

2012-13 Budget Estimates

Report No. 10

**State Development, Infrastructure and Industry
Committee**

October 2012

STATE DEVELOPMENT, INFRASTRUCTURE AND INDUSTRY COMMITTEE

Chair	Mr Ted Malone MP, Chair, Member for Mirani
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Members	Mr Scott Driscoll MP, Member for Redcliffe
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	Ms Kerry Millard MP, Member for Sandgate
	Mr Bruce Young MP, Member for Keppel

Staff	Dr Kathy Munro, Research Director
	Ms Margaret Telford, Principal Research Officer
	Ms Mary Westcott, Principal Research Officer
	Ms Rhia Campillo, 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

Web www.parliament.qld.gov.au/SDIIC

Acknowledgements

The Committee thanks those who gave evidence and participated in its inquiry. In particular the Committee acknowledges the assistance provided by the Department of State Development, Infrastructure and Planning; Department of Energy and Water Supply; and Department of Tourism, Major Events, Small Business and the Commonwealth Games.

Chair's Foreword

This report presents a summary of the Committee's examination of the Budget Estimates for the 2012-13 financial year.

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

The Committee has made one recommendation as follows:

- That the proposed expenditure, as detailed in the *Appropriation Bill 2012* for the Committee's areas of responsibility be agreed to by the Legislative Assembly without amendment.

On behalf of the Committee, I also wish to thank the Deputy Premier, the Minister for Energy and Water Supply, Minister for State Development, Infrastructure and Planning, Minister for Tourism, Major events, Small Business and the Commonwealth Games, Director's General and the relevant Chief Executive Officers and their departmental staff for their cooperation in providing information to the Committee throughout this process.

I would also like to thank the other Members of the Committee for their hard work and valuable contribution.



Mr Ted Malone MP
Chair

October 2012

Contents

1. Introduction	5
1.1 Role of the Committee	5
1.2 Aim of this report	5
1.3 Other Members participation	6
2. Recommendation	6
3. Department of State Development, Infrastructure and Planning	6
3.1 Budget highlights – Department of State Development, Infrastructure and Planning	7
4. Department of Tourism, Major Events, Small Business and the Commonwealth Games	9
5. Department of Energy and Water Supply	10
Statement of Reservation / Dissenting report	14

1. Introduction

1.1 *Role of the Committee*

The State Development, Infrastructure and Industry 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 areas of responsibility are state development, infrastructure and planning; energy and water; tourism; major events; small business; and the Commonwealth games. These are administered through the following Government departments:

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

On 14 September 2012, the *Appropriation Bill 2012* and the estimates for the Committee's area of responsibility were referred to the committee for investigation and report.²

On 10 October 2012, the Committee conducted a public hearing and took evidence about the proposed expenditure from the Minister for Energy and Water Supply, Minister for State Development, Infrastructure and Planning, Minister for Tourism, Major Events, Small Business and the Commonwealth Games, Directors-General of the relevant departments and certain Chief Executives.³

A copy of the transcript of the Committee's hearing can be accessed at:

http://www.parliament.qld.gov.au/documents/hansard/2012/2012_10_10_Estimates.pdf

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 the Minister for State Development, Infrastructure and Planning, the Minister for Tourism, Major Events, Small Business and the Commonwealth Games and the Minister for Energy and Water Supply, 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 and additional information 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 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.

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 Schedule 7 of the Standing Orders

1.3 Other Members participation

The Committee gave leave for other Members to participate in the hearing. The following Members participated in the hearing:

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

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 Bill 2012* for the Committee's areas of responsibility, be agreed to by the Legislative Assembly without amendment.

3. Department of State Development, Infrastructure and Planning

The Deputy Premier is the Minister responsible for the Department of State Development, Infrastructure and Planning. The Deputy Premier's portfolio comprises responsibility for the following organisational units:

- Coordinator-General;
- State Development;
- Major Projects Office; and,
- Planning.

The following table taken from the *Appropriation Bill 2012* compares the appropriations for the Department for 2011-12 and 2012-13.

Appropriations	2011-12 \$'000	2012-13 \$'000
<i>Controlled Items</i>		
departmental services	962 056	358 734
equity adjustment	123 753	200
<i>Administered Items</i>	472 892	2 390 424
Vote	1 558 701	2 749 358

Source: *Appropriation Bill 2012*, Schedule 2 p. 12

The *Appropriation Bill 2012* also seeks Parliament's authorisation for a supplementary appropriation of \$ 477 840 000 for the Department for 2011 -12.⁴

⁴ *Appropriation Bill 2012*, Schedule 4, p. 20.

Budgeted capital purchases for the Department of State Development, Infrastructure and Planning for 2012-13 is \$2.119 billion of which \$2.026 billion will be provided to local governments across the State to replace vital infrastructure that was damaged or destroyed in natural disasters.⁵

The following table outlines the service areas that fall within the Department and provides a comparison of the agency budgets for 2011-12 and 2012-13.

Service Areas	2011-12 \$'000	2012-13 \$'000
Coordinator General	43 865	79 567
Major Projects Office	93 758	89 576
State Development	106 035	156 576
Planning	39 997	49 392
Machinery of Government Impacts	752 679	-
Total	1 063 334	375 111

Source: State Budget 2012-13 Service Delivery Statements – Department of State Development, Infrastructure and Planning

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

2012-13 budget highlights for the department are to:

- deliver the Royalties for the Regions pilot funding round to distribute \$60 million across the Resource Community Building Fund, Roads to Resources and Floodplain Security for infrastructure in Queensland's resource communities;
- deliver legislation to fully operationalise the GasFields Commission;
- implement the Mary Valley Economic Development Strategy by leveraging existing Government landholdings;
- planning the next stage of the incremental expansion of Abbot Point port capacity to meet any future demand;
- fast track land releases for housing development in Moranbah and Blackwater freeing up land held by the Urban Land Development Authority, to deliver 185 housing allotments;
- commence works on the redevelopment of the Government administrative precinct in Brisbane, including integration of 1 William Street into the overall design;
- complete the Galilee Basin Infrastructure framework;
- progress the strategic assessment for the Great Barrier Reef;
- develop a single Queensland State Planning Policy, which will be released for public comment and then adoption in early 2013;
- maintain the partnership with the Surat Basin Rail (SBR) Joint Venture to facilitate the SBR project through statutory assessment and planning approval processes;
- assist the SBR project proposal to develop a greenfield 214 kilometre railway to open up the estimated four billion tonnes in thermal coal reserves from Surat Basin for export through the Port of Gladstone;
- work with industry to develop the framework to increase local industry participation in major resource and infrastructure project supply chains;
- prepare infrastructure agreements and deliver catalyst infrastructure for significant greenfield communities, including Greater Flagstone, Ripley Valley and Yarrabilba;

⁵ State Budget 2012-13, Capital Statement-Budget Paper No. 3, p. 97.

- transfer land use planning powers back to local governments by restructuring the South Bank Corporation and Urban Land Development Authority legislation;
- progress the Amberley aerospace precinct to market;
- release draft statutory regional plans for Darling Downs and Central Queensland;
- designate the new regional plan area for Cape York;
- develop for Cabinet consideration the first Sustainable Planning Act 2009 Amendments to enable a more efficient and effective planning and development system;
- delegate development assessment powers to Brisbane City Council for Bowen Hills, Northshore Hamilton, Fitzgibbon and Woolloongabba and Ipswich City Council for Ripley Valley Urban Development Area;
- streamline and fast track the assessment of major projects;
- implement the new Bilateral Agreement and administrative procedures agreed with the Australian Government;
- undertake planning and delivery of State Development Areas to attract and guide more industry and economic activity; and,
- develop and implement an infrastructure strategy which provides the basis for planning and prioritising Queensland's long term infrastructure requirements.

3.2 Issues raised at the public hearing – Department of State Development, Infrastructure and Industry

Issues raised by the Committee in relation to Department of State Development, Infrastructure and Industry included:

- simplifying the regulatory process and removing barriers to progressing major infrastructure, resources and industrial development projects;
- introducing the 'Planning for Prosperity' state planning policy which aims to rebalance all current state planning policies;
- the allocation of funding for housing in resource industry towns;
- addressing land use conflicts between the resources industry and the agricultural industry through the statutory regional plans;
- implementing the regional planning process to focus on identifying economic opportunities to bring economic opportunities to fruition while identifying the areas that require environmental protection;
- addressing regional issues and liaising with local council to enhance economic opportunities in other industries such as agriculture (for example in Mary Valley);
- enhancing economic opportunities for Indigenous community members in regional areas such as Cape York; and,
- improving the State financial situation through the increase in coal royalties.

Issues raised by the Committee in relation to the Coordinator-General included:

- the department's contribution to the savings from the voluntary separation program;
- addressing land classification processes as part of the regional planning process;
- addressing different proposed infrastructure in regional areas which may impact on agricultural land;
- update on the status of Environmental Impact Statement projects such as the Waratah Coal project, Cross River Rail project and other projects;

- the allocation of funding for the Royalties for the Regions program which aims to return the money earned in regional Queensland back to the regions including the Royalties for the Regions Floodplain Security scheme;
- the process of the Reconstruction Authority in meeting all the recommendation of the flood inquiry as per committed time frames; and
- the approach to the bilateral approvals process, which is the one approval process that satisfies the legislative requirements of both the state and federal government, particularly for projects such as Great Barrier Reef catchment area and the Alpha Coal Project.

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

The Minister is responsible for the Department of Tourism, Major Events, Small Business and the Commonwealth Games. The Minister's portfolio comprises responsibility for the following service areas:

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

The following table taken from the *Appropriation Bill 2012* compares the appropriations for the Department for 2011-12 and 2012-13.

Appropriations	2011-12 \$'000	2012-13 \$'000
<i>Controlled Items</i>		
departmental services	-	47 639
equity adjustment	-	473
<i>Administered Items</i>	-	102 515
Vote	-	150 627

Source: *Appropriation Bill 2012*, Schedule 2 p. 12

Budgeted capital purchases for the Department of Tourism, Major Events, Small Business and the Commonwealth Games for 2012-13 is \$0.49 million. These funds are to be directed to the redevelopment of Parklands Commonwealth Games Village and for the early works on the design of a Master Plan and the commencement of the procurement process to select a Games Village developer.⁶

The following table outlines the service areas that fall within the Department and provides a comparison of the agency budgets for 2011-12 and 2012-13.

Service Areas	2011-12 \$'000	2012-13 \$'000
Tourism and Events Development	4 378	41 621
Business to Government Services	6 645	9 660
Total	11 023	51 281

Source: State Budget 2012-13 Service Delivery Statements – Department of Tourism, Major Events, Small Business and the Commonwealth Games. P.6

⁶ State Budget 2012-13, Capital Statement-Budget Paper No. 3, p. 101.

4.1 Budget highlights

2012-13 budget highlights for the department include:

- delivering the actions agreed under the DestinationQ partnership agreement with the tourism industry, and using the results to develop a long-term tourism strategy to best target marketing, product development and trade events opportunities;
- encouraging promotion of tourism destinations through the development of a Queensland drive tourism strategy;
- negotiating to attract new aviation business and routes into Queensland;
- working with investors and project proponents to encourage the development of new tourism products in Queensland;
- supporting key partners in improving access for tourism and ecotourism operators in and near national parks;
- progressing preparations for the Gold Coast 2018 Commonwealth Games;
- finalising design and planning for the redevelopment of the Gold Coast Aquatic Centre;
- streamlining our services to small business; and,
- making it simpler to do business with Government.

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

- timetable for the upgrade and construction of the Commonwealth Games aquatic facilities on the Gold Coast;
- timetable for the completion of sporting and accommodation infrastructure for the Commonwealth Games on the Gold Coast;
- potential economic benefits to the Gold Coast in hosting the Commonwealth Games;
- Governance arrangements for the Commonwealth Games;
- financial arrangements associated with the organisation of the DestinationQ tourism conference held in Cairns;
- attracting airline investment fund;
- arrangements to support the growth of the Chinese tourism market;
- the work of Events Queensland in supporting the Regional Development Program;
- Government's support for ecotourism and cultural tourism initiatives;
- various programs that comprise the DestinationQ initiative;
- cuts to regional small business development grants; and,
- the closure of the Queensland Government program providing workshops and seminars for small business.

5. Department of Energy and Water Supply

The Minister is responsible for the Department of Energy and Water Supply. The Minister's portfolio comprises responsibility for the following service areas:

- Department of Energy and Water Supply;
- Queensland Water Commission; and,
- Energy and Water Ombudsman.

The following table taken from the *Appropriation Bill 2012* compares the appropriations for the Department for 2011-12 and 2012-13. As the department was formed only on 3 April 2012 as a result of Machinery of Government changes, 2012-13 will be the first full financial year of operation.⁷

Appropriations	2011-12 \$'000	2012-13 \$'000
<i>Controlled Items</i>		
departmental services	-	151 926
equity adjustment	-	500
<i>Administered Items</i>	-	717 645
Vote	-	870 071

Source: *Appropriation Bill 2012*, Schedule 2 p. 9

The Energy and Water Supply portfolio includes the Department of Energy and Water Supply, statutory bodies reporting to the Minister for Energy and Water Supply, and energy and water supply Government-owned Corporations. The portfolio capital program for 2012-13 is \$3.476 billion for capital purchases and \$45.6 million for capital grants. The capital works program supports the Government's commitment to deliver cost effective, safe, secure and reliable energy and water supply.⁸

The following table outlines the service areas that fall within the Department and provides a comparison of the agency budgets for 2011-12 and 2012-13.

Service Areas	2011-12 \$'000	2012-13 \$'000
Department of Energy and Water Supply <i>Controlled</i>	47 047	160 270
Department of Energy and Water Supply <i>Administered</i>	59 112	759 956
Queensland Water Commission	26 574	10 815
Energy and Water Ombudsman Qld	6 092	6 293
Total	138 825	937 334

Source: State Budget 2012-13 Service Delivery Statements – Department of Energy and Water Supply. P.1

The Minister's portfolio comprises the following organisational units:

- **Energy:** responsible for reforming, regulating and assisting in the development of the Queensland energy sector, designing energy concessions and rebates, participating in national energy efficiency programs, facilitating access to funding and red tape reduction, and for implementing the Government's decision to conduct a major independent review of the energy sector to address cost of living pressures and the sustainability of the sector.⁹
- **Water supply and sewerage services:** responsible for strategic planning for sourcing of regional water supplies and the regulation of water and sewerage service providers in Queensland so that agriculture, mining, industry and urban communities have access to safe, secure and

⁷ Budget Paper, Service Delivery Statements, p. 17.

⁸ State Budget 2012-13, Capital Statement-Budget Paper No. 3, p. 44.

⁹ Budget Paper, Service Delivery Statements, p. 1.

sustainable water supply and planning and implementing the reform of the South East Queensland (SEQ) water sector to address cost of living pressures.¹⁰

The total estimated 2012-13 budget for the department is \$160.3 million and primarily consists of expenditure shown in the table below.

	2012-13 \$'000
Employee expenses	29 100
Capital grants	78 800
Other grants and subsidies expenses	33 500
Supplies and Services	18 100

Source: State Budget 2012-13 Service Delivery Statements – Department of Energy and Water Supply. p. 17.

Note that direct comparisons cannot be made between expenses in the 2011-12 year and expenses in the 2012-13 and subsequent years because of machinery-of-government changes which took place in 2011-12.

5.1 Budget highlights

Budget highlights for the department include:

- savings of \$35.6 million through initiatives including:
 - energy sector reform
 - sustainable energy projects
 - water and sewerage planning
 - water supply and water demand regulatory arrangements
 - cessation of redundant carbon schemes
 - efficiencies as a result of an organisational review;¹¹
- delivery of cost-effective, safe, secure and reliable energy and water supply through the development of a 30-year plan for energy and water supply sectors including strategies to address cost pressures, ensuring effective and efficient regulation and providing policy and regulatory advice on emerging market dynamics and technologies;
- delivery of reform through implementing energy sector reform, implementing the reform of the South East Queensland water sector, reducing red tape and streamlining regulatory requirements and implementing relevant Queensland Floods Commission of Inquiry recommendations;
- engaging stakeholders by influencing stakeholders to ensure a shared understanding of roles and responsibilities, supporting research and development in the energy and water supply industry and influencing national energy and water supply agendas;
- optimise shareholder value by managing portfolio Ministers' shareholding interests in government owned entities, representing portfolio Ministers' interest in ensuring compliance with shareholder service requirements and optimising the performance of government owned entities;

¹⁰ Budget Paper, Service Delivery Statements, p.1.

¹¹ Budget paper, Service Delivery Statements, p.17-18.

- deliver a flexible workforce by ensuring accountable, transparent and effective corporate governance; building a skilled and performance orientated workforce; valuing staff through effective communication and engagement; fostering a zero harm culture; ensuring business continuity; retention of corporate knowledge; and developing systems to support robust advice, decision-making, monitoring and reporting.¹²

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

- staff positions that may be abolished and ongoing and future contracting arrangements in the Government Owned Corporations(GOCs);
- ongoing support for water service providers including the review of the sustainability of important fish species in dams;
- the new direction for renewable energy development following the release of a 30-year energy plan;
- the development and implementation of a range of energy efficiency programs through the National Strategy on Energy Efficiency which comprises of 37 measures;
- the removal of previous renewal energy plans and the replacement of them with new renewable energy projects which has a focus on practical research and development of the State's renewable energy resources;
- the creation of a new bulk water entity which will incorporate the amalgamation of the SEQ Water Grid Manager with SEQwater and LinkWater early next year as part of a review to keep costs of water down;
- the merging and staffing issues arising from the creation of the Queensland Bulk Water Supply Authority following the amalgamation above;
- the establishment of an interdepartmental committee on electricity sector reform and the establishment of the independent review panel (IRP) to develop options to address the impact of the electricity network on electricity prices;
- the assessment of the recommendations for changes to the flood mitigation manual and a number of dam safety related recommendations in identifying implementation priorities for the coming wet season;
- the Government's commitment for a saving on household electricity bills and the methodology in which the savings is to be achieved;
- the reduction in operational expenditure including the use of a voluntary separation program in the various GOCs;
- the release of a green paper with the aim of engaging the public, industry and overall electricity sector in February 2013 to provide input and deliver on an appropriate energy plan;
- the development of energy management initiatives in collaboration with Energex and Ergon Energy to encourage customers to use electricity more efficiently; and,
- the Government's opposition to Commonwealth government's carbon tax.

¹² Budget paper, Service Delivery Statements, p. 3-4.

Statement of Reservation / Dissenting report

This statement of reservation is made by the Member for Mackay. The Members for Inala, Mulgrave and South Brisbane concur with this statement.

Estimates Process:

The absence of a three minute time limit on answers from the standing orders was misused by many Ministers this year. Answers were often long-winded, which reduced the ability of Non-Government Members to ask questions.

Sessions were cut off before they were due to end. This also resulted in the Opposition being restricted in the number of questions that could be asked.

It is disappointing that non-Government Members were prevented from fully questioning the Minister, because of constant interruption and intervention.

State Development and Infrastructure and Planning

Charter Flights Used for Private Taxi Service

The Deputy Premier was questioned in the hearing about \$64,964 spent between 26 March 2012 and 30 June 2012 on private charter flights to his electorate. When asked about whether there was any alternative to using charter flights the Deputy Premier insisted that he had no other option:

*“The short answer is: no, there are no commercial flights available to where I live in Monto”*¹³

The Deputy Premier was then presented with evidence of nine far cheaper commercial flights from Brisbane to Thangool, about an hour’s drive from Monto. The Opposition Leader also presented the Deputy Premier with an extract from his diary showing that a commercial flight was available at the same time he used a charter flight.

The Deputy Premier insisted there would have been a reason for using a charter flight at this time, despite his diary (released under Right to Information laws), showing nothing occurring at that time. After being provided with evidence to indicate that the use of private charter flights was not cost effective compared with commercial flights, the Deputy Premier continued to defend spending of up to \$260,000 in a year on charter flights saying that:

*“I think it is legitimate for me to travel from where I live to Brisbane to do the job of Deputy Premier when and if I need to, and I will continue to do that. I will continue to do that.”*¹⁴

There was no acknowledgement from the Deputy Premier that this was an inappropriate use of taxpayer funds.

¹³ (Hansard 10 October 2012 page 13)

¹⁴ (Hansard 10 October 2012 page 14)

Galilee Rail Corridors

In an answer to Question on Notice No. 11 the Deputy Premier detailed that Waratah Coal's China First rail corridor project is still being considered. This means that the LNP Government's position is unchanged from that of the previous Government.

It raises questions as to why the Deputy Premier was so vague in his media release on 6 July 2012 about mentioning a project that is being promoted by a significant LNP donor.

The media release entitled *'Two rail corridors defined for Galilee Basin'* was framed to imply that the Government was only considering two rail lines. However, as confirmed by the Deputy Premier in his answer to Question on Notice 11, approval for a third rail line being promoted by an LNP donor is still being considered. When the Deputy Premier was asked why his media statement was not clear about the fact that more than two rail corridor approvals are being considered he stated that:

"I can't understand how the member would reach the conclusion that I did not make it clear."¹⁵

The Deputy Premier then went on to say that his reference to two rail corridors referred to the State using compulsory acquisition powers only in relation to these corridors. This is different to allowing the approval of only two rail corridors. The Deputy Premier has been unclear on this matter.

Deputy Premier's admitted that he had one-on-one meetings with Galilee rail proponents and that he did not trust Departmental staff with commercial issues:

"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".¹⁶

The Deputy Premier has not specified what 'commercial issues' are not in the ambit of the Office of the Coordinator-general and other senior departmental officials.

It has been a long-standing practice for Ministers for State Development to involve departmental staff in meetings with proponents, rather than conducting one-on-one engagements. In particular, it is concerning that this was in the context of a significant LNP donor:

"In this particular instance I did have a short portion of that meeting as a one-on-one meeting with Mr Palmer".

The Deputy Premier refused to rule out more one-on-one meetings on projects being promoted by LNP donor's in the future.

Cuts to Regional Development Organisations

In his answer to Question on Notice No. 17, the Deputy Premier outlined that \$14.5 million in cuts to business development funding had impacted on 17 Regional Development organisations from Cape York Sustainable Futures to the South West Regional Economic Development Association.

The Deputy Premier failed to outline any alternatives for assisting jobs creation and economic growth in regional areas.

¹⁵ (Hansard 10 October 2012 page 9)

¹⁶ (Hansard 10 October 2012 page 16)

Royalty Increases:

The Deputy Premier has criticised previous royalty increases as a 'golden greedy goose attitude to mining' while assisting to introduce \$1.64 billion in royalty increases in the 2012-13 LNP Budget. Clearly the Deputy Premier's political circumstances dictate his responses on this issue.

The Deputy Premier has also received economic modelling on the impact of royalty increases on the Queensland economy but has refused to release this modelling.

Royalties for Regions Nothing More than a Political Stunt:

The hearings confirmed that the LNP's 'Royalty for Regions' policy involves no hypothecation of royalties and is a fixed fund, just like the previous Government's Sustainable Resource Communities Fund.¹⁷ This means that any future increase in royalty revenue will not automatically flow through to regional communities and the LNP is misleading Queenslanders by calling it a 'Royalties for Regions' scheme.

Resources Cabinet Committee:

The Deputy Premier refused to confirm in the hearings whether any expert environmental scientists or other members of the community will be consulted on the LNP's plans for streamlining mining regulation. In the Committee the Deputy Premier made it clear that only industry had been invited to make submissions on streamlining mining regulation as part of the Resources Cabinet Committee.

This is potentially the same Resources Cabinet Committee that will be making recommendations on Uranium mining in Queensland. The Deputy Premier needs to explain why he will only consult with industry in relation to these decisions which impact on all Queenslanders.

Queensland Reconstruction Authority:

The Chief Executive of the Queensland Reconstruction Authority was asked why staffing was cut by 22 positions in a year of record expenditure on natural disaster recovery. Deputy Premier intervened to state that this was "*a question about government policy*".¹⁸

The Deputy Premier stated that the cuts to Queensland Reconstruction Authority staffing in the largest year of expenditure on record were a result of the LNP Government's decisions.

The Deputy Premier further advised the Committee that despite his Service Delivery Statement showing that the Queensland Reconstruction Authority was to wind up this financial year, a decision was not made to extend the life of the Queensland Reconstruction Authority until after the Budget was released and this had received attention in the media.

Coordinator-General Website Fails on Openness and Transparency:

The Coordinator-General admitted at the hearing that his agencies website was out of date and did not reflect the current status of projects.

The Opposition highlighted the issue by the example of an airport upgrade at Moranbah which has already been built but is listed on the website as pending approval. Despite information being out of date on the status of a number of major mining projects, the Coordinator-General refused to acknowledge that the website was failing to keep Queenslanders up to date.

¹⁷ (Hansard 10 October 2012 page 29)

¹⁸ (Hansard 10 October 2012 page 32)

The Coordinator-General is yet to update the website.

Energy and Water Supply

Privatisation

The Minister was unable to give assurances that the government would not seek a mandate from the people of Queensland for the sale of electricity assets. Despite the Minister referring to long term planning in the sector (30 years) he could provide no clarity as to the content of these plans.

Ergon Energy Job losses

Eight days after the estimates hearing took place, a decision by Ergon Energy to cut 500 jobs was announced in the media. During the Estimates Hearing the CEO of Ergon was asked how many jobs would be lost at the company. That question was taken on notice and a response has yet to be received by the Committee.

It is not unreasonable to take the view that the sacking of 500 workers did not occur to the board and executives of Ergon prior to the estimates hearing and that the plans finalised, had been prior to the media announcement. In light of the information that has been made public since the hearing, the answer given on the day was unsatisfactory – as is the fact that the answer to the question taken on notice has still not been tabled.

This prospect that similar job losses have been planned at Powerlink and Energex must be considered likely.

Bulk Water Price Path

The Minister was asked a series of questions about his much touted review of the bulk water price path in south-east Queensland. In particular, the Minister announced on 13 April that the Government would conduct an ‘immediate’ review of the bulk water price path and committed to take options for a new price path back to Cabinet for decision by the end of May. The Minister confirmed in his answers that this deadline had not been met. Indeed the review has now been referred to an Interdepartmental Committee. It appears that the immediacy and urgency for the review, as touted by the Minister in April, has disappeared.

The Minister’s answer to non-Government Question on Notice 15 confirmed that a review was undertaken, but that the only outcome was a determination that the Government’s election promise of an \$80 water rebate would need to be funded from Consolidated Revenue, rather than through other savings as promised.

The review of bulk water prices will not be completed until early 2013, much later than the Minister’s commitment to report back to Cabinet by the end of May. The Minister has raised community expectations and has been unable to meet them.

Water Savings in Regional Areas

The Minister was asked about a statement in the Regional Budget Statements that residents across the state would enjoy water savings whenever they “turn on their taps”. After being asked specifically whether residents in every region would receive savings on their water bills as indicated in the Regional Budget Statements, the Minister refused to comment on the documents and could not confirm that the promised savings would eventuate.

Debt

The Minister revealed during the estimates hearing that the LNP's election policy to repay water grid assets over a 40 year price path rather than the current 20 years will in effect double the level of peak debt incurred. The Costello Commission of Audit states that the peak debt under the current repayment path will be \$3.1bn in 2016-17. However the Minister's answer to Non-Government Question on Notice 14 revealed that the change to a 40 year repayment path would effectively double the level of debt with the peak of \$6.8bn occurring in 2029-30.

The Minister attempted to confuse the issue by referring to a different figure for debt which was different to his previous answers to the Estimates Hearing and answers to Questions on Notice.

The LNP election commitment was to adopt a 40 year price path. This policy has now been shown to be poorly thought out, ineffective and one that will actually increase the cost of water for Queenslanders.

Tariff 11

The modelling for the cost of the LNP's election commitment to save every household \$120 on their electricity bill was revealed to be simplistic and calculated on current publicly available information. There does not appear to have been a significant body of work undertaken to ensure that the estimated \$63m cost of the policy is accurate. The Minister committed to increasing this allocation if required so that no household would miss out.

Notwithstanding this commitment, the Minister has yet to provide a satisfactory explanation of the amount required to ensure every household saves \$120. The allocation of \$63m suggests that slightly more than 500,000 households would be able to share a \$120 saving. The fact that there are more than 1.83m households on tariff 11 suggests that there will be a considerable shortfall in funding and that not every household will receive a \$120 saving.

Tourism, Major Events, Small Business and the Commonwealth Games

The State Development, Infrastructure and Industry Committee Hearing examining the budget allocation to the organisational units under the portfolio of the Minister for Tourism, Major Events, Small Business and the Commonwealth exposed a Minister who appeared unprepared.

Commonwealth Games and the Gold Coast Aquatic Centre

Under questioning the Minister committed to completing all infrastructure projects listed in the Commonwealth Game Bid Book and confirmed the bid book was a legally binding document. This commitment was in contrast to earlier media statements by the Minister when she described the bid book as "just a suggestion" and that "no decisions have been made." The Deputy Premier further confused the issue by stating on the same day as the Hearing, "Issues were still being considered and no decisions have been made." The Opposition is relieved that the Minister has categorically ruled out moving Commonwealth Games events to Brisbane but finds it extremely troubling the Government took several days to make this commitment and only once media reports had been raised.

The Minister was unable and unwilling to provide a guarantee that works on the Gold Coast Aquatic Centre would be completed in time for the Gold Coast to host the Pan Pacific Swimming Championships in 2014. This is particularly concerning given that the Gold Coast City Council has attempted to work constructively with the Minister to secure the Pan Pacific Games for the Gold Coast.

The Minister sought to avoid answering questions on why she made the decision to sack Mark Stockwell as Chair of the Commonwealth Games. However, the Chair, allowed the questioning to proceed. The Minister failed to give an adequate account of her decision to sack Mr Stockwell who was instrumental in securing the Commonwealth Games for the Gold Coast.

Minister caught out with no small business plans

The Minister, under questioning, was unable to explain the contribution of the LNP's 'four pillars' to the Queensland economy. This was an embarrassing admission for a key economic minister who has responsibility for one of the 'four pillars' and a far more wide-ranging industry brief as Minister for Small Business. The Minister was then either unwilling or unable to articulate a vision for assisting small businesses and the service economy. After six months in her current position and two years as the relevant Shadow Minister it is disappointing that the Minister is still scrounging for an idea.

During the course of the hearing it became clear the Minister had made no representations to the Deputy Premier concerning cuts of \$14.5 million in regional development grants. Considering these grants were awarded to organisations such as Advance Cairns and Toowoomba Regional Enterprises which directly assist small businesses the Minister should have made an effort to advocate on their behalf.

The Minister has abolished several small business training programs. Almost 16,000 people attended small business seminars in the 2011-12 financial year; due to the Minister's decisions they will not get the chance this year. The Minister talked up a shift to delivering this information online however this just confirmed her real decision to cut services.

In an effort to deflect attention away from sustained questioning on the Minister's specific plans to cut red tape and review legislative frameworks affecting small business the Minister proceeded to verbalise the Member for South Brisbane. Instead of deflecting questioning the Minister inadvertently highlighted her lack of sound policy ideas for the small business sector.

Tourism

The Minister was keen to talk up her achievements for the Tourism industry throughout the estimates hearing however once again her stewardship was found wanting. The Opposition is concerned that a contract was awarded to a private conference organiser to run the Destination Q forum in Cairns when that capability already exists within Tourism Queensland. This contract is particularly worrying given the Minister's admission that she received significant help in writing the LNP's tourism policy from its beneficiary. The Minister should give a full parliamentary account of how this contract was awarded.

The Minister was unable to name any awards Tourism Queensland had won under her leadership, or during her time as the relevant Shadow Minister. It is telling that the Minister was not even able to provide a single example. The Minister conceded that Tourism Queensland was highly regarded both nationally and internationally prior to the March election and undermining her continual claims that the industry had been left to languish under the previous government.

The Minister avoided questions on why there has been a mass exodus of Tourism Queensland board members and senior staff. The Minister provided a limited explanation as to why Don Morris and Geoff Dixon stood down as Chairs of Tourism Queensland and Events Queensland respectively but made no attempt to explain the departure of several other people from the senior echelons of the statutory bodies under her authority. She made no attempt to explain why Anthony Hayes resigned as CEO of Tourism Queensland or John O'Sullivan left his position as CEO of Events Queensland.

Further the Minister could not account for the fact that only one Tourism Queensland board member remains under her leadership.

The Opposition was disappointed to hear the Minister refuse to commit to a timeframe for securing direct flights from China to her hometown of the Gold Coast. This unwillingness is surprising given the Minister's continual criticism of the previous Labor Government for not doing enough to promote Chinese tourism. The Minister admitted what the tourism sector already knows; securing aviation routes is a long process which can take a number of years. The Opposition welcome new direct flights between China and Cairns and new routes into the Gold Coast from Scoot and Qantas and commends the previous Tourism Minister Jan Jarratt for her hard work, it is disappointing Minister Stuckey sought to claim credit without acknowledging her predecessor's efforts.

The Member for South Brisbane questioned why Tourism Queensland's performance indicators have become less ambitious under Minister Stuckey. The Minister was unable to address this question and deferred to the Acting CEO of Tourism Queensland. The Acting CEO confirmed that the targets had become less ambitious which contradicts the Government's repeated claims that they have big ideas for the tourism sector.

The hearing also exposed the lack of depth of the Tourism Cabinet Sub-Committee, as the Minister for Environment is not even a member. This is particularly puzzling as the LNP's tourism policy is very vocal on eco-tourism and the need to open up protected areas to tourism activities.

Most concerning about the Minister's lacklustre performance during the estimates hearings were the issues she chose to avoid. The tourism industry is currently disadvantaged by the high Australian dollar; at no point during the hearing did the Minister mention this reality. The Queensland Government has limited ability to influence the Australian dollar, leaving aside the LNP Government's confidence-destroying job cuts, creative tourism promotions and ideas are necessary. It is clear from the Minister's silence on the issue that none will be coming from her. Given the high Australian dollar it is worrying that Tourism Queensland under her direction seems to be scaling back global marketing campaigns as revealed in the performance indicators mentioned earlier.

Conclusion

It was clear throughout the hearing that the Newman Government does not have any bright, new or fresh ideas to bring to the tourism or small business sectors. The Minister continually relied on empty words and hollow rhetoric, which fell apart under sustained questioning. The Minister has so far presided over a mass exodus of qualified board members and CEOs and delivered little of any value to her portfolio.



Tim Mulherin MP
Deputy Leader of the Opposition