

# **2014–15 Budget Estimates**

**Report No. 45**

**State Development, Infrastructure and Industry Committee**

**August 2014**

# STATE DEVELOPMENT, INFRASTRUCTURE AND INDUSTRY COMMITTEE

**Chair** Mr David Gibson MP, Member for Gympie  
**Deputy Chair** Hon Tim Mulherin MP, Member for Mackay  
**Members** Mr Michael Crandon MP, Member for Coomera  
Mr Michael Hart MP, Member for Burleigh  
Mr Rob Katter MP, Member for Mount Isa  
Ms Kerry Millard MP, Member for Sandgate  
Mr Bruce Young MP, Member for Keppel

**Staff** Ms Erin Pasley, Research Director  
Ms Margaret Telford, Principal Research Officer  
Ms Mary Westcott, Principal Research Officer  
Ms Dianne Christian, Executive Assistant

**Contact details** State Development, Infrastructure and Industry Committee  
Parliament House  
George Street  
Brisbane Qld 4000

**Telephone** +61 7 3406 7230

**Fax** +61 7 3406 7500

**Email** [sdiic@parliament.qld.gov.au](mailto:sdiic@parliament.qld.gov.au)

**Web** [www.parliament.qld.gov.au/sdiic](http://www.parliament.qld.gov.au/sdiic)

## Acknowledgements

The committee wishes to acknowledge the assistance provided by the Department of the State Development, Infrastructure and Planning, the Department of Energy and Water Supply and the Department of Tourism, Major Events, Small Business and the Commonwealth Games during the course of the committee's inquiry.

## Contents

Chair's foreword .....	ii
<b>1. Introduction .....</b>	<b>1</b>
1.1 Role of the committee.....	1
1.2 Aim of this report .....	1
1.3 Other Members participation .....	1
<b>2. Recommendation .....</b>	<b>3</b>
<b>3. Deputy Premier and Minister for State Development, Infrastructure and Planning .....</b>	<b>4</b>
3.1 Department of State Development, Infrastructure and Planning.....	4
3.2 Budget highlights .....	4
3.3 Agencies within the Department of State Development, Infrastructure and Planning .....	5
<i>Economic Development Queensland</i> .....	6
<i>South Bank Corporation</i> .....	6
3.4 Issues raised at the public hearing .....	7
<b>4. Minister for Energy and Water Supply .....</b>	<b>10</b>
4.1 Department of Energy and Water Supply .....	10
4.2 Budget highlights .....	10
4.3 Agencies within the Department of Energy and Water Supply.....	11
<i>Energy and Water Ombudsman Queensland</i> .....	11
4.4 Issues raised at the public hearing .....	12
<b>5. Minister for Tourism, Major Events, Small Business and the Commonwealth Games ...</b>	<b>15</b>
5.1 Department of Tourism, Major Events, Small Business and the Commonwealth Games ..	15
5.2 Budget highlights .....	15
5.3 Agencies within the Department of Tourism, Major Events, Small Business and the Commonwealth Games .....	16
<i>Gold Coast 2018 Commonwealth Games Corporation</i> .....	16
<i>Tourism and Events Queensland</i> .....	17
5.4 Issues raised at the public hearing .....	17
<b>6. Statement of Reservation.....</b>	<b>19</b>

## Chair's foreword

This report presents a summary of the committee's examination of the Budget Estimates for the 2014-15 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.

This year the committee's examination occurred over two days as part of a parliamentary trial, which gave all committee members an increased opportunity to question Ministers as compared to previous years.

Possibly as a result of these changes the committee noted that there was an increase in questions being referred by the Ministers to departmental officers to answer along with an increase in direct questioning of chief executive officers. The committee welcomes this as a positive development of the trial.

Overall, the trial arrangements worked well and presented a greater opportunity to examine the proposed expenditure. The committee held its hearing in the Legislative Assembly Chamber which presented some challenges in terms of logistics. Whilst this venue provided ease in relation to Hansard recording and Internet broadcasting, the physical layout is difficult for committee members to face witnesses. Estimates committee hearings should continue to evolve over time as a result of changes to Standing Orders and improvements to parliamentary facilities.

Estimates can be a challenging process with obvious tensions between Ministers and non-government members. As Chair, it was my intention to ensure that non-government members were given more than half of the time available for questions and were provided with every opportunity to question Ministers in accordance with Standing Orders. I believe this was achieved and I want to thank all Ministers and committee members for their professional approach to the process. In particular, I would like to thank Minister Mark McArdle MP and Hon Tim Mulherin MP, Deputy Chair, for their good-spirited collaboration throughout the hearing.

The committee has made one recommendation as follows:

- that the proposed expenditures, as detailed in the Appropriation Bill 2014 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 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 all committee members for their hard work and valuable contribution, and to the committee secretariat for their support.

I commend the report to the House.



David Gibson MP  
**Chair**  
August 2014

## 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 required under section 88 of the *Parliament of Queensland Act 2001* and established under the Standing Rules and Orders.

The committee's primary areas of portfolio responsibility are:<sup>1</sup>

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

On 3 June 2014, the Appropriation Bill 2014 and the estimates for the committee's areas of responsibility were referred to the committee for investigation and report.<sup>2</sup>

On 15 and 17 July 2014, the committee conducted public hearings 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 and the Minister for Tourism, Major Events, Small Business and the Commonwealth Games. A copy of the transcript of the committee's hearings can be accessed from the committee's website.

### 1.2 Aim of this report

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, and
- additional information given in relation to answers.

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 provided by Ministers after the hearing; and minutes of the committee's meetings are included in a volume of additional information tabled with this report.

### 1.3 Other Members participation

The committee granted leave to other Members to participate in its hearings. The following Members participated in the hearings:

---

<sup>1</sup> Standing Rules and Orders, Schedule 6. The schedule provides that departments, statutory authorities, government owned corporations or other administrative units related to the relevant Minister's responsibilities regarding these areas are included.

<sup>2</sup> 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.

Hearing held on 15 July 2014:

- Hon Anastacia Palaszczuk MP, Leader of the Opposition and Member for Inala, and
- Dr Alex Douglas MP, Member for Gaven.

Hearing held on 17 July 2014:

- Hon Anastacia Palaszczuk MP, Leader of the Opposition and Member for Inala, and
- Mr Michael Pucci, Member for Logan.

Ms Jo-Ann Miller MP, Member for Bundamba replaced Hon Tim Mulherin MP, Member for Mackay for part of the hearing on 17 July 2014.

## 2. Recommendation

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

**Recommendation**

The committee recommends that the proposed expenditure, as detailed in the Appropriation Bill 2014 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

The agencies and services which are the responsibility of the Deputy Premier and Minister for State Development, Infrastructure and Planning are the Department of State Development, Infrastructure and Planning (DSDIP or the department), South Bank Corporation and Economic Development Queensland.<sup>3</sup>

#### 3.1 Department of State Development, Infrastructure and Planning

The Deputy Premier is the Minister responsible for the department. The department has four service areas as follows:<sup>4</sup>

- Driving business and economic growth,
- Leading infrastructure policy and planning for the State,
- Reforming Queensland's planning system, and
- Major project assessment, approval, facilitation and delivery.

In addition, in 2014-15 the department is responsible for administering funds on behalf of the State for the following agencies:

- South Bank Corporation, and
- Economic Development Queensland.

The following table taken from the Appropriation Bill 2014 compares the appropriations (budget) for the department for 2013-14 and 2014-15.

<b>Appropriations</b>	<b>2013-14 \$'000</b>	<b>2014-15 \$'000</b>
<i>Controlled Items</i>		
departmental services	289,140	347,814
equity adjustment	(101,879)	(9,716)
<i>Administered Items</i>	10,025	29,428
<b>Vote</b>	<b>401,044</b>	<b>367,526</b>

Source: Appropriation Bill 2014, Schedule 2, p 10.

#### 3.2 Budget highlights

2014-15 budget highlights for the department include:

- introducing the Planning and Development Bill to plan for economic prosperity, quality of life, opportunity, infrastructure and environmental sustainability,
- progressing proponent selection for integrated resort developments,
- preparing the Regional Economic Development Framework, Strategy and Action Plan,

<sup>3</sup> State Budget 2014-15, *Service Delivery Statements*, Department of State Development, Infrastructure and Planning, p 1.

<sup>4</sup> Ibid.

- progressing projects under the Royalties for the Regions program to address critical community needs resulting from resource sector activities,
- maximising economic development opportunities in the Mary Valley, including finalising the sale or development lease of most government owned assets and recommissioning railway infrastructure to recommence the Mary Valley Heritage Railway tourist attraction,
- commencing legislative amendments for the *State Development and Public Works Organisation Act 1971* to create a one-stop-shop assessment process to streamline assessment and approval processes for environment impact statements (EISs) and development in state development areas,
- coordinating whole-of-government economic infrastructure prioritisation through the newly established Infrastructure CEO Committee to ensure only those project proposals in alignment with government objectives commence through the Project Assurance Framework,
- delivering the Queensland Ports Act, strategy and master planning guidelines,
- finalising the Strategic Assessment of the Great Barrier Reef Coastal Zone and seeking Australian Government endorsement,
- progressing the Inland Rail project through the Inland Rail Implementation Group,
- providing incentives to councils to use a new 'fair value schedule of charges' to become eligible for coinvestment in Priority Development Infrastructure,
- continuing to facilitate major resource projects, focusing on Galilee and Cooper Basin proponents,
- adopting and implementing a new Gladstone SDA Development Scheme to improve precinct planning to facilitate a broader range of industrial development,
- finalising EISs for major tourism, transport and agriculture projects, including the: Aquis Resort at the Great Barrier Reef; Underground Bus and Train (BAT) project; and Etheridge Integrated Agricultural Project,
- improving boating in Boat Bay, Mission Beach with construction of maritime infrastructure,
- delivering the State Infrastructure Plan, and
- preparing the Total Asset Management Framework to assist public sector agencies in taking a more disciplined approach to asset lifecycle management.

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

The table below outlines the agencies that fall within the department and provides a comparison of agency budgets for 2013-14 and 2014-15.<sup>5</sup>

---

<sup>5</sup> The table indicates the agency budget. It may not represent the actual appropriation.

Agency	2013-14 \$'000	2014-15 \$'000
Department of State Development, Infrastructure and Planning		
- controlled	320,621	412,095
- administered	10,025	40,231
Economic Development Queensland	147,634	151,317
South Bank Corporation	93,416	100,562

Source: State Budget 2014-15, *Service Delivery Statements – Department of the State Development, Infrastructure and Planning* (Summary of portfolio budgets).

### 3.3.1 Economic Development Queensland

Economic Development Queensland (EDQ) has the following two service areas:<sup>6</sup>

- driving business and economic growth, and
- major project assessment, approval, facilitation and delivery.

EDQ's role includes enabling or undertaking land development activities, facilitating infrastructure and providing a planning framework for declared areas. Priorities for EDQ include supporting economic development through the delivery or facilitation of projects, such as new CBDs, and progressing the delivery of the Gold Coast 2018 Commonwealth Games Village. Budget highlights for 2014-14 include:<sup>7</sup>

- ongoing development of Gold Coast 2018 Commonwealth Games Village<sup>TM</sup>,
- facilitating approval of development schemes for the Southport and Maroochydore PDAs with local councils,
- investigating industrial land supply for regional Queensland to identify and assess possible triggers to enable economic development and develop industrial land strategies,
- ongoing delivery of Regional and Resource Town Action Plan commitments, including starting work on the \$6 million upgrade of sewer and water infrastructure in Roma, and
- upgrading roads and the public realm within Northshore Hamilton and identifying opportunities for the Yeerongpilly urban precinct next to the Queensland Tennis Centre.

### 3.3.2 South Bank Corporation

The objective of the South Bank Corporation (the Corporation) is to create and manage the best new urban precinct in the world.<sup>8</sup> The *South Bank Corporation Act 1989* states the Corporation's management responsibilities would transfer from the Queensland Government back to Brisbane City Council (BCC) once development was substantially complete within the South Bank precinct. As this is the case, with the exception of the Southpoint site remaining for development, the Corporation's management responsibilities for the Parklands transferred to BCC on 1 July 2013.<sup>9</sup>

<sup>6</sup> State Budget 2014-15, *Service Delivery Statements, Department of State Development, Infrastructure and Planning*, p 1.

<sup>7</sup> Ibid, p 30.

<sup>8</sup> Ibid, p 1.

<sup>9</sup> State Budget 2014-15, *Service Delivery Statements, Department of State Development, Infrastructure and Planning*, p 48.

The Government is now in the process of assessing options for the remainder of the Corporation's assets and activities, and the timing and process for transition. The Corporation has been directed to defer any capital expenditure and to exercise financial prudence to be able to apply cash reserves to long term debt obligations. For these reasons, the budget for 2014-15 year, as detailed in the table under section 3.3, has been prepared with the Corporation to operate on a business as usual basis.<sup>10</sup>

### 3.4 Issues raised at the public hearing

Issues raised by the committee at the public hearing in relation to Department of State Development, Infrastructure and Planning included:

- performance of the office of the Coordinator-General,
- improvement in time taken to obtain Coordinator-General approval for projects,
- Galilee Basin State Development Area - policy objective for the declaration of the SDA; changes to the size of the SDA, consultation process, status of requests for compensation for landholders within the Galilee Basin SDA, meetings between Deputy Premier and proponents interested in the Galilee Basin, and charter flights with Galilee proponents,
- upgrade of the Bruce Highway, including the Cooroy to Curra bypass,
- upgrade of the Hann Highway, as a flood proof alternative to the Bruce Highway,
- strategies for developing alternative energy supplies in North Queensland,
- progress of the railway line from Townsville to Mount Isa through the Inland Rail Implementation Group,
- progress of the Gold Coast 2018 Commonwealth Games Village by EDQ,
- how the Southport and Maroochy City Centre Priority Development Areas will benefit local communities,
- the Regional and Resource Towns Action Plan: how and what types of projects are being delivered, and criteria for funding assessment, particularly relating to addressing housing issues in Mount Isa,
- progress of work through EDQ relating to apprenticeships in regional Queensland,
- decision to approve permanent non-resident worker accommodation in the Bowen Basin, particularly at the Buffel Park camp, given the decline in the number of fly-in-fly-out workers and the increase in motel/hotel vacancy rates,
- decision to remove the requirement that 80 per cent of BMA's workforce across its operations reside in the region and impact on local workers,
- the new Recreation Rail Trail Grants program – funding of \$3.5 million for Queensland's network of recreational trails for walkers, cyclists, and horse riders,
- Integrated Resort Developments (IRD): appointments of probity adviser and probity consultant and timing of appointments in relation to negotiation and consultation processes, application process for appointments, cost of fees for probity adviser and probity consultant, approval process for the IRD, and discussions with proponents regarding timelines for EIS and casino applications,
- benefits of the Defence Industries Initiative on local businesses,
- results from the Governing for Growth strategy and action plan,

---

<sup>10</sup> Ibid.

- expected benefits of the approvals bilateral agreement in streamlining major project environmental assessment and approval processes under the Commonwealth's *Environmental Protection and Biodiversity Conservation Act 1999*,
- process for finalising the implementation of the approvals bilateral agreement between the state and federal governments,
- charter flight expenses for the Deputy Premier to and from his electorate,
- review of the Wide Bay/Burnett and Mackay/Isaac/Whitsunday regional plans,
- progress of the Rainbow Beach Master Plan,
- the Cape York Regional Plan,
- views of the agricultural and mining industries on the *Regional Planning Interests Act 2014*,
- repeal of the *Wild Rivers Act 2005* and protection of wild rivers under the *Regional Planning Interests Act 2014*,
- commencement date for the Priority Development Infrastructure Co-investment program, local governments views on the program, and amount of funding available,
- economic modelling on the effects of the adoption of the fair value schedule of infrastructure charges on the financial results of local councils,
- implementation of MyDAS, the electronic lodgement system for State Assessment Referral Agency (SARA) applications, including implementation issues and costs,
- role of the single State Planning Policy in improving planning and development processes in Queensland,
- major project work within the Mary Valley,
- tenant purchase scheme within the Mary Valley,
- measures to boost construction and tourism through the private investment opportunities,
- delivery of sporting infrastructure for the Gold Coast 2018 Commonwealth Games,
- plans for the former Gold Coast hospital site at Southport and tender process for the demolition,
- transition of the South Bank and Roma Street Parklands from South Bank Corporation to Brisbane City Council and leasing arrangements,
- improvement of boating infrastructure in and around Mission Beach since Cyclone Yasi,
- the GasFields Commission: allocation of funding, progress of consultation undertaken with industry and landholders, work undertaken with the science and research community, comparison with the work of other jurisdictions within the CSG field, role of commissioners in building co-existence between the agriculture and resource sectors, and role of GasFields Commissions in relation to individual landholder issues,
- cost recovery of coal seam gas regulatory services,
- distribution of funding under the Royalties for the Regions program, particularly relating to the allocation of funding to the north-west region of Queensland, criteria for assessment for funding, and extension of the program after the initial round,
- Aquis integrated resort development: environmental impact statement, including the independent hydrological modelling of floodwaters and the impact on strategic cropping land and the sugar cane mill,

- strategy for driving economic development in relation to changes to the resource sector and projected contractions in business investment and domestic spending over the next year,
- percentage of department expenditure covered by the service standards in the Service Delivery Statements,
- outsourcing of services and consultation process,
- Inland Rail Project: costs outlaid to date, diversion to Wellcamp, and projected additional cost for the extra corridor through Oakey and into Murphys Creek,
- provisions for landholders in the Galilee Basin and land acquisition process,
- potential investment attraction of capital investment for the Galilee Basin project,
- consultation and measures undertaken on tourism in South East Queensland,
- process for economic modelling of impacts of mineral sandmining on North Stradbroke Island, and
- reasons for increase in employee expenses in the 2013-14 adjusted budget to the 2014 estimated actual expenditure due to additional staffing costs of the Government Land and Asset Management program and the extension of temporary staff for the SARA program.

## 4. Minister for Energy and Water Supply

The agencies and services which are the responsibility of the Minister for Energy and Water Supply are the Department of Energy and Water Supply (DEWS or the department) and the Energy and Water Ombudsman Queensland.<sup>11</sup>

### 4.1 Department of Energy and Water Supply

The Minister for Energy and Water Supply is responsible for the department. The department has two service areas as detailed below:<sup>12</sup>

- Energy, responsible for policy development, reform and regulation of the Queensland energy sector to ensure cost-effective, secure and reliable energy supply, establish a long-term electricity strategy, address costs of living pressures and the sustainability of the sector, and
- Water Supply, responsible for implementing water sector reform to address cost of living pressures, establish a long-term strategy for Queensland's water sector and regulate water supply services.

The department is also responsible for administering funds on behalf of the State for the Energy and Water Ombudsman Queensland.

The following table taken from the Appropriation Bill 2014 compares the appropriations (budget) for DEWS for 2013-14 and 2014-15.

<b>Appropriations</b>	<b>2013-14 \$'000</b>	<b>2014-15 \$'000</b>
<i>Controlled Items</i>		
departmental services	103,473	46,257
equity adjustment	..	..
<i>Administered Items</i>	643,044	707,278
<b>Vote</b>	<b>746,517</b>	<b>753,535</b>

Source: Appropriation Bill 2014, Schedule 2, p 8.

### 4.2 Budget highlights

2014-15 budget highlights for DEWS include:

- implementing agreed outcomes of the Inter-Departmental Committee (IDC) on electricity sector reform,
- implementing the short-term actions identified in PowerQ - the 30 Year Electricity Strategy and scoping and planning the actions to be delivered in 2015-16,
- developing a long-term Tariff Reform Strategy to give consumers a greater choice of options to manage their electricity consumption and bills, and provide improved price signals to increase utilisation and improve the efficiency of the state's electricity infrastructure,

<sup>11</sup> State Budget 2014-15, *Service Delivery Statements, Department of Energy and Water Supply*, p 1.

<sup>12</sup> *Ibid*, p 7.

- completing the initial implementation of the new Emergency Action Plan regulatory requirements for the State's 104 referable dams,
- implementing the actions identified in WaterQ - the 30 Year Water Strategy for the water supply sector,
- assisting with the implementation of the recommendations of the dam optimisation studies for the water supply sector,
- completing the review of south-east Queensland Level of Service for water supply security and implementing the government's decision,
- developing guidelines for the Water Security Program to be developed by Seqwater,
- continuing the water supply security assessments for priority regions and building local capability,
- completing the initial Total Asset Management Plan for the department's Non-Commercial Water Assets and commencing implementation as recommended by the Commission of Audit,
- assessing the future management of Non-Commercial Water Assets
- undertaking the reform of Local Management Arrangements for SunWater's channel irrigation schemes,
- move to market monitoring in SEQ for retail electricity from 1 July 2015, and
- continuing to implement red tape reduction initiatives.

### 4.3 Agencies within the Department of Energy and Water Supply

The following table outlines the agencies that fall within the department and provides a comparison of agency budgets for 2013-14 and 2014-15.<sup>13</sup>

Agency	2013-14 \$'000	2014-15 \$'000
Department of Energy and Water Supply		
- controlled	104,681	50,729
- administered	640,143	711,976
Energy and Water Ombudsman Queensland	6,420	6,600

Source: State Budget 2014-15, *Service Delivery Statements – Department of Energy and Water Supply* (Summary of portfolio budgets)

#### 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.<sup>14</sup>

<sup>13</sup> The table indicates the agency budget. It may not represent the actual appropriation.

<sup>14</sup> State Budget 2014-15, *Service Delivery Statements, Department of Energy and Water Supply*, p 28.

In 2014-15, EWOQ will focus on the following key priorities:<sup>15</sup>

- investigating and facilitating the resolution of disputes fairly and independently between Queensland's small electricity and reticulated gas customers and energy suppliers, and south-east Queensland's small water customers and water suppliers, and
- raising awareness and proactively promoting EWOQ services to energy customers across Queensland and water customers in south-east Queensland with an emphasis on Aboriginal peoples, Torres Strait Islanders, multicultural groups and the aged.

#### 4.4 Issues raised at the public hearing

Issues raised by the committee in relation to the department included:

- investigation into potential new dam sites for flood mitigation purposes, including cost implications and consultation undertaken,
- *WaterQ: a 30-year strategy*,
- the cost of the 2011 flood event,
- the amount of water that can be produced by the Gold Coast desalination plant and the Western Corridor Recycled Water Scheme and the cost per megalitre,
- cost of electricity compared to prices in 2012,
- changes in staff numbers at Energex, Ergon Energy and Powerlink over the last financial year,
- water issues in Mount Isa – State funding and strategy, including addressing costs to ratepayers,
- the shutdown of the Kogan Creek turbines,
- electricity charging regime outside of South East Queensland,
- new generation of electricity beyond 2020,
- policy on gas supply and comparison to those adopted by other states,
- plans for adopting a gas reservation policy,
- reform of Queensland's electricity sector and challenges,
- third party and stakeholder support for the electricity reform program,
- assistance with cost-of-living issues,
- cost of water compared to prices in 2012,
- details regarding the outsourcing of any functions or roles that were previously undertaken by Energex, Ergon Energy and Powerlink,
- forward-looking strategies for electricity and gas supply in north and north-west Queensland,
- the location of the CEO for Ergon Energy,
- update on the project status for the Energex power line from Loganlea to Jimboomba, consideration of an alternate solution proposed by Logan City Council, cost to ratepayers, and how the cost for the route is recouped,

---

<sup>15</sup> Ibid, p 29.

- obligations for Energex under national electricity law in regards to providing low-cost options,
- government's submission to the Federal Government's review of the Renewable Energy Target scheme,
- network pricing and status of submissions to the Australian Energy Regulation regarding the new regulatory period for Energy and Ergon Energy's network prices,
- progress of *PowerQ* in implementing changes to the energy sector to drive affordability and sustainability,
- breakdown of the cost of tariff 11,
- history of network costs and mechanisms to reduce these in costs in Queensland,
- impact of plans to sell government owned generators and the introduction of private investment into the network businesses on the price of electricity,
- N-1 standard of reliability for distribution and transmission of electricity,
- investment in electricity network infrastructure,
- departmental modelling regarding the potential impact on credit ratings of CS Energy and Stanwell as a result of any privatisation and the potential impact of that rating on their future operation,
- assessment undertaken regarding the potential impact on jobs of the privatisation of the Queensland's Government-owned electricity generators (Gencos),
- budget estimated actual and projected dividends from Energex, Ergon Energy, Powerlink, Stanwell, CS Energy and SunWater from 2013-14 to 2017-18,
- average useful life of assets in Energex, Ergon Energy and Powerlink,
- equity share of assets,
- increase of Burdekin water and electricity charges over the last three years and impact on farmers,
- the role of ethanol in the 30-year plans regarding generation of power,
- electricity sector reform and government decision not to consider depot closures,
- community service obligation payment and uniform tariff policy,
- role of solar PV as part of Queensland's energy future and the continuing of the take-up of solar PV without government subsidies,
- update on the decision to mothball the Swanbank E gas generator and reopen the two coal fire units at Tarong and precedants for shutdown,
- impact of the sale of the government owned generators on electricity prices,
- growth in network spending over the past decade and its impact on electricity prices,
- support in the budget to assist communities with their local resilience programs relating to energy pricing,
- the use of nuclear energy in Queensland as a power source,
- Renewable Energy Target review,

- reasons for the \$200 million capital overspend in the department's budget last financial year,
- capital budget for 2014-15, and
- cost of bringing units 2 and 3 of Tarong Power Station online.

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

The agencies and services which are the responsibility of the Minister for Tourism, Major Events, Small Business and the Commonwealth Games are the Department of Tourism, Major Events, Small Business and the Commonwealth Games, Gold Coast 2018 Commonwealth Games Corporation and Tourism and Events Queensland.<sup>16</sup>

### 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 the Minister responsible for the Department of Minister for Tourism, Major Events, Small Business and the Commonwealth Games (the department). The department has two service areas as follows:<sup>17</sup>

- Tourism and Events Development, and
- Business to Government Services.

In addition, in 2014-15 the department is responsible for administering funds on behalf of the State for the following agencies:

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

The following table taken from the Appropriation Bill 2014 compares the appropriations (budget) for the department for 2013-14 and 2014-15.

Appropriations	2013-14 \$'000	2014-15 \$'000
<i>Controlled Items</i>		
departmental services	99,992	86,841
equity adjustment	..	(15,724)
<i>Administered Items</i>	108,472	119,393
<b>Vote</b>	<b>208,464</b>	<b>221,958</b>

Source: Appropriation Bill 2014, Schedule 2, p 11.

### 5.2 Budget highlights

2014-15 budget highlights for the department include:

- delivering the third DestinationQ forum on the Sunshine Coast in September 2014,
- implementing the actions outlined in the Destination Success Action Plan January 2013-June 2015,
- attracting investment into new and revitalised tourism infrastructure to develop Queensland tourism destinations,
- managing the Attracting Aviation Investment Fund to secure new visitors to Queensland,

<sup>16</sup> State Budget 2014-15, *Service Delivery Statements, Department of Tourism, Major Events, Small Business and the Commonwealth Games*, p 1.

<sup>17</sup> Ibid.

- supporting drive tourism as part of the Queensland Drive Tourism Strategy 2013-15,
- continuing to develop the Business and Industry Portal to deliver on the Government's One-Stop Shop Plan 2013-18,
- commencing implementation of the Gold Coast 2018 Commonwealth Games (GC2018) Forward Procurement Plan and GC2018 Business Development Framework,
- developing and implementing the Evaluation and Monitoring Framework to support Embracing our Games Legacy: Queensland's legacy for the Gold Coast 2018 Commonwealth Games™,
- leading Queensland Government representation at Glasgow 2014 Commonwealth Games, including promoting trade and tourism benefits of GC2018,
- hosting the ICC Cricket World Cup and 2015 Asian Cup to leverage benefits for Queensland, and
- publishing a public report of progress towards GC2018.

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

The following table outlines the agencies that fall within the department and provides a comparison of agency budgets for 2013-14 and 2014-15.<sup>18</sup>

Agency	2013-14 \$'000	2014-15 \$'000
Department of Tourism, Major Events, Small Business and the Commonwealth Games		
- controlled	99,607	107,441
- administered	108,472	119,393
Gold Coast 2018 Commonwealth Games Corporation	16,515	29,154
Tourism and Events Queensland	118,860	98,675

Source: State Budget 2014-15, *Service Delivery Statements – Department of Tourism, Major Events, Small Business and the Commonwealth Games* (Summary of portfolio budgets)

#### 5.3.1 Gold Coast 2018 Commonwealth Games Corporation

The purpose of the Gold Coast 2018 Commonwealth Games Corporation (GOLDOC) is to plan, organise and deliver the Commonwealth Games, in conjunction with the Australian Commonwealth Games Association (ACGA) and the Commonwealth Games Federation (CGF).<sup>19</sup>

The focus for GOLDOC over the next year is progressing planning activities, including:<sup>20</sup>

- validating strategic plans for key functional areas as part of the official observer program of the Glasgow 2014 Commonwealth Games,

<sup>18</sup> The table indicates the agency budget. It may not represent the actual appropriation.

<sup>19</sup> State Budget 2014-15, *Service Delivery Statements, Department of Tourism, Major Events, Small Business and the Commonwealth Games*, p 26.

<sup>20</sup> Ibid, pp 26-27.

- planning for and participating in the Glasgow 2014 Commonwealth Games closing ceremony when the Commonwealth Games Federation flag is officially lowered and passed on to Gold Coast,
- designing and implementing Commonwealth Games Federation requirements for key competition and non-competition venues, including the Commonwealth Games Village,
- developing a ticketing and pricing strategy,
- implementing the sponsorship marketing plan that outlines the strategy to acquire and service corporate sponsors from within Australia and overseas for the 2018 Commonwealth Games,
- continuing to implement a suite of corporate software solutions to meet the Corporation's needs
- implementing a long-term office accommodation strategy to meet the needs of the Corporation's forecast workforce, and
- implementing the risk management framework that integrates with the practices of Games partners and key stakeholders.

### **5.3.2 Tourism and Events Queensland**

The purpose of Tourism and Events Queensland (TEQ) is to achieve economic and social benefits for Queensland through the marketing and promotion of tourism in the State, tourism experience and destination development, and securing major events to be held in Queensland. During 2013-14, TEQ implemented a new key performance indicator framework around its activities and undertook a strategic review. The focus of the review was ensuring the future operational focus of TEQ closely aligned to achieving industry growth targets.

In 2014-15, TEQ will focus on putting Queensland destinations at the centre of a tourism and events business structure. TEQ will also provide up to \$4 million for arts and events that demonstrate their ability to contribute economic and cultural benefits to Queensland.<sup>21</sup>

### **5.4 Issues raised at the public hearing**

Issues raised by the committee at the public hearing in relation to the department included:

- continuation of the V8 supercar event at the Gold Coast,
- update on tourism partnerships between the tourism industry and government,
- progress on attracting investment into Queensland's tourism industry,
- DestinationQ forum: areas addressed from 2013 forum, focus for 2014, estimated cost in 2014, reasons for projected increase in cost from 2013 forum, registration numbers, and guest speakers,
- Tourism and Events Queensland budget for 2014-15,
- grants funding to regional tourism organisations,
- Glasgow 2014 Commonwealth Games: attendees, cost of delegation, comparison of size of delegation with other jurisdictions,

---

<sup>21</sup> State Budget 2014-15, Service Delivery Statements, *Department of Tourism, Major Events, Small Business and the Commonwealth Games*, p 34.

- update on the delivery of sporting venues for the Gold Coast 2018 Commonwealth Games,
- promotion of the Outback Way and Overlanders Way,
- outline of destination tourism plans,
- the Australian Tourism Exchange and its impact on the Cairns region,
- the role of Tourism and Events Queensland in supporting major events across Queensland's regions,
- role of business to government services in supporting Queensland's small businesses,
- Queensland Drive Tourism Strategy – funding and market testing of campaign,
- media reports regarding the potential introduction of a bed tax for the Gold Coast,
- modelling undertaken in relation to councils introducing taxes or increased parking fees for tourists,
- update on Queensland Small Business Week,
- departmental assistance to small businesses regarding access to information on tendering opportunities,
- role of government, Queensland Small Business Strategy and Action Plan in assisting small business to grow and develop,
- plans to maximise the long-term benefits from hosting the Gold Coast 2018 Commonwealth Games,
- feedback from the Commonwealth Games Federation on the state's preparations for this event,
- Commonwealth Games brand protection legislation: why it was needed, cost of preparing legislation, financial penalties for misuse of the Commonwealth Games brand, permitted uses of the brand, number of breaches, process for investigating potential breaches, and any legal action relating to those breaches,
- commercial return on the use of imagery or the term, Commonwealth Games and sponsorship revenue,
- flights in and out of Mount Isa,
- opportunities for local contractors to secure work for the Gold Coast 2018 Commonwealth Games,
- how Queensland will leverage off the Glasgow 2014 Commonwealth Games to promote Queensland and the 2018 Gold Coast Commonwealth Games,
- outline of Destination Success and impact on tourism industry,
- international sporting events and impact on visitation numbers,
- the Queensland regional events calendar,
- the national visitor survey and the drop in number of overnight visitors to Queensland by two per cent, and
- amount of deferred funds in the budget and estimated actual for 2013-14.

## 6. Statement of Reservation

Page 1

### **STATE DEVELOPMENT INFRASTRUCTURE AND INDUSTRY COMMITTEE STATEMENT OF RESERVATION**

In contrast to the conduct of other Estimates hearings in 2014 the Chair of the State Development, Infrastructure and Industry Committee provided sufficient time for Non-Government Members to ask questions and did not attempt to unreasonably shut down lines of questioning. The Opposition acknowledges the professional approach taken by the Chair, Mr David Gibson, the Member for Gympie, to the 2014 hearings. Nonetheless, the Opposition does have reservations in relation to some of the answers provided to the Committee.

#### **Energy and Water Supply:**

The Opposition raised the proposal that has been floated by the Government to construct eight new dams and sought clarification on the progress and details of this proposal. It was revealed that three sites that were being considered have been set aside for various reasons. Those sites were at Peachester, Cressbrook Creek and Lockyer Creek. In their place three additional sites have been identified – one at Laidley Creek and two at Warrill Creek.

The Opposition is concerned that residents in the areas that would be affected by these dams are unaware that these locations are being considered for future dam construction. The level of uncertainty around these proposals and the lack of any funding or timeframe are also of concern. It is evident that this proposal is simply a distraction by the Government.

The Government was elected promising to lower electricity and water prices across the state. It is evident that they have failed to deliver on that promise, even if the Minister for Energy and Water Supply cannot bring himself to admit it. Instead of accepting responsibility for these broken promises, the Government seeks to blame everyone and everything but themselves for increasing prices. Notwithstanding the repeal of carbon pricing by the Abbott Government, electricity prices will still rise by more than 5% this year in Queensland on top of a 23% increase last year.

The Minister has frequently blamed ‘gold-plating’ as one of the reasons for increasing electricity bills, however, when he was pressed he was unable to nominate a piece of infrastructure that represented the kind of gold plating he has spoken about. The fact is that network reliability will be reduced as a result of reforms being considered by the Government.

Page 2

Despite the Premier promising in December 2012 that there would be no more job losses, the evidence revealed through the estimates process has demonstrated that hundreds of jobs are still being cut from the public sector in order to ready the electricity sector for privatisation.

In an answer to Estimates Question on Notice Number 15 the Minister confirmed that in the past year another 567 jobs had been cut from Ergon, Energex, Powerlink, CS Energy and Stanwell combined in the 2013-14 year. That comes on top of the 1,213 jobs lost in the transmission sector in the 2012-13 financial year. This is a rapid and dramatic reduction in staff and the Opposition holds grave concerns that the quality and level of service provided by the Government Owned corporations will suffer as a result of these savage job cuts.

As with the 2012-13 financial year there has been a significant capital underspend in the 2013-14 financial year in the energy sector. The Energy Generation Sector's estimated actual capital expenditure was \$220m in the 2013-14 year but the budgeted expenditure was \$301m for that sector, amounting to an \$80m underspend.

### **State Development, Infrastructure and Planning:**

#### ***Questions Remain over Meetings with Clive Palmer:***

In response to a question from the Leader of the Opposition the Director-General of the Department of State Development, Infrastructure and Planning stated that the Deputy Premier had not raised any concerns at any stage about the Deputy Premier's allegations of an inappropriate advance from Waratah proponent Clive Palmer.

The Deputy Premier also insisted that he had not held any one-on-one meetings with Mr Palmer since his meeting in April 2012 at which the Deputy Premier alleges that an inappropriate legislative proposal was made to him.

The Deputy Premier said that:

*"I have had a number of meetings with Mr Palmer since but not private meetings."*

Page 3

This advice to the Estimates Committee contradicts the advice the Deputy Premier provided to the Estimates hearing in 2012 when he said in relation to a meeting on 8 June 2012 that:

*“When it is appropriate to have discussions about what I consider to be sensitive commercial issues then I do ask my departmental staff to allow me to have a one-on-one meeting with people. In this particular instance I did have a short portion of that meeting as a one-on-one meeting with Mr Palmer and the rest of the meeting was with a number of staff...”*

In response to questioning as to why the Deputy Premier had subsequently written to Mr Palmer on 20 April 2012, 9 May 2012, 20 September 2012 and 12 December 2012 without having made any reference to an inappropriate request, the Deputy Premier said he couldn't have:

*“made any clearer our response to what we considered to be an inappropriate avoidance of process...”*

The Opposition has reservations with the conflicting advice from the Deputy Premier in relation to his meetings with Mr Palmer particularly in the context of what are serious allegations of misconduct being made by the Deputy Premier.

It is also concerning that the Deputy Premier didn't raise the matter of the alleged inappropriate advance from Mr Palmer with his Director-General, who has a statutory duty to report suspected fraud to agencies such as the Queensland Police Service or the Crime and Corruption Commission.

***Approval Conditions for Fly-in-Fly-Out (FIFO) Workforces:***

At the hearing the Deputy Premier acknowledged that economic conditions have fundamentally changed in the Bowen Basin where the occupancy rate for hotel and motel rooms has increased from 2 per cent in 2011 to 37 per cent in 2013. The Deputy Premier said that:

*“The conditions have changed completely since those two approvals were given and I think those changes will be, as you would expect and as I have indicated publicly, reflected in any conditioning in the future.”*

The Deputy Opposition Leader also raised the fact that the Queensland Government Statistician's Office is expecting the number of non-resident or FIFO workers on shift in the Bowen Basin to remain below the 2012 peak until at least 2017.

When the Deputy Premier was asked to justify why the Coordinator-General had approved 900 permanent units for FIFO accommodation at Buffel Park in this changed economic environment he said that:

*“One of the elements in that decision is locating mining camps outside the community so that the community is not dominated by mining camps.”*

Page 4

[and that]

*“The broader FIFO issue has been well and truly discussed. Unfortunately, it is used in an emotive way by people every time it comes up, and it comes up every time there is a bit of a downturn in the resources sector”.*

It is incongruous for the Deputy Premier to imply that the decision was influenced by a concern about there being too many mine workers living in regional communities while simultaneously saying that community concern in relation to FIFO was due to a downturn in the mining sector and workforce.

The Newman Government made a clear commitment at the 2012 election not to support 100 per cent FIFO workforces in their ‘Energy and Resources Strategy’ and the Premier in June 2011 said that *“a 100 per cent fly-in-fly-out is just simply something we would not tolerate if we get into government”*. The Premier was categorical in this commitment pledging *“that’s our rule, our policy, it won’t be tolerated”*.

It is clear that the Newman Government has now walked away from this election commitment at the worst possible time for regional communities in central Queensland.

The Deputy Premier also defended the removal of the requirement of the previous Government for 80 per cent of BMA’s workforce across its Bowen Basin operations to reside in the region including a requirement for 400 permanent houses to be provided for local workers.

The Deputy Premier advised the Committee (in relation to the previous Government’s approvals that permitted certain 100 per cent FIFO operations in response to the 2011 housing crisis in central Queensland), that:

*“... the approvals that the member for Mackay is referring to were approvals that were granted by his government in a very different situation. I agreed with them at the time and I supported his government at the time in addressing a particular problem. That problem no longer exists.”*

While this honesty from the Deputy Premier is refreshing the question remains as to why further FIFO accommodation is being approved by the Newman Government a time when vacancy rates are at historic highs across the Bowen Basin and local businesses are closing.

The Labor Opposition believes that employees should have a choice about where they are their families live and work, including the option of working and living in regional communities.

Page 5

***Integrated Resort Developments:***

The Deputy Premier once again failed to properly explain why he had announced “*formal negotiations*” with proponents for integrated resort developments last year prior to the official process commencing or the appointment of a probity adviser or consultant.<sup>1</sup>

The Deputy Premier denied any knowledge of political donations from successful expression of interest proponents in the integrated resort development process including \$18,700 from Echo Entertainment, \$580,000 from Roslyn Packer to the Federal Liberal Party and \$10,000 from Aquis proponent Tony Fung.

Of these donations, \$10,000 from Mr Fung and \$11,000 from Echo Entertainment were received in the period between meetings between proponents and the Deputy Premier and the appointment of the probity adviser and consultant.

The Deputy Premier dismissed concerns from the Opposition that the probity adviser appointed by the Newman Government for the integrated resort development process has secondary employment for the LNP on their State and Federal election costings. In addition to this the probity consultant BDO has donated \$64,750 to the LNP since the second half of 2011.

The Opposition has reservations as to whether it is appropriate for the Newman Government to appoint a significant political donor as probity consultant, as well as an individual who receives separate paid work for the LNP as probity adviser, over a process for the granting of casino licences which have been previously described by the Premier as a “*licence to print money*”.<sup>2</sup>

The Deputy Premier refused to provide the level of expenditure on the probity consultant and probity adviser.

---

<sup>1</sup> (<http://www.brisbanetimes.com.au/queensland/queensland-government-invites-casino-giants-to-meeting-20130708-2pm6t.html>)

<sup>2</sup> (<http://www.couriermail.com.au/business/premier-campbell-newman-says-echo-entertainment8217s-queensland-casinos-are-8216not-world-standard8217/story-fnihsps3-1226705657780>)

Page 6

**Planning:**

During the Estimates Hearing questions were asked of the Minister about the Priority Development Infrastructure Co-Investment Program, a major component of the Government's strategy of Infrastructure charges reform. Only local councils which adopted the Government's nominated "fair value" schedule of infrastructure charges, 10-15% below the maximum allowable level of infrastructure charges will be able to receive funding under the program.

Sadly the answers provided by the minister were both belligerent and devoid of any real information. The Minister could not advise how much the program was worth and the level of funding councils could expect. The minister further advised that the level of funding for the program is linked to assets sales despite the programs scheduled start date of 1 July 2014, well before the proceeds of such sales are realised, if such sales occur.

The details of this program are far from clear and the Minister seems to indicate that the level of funding will be linked to the infrastructure projects submitted by councils which the state government deems worthy of funding. Councils will have no certainty that the funding for infrastructure councils would forgo by lowering infrastructure charges would be met by the Priority Development Infrastructure Co-Investment Program.

Given the minister's incomplete answers to the Committee, the Priority Development Infrastructure Co-Investment Program appears to be so incomplete in either the structure or level of funding that it will be an inadequate incentive for councils to significantly reduce infrastructure charges.

**Galilee Basin State Development Area:**

The Deputy Premier was unable to provide a proper explanation as to why his Government consulted on a proposed State Development Area (SDA) for the Galilee Basin in January 2014 that included four rail corridors, two regional towns and areas of agricultural production that the proponents had ruled out needing.

The Deputy Premier had already announced on 6 June 2012 that the Government would only facilitate two rail corridors out of the Galilee Basin.

The Opposition Office received complaints from residents who had been assured by the Galilee proponents that their properties would not be impacted but who were then advised that their properties were in the initial proposed SDA.

The Galilee SDA was downsized by 94 per cent between the initial proposed SDA and the final SDA as detailed in the *State Development and Public Works Organisation (State Development Areas) Amendment Regulation (No. 1) for 2004*.

Page 7

The Deputy Premier has repeatedly tried to turn the issue of Galilee rail corridors into a political issue by claiming that the previous Government was going to approve six rail lines when the Department's process for the selection of proponents had not concluded at the time of the 2012 election.

***Auditor-General Report Number 18 for 2013-14:***

It was concerning that the Deputy Premier was unaware at the hearing of the Auditor-General's criticism at pages 12-13 of his Report Number 18 for 2013-14 that with reference to service delivery statements:

*"The lack of a balanced suite of efficiencies and effectiveness standards for 72 per cent of the budget makes it difficult for the Parliament to hold departments fully to account."*

The Deputy Premier was not initially able to advise what percentage of expenditure in his department was covered by the service standards in the service delivery statement and the Department later advised that it considered the existing service standards to be sufficient despite the Auditor-General's findings.

***No New Plan for the Economy:***

The Deputy Premier was asked about what he was doing in response to Treasury's projections at page 35 of Budget Paper 2 for 2014-15 of a 20 per cent contraction in business investment and a 1¼ per cent contraction in domestic spending or state final demand. The Deputy Premier failed to present any alternative economic plan and highlighted the Government's facilitation of Galilee resource projects.

The previous Government had envisioned that the Galilee resource projects would commence construction at the end of the LNG construction phase and also facilitated these projects. However, with the decline in thermal coal prices over recent years the State can no longer rely on the Galilee resource projects proceeding on their initial timeframes.

***Economic Modelling on North Stradbroke Island Sand Mining:***

The Opposition asked questions as to why the Department of State Development, Infrastructure and Planning used the economic modelling and methodology provided by mining company Sibelco in their report entitled 'North Stradbroke Island – economic impact of mineral sands mining' in direct contradiction with the Department's policy on economic modelling.

This report contains modelling by Synergies Consulting which was paid for by Sibelco and accepted without question despite the use of an input-output methodology which is *"not a preferred methodology for economic evaluations"* by the Department.

Page 8

This analysis by Synergies Consulting that was accepted and rebranded as that of the Department stated at page 10 that:

*“The economic and environmental costs are not readily available and therefore the analysis assumed that the economic costs are already funded.”*

It is not appropriate for the Department to be accepting and supporting the dissemination of biased economic modelling on behalf of a mining proponent.

Significant questions remain in relation to this report after the mining proponent personally contributed \$91,840 in support to the Premier’s electorate at the 2012 election and has since had its mining lease maps included in legislation which facilitates the extension of sand mining operations on North Stradbroke Island until 2035 despite no commitment being made to this date prior to the election.

The Deputy Premier responded by saying that the Government had made its position clear prior to the election in favour of extending sand mining and that *“we are fulfilling that election promise”*.

The Opposition does not consider it appropriate for Departments to be accepting the economic modelling of external parties for the purposes of enacting election commitments and notes that there was no mention of extending sand mining to 2035 prior to the election.

### **Tourism, Major Events, Small Business and Commonwealth Games:**

The State Development, Infrastructure and Industry Committee’s examination into the portfolio spending of the Minister for Tourism, Major Events, Small Business and the Commonwealth Games indicated that the Minister is unaware of key programs under her control. The Minister was consistently unable to provide any clarity on issues for which she has carriage and often referred to departmental representatives.

#### ***Funding to Tourism and Events Queensland:***

The Opposition is concerned by the significant fall in funding for Tourism and Events Queensland contained in this budget. There is a \$24.9 million shortfall in funding demonstrated on page 38 of the Service Delivery Statement which was not adequately accounted for by the Minister.

Page 9

While we appreciate that some element of this cut represents a deferral from one year to the next the Minister was unable to provide any detail on the size of this deferral. However, it is undeniable that there is a significant cut to funding for Tourism and Events Queensland in stark contrast to the Government's continued rhetoric that tourism is one of its 'four pillars.'

***Give Me Brisbane Any Day Marketing Campaign:***

The Opposition is extremely concerned that Tourism and Events Queensland provided funding to the Pedestrian Group Pty Ltd for the development of four videos which barely mention Queensland and instead appear to market the Sydney suburbs of Surry Hills, Bondi, Newtown and Manly. The Minister's failure to respond adequately to Opposition questioning on this issue does nothing to assuage these concerns.

While it may be understandable that the Minister was unable to immediately provide the exact amount awarded to the Pedestrian Group for the creation of those videos, her refusal to provide this information to the committee after taking the question on notice was disappointing.

Unfortunately given the Minister's failure to provide any detail on these videos the Opposition still has a number of unanswered questions. It is clear that an amount of money was provided to the Pedestrian Group for the production of these videos we are still unaware of;

- The exact amount of money expended by Tourism and Event Queensland that promotes Sydney
- The terms of the contract arrangement with the Pedestrian Group
- Whether these videos underwent any market testing
  - Whether Tourism and Events Queensland had any oversight or review of these videos before they were published online

The Minister's only response to these serious issues of public accountability was to state that she *"very much enjoyed launching this campaign."*

In light of the Minister's refusal to answer questions on this matter the Opposition believes the State Development, Infrastructure and Industry Committee should give serious consideration into launching an inquiry into the commercial-in-confidence arrangements administered by Tourism and Events Queensland.

Page 10

**Commonwealth Games:**

The Opposition asked the Minister to explain some of the reports that have appeared in the media relating to the delays and potential extra cost that might be incurred by deferring infrastructure projects related to the Commonwealth Games on the Gold Coast.

During the Estimates hearing this year, the Minister indicated that a number of timelines for infrastructure projects, as outlined in the bid book, had been changed and delayed. As late as March 2014, the Minister was responding to media reports about various infrastructure delays by replying, “the Newman Government is on track to deliver the best Commonwealth Games ever, on time and on budget”. We hope the Minister continues to be open and honest about the Commonwealth Games infrastructure program to ensure a successful Commonwealth Games.

The Minister, throughout the hearing, highlighted the \$2 billion economic benefit and the creation of 30,000 jobs related to the Commonwealth Games being held on the Gold Coast. The Opposition reminds the Committee that it was the former Labor government which was successful in winning the Commonwealth Games for the Gold Coast and is the party that delivered the jobs and economic benefit for Queenslanders.

**Member for Southport and Southport Towards Twenty 18:**

The Opposition wishes to express its gratitude to the Chief Executive Officer of the Gold Coast 2018 Commonwealth Games Corporation who stated during the Estimates hearing that he would investigate the suspected breach of the use of the Gold Coast Commonwealth Games logo and other intellectual property owned by GOLDOC in the publication *Southport Towards Twenty 18* as well as the associated YouTube advertisement offering sponsors the opportunity appear in the *Southport Towards Twenty 18* book.

The Opposition, along with the government members, supported the legislation protecting the Commonwealth Games brand and associated intellectual property. We recognise that official sponsors pay a premium to be associated with the Games and the interests of these organisations need to be protected to ensure a successful Commonwealth Games.

It is clear from information available that the Member for Southport was involved from the start in the project and handed the project over to Headline Ad. The Member for Southport has provided an explanation to the house that Headline Ad agency conducted the *Southport Towards Twenty 18* project on a semi-commercial basis, meaning it received some payment and potentially generated some profit from the project. The estimated revenue from the book is thought to be in the vicinity of \$255,000 and Headline Ad was the publisher and graphic designer.

Page 11

Questions remain as to whether the fundraising arm Southport Forum has received any of these funds and no answers have been provided on where the money has gone from this venture. The refusal to provide answers about the location of these funds stands in stark contrast to the Newman Government's commitment to openness and transparency.

The Minister's assertion during the hearing that the Commonwealth Games logo is doesn't appear in the book was surprising. The Minister was describing what she observed on page 27 of the book when she stated:

*"To my knowledge, as Towards Twenty 18 is not using the Commonwealth Games logo, it is not something that we have protected from the Commonwealth Games. If the logo has been used in the document, I am not aware of that. I have seen the photograph..."*

The Minister continued during the hearing, stating:

*"The logo is the picture on the big banner in there with me standing in front of it. That is the Commonwealth Games logo. It is protected. They are the words that are protected."*

Even if the picture of the Minister standing in front of the Commonwealth Games logo is permitted to be used by the public for semi-commercial use, the actual use of the Commonwealth Games logo that appears next to the picture of the Minister must warrant further examination to protect Commonwealth Games sponsorship revenue that is vital to the success of the Games.

The Commonwealth Games Brand Protection Guide that states that "you must not use Commonwealth Games words or images (or anything substantially identical or deceptively similar) if the use:

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

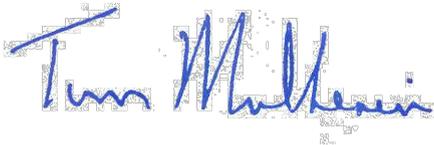
The Commonwealth Games logo depicted in the *Southport Towards Twenty 18* book is protected under image 3 of schedule 3 in the *Commonwealth Games Arrangements Regulation 2013*. The offence provisions in the *Commonwealth Games Arrangements Act 2011* apply to any person who uses the image without the appropriate authorisation. The offence provisions go further than this to apply to persons who use an "image or expression that is substantially identical with, or deceptively similar to, a protected reference". Questions remain whether the phrase "Towards Twenty 18" is similar to "Embracing 2018" or "Legacy 2018".

Page 12

The Minister took a number of questions on notice and answered that the content in the book was written by Zakazukha, who approached GOLDOC on “29 May 2013 in relation to an editorial piece for a book on the development of *Southport Towards Twenty 18*”.

The Minister also indicated that “GOLDOC has not received any payment from Headline Ad” and “is not aware of funding matters associated with the *Southport Towards Twenty 18* book”.

The answers provided by the Minister in her response to the questions taken on notice raise more questions than they answer. The Opposition will await the response from the Chief Executive Officer who has stated he will investigate. So far, 173 breaches related to inappropriate use of Games images have been identified and action taken to resolve the unauthorised use, often without needing to use the offence provisions in the Act.



**Tim Mulherin MP**  
**Deputy Leader of the Opposition**