



2021-22 Budget Estimates

Report No. 11, 57th Parliament
State Development and Regional Industries Committee
August 2021

State Development and Regional Industries Committee

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Acknowledgements

The committee thanks the:

- Deputy Premier and Minister for State Development, Infrastructure, and Local Government and Planning
- Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities;
- Minister for Regional Development and Manufacturing and Minister for Water;
- and portfolio statutory entities.

The committee also acknowledges the assistance provided by departmental officials and other officers who contributed to the estimates process.

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Chair's foreword

This report presents a summary of the committee's examination of the budget estimates for the 2021-22 financial year.

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

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

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

I would also like to thank my fellow committee members for their valuable contributions, and other members whose participation in the hearing provided additional scrutiny of the estimates. Thank you also to the committee's secretariat and Parliamentary Service staff for their assistance throughout.



Chris Whiting MP

Chair

August 2021

1 Introduction

1.1 Role of the committee

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

The committee's primary areas of responsibility include:

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

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

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

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

On 18 June 2021, the Appropriation Bill 2021 and the estimates for the committee's area of responsibility were referred to the committee for investigation and report.²

On 28 July 2021, the committee conducted a public hearing and took evidence about the proposed expenditure from the:

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

A copy of the transcript of the committee's hearing is available on the committee's inquiry webpage.³

Prior to the public hearing, the committee provided the Ministers with questions on notice in relation to the estimates. Responses to all the questions were received. Ministers also took a number of questions on notice at the public hearing.

Answers to the committee's pre-hearing questions, documents tabled during the hearing and answers to questions taken on notice at the hearing are included in a volume of additional information tabled with this report and also published on the committee's inquiry webpages.

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

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

³ See: <https://www.parliament.qld.gov.au/work-of-committees/committees/SDRIC/inquiries/current-inquiries/Estimates2021>

1.2 Aim of this report

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

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

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

1.3 Participation by other Members

The committee granted leave for other Members to participate in the hearing. The following Members participated in the hearing:

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

2 Recommendation

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

Recommendation 1

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

3 Deputy Premier and Minister for State Development, Infrastructure, Local Government and Planning

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

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

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

The department has five service areas:

- Develop the economy – attract and facilitate investment opportunities and industry development in Queensland that provide enduring economic benefit
- Infrastructure and economic resilience strategy, policy and planning – deliver a clear and consistent economic policy direction for the State with the development of economic, infrastructure and regional strategies
- Local Government – provide high quality and timely administration of both the local government system and local government funding programs
- Independent Assessor – provide timely and proficient administration of the councillor complaints framework
- Better planning for Queensland – drive the effectiveness of Queensland's planning system by ensuring accessible and transparent requirements and efficiency of the State's assessment functions.⁴

3.1.1 Appropriation for 2021-22

The following table taken from the Appropriation Bill 2021 compares the appropriations for the department for 2020-21 and 2021-22.

Appropriation for 2021-2022 - Department of State Development, Infrastructure, Local Government and Planning

Appropriations	Budget 2020-21 \$'000	Est. Actual 2020-21 \$'000	Vote 2021-22 \$'000
<i>Controlled Items</i>			
departmental services	601,383	462,241	727,035
equity adjustment	21,301	14,080	(4,295)
<i>Administered Items</i>	725,416	886,126	1,069,112
Vote	1,348,100	1,362,447	1,791,852

Source: Appropriation Bill 2021, Schedule 2 p.13.

⁴ Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, pp 2 to 3.

3.1.2 Budget overview

According to the budget highlights, the department's 2021–22 budget increased significantly as a result of the amalgamation of functions following the November 2020 machinery-of-government changes.⁵ This is largely attributed to:

- increased forecast expenditure in the capital grants programs including Works for Queensland, COVID Works for Queensland and Indigenous Councils Critical Infrastructure Program
- forecast expenditure for the Haughton Pipeline Stage 2 and the Resources Community Infrastructure Fund
- provision of \$350 million for a new Industry Partnership Program (as part of the Queensland Jobs Fund).⁶

3.1.3 Staffing

Full-time equivalents (FTEs) as at 30 June 2021 and in previous years

DSDILGP	2020-21 Adjusted Budget	2020-21 Est. Actual	2021-22 Budget
Total FTEs	925	869	869

Source: Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, p 4.

3.1.4 Capital

The department has capital purchases of \$4 million and capital grants of \$494.6 million in 2021–22. Program highlights include:

- \$148 million as part of the \$1 billion Works for Queensland program
- \$85 million towards the \$195 million Haughton Pipeline Stage 2 project for Townsville
- \$80 million as part of the \$200 million COVID Works for Queensland program
- \$30.6 million for the Building our Regions (Rounds 1-5) for critical infrastructure
- \$30.3 million as part of the \$120 million Indigenous Councils Critical Infrastructure Program
- \$25 million for the Local Government Grants and Subsidies Program
- \$25 million for the Resources Community Infrastructure Fund.⁷

3.2 Statutory bodies and commercialised business units

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

- Economic Development Queensland
- Queensland Reconstruction Authority
- South Bank Corporation.

⁵ The state development function was transferred from the former Department of State Development, Tourism and Innovation; and the infrastructure and planning functions were transferred from Queensland Treasury to DSDILGP.

⁶ Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, pp 4 and 10.

⁷ Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, p 5.

On 2 June 2021 the functions, staff, assets, resources, expertise and capability of Building Queensland were integrated into DSDILGP. The budget for 2021–22 is incorporated into the DSDILGP budget.⁸

3.2.1 Economic Development Queensland

Economic Development Queensland is a commercialised business unit which facilitates economic development and development for community purposes.⁹

Key deliverables for 2021-22 include:

- facilitating the start of construction of the \$55 million Proxima Children's Growth Centre of Excellence development and the \$40 million Residential Aged Care and Integrated Training Facility at Lumina within the Gold Coast Health and Knowledge Precinct
- commencing construction of a purpose-built biomedical facility for Vaxxas at Northshore Hamilton to scale up manufacturing of its 'nanopatch' vaccine delivery device
- delivering the Building Acceleration Fund.¹⁰

Capital purchase highlights include:

- \$29.5 million for the urban renewal development at Northshore Hamilton
- \$15.2 million for the development of the Oxley Priority Development Area
- \$10.6 million for the Carseldine Urban Village development.¹¹

The following table provides a summary of the income statement:

Summary Income Statement – Economic Development Queensland

Economic Development Queensland	Budget 2020-21 \$'000	Est. Actual 2020-21 \$'000	Budget 2021-22 \$'000
Total Income	102,498	85,427	111,751
Total Expenses	137,605	131,420	120,679
Operating Surplus/(Deficit)	(33,131)	(31,574)	(6,250)

Source: Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, p 22.

3.2.2 Queensland Reconstruction Authority

Queensland Reconstruction Authority (QRA) is responsible for managing and coordinating the program of recovery and reconstruction works within disaster-affected communities, and delivering policy and activities to improve the resilience of Queensland communities.¹²

Key deliverables for 2021-22 include:

- delivery of the acquittal of the 2020–21 claim to the Australian Government under the Natural Disaster Relief and Recovery Arrangements and Disaster Recovery Funding Arrangements

⁸ Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, p 34.

⁹ Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, p 20.

¹⁰ Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, p 20.

¹¹ Queensland Budget 2021-22, Capital Statement – Budget Paper No. 3, p 102.

¹² Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, p 25.

- coordination of responsive recovery activities and infrastructure in local communities that incorporate risk reduction, resilience building and betterment as standard
- assisting local governments and communities build knowledge and capability that drives best practice in recovery and building resilience.¹³

In 2021-22, the QRA has capital grants of \$514.7 million. Capital highlights include:

- \$481.4 million for 2018 to 2021 natural disaster events under joint State and Federal Natural Disaster Relief and Recovery Arrangements and Disaster Recovery Funding Arrangements
- \$14.4 million for the Queensland Resilience and Risk Reduction Fund
- \$12.2 million as part of the \$32 million for Recovery and Resilience Grants program to support Queensland communities, funded by the Australian Government.¹⁴

The following table provides a summary of the income statement:

Summary Income Statement – Queensland Reconstruction Authority

Queensland Reconstruction Authority	Budget 2020-21 \$'000	Est. Actual 2020-21 \$'000	Budget 2021-22 \$'000
Total Income	764,700	703,876	745,765
Total Expenses	766,439	705,615	745,765
Operating Surplus/(Deficit)	(1,739)	(1,739)	..

Source: Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, p 27.

3.2.3 South Bank Corporation

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

Key deliverables for 2021-22 include:

- supporting the corporation's 60 retail tenants and investigate new revenue streams following the economic impact of COVID-19
- progressing a new master plan for the South Bank Corporation area
- working with Queensland Government to assist in delivery of the Neville Bonner Bridge as part of Queen's Wharf Brisbane, and the new Performing Arts Venue at the Queensland Performing Arts Centre.¹⁵

In 2021-22, South Bank Corporation has budgeted capital works expenditure of \$6.6 million to enhance the South Bank Parklands, the Corporation's commercial assets, and the Brisbane Convention and Exhibition Centre.¹⁶

The following table provides a summary of the income statement:

¹³ Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, p 25.

¹⁴ Queensland Budget 2021-22, Capital Statement – Budget Paper No. 3, pp 102 to 103.

¹⁵ Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, p 25.

¹⁶ Queensland Budget 2021-22, Capital Statement – Budget Paper No. 3, p 103.

Summary Income Statement – South Bank Corporation

South Bank Corporation	Budget 2020-21 \$'000	Est. Actual 2020-21 \$'000	Vote 2021-22 \$'000
Total Income	48,648	53,459	63,637
Total Expenses	73,776	70,799	92,160
Operating Surplus/(Deficit)	(25,128)	(17,340)	(28,523)

Source: Queensland State Budget 2021-22, Service Delivery Statements, DSDILGP, p 27.

3.3 Key issues raised at the public hearing

Issues raised by the committee and participating Members included:

State Development

- impact of Best Practice Principles on department's budget
- costs and benefits of the 2032 Olympic and Paralympic Games
- delivery of Queensland Jobs Fund
- vaccine manufacturing in Queensland

Infrastructure and planning

- banking arrangements and extension requests for disaster recovery funding projects
- infrastructure for the 2032 Olympic and Paralympic Games and modelling of impacts
- housing and land supply in Queensland and role of the Growth Areas Delivery Team
- delivery of the Building Acceleration Fund
- Community Infrastructure Investment Partnership grants for COVID affected communities
- development of the North West Minerals Province
- impact of planning disputes between agencies and assessment processes for PDAs
- delivery of training facilities for emerging industries
- status of the Dunwich (Goompie) Master Plan
- declaration of North Harbour as a PDA

Local Government

- advice provided to local councils on conflict of interest and integrity matters
- impact of border closures on local councils
- community impacts of Rural and Remote Councils Compact
- Works for Queensland program and the South-East Queensland Community Stimulus Program
- Port Hinchinbrook development
- Financial Assistance Grants and western and remote councils
- Financial sustainability of councils including Paroo Shire Council.¹⁷

¹⁷ Public hearing transcript, Brisbane, 28 July 2021, pp 1 to 38.

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

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

4.1 Department of Agriculture and Fisheries

The Honourable Mark Furner MP, Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities, is the Minister responsible for the Department of Agriculture and Fisheries (department/DAF).

The department has three service areas:

- Agriculture – to lift the productivity of Queensland's food and fibre businesses
- Biosecurity Queensland – to mitigate the risks and impacts of animal and plant pests and diseases and weeds to the economy, the environment, social amenity and human health. This service also upholds standards for animal welfare and agricultural chemical use
- Fisheries and Forestry – to ensure sustainable and productive fisheries and the responsible allocation and use of state-owned forest and related resources.¹⁸

4.1.1 Appropriation for 2021-22

The following table taken from the Appropriation Bill 2021 compares the appropriations for the department for 2020-21 and 2021-22.

Appropriation for 2021-2022 - Department of Agriculture and Fisheries

Appropriations	Budget 2020-21 \$'000	Est. Actual 2020-21 \$'000	Vote 2021-22 \$'000
<i>Controlled Items</i>			
departmental services	333,136	347,909	323,634
equity adjustment	(6,203)	(6,003)	(818)
<i>Administered Items</i>	238,303	67,465	58,332
Vote	565,236	409,371	381,148

Source: Appropriation Bill 2021, Schedule 2 p.8.

4.1.2 Budget overview

Key highlights in the budget include:

- \$71.4 million over 4 years for the Queensland Drought Assistance and Reform Package
- \$42.5 million over 4 years to continue the fisheries reform process
- \$32.8 million over 5 years to continue research, development and extension on land management practices that improve Reef water quality and productivity
- \$16.7 million over 4 years towards swimmer safety to meet conditions of the amended Great Barrier Reef Marine Park permit as a result of a Federal Court decision

¹⁸ Queensland State Budget 2021-22, Service Delivery Statements, DAF, p 1.

- \$10.9 million over 5 years to review and rationalise assets, formerly held by the Queensland Agricultural Training Colleges
- an additional \$5.3 million over 2 years for measures to mitigate significant pests and diseases.¹⁹

4.1.3 Staffing

Full-time equivalents (FTEs) as at 30 June 2021 and in previous years

DAF	2020-21 Adjusted Budget	2020-21 Est. Actual	2021-22 Budget
Total FTEs	2,115	2,118	2,108

Source: Queensland State Budget 2021-22, Service Delivery Statements, DAF, p 3.

4.1.4 Capital

In 2021-22, capital purchases and grants for the department are \$25.2 million.

Capital highlights for 2021-2022 include:

- \$5.6 million to continue upgrades to the department's research and operational facilities through the research facilities development, scientific equipment and minor works programs
- \$4.7 million to finalise long-term decisions on the future of assets formally held by the Queensland Agricultural Training Colleges, including a new Central Queensland Smart Cropping Centre at Emerald.

Capital Grants for 2021-2022 include:

- \$1 million to review and rationalise assets, formerly held by the Queensland Agricultural Training Colleges.
- \$500,000 towards the upgrade of adoption facilities at the Young Animal Protection Society in Cairns.²⁰

4.2 Statutory bodies

The Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities also has ministerial responsibility for the following statutory bodies units:

- Queensland Rural and Industry Development Authority
- Queensland Racing Integrity Commission.

4.2.1 Queensland Rural and Industry Development Authority

The Queensland Rural and Industry Development Authority (QRIDA) is responsible for creating sustainable rural and regional communities.

In 2021-22, key deliverables include:

- providing a broad, flexible and cost-effective range of administrative services to assist government agencies deliver financial and regulatory programs to the highest standards. Key financial and regulatory programs including:

¹⁹ Queensland State Budget 2021-22, Service Delivery Statements, DAF, p 2.

²⁰ Queensland State Budget 2021-22, Service Delivery Statements, DAF, pp 24 to 25.

- First Start and Sustainability loans under the Queensland Government's Primary Industry Productivity Enhancement Scheme
- concessional loans and grants under Disaster Recovery Financial Arrangements
- Reef Catchment Rebates and managing the panel of Industry Specialists
- COVID-19 Jobs Support Loans
- management of the compulsory Farm Business Debt Mediation program to provide a process for the efficient and equitable resolution of farm debt disputes.²¹

The following table provides a summary of the income statement:

Summary Income Statement

Queensland Rural and Industry Development Authority	Budget 2020-21 \$'000	Est. Actual 2020-21 \$'000	Vote 2021-22 \$'000
Total Income	436,353	278,907	120,909
Total Expenses	417,501	261,521	159,361
Operating Surplus/(Deficit)	18,852	17,386	(38,452)

Source: Queensland State Budget 2021-22, Service Delivery Statements, DAF, p 18.

The QRIDA is not identified as an entity included in capital outlays in the 2021-22 Capital Statement.

4.3 Key issues raised at the public hearing

Issues raised by the committee and participating Members included:

Agricultural industry development and rural communities

- variances between the 2020-21 actual and 2021-22 estimated operating budget
- grants and subsidy expenses
- DAF graduate program and agricultural career opportunities
- measures to address labour shortages in the agriculture sector
- access to new technologies by Queensland agribusiness
- drought assistance measures for agricultural industries
- agriculture insurance products and reforms
- staffing matter self-referred to Crime and Corruption Commission by the QRIDA
- measures to eradicate fire ants
- kangaroo industry and associated Rural Economic Development Grants
- repurposing agricultural college facilities
- export of agricultural products to overseas markets
- horticultural research and development
- poultry welfare

²¹ Queensland State Budget 2021-22, Service Delivery Statements, DAF, p 18.

- review of Animal Care and Protection Act
- unrecoverable loans made under the COVID-19 QRIDA loan scheme
- mice outbreaks in grain crops

Fisheries and forestry

- timber shortages and investment in new tree plantations
- operation of timber advisory panel
- measures to support a sustainable native timber industry
- long term sales permits in North Queensland
- implementation and impact of the Queensland Sustainable Fisheries Strategy
- measures to support the aquaculture industry
- methodology used to determine stock for Spanish mackerel fishery
- Shark Control Program and allocation of Commonwealth funding
- financial supports for commercial fishing industry
- review of the vessel-tracking system
- commercial and recreational fishing apps.²²

²² Public hearing transcript, Brisbane, 28 July 2021, pp 39 to 71.

5 Minister for Regional Development and Manufacturing and Minister for Water

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

5.1 Department of Regional Development, Manufacturing and Water

The Honourable Glenn Butcher MP, Minister for Regional Development and Manufacturing and Minister for Water, is the Minister responsible for the Department of Regional Development, Manufacturing and Water (DRDMW/departments).

The department delivers its services across two areas:

- Develop the economy – Create jobs that provide enduring economic benefit by delivering regional economic development opportunities and supporting the manufacturing industry in Queensland
- Water resource management services – The sustainable management of Queensland's water resources as well as oversight of water service providers and water infrastructure owners.²³

The following table taken from the Appropriation Bill 2021 compares the appropriations for the department for 2020-21 and 2021-22.

5.1.1 Appropriation for 2021-22

Appropriation for 2021-22 - Department of Regional Development, Manufacturing and Water

Appropriations	Budget 2020-21 \$'000	Est. Actual 2020-21 \$'000	Vote 2021-22 \$'000
<i>Controlled Items</i>			
departmental services	..	6,352	178,725
equity adjustment	18,942	41,500	140,000
<i>Administered Items</i>	37,205
Vote	18,942	47,852	355,930

Source: Appropriation Bill 2021, Schedule 2, p 11.

5.1.2 Budget overview

Key highlights in the budget include increased funding of:

- \$70 million over 3 years for delivery of Building our Regions (Round 6)
- \$8.3 million over 2 years for the Southern Downs Drought Resilience Package
- \$7.5 million, matched by the Australian Government, over 2 years held centrally, to deliver the raising of Rookwood Weir
- \$6 million over 3 years from 2022–23 for continued implementation of the Advanced Manufacturing 10-Year Roadmap and Action Plan.²⁴

²³ Queensland State Budget 2021-22, Service Delivery Statements, DRDMW, p 1.

²⁴ Queensland State Budget 2021-22, Service Delivery Statements, DRDMW, p 2.

5.1.3 Staffing

Full-time equivalents (FTEs) as at 30 June 2021 and in previous years

DRDMW	2020-21 Adjusted Budget	2020-21 Est. Actual	2021-22 Budget
Total FTEs	526	575	586

Source: Queensland State Budget 2021-22, Service Delivery Statements, DRDMW, p 2.

5.1.4 Capital

The Regional Development, Manufacturing and Water portfolio includes the department, Gladstone Area Water Board, Mount Isa Water Board, Seqwater and Sunwater Limited.²⁵ In 2021-22, the portfolio's capital program includes capital purchases of \$471.1 million and capital grants of \$28 million.²⁶

Significant capital projects include:

- \$140 million, as part of a \$367.2 million investment to construct Rookwood Weir (department)
- \$75.3 million to commence construction of the South West Pipeline (Seqwater)
- \$15.8 million for Mount Crosby East Bank Water Treatment Plant flood resilience works, including a new substation
- \$15 million for the Emu Swamp Dam project (department)
- \$12.5 million for Paradise Dam planning and investigatory work (Sunwater Limited).²⁷

5.2 Key issues raised at the public hearing

Issues raised by the committee and participating Members included:

Water

- Water supply in Mount Isa and Cloncurry
- regional economic growth and delivery of unallocated water
- delivery of Big Rocks Weir project
- capital investment in Gladstone by the Gladstone Area Water Board
- delivery of Paradise Dam project
- water allocations for 2021-22
- investment in water infrastructure
- measures to support Queensland irrigators
- delivery of the Rookwood Weir project
- cost-benefit analyses and new dam construction business cases

²⁵ Queensland Budget 2021-22, Capital Statement – Budget Paper No. 3, p 90.

²⁶ Queensland Budget 2021-22, Capital Statement – Budget Paper No. 3, p 90.

²⁷ Queensland Budget 2021-22, Capital Statement – Budget Paper No. 3, pp 90 to 92.

- delivery of water security measures by Gladstone Area Water Board and Mount Isa Water Board and at Mount Morgan
- private water trading agreements and water management protocols

Regional development and manufacturing

- Personal Protective Equipment procurement targets
- staffing arrangements for regional development and manufacturing responsibilities
- train manufacturing in Maryborough and other regional manufacturing opportunities
- engagement with communities in regional Queensland
- impact of Building our Regions program and measures to support the Queensland manufacturing sector
- measures to support the craft brewing industry
- grants and other support provided by the Made in Queensland program
- regional manufacturing hubs in Mackay and the Gold Coast.²⁸

²⁸ Public hearing transcript, Brisbane, 28 July 2021, pp 72 to 101.

6 Statement of Reservation

Budget 2021/22 - Statement of Reservations

The LNP agrees with passing the 2021/22 Budget.

However, honest Queenslanders expected more from the Labor Government's budget.

With the health system in crisis, they deserved solutions to fix ambulance ramping and the ever-growing surgery waiting lists.

With small and family businesses going to the wall under the pressure of COVID lockdowns, they expected the Labor Government to step up and provide COVID support payments.

With young criminals running rampant through Queensland, they expected action to keep their family and possessions safe.

With double income families struggling to buy or rent a home, they expected action be taken to release more land.

What they received was a budget which announced funds without funding and \$4 billion cuts to vital infrastructure spending.

Committee Operation

It was very disappointing that there was limited time available for non-Government MPs to ask questions. Once again, time was wasted as budget estimates hearings were characterised by constant interruptions and points of order from government MPs.

Former Labor Speaker of the Legislative Assembly, John Mickel, once called the estimates process a "protection racket". And we agree that urgent reform is needed to ensure Ministers can be held to account through free-flowing questions and answers as budget estimates was intended

State Development, Infrastructure and Planning

The LNP asked the Deputy Premier about the Government's union driven procurement policy known as 'Best Practice Industry Conditions' (BPICs). Industry are warning that this special union deal is creating a significant cost burden to state-federal funded infrastructure projects in Queensland. For instance, Townsville Stadium blew out by \$40 million to fund Queensland BPIC requirements— as confirmed in Hansard on 30 July 2019 by the Minister for Public Works, Mick de Brenni MP.

The original \$250 million budget blew out to \$293.5 million, and since then there have been other Queensland infrastructure projects facing cost-blowouts as a result.

With future infrastructure required in the lead-up to the 2032 Olympic and Paralympic Games, this union deal raises concerns over who will pick up the bill for each infrastructure project given the 50/50 funding deal struck between the State and Federal Government, and how much less infrastructure can be built throughout Queensland due to projects costing more.

When asked whether the Federal Government has been consulted on BPICs, it was revealed that those discussions are being led by the Premier and by a task force within Department of Premier and Cabinet.

The LNP warns that if the BPICs are applied to the 2032 Olympic and Paralympic Games, there will be extraordinary cost blow outs for all infrastructure projects.

Another significant issue raised during the Estimates Hearing was the housing crisis and the link with lower housing supply numbers over the last 10 years and ongoing delays in approvals.

Of particular concern was the issue of delays in housing developments due to protracted disputes and slow decision making between Queensland Government entities. One such example was a housing development in Kilcoy which was delayed over 6 months because of a conflict between Transport and Main Roads and Urban Utilities.

It appears to be the common theme whereby not one Government entity – or Minister - is taking ownership of the housing crisis and driving solutions to resolve barriers caused by multi-government agencies.

This lack of clear leadership, timely decision making and coordination across all of government has fuelled the housing crisis, along with the absence of on-time delivery of vital infrastructure to support growing communities.

It was put to the Minister that bad planning by the Department has also fuelled the housing crisis. For instance, the number of new homes has fallen 22.4 per cent in the past decade to the lowest level since records began. Between 2011 and 2020 there has been a substantial decrease in the new housing lots that have been registered. This is despite Queensland's population growing 8.3 per cent over the same period, causing housing costs to skyrocket.

Local Government

As was the case at last year's estimates hearing, the Labor Government was not able to provide any assurance to local governments with respect to appropriate compensation for assisting with border closures. The cost to councils for assisting the State Government is in the order of \$631,000. The Paroo Shire Council, who are described by the Auditor-General as financially unsustainable, have had to expend 16 percent of their general rate income to meet the cost of the Labor Government's border closures. That figure could be expected to rise given the unfolding situation in New South Wales.

Road closures are not included as eligible under the 2020-21 COVID Works for Queensland Program Guidelines. Further to this, costs associated with COVID-19 pandemic preparedness and/or response, are specifically excluded from this program. There are approximately 1,000 roads that councils assist with in management border closures.

If medical advice determines that border closures are required, it is only fair that the State Government appropriately compensates those impacted. In this case, it is disappointing that the State Government continue to expect Councils, with limited financial capacity, to pay the bills after acting in good faith.

Despite the Labor Government's commitment to no new taxes, the LNP remains concerned Queenslanders will be slapped with a wheelie-bin tax at the beginning of the next financial year.

It is of concern to councils that the Budget Strategy and Outlook document only lists the advance waste payments for the 2021-22 year. There is no further commitment beyond this financial year. Councils fear they will have to pass on the cost of the waste levy to households after 30 June 2022.

The uncertainty for councils, caused by the lack of detail in the budget documents, has not been eased as there was a lack of answers in the Estimates Committee hearing. At the hearing the Deputy Premier was unable to provide what consultation model councils can expect in the next 12 months regarding the review of the Advance Waste Payments.

With respect to Conflict of Interest issues, in the hearing several examples were outlined by the LNP in relation to concerns of Mayors and Councillors.

Improvements to Conflict of Interest laws desperately need to be made so that Mayors and Councillors can once again be empowered to act in the best interest of their community, without being restricted by burdensome red tape.

The transcript shows that the committee did not hear any declaration about the Chair's union membership of the CFMEU at the start of questions relating to union influence. The Chair declared his membership when prompted by opposition members.

Agriculture

Despite the Labor Government claiming a *record budget spend*, and a record number of public servants have been put on the payroll, staff and funding in the Department of Agriculture and Fisheries (DAF) is again going backwards. This year the department's budget has been cut by the tune of over \$64 million.

The Labor Government's refusal to properly fund DAF shows a complete lack of understanding and appreciation of the major issues facing agriculture, fisheries and forestry. Saying it is a key pillar of the Queensland economy, and then cutting funds and staff, is contemptible. Spin and weasel words are not good enough.

These budget cuts aren't just numbers on a spreadsheet. These cuts will impact service delivery and see a reduction to frontline staffing numbers, and ultimately worse service to Queenslanders. The Queensland agriculture industry deserves more.

These cuts emphasise an utter lack of confidence in the future of the sector, with no focus on any dedicated graduate programs for DAF. This is in addition to the Labor Government's callous decision to close Queensland's Agricultural Training Colleges, and the fire sale of their associated assets, which paints a very dim picture for young people yearning to pursue a career in Agriculture in Queensland. It's short-term thinking.

In this financial year, the Labor Government has outlined a significant reduction of \$25.1 million in funds for the National Red Imported Fire Ant Eradication Program. The program already faces plummeting public confidence and fears that the fire ants are becoming out of control. It is facing infestation rather than eradication. The Government tries to hide behind excuses of accounting adjustments as a justification for budget cuts. It merely proves how out of touch they are given the bungled reality of the program. It also fails to consider increases to sightings and the current aim of eradicating fire ants in Queensland by 2027. The program unequivocally requires a better approach and more significant investment.

It is deeply concerning that as Queensland farmers face unprecedented labour shortages, there are staffing cuts to the dedicated team that is supposed to be working to resolve this labour shortage crisis. The reduction in spend shockingly implies that the Labor Government believes the situation is fixed. Despite relentless pressure, the Government still refuses to provide any financial assistance for quarantine arrangements to bring in overseas workers, an initiative that many other jurisdictions in Australia have taken on board. Sadly, Queensland's horticulture sector is forced to face this additional struggle while the Government dithers over providing any relevant and considered actions. Claims of investing money with no tangible and measurable results is simply more spin. The result of this failure means Queenslanders will pay more for their fruit and vegetables until real action is taken.

As industry looks to advance through technological development and innovation, it was disheartening AgTech was not even mentioned once in the *Budget Highlights*. For the government to be leaving responsibility for AgTech purely to industry is concerning. Allegations of nepotism within departmental human resources processes were also raised. The Government has provided little

assurance that it will not happen again. The Minister was unable to outline any action taken to rectify failed departmental processes and procedures.

Questions posed to the Government pertaining to a lack of timber supply and associated government policy were barely acknowledged. The Minister clearly doesn't appreciate the extent of the resource shortage. He doesn't seem to understand the supply chain implications started by his Government's own failed forestry policy. The long-term implications of that policy are impacting supply and ultimately construction. To pass the responsibility to the Housing Minister's department shows a complete lack of understanding of a pivotal policy area, which has seen a significant reduction in native timber planting in Queensland under successive Labor Governments. When the SEQ Regional Forest Agreement was signed in 1999 former Premier Beattie promised *"...our long-term transition to a timber industry (is) based on plantation timber, whichwill set up a viable long-term hardwood timber industry....for the next 50 to 100 years"*

Shadow Minister and Member for Gympie asked: *"Was the replacement stock supposed to come from the 5,000 hectares and 10 million trees promised by former Premier Peter Beattie and former Minister Henry Palaszcuk?"*

Rather than addressing why the Labor Government has not kept this commitment to ensure long term viability and jobs in the industry and the impact that failed forestry policy is having on supply, Labor members of the committee ran cover for the Minister claiming it is 20 years old. Trees take more than 20 years to grow. Not to know that shows complete ignorance about the long-term implications of government policy. Urgent action is required to give timber plantations the confidence they need moving forward through extensions to land use agreements and policy that promotes the planting of timber.

Concerns were also raised about the Government's Sustainable Fisheries Strategy and the adverse effects this will have on both commercial and recreational fishers. The Government couldn't answer whether any analysis had been completed on the mental health effects for a program that will render many operators out of business. The failure of the department to complete a Regulatory Impact Statement can be directly related to their complete lack of understanding of the financial and personal impacts of the reform process.

Water, Regional Development and Manufacturing

The hearing exposed a myriad of excuses, underpinned by the Labor Government's anti-dam and anti-region agendas. Queensland deserves more it needs major water infrastructure projects. The hearing exposed the role of Regional Development Minister has no substance to it. It is purely a PR position.

As Queensland experiences significant population growth, and as preparations expedite to host the 2032 Olympic Games, it is utterly negligent for the Minister to continue to fail to plan for future water security. This reckless decision to ignore water security pleas will be felt even harder as time further progresses.

Concerns were raised about the cost-benefit analysis conducted by the Labor Government when determining the viability of water storage infrastructure in Queensland. It was put to the Minister that given the current 30-year lifespan factored into the full cost recovery of dam construction and management, business cases are essentially set up to fail. The current method does not consider dams can and do last well over 50 years, and with new technology, inevitably will last even longer. Therefore, the cost benefit is significantly higher than what is being forecast. This does not even consider the

community benefit of dams, and the associated economic development and public confidence this infrastructure provides.

Major pork barrelling concerns were raised, directly pertaining to the Minister's own electorate. Budget papers show the electorate of Gladstone received close to \$26 million in funding, including \$8.2 million in unidentified smaller capital grants. In comparison, the Mount Isa Water Board, Seqwater and Sunwater have no provision for capital grants. The Minister was unable to clarify the reason for this. This raises many grave concerns that go to the core of honesty and accountability of the Labor Government.

The uncertainty around Paradise Dam and reductions in water allocations continues to cause significant concern to the Wide Bay Burnett region. Whilst the Minister and his committee members chose not to believe growers are bulldozing crops due to reductions in water allocation, no action continues to be taken to restore confidence to growers. It was noted in recent media the Member for Bundaberg committed to "*another form of infrastructure*" if the capacity of Paradise Dam was to be reduced. Unfortunately, this commitment was not upheld by the Minister and Department who could not answer the question nor give any additional detail about the infrastructure the Member for Bundaberg spoke of.

The Labor Government's poorly constructed water policy to discriminate based on what crop a grower is irrigating remains a major issue across Queensland. Liberal National questioning revealed the Labor Government has not thought this policy through. It's an announcement that was clearly all about the spin and lacks all forms of substance. No clear guidelines were given as to the eligibility of those growers who may have both horticulture crops and cane for instance, on the same property. The Minister couldn't outline the implications this will have on sectors like cane growers who because of this Government are significantly financially disadvantaged when compared to horticulture growers.

It is concerning to learn that of the department's FTE employees, only seven percent are part of the Regional Development portfolio. Rural and regional Queenslanders expect more. At a time when the Labor Government should be focused on growing the economies of our regional communities, this figure gives very them little confidence.

It was also learnt that at a time when Regional Queenslanders face a gripping crime and housing crisis, the Minister was unable to outline how his department is dealing with these serious issues. In summary the Minister clarified that he does a lot of travelling, however he doesn't seem to have any ministerial responsibility to act upon what he hears whilst he is on these trips.

The LNP were able to reveal the *Office of Rural and Regional Queensland* is a function of the *Department of the Premier and Cabinet*. It defies logic that this office is not a function of the *Department of Regional Development*, and therefore not under the Minister's control. The Minister was unable to explain why this is the case. This Minister was also unable to advise whether he has ever been provided with any information about what this office does, or whether there are any reportable outcomes from their work.

Conclusion

The LNP believes this budget provides little reassurance to honest Queenslanders that ambulance waiting times and hospital waiting lists will drop.

It provides little reassurance crime rates will fall, or planning is being done to bring on a supply of housing stock for people to own or rent.

It provides little reassurance on the delivery of infrastructure needed to get people home to their families faster.

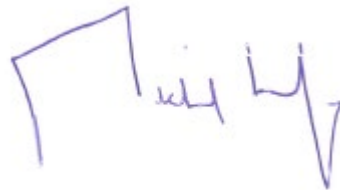
Queenslanders deserve more from this third term Labor Government.



Mr Jim McDonald

Deputy Chair

Member for Lockyer



Mr Michael Hart

Member for Burleigh