP
Member for Burleigh