

ESTIMATES COMMITTEE A

Mr R. J. Mickel (Chair) Mrs J. I. Cunningham
 Hon. R. E. Borbidge Mr D. J. Slack
 Ms D. Boyle Dr D. J. H. Watson

LEGISLATIVE ASSEMBLY OF QUEENSLAND**IN ATTENDANCE**

Hon. R. K. Hollis, Speaker of the
 Legislative Assembly
 Mr R. D. Doyle, Clerk of the Parliament
 Mr N. J. Laurie, Deputy-Clerk and Clerk of
 Committees
 Mr R. E. Fick, Executive Director,
 Corporate and Property Services
 Mr M. J. Hickey, Director of Finance

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 The Committee commenced at 9 a.m.

The CHAIRMAN: I declare this meeting of the Estimates Committee A now open. I welcome Mr Speaker, public officials and members of the public who are in attendance today. The Committee will examine the proposed expenditure contained in the Appropriation (Parliament) Bill 1999 and the Appropriation Bill 1999 for the areas as set out in the Sessional Orders. The organisational units will be examined in the following order: Legislative Assembly, Parliamentary Commissioner for Administrative Investigations, Queensland Audit Office, Criminal Justice Commission, Department of the Premier and Cabinet, Treasury Department and Department of State Development. The Committee has also agreed that it will suspend the hearings for the following breaks: morning tea, 10.45 a.m. to 11 a.m.; lunch, 1 p.m. to 2.15 p.m.; and afternoon tea, 3.45 p.m. to 4 p.m.

In accordance with the Sessional Orders, the time limit for questions is one minute. Answers are to be no longer than three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. An extension of the time may be given with the consent of the questioner. A double chime will also sound two minutes after an extension of time has been given. The Sessional Orders also require that at least half the time available for questions and answers is to be allocated to non-Government members. Any time expended when the Committee deliberates in private is to be equally apportioned between Government

and non-Government members. I ask departmental witnesses to identify themselves before they answer a question so that Hansard can record that information in their transcript.

In the event that those attending today are not aware, I should point out that the proceedings are similar to Parliament to the extent that the public cannot participate in proceedings. In that regard, I remind members of the public that, in accordance with Standing Order 195, strangers, that is the public, may be admitted to or excluded from the hearing at the pleasure of the Committee.

In relation to media coverage of the Estimates Committee A hearing, the Committee has resolved that silent television film coverage be allowed for the Chairman's opening statements, Mr Speaker's and each Minister's opening statement. My other final request is that if you have a mobile phone, would you please make sure that it is turned off now. If you have phone calls to make, do so outside these hearings.

The first item for consideration is the Estimates of expenditure for the Legislative Assembly. The time allotted is 45 minutes. I declare the proposed expenditure for the Legislative Assembly to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

Mr Speaker, would you like to make an introductory statement or do you wish to proceed direct to questioning?

Mr SPEAKER: Thank you, Mr Chairman, I would like to make an introductory statement.

The CHAIRMAN: The Committee asks that you limit it to five minutes.

Mr SPEAKER: The 1999-2000 Budget Estimates for the Parliament are the second for which I am directly responsible and I feel privileged to appear before this Committee today. I appear today in my role as the person charged with the responsibility for preparing the budget for Parliament and supervising the management of the Parliamentary Service.

As Committee members would be aware, the Appropriation (Parliament) Bill seeks to provide funding for salary and allowances for members of the Legislative Assembly and funding for the Parliamentary Service, which provides administrative and support services to the Legislative Assembly. The Committee will note that the format of the budget documentation has changed following the introduction of accrual accounting and accrual output budgeting. As a result, the Parliament's

budget is presented under a single output called Legislative Assembly and Parliamentary Service output.

The total appropriation for the Parliament in the year 1999-2000 is \$48,902,000—an increase of around 11% over last year's appropriation. The additional funding will be directed in part to meeting the Parliament's equity return and the provision of enhanced information technology services to members. The Parliament expects an operating result in 1999-2000 in the sum of \$800,000, which will be used to help fund capital acquisitions in the area of enhanced technologies and the Annexe refurbishment.

When I appeared before this Committee last year, I indicated that my priorities in my first term as Speaker would be to continue recent improvements to the safety, security and functionality of accommodation within the precinct and also electorate offices and to provide members with greater access to emerging information and communication technologies. I am happy to report that over the past year significant improvements have been made in both these areas. During 1998-99, the ongoing refurbishment of buildings within the parliamentary precinct continued. Over and above the level of refurbishment as outlined in last year's Estimates Committee, Levels 21 and 22 have been completed. By early 2000, the completions of Levels 19 and 20 will mean that the refurbishment of the tower levels of the Annexe will be finished. The general standard of electorate office accommodation was also improved, with five offices relocated in order to provide improved constituent access as well as improved security for members and electorate officers.

The Speaker's Technology Advisory Group—STAG—was established. The group, which includes members from the Government and non-Government parties, has provided an invaluable link between members of the Parliamentary Service and the exchange of ideas and needs regarding information technology. STAG developed a major proposal to improve members' access to the new technologies, which will in part be delivered in the year 1999-2000.

Following the suggestion put to me during last year's Estimates Committee hearings, I visited several State and Territory Legislatures to examine how other Parliaments are making use of information and communication technologies. As suggested by Dr Watson, in particular I took a keen interest in the systems in place for the televising of those Parliaments. I also made detailed inspections of the video

systems in the Western Australia and Northern Territory Parliaments. While the cost of implementing a comprehensive system appear high in the short term, I am very impressed by the benefits that such televising systems could provide to members, Parliament and also to the wider public. In this year, we have made a start on the media distribution network and the video-on-demand application inherent in it, which will be compatible with any televising system.

Looking ahead to 1999-2000, the refurbishment of the parliamentary buildings will continue, as will the stonework restoration on the old House. The STAG proposal will be implemented, providing members with new electorate office computers, a more reliable access to the Parliament House computer network, and I will also ask STAG to participate in the Parliamentary Service-wide review of current administrative practices aimed at taking full advantage of the benefits that technology can bring to members and their electorate staff.

Following on from the recent success of the Queensland Day celebrations where the Parliament and the grounds were open to the public, I hope to explore opportunities to expand public access to the Parliament, thereby improving community awareness and understanding of the role of Parliament.

Assuming responsibility for the management of the Parliamentary Service presents a tremendous challenge, particularly given the diverse range of activities performed by the service. During the development of this year's budget, I took the opportunity to meet with each manager to discuss their budget and plans for the coming year. This provided a great opportunity to learn about the various activities undertaken by the staff and management of Parliament House. Continuing my planned visits to electorate offices, I have now personally visited some 57 electorate offices around the State, and with each visit gained a greater understanding of the needs of members and electorate officers. While I still have much to learn, I feel that I have gained a greater appreciation of the activities of the service and of the tremendous contribution made by Parliamentary Service staff to the function of Parliament. I would like to place on record my thanks to the staff for their commitment and their support.

Finally, I would like to place on record my appreciation to the Premier and the Treasurer. Throughout the 1999-2000 Budget development process, discussions concerning funding for the Parliament have been

conducted in a positive and cooperative manner with appropriate recognition of the principles underpinning the separate Appropriation Bill currently before the Parliament. I wish the Committee well in its deliberations.

The CHAIRMAN: Thank you, Mr Speaker. The first period of questions will commence with non-Government members. The Deputy Chair?

Mr BORBIDGE: Thank you, Mr Chairman. Mr Speaker, I notice that in the staffing full-time equivalents as at 30 June, the actual for 1998-99 is 435; the estimate for 1999-2000 is 427. Would you be able to advise the Committee as to who is going to lose their job?

Mr SPEAKER: Nobody is going to lose their jobs. The situation regarding the jobs situation in the Parliament is this: on attendants, there are three full-time equivalents, which is the casual allocation. We are trying to reduce the bringing in of casuals. So there are no full-time jobs being lost there. The Committee office is a 2.5 decrease, which are the temporary assistants that they are forgoing. Also we have a trial going on at the moment where two of the executive assistants are each servicing two committees. They are jobs that have been vacated by people, not jobs that have been discontinued.

Early in the piece the administration officer in Education, Training and Protocol was appointed to Committees. We did not fill that position because there was a review under way. Of course, we know that the protocol officer asked for his contract to be terminated.

There is a 1.75 reduction in Security, which relates to part-time security officers who were sometimes brought in during sitting days. Of course, one of those was the security person who was positioned in the lifts during the refurbishment problems.

One executive assistant position has gone from the Parliamentary Commissioner, at the behest of the Parliamentary Commissioner. The position was not filled.

We have a reduction of one job in Finance, which is purely because of the new Navision system that we have implemented. There was no longer a need for that person, so again the job was not filled.

In IT Services we have an increase of four people, due to the fact that we turned contracts to consultants over to permanent jobs. The situation is that there are no jobs lost, and I do not intend to see any permanent jobs lost within the Parliament.

Mr BORBIDGE: Do we have a situation where some people currently working here at Parliament House will have their hours reduced?

Mr SPEAKER: There is no suggestion of that at the moment. There is no suggestion at all, no.

Mr BORBIDGE: So everyone who is currently employed at Parliament House, taking into account the assurances that you have given the Committee, will continue to work largely as at present?

Mr SPEAKER: They will work their normal working week, which is 36 and a quarter hours, yes.

Mr BORBIDGE: Taking into account the stated 11% increase in terms of the Budget for the Parliament, can you explain the necessity to reduce research staff available to parliamentary committees? I notice that you have indicated that staffing will not be at previous levels. I am aware that, privately, some members of parliamentary committees are concerned about these cutbacks or these reductions. Taking into account the fact that a strong and healthy parliamentary committee system is very important in terms of accountability of Government and is a recommendation of the Fitzgerald commission of inquiry, why was it necessary to reduce any of the staffing currently available to parliamentary committees?

Mr SPEAKER: In the first instance, no research officers have lost their jobs. As I have explained to you, the only position reductions relate to the two executive assistants. When you look at the committee system, you really have to look at what has happened over the last few years. Just to give you an idea on that, staffing for committees has risen from eight staff in 1991-92 to 22.52 staff at this time. When you say that we are reducing support to the committees, that is not quite correct. Certainly, no research officers have had any indication that their jobs will be lost.

However, the committee secretariat is undertaking a review into resources and so on in order to create greater efficiencies in that area. You cannot keep adding staff without finding efficiencies and more outputs. It is quite a logical step for any head of department to look at this and say, "Where are we going? What do we need? What are the services that we need to provide members with? Can those services be provided in a more efficient manner?" For example, so many things are happening now in the Parliament in the realm of IT. Will email, the Internet and the intranet affect the work that a research officer has to

do? You cannot keep saying, "We have done this for years and we will keep on doing it." There are no cuts in respect of research officers.

You also talked about cuts to the Budget. You might be interested to know that this year the Budget has actually increased slightly. In the past there was quite a deal of unexpended money in the budgets. Of course, during the first round of Budget savings—which were, in part, to find the extra \$800,000 we needed for the IT project and the refurbishment program—the first offer that came up to us was only the variance, the unexpended money for last year. After that, in the third and fourth rounds, we were looking for savings and we found an extra \$200,000 in those budgets. However, the money in this year's Budget is still in excess of the expenditure for the past four years. The budgets are not really being cut. At this stage there is no suggestion that anyone is going to be holding out a begging bowl to get more money.

When we talked about committees, we said that we would reprioritise money to other areas. We also said that, come the half year review, we would be quite willing to look at a review of that area to see whether maybe one committee was spending less and we could transfer that money across. It is not as if we have done a big slash of the Budget.

The CHAIRMAN: Do you want an extension?

Mr BORBIDGE: No. I ask the Speaker to concisely advise the Committee why it was considered necessary, at a time when there has been a Budget increase, to reduce the staffing resources made available to the various parliamentary committees, taking into account the fact that up until now a strong parliamentary committee system, adequately and properly resourced, has been regarded as sacrosanct in the era post-Fitzgerald?

Mr SPEAKER: Firstly, I repeat the Budget has not been cut in that respect. We have talked about the increase. However, I have had to reprioritise the Budget because of the amounts of money we needed to move the Parliament forward. I have just explained the situation with committees, that their budget is not being cut. You are talking about cutting resources, but all we have done is implemented a trial. There is a trial running at the moment which is looking at whether an executive assistant can service two committees. That trial process is under way and it will continue. At the end of that time, if we find that it is not practical and does not work, the position will be resumed. At this time

there is no suggestion that we are cutting any resources.

I have to repeat that you cannot keep adding staff and adding staff without there being any outputs from committees. That is the important thing about this issue. In any area, not just in the Parliament but throughout the Public Service, it is all very well to build empires. It is very simple to do that, because you simply say, "We need somebody to fill a position to manage a certain process at this time." However, often those people remain. This is purely about efficiencies.

You talk about the committee system and the Fitzgerald report, which said that a strongly resourced parliamentary committee system has to be in place. I agree wholeheartedly with that. We have to have the proper resources to manage those committees. However, at the same time, that does not mean that we should use the taxpayers' dollars—which this money is—to run an inefficient committee system. We can do a lot of things in this world to create efficiencies to look after the taxpayers' dollars. If anybody has any complaints about jobs, job losses or reprioritising of the funding for the Parliament, I am sure that that is the answer to it.

This place is probably unique in that it is such a closely knit community and I am sure that if that problem arose it would be sorted out immediately. I do not think that this is the sort of huge bureaucracy where it is going to take months to find out that a problem exists. I can assure you and the Committee that, whatever happens to the committees, they will be strongly resourced and they will continue to do their job because I am just as committed to the committee system as you are.

Mr BORBIDGE: Will it be your decision or will there be a recommendation from the committees if they are of the view that the trial is hampering their obligations to the Parliament?

Mr SPEAKER: I most certainly have talks with the Clerk of Committees, Neil Laurie, at very frequent intervals, as I do with all members of staff. I have a policy, which I told you about last year, of having personal contact with all subprogram managers, whom I meet on a regular basis. If that situation occurred, I am sure that I would hear about it very quickly and I would take steps to rectify it.

Mr BORBIDGE: At page 7 of the Portfolio Statements, there is an indication that you will be looking to adopt a more commercial approach in relation to the provision of hospitality services and that other revenue generating services, including catering, the gift

shop and educational activities, will be reviewed to this end. Could you give the Committee some idea of just what sort of outcomes you are looking for and what sort of approach you are considering? For example, are you considering outsourcing or even privatising or bringing people in from outside in regard to any of these particular activities?

Mr SPEAKER: None of them at all. I am glad you asked me that question, because I am quite thrilled about the fact that we are now embarking on a better retail gift shop system for the Parliament. Members might notice that the former gift shop is now undergoing some renovations, with new display areas being provided. It will also be used as a room for people awaiting public tours. That is for two reasons: they can view the items for sale; also, it is a better security procedure than putting them around the corner where they cannot be seen during the time they are waiting. We intend to operate as a retail section with members of the present staff. We intend to have specials and brochures on what we have to offer. We intend to make the public much more aware of that area.

This year we also intend to open a retail area at the annexe. Thousands of people come here and they never leave with anything to indicate that they have been to the Parliament. It would not be beyond our means to increase its turnover, which at the moment is \$8,000 a year—and I think anybody would agree that that is a cost to the Parliament—tenfold in a short time. I think that is good for the Parliament. The member mentioned jobs. This is also about making sure that jobs are kept and there is an income from that area, rather than having what happened in New South Wales, which closed its retail area because it was not making a profit. But people were then allowed into its bottle shop and now the bottle shop is the main gift shop and it sells those items also, and there is now a tremendous retail market. It is a good idea to have gift areas where they should be and to make them attractive enough so that people will make purchases.

Also, people who visit the Parliament will be able to leave with something in their hands to indicate that they have been here. That is the sort of thing that will attract more people back to the Parliament. There is nothing like having something sitting on your mantelpiece or in the display cabinet at home and, when somebody asks, "Where did you get that from?" being able to tell them about the wonderful experience of visiting this place. I know from my own experience with the

numbers of people I have here that people always go away and say what a wonderful place this is to visit.

In relation to the scope of future parliamentary education activities, as you know, we have now been focusing on education rather than on numerous activities. I can assure you that Mr Graeme Kinnear is now focused on also getting the correct revenue for the seminars and so on that he conducts. He is now focused on the area of seminars.

Mr BORBIDGE: I have one brief question before I hand over to Dr Watson. Will the gift shop continue to be operated by the Parliament? It will not be outsourced?

Mr SPEAKER: Not at all. There will be absolutely no outsourcing of any of those areas you mentioned.

Dr WATSON: Mr Speaker, you will recall during the last sitting of Parliament the member for Broadwater asked a question of the Premier with respect to the removal of telephones around the Parliament?

Mr SPEAKER: Yes.

Dr WATSON: What is going on? Will the phones that have been removed be replaced? What is the rationale for what is going on?

Mr SPEAKER: We will just talk about numbers first. After the removal of 57 telephones, there were still 683 handsets in the two parliamentary buildings. I am sure you understand that that is a lot of handsets for the staff and the people here. The rationale behind it was, of course, that we looked at the savings to be had. When you have a telephone not being used it is costing money. There is no doubt about that. You have to pay for the rental of the handset and the line. We looked at the situation. Around this whole place, particularly in community areas, there were a number of phones from which one call or two calls were being made a month. Again, in this technological age people have mobile phones and they do not run around the Parliament trying to find a fixed phone; they make a call from their mobile phone. That is what people are doing. We had a look at that and identified phones that were not being used and removed them. I am not immune from that, either. I had three lines removed from my Speaker's office and also one from the Speaker's suite. That was because they were not being used. It is ridiculous to have phones that are costing the Parliament a lot of money just sitting there. In the first year of removal of these phones there will be savings of some \$11,000 to the Parliament and in future years upwards of \$20,000. That is quite

a saving. But it is also increasing the efficiency of the Parliament as far as taxpayers' money is concerned. We cannot just continue to have these things sitting around costing money, because that is taxpayers' money; it is not mine and it is not the Parliament's. That is what is happening.

A phone was removed from the reading room and somebody said, "That's a real problem, because it is used." It was put back again. There is no hard and fast decision that because a phone is not there it can never be there again. What we are trying to do is rationalise the number of lines and phones and seek savings in that area. Although those phones have been removed, there are still 683 phones here. Those 57 phones removed from the House were about 8% of all phones. In fact, I have only had one complaint since they were removed. That concerned the reinstatement of a phone, which we did straightaway.

Dr WATSON: You mentioned earlier the Government's generous offer to give a 6% equity return. How do you expect to take advantage of that?

Mr SPEAKER: We cannot. I would like to talk about that, because \$3.967m is the figure for the Parliament, give or take a couple of dollars. It is understandable that—

Dr WATSON: You are not moving out of Parliament House or anything like that?

Mr SPEAKER: That equity return has to be returned to the Treasury in four payments over this year, and it will be returned, because we cannot use it for anything else. In line with all of the other agencies, we have to have the same process applied to us. That will be returned this year. I do not think we are going to sell off the silver, which is mainly our movable assets. We are not going to sell off the annexe for an old people's home. I am sure we are not going to do what Kennett did, that is, propose to sell the Parliament and move up the road into a new office building. I do not think that is what is in mind at all. With this money, we are treated exactly the same as any other agency. It will be returned.

One of the problems with the Parliament is how heritage books, such as those we have in the O'Donovan Library, can be valued. How do you value the silver that we have around the place and the paintings and the artwork? You cannot really value them. That is one of the problems. I imagine there would be some fluctuation in this equity return amount of 6%. The Treasury has told us already that it will fund any issues that arise from that variation in equity return. I would expect that, come the

next Budget, when they have their \$3.967m back, we will again be treated in a sensible manner by Treasury on this issue. As you said, it is impossible to put a for sale sign out there and it is purely a paper figure as far as the Parliament is concerned.

Ms BOYLE: Mr Speaker, I refer you to the accommodation enhancements and in particular the 1998-99 improvements undertaken in the Speaker's courtyard. What was the purpose of this work?

Mr SPEAKER: I came to office last year, as you know, and I had a very good look at all entertainment areas in the Parliament. There is still a lot of work to be done, particularly on the Level 7 barbecue areas. I looked at what I had in my courtyard—it was not called that then, it was just known as the Speaker's unit—and I thought, "With a bit of work here we can make a very good function area for the Parliament." We had a look at it. Mr McDonough looked at the situation. By removing some pavers and installing some seating we now have a first-class entertainment area not only for the Speaker but also for use by Ministers of the Crown, the Premier and the Leader of the Opposition. It is also a place where we can welcome overseas delegations and ambassadors. It is typically Australian and I think it is a much better place to entertain parliamentary guests, particularly those from overseas. This gives them a bit of an idea of what Australia is about, as opposed to entertaining them in a big function room with 24 people sitting around the table. It costs an enormous amount of money and you only get to talk to the person opposite you and on two sides. It opened in late March. In that time we have had 16 official functions. There were not as many functions in winter, but I am sure that it will come into its own in spring and summer, when it will be taken advantage of by many Ministers, the Opposition Leader and other people as deemed necessary. For instance, a couple of months ago we hosted the Commonwealth Fellows there. They thought it was a delightful place. They came from all Commonwealth countries. Not only did they enjoy the surroundings; they also enjoyed the opportunity of being able to talk to a number of people. As I said, at a formal dinner you do not get that sort of opportunity. So I am very pleased with that, particularly the very modest cost. It was budgeted at \$47,000 and was completed for \$42,000, which was well under the budgeted cost. It is being well used and I think it is a great asset for the Parliament and for the catering services.

Mrs NITA CUNNINGHAM: I note the \$430,000 Budget item for media distribution

on page 10 of your Speaker's Portfolio Statements. Could you please outline the services that will be provided through the media distribution network for the parliamentary precinct?

Mr SPEAKER: This is a continuation, of course, of last year's Budget. I think you will probably recall that we had the sum of, I think, \$378,000 which was for the backbone which was put through the Annexe as part of the refurbishment. This is now the second stage of that. Now we are going through floors 9 to 13 where we are going to install television sets. They are not going to be just the normal ones they have now; the facilities of those television sets are going to be much better. As a base they are going to have five free-to-air television stations, two pay TV stations and they are also going to have the two channels for the Legislative Assembly. They will also be able to access, of course, the video data store at the Library. On those same receivers, you will be able to access the Internet and intranet so you can also work from your office on those two areas.

As you say, the cost of it is \$430,000. That is as far as we can go in this Budget. This is one of the reasons we are having the STAG. STAG is an ongoing committee or group which will be making representations to various people about how we can improve what we are doing this year.

The other thing is that I am sure that members with offices higher up in the Annexe will want that same access as well, I am sure, people in the old House, particularly when the Parliament is sitting. You must realise that it is even more expensive to put a backbone through the old House because of its heritage listing. That is something we will be considering in the future.

Every piece of information technology and everything we do in communications will actually come through STAG. I think that is probably the most important group that has been established here because, firstly, you are not being directed by politics, which I think is really important. The second thing is that, as these people go about their jobs, they are actually looking at what we can do for the members as a whole and for the Parliament. I think it is really important that that group continues with our advice.

The other thing about that STAG group is this: in previous years it has always been the case that the bureaucrats—and I am not taking a swipe at the bureaucrats—have decided what members require in their offices, but they have never worked in them. STAG is,

of course, a direct contact between the electorate offices and the Parliament. It is proving invaluable to our IT people that they have this contact because we are now undertaking office trials. For instance, we had trials for three months on the latest project which is being rolled out now. We actually found out the machines were the proper machines for the—

The CHAIRMAN: Do you want an extension of time?

Mrs NITA CUNNINGHAM: No, thank you.

Ms BOYLE: Further to your remarks about the electorate offices, would you talk to us further about how the training for the new computer software on new computers in electorate offices is going to be delivered?

Mr SPEAKER: The first training programs will be under way from today. Each electorate officer will be having three days of training on Windows NT and Word 97, Outlook 98 and Internet Explorer 5.0. They are going to have comprehensive training over the three days. You must remember that only a few months ago electorate officers received a week's training on the Internet and the intranet. Hopefully before Christmas every electorate officer will not only have the roll-out of computers in their offices, but also have had the training so that they can access the information on those.

That is the other thing about this access to the Internet and intranet. We have to review from the STAG side as well as from the parliamentary side that, with the access to the Internet and intranet and the research capabilities of the Library, where do we go from here? What do we do with the potential reduction of requests upon the Library? We will have to look at all these things as we go but, as I say, anything to do with IT will be across party lines by the STAG group. I am sure that the right solutions will eventuate.

Mrs NITA CUNNINGHAM: Further to the STAG enhancements, what potential cost savings are envisaged to arise from the improved access to email, the intranet and Internet for electorate offices?

Mr SPEAKER: That is really the crux of the whole thing. I just flipped by that then by saying that we have to look at the Library and potential reductions in requests for services. When you think about the amount of paper that is generated in the Parliament and outside of the Parliament, you start then to wonder how much administrative savings can be made with a reliable email program. One of the particular problems we have had with email is that half the time it drops out and you

cannot use it. You wonder how much can be saved in postage, in reduction of hard copies, in the Library—which, as I say, is another issue—in committee reports and the Hansard in particular. I think it costs about \$300,000 a year to provide hard copy Hansard. It is a tremendous amount of money. Now that that can be accessed easily, that may be something that we should be looking at in the future.

We already have a proposition before us about, for instance, the Friday Daily Hansards. The Friday Daily Hansard goes onto the Internet and everybody comes back in perhaps three weeks' time and there is the Friday Hansard sitting on their desk. It is a total waste of resources to do that. That is the sort of thing we have to look at: whether, if that is put straight on the Internet, that access by members to the Hansard on the Friday or Saturday is sufficient. We have to look at the members' views on that. Do they think that they require the Daily Hansard? Do they think they require the Weekly Hansard? I think it is a matter for members to decide.

It is not a matter of imposing on them, but as this new technology comes in, I am sure that—from my visits to electorate offices and also I know from my own office that you see these stacks and stacks and stacks of reports and Hansards and all those sorts of things which sit there until you say, "It is time to have a clean-out", and off they go into the bin. With the advent of the technology, it is not just a matter of saying we have got you-beaut computers and access to all these things; it is how we use that access and how we use it to save taxpayers' money. I think we can do that very easily with the cooperation between members and all parties.

Ms BOYLE: With regard to the Committee staff area and the Library, would you detail what refurbishment is planned?

Mr SPEAKER: That is the second stage of this year's money for the refurbishment. We intend to move down to level 6. Members would be aware of the Chairman of Committees suite, which is on that level and which is now not used. We intend to turn that into Committee offices. One of the problems we have is the workplace health and safety issue. The difficulty is that we have people crammed into areas which are not suitable for so many people. It does not make for an efficient committee system to have people working in cramped conditions, and we intend to do something about that. The cost to change that over is about \$70,000 and we will be working on that very quickly. We hope to

complete it very early in the new year so at least Committee staff will be okay.

The Library is another area which needs refurbishing. I do not know how many members get into level 5 of the Library, but if you walk in there, you will find that it is a very dark, dungeon style place. I think the conditions of work for those people should be upgraded. I think we have a responsibility to our staff here at the Parliament to make sure that they have congenial conditions to working and that they comply with workplace health and safety.

That is what the main thrust of the Library refurbishment will be: to improve their working conditions. We also hope to have that well completed before the end of this financial year. There are detailed plans already drawn up. It is going to make not only a better working place for the Library staff, but also a much more congenial place for members to use when they wish to.

Mrs NITA CUNNINGHAM: Mr Speaker, can you tell us how our Queensland Parliamentary Library compares with those of Parliaments in other States?

Mr SPEAKER: It compares very favourably. I have visited all Parliaments in Australia, not just since taking on the role of Speaker but also before. I would say that our Parliamentary Library is probably second to none. I think there are differences. One of the differences you will see if you go to the Northern Territory is that there the library area connected to Parliament is also the State Library. I saw a lot of value in that. I thought it was really good. Of course, that could not happen here because of the nature of the two libraries: they are very different. There it worked well, but again the Parliamentary Library was a good resource for members. Western Australia has a very inadequate library at the moment. It is looking to compare its library with Queensland's so it can improve its own. But generally, right throughout, I find that our library is a very, very good library.

One of the difficulties we would have to look at as time goes on as we get more and more technology in there is how much hard copy material we remove to make way for that technology. I thought I should mention to this Committee now that over at South Brisbane we have a warehouse belonging to the library. It costs the Parliament \$33,000 a year to store old newspapers and other items going back to the 1850s. One of the difficulties we have with that is that it is not airconditioned. At some time in the future we will have to look at the deterioration of that stock and consider

whether we can move it to airconditioned premises, which would probably not cost as much as it does now to preserve that material for the future. Those are the sorts of challenges that arise in libraries. Huge resources of material are built up, but where are they stored so they are available for all time—not for us, but for generations in the future? That is one of the items we will be looking at this year.

Ms BOYLE: I will take you to a concern in the Cairns electorate office and others in relation to printers. Will there be any replacement printers?

Mr SPEAKER: Yes, part of the roll-out of the new system is a new computer and new printer. You will retain the old PC, but not the printer that goes with that. The only connection between the two PCs will be a disk connection, where you will have to use a disk to transfer information to the other. The original proposal was to have laptops for all members. Unfortunately, due to the fact that we do not have enough money in this Budget and could not find any more savings, that has not been possible. We hope to give members prices and information on how they can buy or lease their own laptop that is compatible with the system. That is the important thing: they have to be compatible. In the first year, there will be some varied things happening. Some members will not want laptops. Some of us older people find it very difficult to adapt to the new technology. However, in future we will be looking at that issue. That is what will happen at the moment: a new printer and new PC.

The CHAIRMAN: Mr Speaker, I want to take you back to the committee system. When was the last time the Standing Orders Committee met?

Mr SPEAKER: It has not met in my term. I could not tell you. I am sorry, that is one answer I cannot give you. Can you give me that, Robert?

Mr DOYLE: We would have to check the minutes, but it was some years ago.

Mr SPEAKER: On that basis, that is another thing we are going to look at this year: a review of Standing Orders. You realise it has been done in the Northern Territory and Western Australia. I think it is probably overdue that we have a look at them. To that end, I think we will be having a meeting of the Standing Orders Committee this year.

The CHAIRMAN: Who sponsors that meeting? Do you call it together?

Mr SPEAKER: I call the meeting, yes. I intend to do that.

The CHAIRMAN: It is time for non-Government questions. Dr Watson?

Dr WATSON: Mr Speaker, I will follow on from your previous answer in relation to the telephones. You said that the lines and handsets are rented from Telstra. Are the phones that are being replaced also being rented from Telstra or is that service being provided by someone else?

Mr SPEAKER: No, it is all Telstra. All we are doing is removing phones that are not being used and then saving the costs on the rental of the telephone and the line.

Dr WATSON: When they get back, are they also being rented from Telstra? You mentioned that you replaced one.

Mr SPEAKER: That was put back in a very short time.

Dr WATSON: So all the telephone communications are still going through Telstra throughout the Parliament?

Mr SPEAKER: It is through Telstra at the moment, yes.

Dr WATSON: I have a second question to follow up on the equity return. In preparing the Budget and preparing the cost estimates—and in particular I am thinking about areas like Hansard—what happens when the Government changes significantly the sitting times of the Parliament as it has done just recently? What is the effect on the Parliament? Who picks up that cost?

Mr SPEAKER: It is a great cost. I can tell you the effect. When we have night sittings and also Friday sittings, it is at a huge cost to the Parliament. That is something that we have to grapple with for this year. The number of extra days and the possibility of evening sittings will be an enormous cost to the Budget. That is what we have to work out. Do not forget that with every Budget you have a half yearly review. Should the costs in this first six months become prohibitive to manage within our Budget, I am sure that we will have a very strong case to go to the half yearly review to correct that situation.

Dr WATSON: I thought it was interesting that the 6% return is to be an incentive for the Parliament to manage its assets. What is the incentive for the Government to manage its business?

Mr SPEAKER: That is not about assets; that is an entirely different approach. We are talking business now, not assets. I thank you for the question, but I will not be drawn into it.

The CHAIRMAN: The time allotted for the consideration of the Estimates of expenditure

for the Legislative Assembly has now expired. I thank Mr Speaker and the officers for their attendance. The next item for consideration is the Estimates of expenditure for the Parliamentary Commissioner for Administrative Investigations.

PREMIER AND CABINET—AGENCIES**IN ATTENDANCE**

Hon. P. D. Beattie, Premier
 Ms J. Thomas, Policy Officer,
 Infrastructure
 Mr J. Hows, Director, Financial Services
 Mr N. Elliott, Manager, Financial
 Management

**Ombudsman's Office and Information
Commissioner's Office—**

Mr F. Albitz, Parliamentary
 Commissioner for Administrative
 Investigations and Information
 Commissioner
 Mr K. Alcock, Director, Corporate and
 Research Division

The CHAIRMAN: I remind members of the Committee and the Premier that the time limit for questions is one minute. Answers are to be no longer than three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers. A double chime will also sound two minutes after an extension of time has been given. The Sessional Orders require that at least half the time available for questions and answers in respect of each organisational unit be allotted to non-Government members. For the benefit of Hansard, I ask departmental officers to identify themselves before they first answer a question. I might also request of departmental officers that they turn off their mobile phones now. If they have to make a phone call, there are ample numbers of phones outside as we have just discovered.

I now declare the proposed expenditure for the Parliamentary Commissioner for Administrative Investigations to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

Mr Premier, is it your wish to make a short introductory statement in relation to the elements within your portfolio, or do you wish to proceed directly to questioning?

Mr BEATTIE: I would like to make an introductory remark. I thought that if I did it now I would cover all the various areas.

The CHAIRMAN: Mr Premier, could I ask that you limit it to five minutes?

Mr BEATTIE: Mr Chairman, I am only too happy to do that. Firstly, can I say I am delighted to be here. Whether I have that view at the end of it remains to be seen, but this is an important part of accountability and I am delighted to be here. I just want to make a couple of general opening remarks. I know that there will be detailed questioning later.

One of the key priorities of my Government has been strong leadership. Essential to any Government is a central agency that provides a strong and visionary agenda setting and coordination role. That is the essence of good Government. This central agency is also necessary to avoid overlaps and conflicts in Government spending and effort. When my Government came to power last June, Queensland was the only jurisdiction at a State or Commonwealth level without a central policy coordination unit. It resulted, in my view, in missed economic and social development opportunities for Queensland. This was emphasised by inefficiencies and, as I said, the need for whole-of-Government policy development and resource allocation.

In a nutshell, I established the Policy Coordination Division to coordinate strategic policy development and provide high level policy advice to support decision making across all areas of Government. Efficiency gains to the Government and all Queenslanders flowing from this division far outweigh the cost of establishing and running it. Let me just give one example of this, because I know from questions that certain members of the Committee have been interested in this.

In June last year my Government inherited a legal branch in the Premier's department whose sole purpose seems to have been mounting expensive and protracted court cases against native title parties. At the same time, there was practically a freeze on mining exploration in the State. On coming to office I instructed the legal branch to be renamed Native Title Services and become part of the Policy Coordination Division and to pursue the objective of resolving these native title issues. The unit addresses and assists with the State's response to future act notifications under the Native Title Act of 1993, notably with right to negotiate processes concerning the granting of mining leases. It has successfully negotiated three major native title determinations—the Moa and Saibai Islands and the historic Western Yalanji agreement in Cape York.

Working with native title parties, graziers and the mining industry to resolve issues, rather than stirring them up against each other, has already saved the State of Queensland at least \$5m in legal fees that would have been spent under the former approach adopted by the previous Government. A further six claims are being negotiated at the moment. If this process had not been developed, they would also have gone to court and would be costing up to \$10m in lawyers' fees. That is \$15m that does not have to be in my department's budget to pay dead money for lawyers' fees and court costs. This process has also enabled major projects, such as the \$800m Marlborough nickel project, with its 1,000 construction jobs, to progress.

Policy coordination is about making things happen on a broad front. In support of the Government's first priority—that is, more jobs for Queenslanders—my department is coordinating the implementation of its highly detailed white paper called Reducing Unemployment in Queensland. The Committee would be aware of the Government's success in the unemployment area. This is driving my Government's work towards doing everything we can to reach the target of an unemployment rate of 5%.

I am determined also to make Queensland the Smart State. My department's role has been to bring together key players from across Government, the private sector and the community to focus on information technology and biotechnology research and development. The results will be long-term, new age jobs for Queenslanders.

The Task Force on Crime Prevention is working on a comprehensive whole-of-Government crime prevention strategy for Queensland.

The Community Cabinet program has opened the Cabinet doors to enable all Queenslanders, no matter where they live, to sit down for a chat with Ministers and senior public servants and to get direct feedback.

In relation to specific funding issues, I should say now that special investigations have placed considerable pressure on the Auditor-General's budget. These include investigations into a number of matters including the failed Expo bid, the international garden festival and the recent allegations involving Gocorp. Obviously the need for special investigations such as these will continue to arise, but they do put pressure on the Auditor-General.

The work of the Auditor-General is vital for good Government and I believe the Auditor-General has the respect of the various sides of politics in this Parliament. I have asked that Treasury should work with the Auditor-General to resolve the pressure on his budget as part of the normal budget review process, but I indicate to the Committee that that budget does need to be increased, in particular in this area of special investigations. At mid-year review I will be obviously taking a personal interest in the Auditor-General's budget.

In general terms the Government is on target. I am delighted that we have been successful in delivering our major objectives. You have often heard me say that we are a can-do Government delivering on major projects. I was delighted yesterday to see the success of the launch of the Goodwill Games. Today is not a broad discussion such as that. I am happy to respond to particular issues when they come up in programs.

It is my intention in relation to the Ombudsman, the Queensland Audit Office and the Criminal Justice Commission to facilitate the Committee to allow those officers to respond directly to questions from the Committee. Obviously when it comes to the department itself I will deal with those questions, but I think, as the Leader of the Opposition will recall from when he was in my position, it is normal practice for those officers, because of their independent role, to reply directly to the Committee. I am always happy to supplement, and I would expect some questions from members of the Committee to me, which I am happy to respond to, but if we could start with the individual officers.

Mr BORBIDGE: I direct a question to the Ombudsman. I refer to the additional staff provided last year and the notation on page 3-16 of the MPS about delays in achieving accommodation, which obviously meant that additional staff were not in place until April or May this year. I know that you are personally keen to get those staff on board as soon as possible. Could you perhaps acquaint the Committee with the problems that were encountered and the reasons for those delays in respect of securing the necessary accommodation?

Mr ALBIETZ: Accommodation was the main factor in the problem. We simply did not have any spare accommodation. We had to seek additional accommodation. There were major problems in getting vacancy of a floor in the building in which we are housed. That was finally resolved. Once the budget was passed in October, the contractors came in and I think

they completed around about February. A number of positions had to be advertised. We received over 700 applications that had to be processed. Once the selections were made, people had to give notice, of course, before they commenced with us. That was the reason nobody actually started until about April or May. In the Office of the Information Commissioner, additional staff did come on stream in about January because we did have one or two spots of accommodation still available.

Dr WATSON: In relation to the Information Commissioner and your role in that, have you had any unusual delays in terms of resolving issues that have been referred to you? As I am aware, there are a number of requests for review of decisions made within the Government. Could you elaborate on what is happening in that area?

Mr ALBIETZ: Certainly. The funding in the early days of the Office of the Information Commissioner was grossly inadequate. That meant that the flood of applications simply meant a backlog of applications. At one stage it had reached about 300 in the backlog—that is, appeals. They have gradually been processed down. Each year we have managed to reduce that figure. It is now of the order of 200, so there are still a substantial number of appeals to be dealt with.

The number of applications for review or appeals has increased. I think the last financial year saw certainly the highest number of appeals ever received. That militates against a great reduction in the backlog. The number of appeals awaiting determination has been progressively reduced. With the additional staff that we have now in the budget, we certainly hope to give that a kick along. We are concentrating now on the older ones that have accumulated, to try to clean those up. I am confident that in the next year, with the additional staff, we will make pretty severe inroads.

Dr WATSON: Can we look forward, then, to those that have been in for some time being resolved in the near future?

Mr ALBIETZ: Certainly that is going to be the focus for the next six or 12 months. We are already moving some of those older ones now and we will continue doing that certainly during this financial year.

Ms BOYLE: My question is to the Ombudsman. What level of service was achieved by both the offices of the Ombudsman and the Information Commissioner in rural and regional areas this

last year? What was achieved during any visits to the areas? And what can we expect over the next financial year for the regions?

Mr ALBIETZ: The program of visitations to rural centres by the Queensland Ombudsman is probably the most extensive of any Ombudsman in the world. That is often commented upon at any international forum that involves Ombudsmen. Certainly, the extensive program has continued during this financial year and will continue during the next financial year.

In point of fact, I think there were 82 visits made during the past year. That is very extensive. It is time consuming. It does take people out of the office. But I think that is very much appreciated by the local people when we do appear. Not only do we meet people face to face and hear their complaints first-hand, but it is also an opportunity to look at files from agencies and councils, to talk to professional staff on the ground, and try to resolve as many as we can while we are there. We have a very extensive prison visitation program, as well. As I say, it does take time. But I think it is appreciated, the fact that we do go out and move amongst the people. The focus, while we are there, is to try to resolve as many as we can on the spot.

Mr BEATTIE: I might just add some supplementary material. I was taking some interest in this area. Fred indicated that there were 82 visits to regional centres, including visits to Aboriginal and community councils. There were 880 complaints received—not about the visits—but 880 complaints were received during the visits. Fourteen correctional centres were visited twice during the year, and 1,067 complaints were received. So you can see the amount of work that was done.

I should add something to what Dr Watson said before, if I could. You would be aware that, when we came to Government, we did have a clear commitment to almost doubling the resources of the Ombudsman with a \$2m annual injection. In fact, some years ago when I was in Rob's position, I raised this issue, and we did allocate that. I am pleased to see that the upgrade of the Ombudsman's office is now nearing completion and the attack on the backlog really has started in earnest. I think we should be congratulating the Ombudsman for the reduction in the backlog. While there is obviously work still to be done, the extra resources in the new office will assist in that.

Mrs NITA CUNNINGHAM: My question is to the Ombudsman. Further to the member for

Cairns' question regarding the performance levels for rural and regional areas, could you tell us of the performance levels? What was achieved throughout Queensland in 1998-99 for both this office and that of the Information Commissioner? And what targets have been set for the current financial year?

Mr ALBIETZ: Yes, certainly. In the case of the Ombudsman's office, the performance, I thought, was very satisfactory. We did suffer a loss of temporary staff at the beginning of the year—four investigative officers out of about 15. But despite that, we closed some 3,700-odd cases, which was pretty much the record number that have ever been closed during a year. Unfortunately, we received an additional 300 on the previous year. So for the first time, the Ombudsman received over 4,000 written complaints. There has been an average increase, since I have been Ombudsman, of 8.75% per year. When I took over, it was 2,300. It is now over 4,000.

Mr BEATTIE: That must mean you are popular.

Mr ALBIETZ: It must mean that we do something right, I would suggest. But it is a problem, because once the numbers keep increasing, it is very difficult to reduce backlogs when that is actually occurring.

In the Information Commissioner's office, again we received during the year a record number of appeals. So that is the most ever received in any one year. The performance was the best ever. If I could just quote a couple of figures: we received 287 applications for review during the year—the highest ever; we completed 301 appeals—certainly the most ever by a fair margin; and the actual backlog has been reduced to just over 200—203. So it is heading in the right direction. We hope this year to give that a big shake-along. Certainly, I would love to see that figure down to a maximum of 100; and hopefully, we will achieve that this year. Certainly, things are progressing well in that office.

The CHAIRMAN: There being no further questioning, that concludes the examination of the Estimates of expenditure for the Parliamentary Commissioner for Administrative Investigations. I thank the Ombudsman and his officers for their attendance.

Queensland Audit Office—

Mr L. Scanlan, Auditor-General

Mr V. Manera, Deputy Auditor-General

The CHAIRMAN: The next item for consideration is the Estimates of expenditure for the Queensland Audit Office. The time allotted is 30 minutes. For the information of new witnesses, I point out that the time limit for questions is one minute; for answers, it is three. A single chime will give a 15-second warning, and a double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers. A double chime will also sound two minutes after an extension of time has been given. The Sessional Orders require that at least half the time available for questions and answers in respect of each organisational unit be allotted to non-Government members. For the benefit of Hansard, I ask departmental officers to identify themselves before they first answer a question. I now declare the proposed expenditure for the Queensland Audit Office to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

The first period of questions will commence with non-Government members.

Mr BORBIDGE: I have a question for the Auditor-General. I note that, on page 2-12, liabilities were budgeted at \$187,000 for 1998-99 but were actually \$1.043m. Are you able to give us an explanation?

Mr SCANLAN: If it is all right, I would prefer to take that particular question on notice.

Mr BORBIDGE: Certainly. That is fine. I direct another question relating to page 2-14, that is, that special funding of \$1.2m was received during 1998-99 for special audits, including the Expo bid. Obviously you expect to get extra funding for extra curricular investigations during 1999-2000. Do you have an estimate of the cost of the investigation into Gocorp and net bet? I understand that the Premier made some comments earlier in respect of top-ups as required, but could you give us a general overview of the additional costs in respect of net bet and what you would anticipate needing during a normal year now as a result of special investigations?

Mr SCANLAN: In terms of the Gocorp inquiry specifically, as at yesterday an estimate

of the total costs involved by the Audit Office in terms of staff time, printing costs and associated costs with that audit amounted to in the vicinity of \$400,000. We will be able to come up with a more precise and exact figure in the coming days as the final accounts are tallied within the office. Our nearest approximation at this time is around \$400,000. That represents the time taken by our staff over the 65 days for the conduct of the audit at charge-out rates applicable to the staff and the associated costs that we have been able to identify to date.

It is fairly difficult to predict what will be a normal year for investigations. We conducted 13 performance management systems audits and special inquiries during the last financial year. This year we have programmed to do five. Perhaps we could regard the Gocorp audit as being one of those five now that it is concluded. That, of course, represents a discretionary area of work activity for the office and the quantum can be up and down, depending upon my assessment of the relative needs or merits of conducting particular inquiries at the time. \$1.2m was required during the last financial year after the mid-cycle review assessment. I have no reason to believe that we will require less than that amount this year without any particular forecast of what lies ahead between now and June next year.

Mr BEATTIE: Mr Chairman, I wonder if I could assist the Leader of the Opposition. There is no doubt that these special inquiries are putting pressure on the Auditor-General's budget. I am not letting any secrets out when I say that the Auditor-General has, quite appropriately, indicated to the Government that at the appropriate time there will be a need for extra funding. That is why I signalled earlier that that is something that the Government has pursued. I have indicated to Treasury that it should continue discussions with the Auditor-General in an attempt to resolve those issues. I will be taking a personal interest in the mid-year review because the Auditor-General is simply not going to be able to manage a budget with these additional special inquiries imposing, as they do, on his work.

Mr BORBIDGE: I have another question for Mr Scanlan. I refer to contingencies for extra investigations and, in particular, Mr Scanlan's recent inquiry into the net bet affair. I ask: are you in a position to confirm the existence of a record of interview that states that the Premier, when Leader of the Opposition, met with proponents of the scheme at Brisbane Airport?

Mr SCANLAN: Yes, I am aware of that and I can confirm that that meeting, as I understand it, did take place. It formed a basis for my inquiries in terms of that audit.

Mr BORBIDGE: And was that meeting in the Golden Wing lounge in September 1997?

Mr SCANLAN: I believe such a meeting may have occurred around that time. Perhaps I could say that I concluded that, in terms of my total inquiries, I believed that the involvement of the Premier—the then Leader of the Opposition—in relation to this licence was somewhat peripheral.

Mr BORBIDGE: Presumably this information was relayed to the Criminal Justice Commission?

Mr SCANLAN: Yes. I can confirm that I, as well as my officers, had regular discussions with the CJC throughout the audit at a more detailed level—almost on a daily basis throughout much of the inquiry.

Mr BORBIDGE: Accepting that the Premier's involvement may have been peripheral, was there any suggestion that the additional information provided in that statement may have been at odds with commitments and assurances given to the House by the Premier and that it should have been included in the report to Parliament?

Mr SCANLAN: I concluded from my understanding of all the evidence that came to hand that the Premier's involvement was certainly peripheral. What knowledge he may or may not have had with regard to the matter had no bearing in relation to the issue of the licence or the process for the review of the licence.

Mr BORBIDGE: You did not consider it, though, relevant in terms of a report to the Parliament, or in terms of negotiations with the Criminal Justice Commission, that it should have been brought to the notice of the House as it may have been potentially in conflict with public statements made under parliamentary privilege by the Premier?

Mr SCANLAN: No, I did not. I did not judge it to be a material matter in terms of the production of my report. You will notice in my report, though, that I did comment in relation to the memorandum of July last year which appeared to me to be a more significant matter in terms of my inquiry, given that by that stage the Premier was in his new capacity as head of Government. That appeared to me to be a more important event and, given the level of scrutiny through the media and the Parliament, it seemed to me that that was a

more important issue in terms of my commentary in the report. Once again I concluded that there were no issues of import in relation to that particular memorandum.

Mr BEATTIE: Before we move on from that, I might assist the Leader of the Opposition by saying, whilst the Auditor-General is here, that I provided access to all my diaries covering every meeting I had with every individual prior to them being requested by the Auditor-General. I have complied fully and totally with every request by the Auditor-General, not only in terms of the letter of the request but the spirit of it as well. Everything I have said about this, both inside the Parliament and outside the Parliament, is consistent, and is also consistent with the material provided to the Auditor-General.

Mr BORBIDGE: Mr Chairman, may I assure the Committee that I was in no way reflecting on the activities or the performance of the Auditor-General in regard to this matter. However, it would have seemed appropriate to me that the Criminal Justice Commission report to the Parliament—as it was a report to the Parliament—should have perhaps made reference to potential inaccuracies in respect of information given to the Parliament in that report. I was in no way reflecting on the Auditor-General.

Mr BEATTIE: Let us be very frank, Mr Chairman. There are no inconsistencies in anything I have said either inside the Parliament or outside the Parliament. I can understand the Leader of the Opposition's disappointment that this matter went nowhere, but I think what we should do is accept the independence of the Auditor-General and the CJC and move on in this matter.

Mr BORBIDGE: I am sure we will both be checking Hansard at lunch time.

Mr BEATTIE: No, I do not need to do that. You are at liberty to do that if you want to.

Dr WATSON: Last year I asked a question about the audit process with respect to looking at whole-of-Government outcomes. I also explored that matter with Treasury. Given what we have seen with net bet and Gocorp, do you think that whole-of-Government outcomes in the gaming area of Treasury are appropriate?

Mr SCANLAN: I think you could regard our review as being a performance management systems audit under another name within Treasury. Based on our inquiries, it is obvious from the 16 recommendations that we have made to the Parliament that

there is a genuine need for a more stringent process in relation to the gaming area.

In fact, I could say that we had logged as a potential performance management systems audit the gaming area in general within Treasury. My inclination now is probably to back off a little in relation to looking at that area in the short term to give them some time to find their feet and improve their procedures, but to put them on notice that we will be back.

Mr BEATTIE: I might just add to that. We are determined to implement every one of the recommendations of the Auditor-General to make sure that this process is first-rate. I think that is something that you would support. If there are inadequacies, and the Auditor-General has successfully identified those, we will fix them. When I was acting Treasurer, I issued a directive to the head of Treasury to implement these. I had advised the Auditor-General formally that we will implement every one of them—to use Mike Ahern's term—lock, stock and barrel. The Auditor-General has indicated that he will be taking a personal interest in those matters and, if I recall correctly, reporting to Parliament on it, which means that every member on this Committee will have a chance to see whether they are implemented or not to the Auditor-General's satisfaction, not just to mine, although, as I have said to you, I will be taking a personal interest. You will have the independent Office of the Auditor-General checking that they are implemented.

It is like any new system, David; it would not have mattered whether you were the Treasurer or we hold the Treasury benches, there are always going to be hiccups. They needed to be fixed, and they will be fixed.

Dr WATSON: If I held the Treasurer's position, there may have been a slightly different outcome.

Mr BEATTIE: I will take that as political point scoring and move on.

The CHAIRMAN: Is that a question?

Dr WATSON: No, it was a comment.

Mr BEATTIE: An inaccurate comment, but a comment.

Dr WATSON: I just have a follow-up question in relation to the audit process. I notice in your report that you conclude that the failure to address some of the issues in the probity area did not materially affect the overall conclusions of the QOGR. I was interested in that, because I noticed in the reports—and I am not quite sure whether it was yours, the CJC's, or both—that Mr Paul Ryan had gone to Sydney to look at Topki Holdings Pty Ltd

and, in particular, to look at the number of superannuation trusts there. He had then failed to get follow-up information on that. Do you know why that failure occurred? The Parliament has now removed Topki and there is very little information about why we have done it. I was wondering whether you could tell me a little bit more about it.

Mr SCANLAN: I think the particular matter you are referring to was in the CJC report in relation to the inquiry.

Dr WATSON: Yes, it probably was, yes, but you noted that there were no probity problems there.

Mr SCANLAN: That is right. This refers to the 40 superannuation funds supporting Topki. No, I do not know the answer precisely, Dr Watson, in relation to why that was not pursued, no.

Mr BEATTIE: I wonder if I could help with one thing on that. If I remember correctly, this is all—

Dr WATSON: I asked a question in Parliament about this.

Mr BEATTIE: Yes. I was going to say that you did ask me this on the parliamentary record and I made some statement—and I am now going on memory, because I do not have the detail with me—but the reason why Topki was taken out, along with Navari, was, if I recall correctly, Bill D'Arcy's family company was one of the superannuation funds. It was a company in which there were a number of superannuation trusts, or family superannuation involvements. They would not be exclusively superannuation, but there were a number. If I recall correctly, Bill D'Arcy's family was one of them, and there may well have been other members who were also involved. If I recall correctly, that is why they were taken out.

Dr WATSON: You definitely mentioned Bill D'Arcy as one.

Mr BEATTIE: I think I said that.

Dr WATSON: I will grant you that. It is just interesting because, when we did the legislation, we specifically ruled D'Arcy and family and Pisasale out of a shareholding in Navari. I would have thought that, to be consistent, one would have removed only those individuals from Topki rather than removing the whole lot.

Mr BEATTIE: I can assist you here. If I recall correctly—and, again, I am going on memory—Topki itself as a company, when the controversy about this all started—and I stress if I recall correctly—they indicated that they just simply wanted out. Bill D'Arcy's superannuation

was involved but the company itself, Topki, decided that they did not want to be anywhere near the controversy and simply wanted out. Be that as it may, we were moving because of the Bill D'Arcy reason, but they went anyway. So it was not as if there was going to be a problem. Topki wanted out. So if you are concerned about how it would have affected the other superannuation funds that were involved, then they wanted out. So they did not feel any jeopardy or any concern about it. They were going anyway.

The other thing that we did, too, was Austin—you may recall—

Dr WATSON: Yes, I know.

Mr BEATTIE: We added Austin in one of the regulations. That was not mooted in the Parliament. The reason for that was that when I was acting Treasurer, I issued a section 56—I think it is known—for extra probity to be done. Hegarty—a person with whom you guys had so much fun in the Parliament and managed to get the sort of TV coverage that in Opposition you get delighted and excited and salivate about—withdrew because of the extra probity processes on his own. He was sick of it. Austin we prescribed in the regulation because of his conviction for fraud. So that is why that was in addition. When you were asking me about this and when I made statements about the Bill, that was not included either, but that came about as a result of—I think it is—a section 56 notice.

The CHAIRMAN: Order! The member for Cairns.

Mr BEATTIE: I am sorry.

The CHAIRMAN: Your time has finished.

Mr BEATTIE: I was trying to be helpful. I was not trying to take your time.

Ms BOYLE: My question is to the Auditor-General about total budget outlays for the office. Taking into account the level of expenditure over this last financial year, to what extent do you think expenditure this present financial year might be offset by audit fees?

Mr SCANLAN: Yes, this year we are operating in a different budgetary environment and the audit fees revenue will be considered to be controlled revenue. That will mean, of course, that the office will be able to retain that revenue to fund its operations, leaving the balancing item, being the appropriation from the Parliament. An amount has been appropriated by Parliament. The Honourable the Premier has indicated that that will not be sufficient, and I fully concur with that. I believe that I have a tight budgetary situation as

things stand currently. I feel reassured, though, by the Premier's statement in his opening address that he would look favourably in terms of looking at our financial situation at the mid-cycle review, or perhaps even earlier if that is warranted.

Mr BEATTIE: I have actually asked Treasury to work on a number of ways to address some of these issues immediately and then at the mid year review I will make certain that it is done. I think everyone here accepts the amount of pressure on the Auditor-General. As I have said, he has had the inquiry in relation to the failed Expo bid, there was the business about the garden festival and there were other matters that the Auditor-General has been required to do. But it is not just the issue of the special investigations—and I want to make that clear—there are other matters that we will investigate. All I am signalling to you is that, while the Government has to be tough about finances—and it was a tough Budget—I am signalling to the Committee that I think that the Auditor-General has a legitimate claim for additional funding for his organisation, a large part of it as a result of these special investigations.

Mrs NITA CUNNINGHAM: Referring to page 2-4 of the Ministerial Portfolio Statements, I ask the Auditor-General: what will be the performance targets for this office for the current financial year, with particular reference to the Financial Administration and Audit Act and financial and compliance audits?

Mr SCANLAN: Certainly, the completion of all audits within the audit mandate for the financial year is my primary mandate responsibility. I have indicated already that I will be intending to undertake at least five special examinations throughout the year. The major development this year, though, in terms of a step forward for the office will be the introduction of a new automated audit methodology for our work papers. This represents a sizeable sum in terms of capital outlays for the office's budget for this financial year. We have already moved in this direction. We have purchased Lotus Notes and we have purchased the audit software from PricewaterhouseCoopers, which is the state-of-the-art technology in terms of being able to do our work better in terms of being more efficient, and we are looking forward to those efficiencies probably 12 months, 18 months down the track.

In addition, we have some other specific issues that we have to deal with. The changing climate within the public sector, increased

technology, Tridata and whole-of-Government reporting are issues that we need to confront. I note that to date we have not undertaken any performance management systems audits of local government, which is an important area within our mandate as well. In terms of any other issues that arise throughout the year from members who have concerns, we also need to have the capacity and the discretionary ability to be able to undertake some of those inquiries.

Ms BOYLE: Could you address the role and independence of the Auditor-General, particularly in light of the difficult circumstances that Victorians find themselves in by comparison?

Mr SCANLAN: As I see it, the Victorian situation is quite unique within the Westminster system. Not only do you have a purchaser/provider type of arrangement formally in place, but you have an audit arrangement with an Auditor-General without the empowerment to conduct audits directly himself, thereby necessarily having to rely upon the services of contracted audits and thereby not having any discretion or ability to respond quickly to matters as they arise. In Queensland I am relatively much more fortunate in that my independence is enshrined in legislation. I have considerable discretion in terms of the way that I go about my audits and the priority that I can assign to my work. I have some empowerment to do performance management systems audits. Having said that, I would see it as somewhat of a halfway house between performance auditing and financial and compliance auditing. As you would expect, I would be an advocate for the clarification of that in legislation at some stage.

Mr BEATTIE: I might add that in terms of the independence of the Auditor-General, there are no plans by the Government to legislate on a similar course to Jeff Kennett in Victoria. We respect the independence of the Auditor-General and I believe he has the strong support of both sides of politics.

I was one of the many people, as was the Leader of the Liberal Party, who were interviewed during the recent audit process. Whether I was asked about when I met people at airports and other places or other things, that was done in a very detailed manner. A full and proper investigation was done and questions were answered under oath. The investigation was done not only with dignity but also with determination and certainty. It was done in a very vigorous and a very determined way. I am sure that David would share the view

that while the Auditor-General treated us all with courtesy, he was very thorough. I think that is why he has the respect of both sides of the Parliament. I assure the Committee that we respect that independence and my Government has no plans to change the legislation.

Mr BORBIDGE: That is a very good point.

Mr BEATTIE: Mr Chairman, as the former Premier knows, I supported his appointment as being the appropriate thing at the time. All your appointments could not have been bad, Rob.

Mr BORBIDGE: I cannot argue with that, Mr Chairman.

Mrs NITA CUNNINGHAM: Could the Auditor-General discuss the total capital outlays for the Auditor-General's Office for the present year, with particular reference to planned increases and their justification? What have the outlays acquired?

Mr SCANLAN: This year the main outlays and expenditure in a capital sense are related to information technology and they really have a twofold purpose. Firstly, they take advantage of technology for communication within the office, through electronic mail. I have a work force that is scattered potentially anywhere throughout the State. The ease and means of communicating with my staff is important, so that I can issue circulars and instructions and they can access material. It is also an essential platform in terms of utilising the new audit Toolset, the new audit methodology for audit work papers that we have purchased. I believe that that will take the office forward as far as the auditing profession is concerned, so that we can stay up with the profession and take advantage of prevailing efficiencies with technology. In fact, we were urged to do so back in 1997 as a result of the strategic review of the Audit Office at that time. Since that time we have placed considerable emphasis on taking advantage of prevailing technology and developments. We believe that the Toolset that we have purchased will be second to none in terms of audit offices throughout Australia.

Mr BEATTIE: In the budgetary process, the Auditor-General argued very strongly for the Toolset. That was funded because of the obvious need for that level of efficiency and professionalism. We are delighted that the Auditor-General has gone down that road.

Ms BOYLE: I notice that several of the strategies within the Budget papers relating to your organisation's performance are quality assurance matters and the leadership potential of staff. Would you tell us about the

internal organisational performance programs that you have in mind for the next year?

Mr SCANLAN: Certainly. One of my broad objectives always has been to develop and broaden my staff and their capabilities. One of the key components that we have instituted within the office has been a leadership development program aimed at the senior management levels, whereby staff undertake academic courses through the Queensland University of Technology. The subjects are paid for by the office and, on successful completion, staff attain a graduate certificate in management. The other aspect is that the assignment work in the subjects studied is tailored to provide solutions to organisational problems and that has worked very well over the past 12 months. It would be my intention to continue with that program. Given that we are only a relatively small organisation, should the viability of the numbers come into question I would be prepared to involve people from other organisations within Government to participate as well. That would be a key platform.

Other than that, the development of staff through training in the new audit methodology Toolset will be a primary developmental pursuit this year. As well as that, there will be the formal induction of new staff programs, and staff training in terms of negotiating skills and information technology in particular throughout 1999-2000.

Ms BOYLE: I also note that one of the roles of your office is the development and publication of best practice guidelines and accounting guidelines. What level of resourcing will you be able to give to that truly important activity over the next year?

Mr SCANLAN: During the last two years, we published two best-practice guides. One was in relation to general procurement, which has universal application throughout the public sector. The second was in relation to the sale of material public sector assets that obviously I believe are of value to the public sector. The sale of the TAB is one case in point. However, this is not necessarily confined to the sale of whole organisations. It can be individual separate assets as well.

We do not have any specific best-practice guides in mind to deliver in 1999-2000. They

are essentially the product or the benefit of our experience on audits, with a view to imparting or sharing our expertise with agencies, very much with a preventive rather than a curative perspective. We will continue with the issue of our informed publication, which is a quarterly document in which we bring agencies up to date on current developments in accounting standards for instance, Government requirements or even financial management standards. We have introduced the concept of client information seminars, which have been well received. I should emphasise that it is not our intention to duplicate in any way the functions of the Treasury Department or any other agency, rather we intend to offer our own perspective on issues. I should say that agencies have been very keen to find out what the audit considerations are, particularly in advance of the conclusion of the audit process.

The CHAIRMAN: The time allotted for the consideration of the Estimates of expenditure for the Queensland Audit Office has now expired.

Mr BEATTIE: Mr Chairman, could I just mention one other thing?

The CHAIRMAN: Yes.

Mr BEATTIE: I meant to mention this before. Just to show that we are serious about the issues raised in relation to costing, I point out that in rough terms we would say that the additional funding for the Audit Office would be in the vicinity of about \$1.2m. These are issues that still need to be discussed, but I want this Committee to be acutely aware of our seriousness in assisting the valuable work of the Auditor-General. That is why we are looking at that amount of money. It would be an additional \$1.2m. Those matters still need to be discussed further.

The CHAIRMAN: Before dismissing the officers, could I remind you that the responses to questions taken on notice at this hearing are required to be returned to the Committee by 5 p.m. on Monday, 11 October 1999. If the agency is unable to meet this time frame, I would appreciate it if it would notify me and the Deputy Chairman and advise us accordingly. Thank you for your attendance.

Sitting suspended from 10.41 a.m. to 10.59 a.m.

Criminal Justice Commission—

Mr B. Butler, SC, Chairperson

Mr G. Brighton, Executive Director

The CHAIRMAN: The next item for consideration is the Estimates of expenditure for the Criminal Justice Commission. The time allotted is 30 minutes. For the information of the new witnesses, I point out that the time limit for questions is one minute and for answers is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers and a double chime will also sound two minutes after the extension of time has been given. The Sessional Orders require that at least half the time available for questions and answers in respect of each organisational unit be allotted to non-Government members. For the benefit of Hansard, I ask departmental officers to identify themselves before they first answer a question. I would ask officers in attendance to make sure that they have turned off their mobile phones.

I now declare the proposed expenditure for the Criminal Justice Commission to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

The first period of questions will commence with non-Government members.

Mr BORBIDGE: I have a question for Mr Butler. I note from 4-3 that the CJC now employs some 262 people. Is it possible to get a breakdown? I am happy to place this question on notice if it is easier.

Mr BUTLER: That is our establishment. The actual staff on hand would fluctuate from day to day. As of today, there are 250 staff on hand. The breakdown is this: the executive, two; the Office of the Commission, five; the Office of General Counsel, four; Witness Protection, 29; the Official Misconduct Division, 141; the Corporate Services Division, 33; Research and Prevention, 29; and the Intelligence Division, 20. That is a total of 263.

Mr BEATTIE: That is on page 5-1. I think there was a slip of the tongue when the Leader of the Opposition referred to 4-3.

Mr BORBIDGE: Can I ask the cost of the net bet investigation?

Mr BUTLER: Yes. I had that costed. The estimated cost as at 30 September was \$154,692. That included the salaries of CJC staff who assisted Mr Gotterson, Mr

Gotterson's fees, the costs of printing the report and some travel costs. There might be some very slight variability in the actual at the end of the day, but I would expect that would only be in the order of perhaps a couple of thousand dollars.

Mr BORBIDGE: What was the amount payable to Mr Gotterson?

Mr BUTLER: That was \$97,500.

Mr BORBIDGE: Earlier today the Auditor-General confirmed the existence of a record of interview that stated that the Premier, when Leader of the Opposition, had met with proponents of the net bet proposal at Brisbane Airport in, I think, September 1997. I presume that this information was made available to the CJC?

Mr BUTLER: My understanding is that all of the significant information in the possession of the Auditor-General was made available to Mr Gotterson. Mr Gotterson would have canvassed those matters in his report. In relation to the specific record of interview you raise, I do not personally know exactly whether or not Mr Gotterson viewed that document himself. Certainly I could find that out.

Mr BORBIDGE: I would appreciate it if that could be placed on notice and if you could provide us with a reply.

Mr BUTLER: Yes.

Mr BORBIDGE: This is obviously a political difference of opinion which I do not expect you to buy into. Would it be reasonable that, if Mr Gotterson came across information that may have conflicted with statements made in the Parliament, seeing that his report was to the Parliament, he would have drawn such matters to the attention of the Parliament in that report?

Mr BUTLER: Mr Gotterson reported on the basis of the terms of reference, which were based upon the jurisdiction of the Criminal Justice Commission, that is, whether or not there was a reasonable suspicion of official misconduct by any public official. So his report would have been directed to that. The question of whether the Parliament was misinformed at any stage would not have fallen within those terms of reference. That is a matter for the Parliament to police, not the Criminal Justice Commission.

Mr BORBIDGE: But the Parliament would obviously not be in a position to make that judgment if any such information had been suppressed?

Mr BUTLER: A judgment as to?

Mr BORBIDGE: Whether or not the Parliament had been misled.

Mr BUTLER: That is hypothetical. I cannot respond to that.

Mr BEATTIE: It is tortuous reasoning, but we will let it go.

Mr BORBIDGE: It raises a very serious question of when the Criminal Justice Commission is required to report to Parliament. There may have been evidence made available to the Commission in the conduct of its duties that may potentially be in conflict with statements and assurances given to the Parliament.

Mr BEATTIE: Bearing in mind that we have some time to respond to this, let me respond to it.

Mr BORBIDGE: On a point of order—

The CHAIRMAN: The Deputy Chairman should be allowed to ask the question.

Mr BORBIDGE: My point of order is—

Mr BEATTIE: Okay. I will respond to it.

Mr BORBIDGE: My point of order is that earlier you indicated that, as was previously the case, questions directed to the independent heads of various agencies would be answered. I am not displeased with Mr Butler's response. I am just seeking to pursue that question.

Mr BEATTIE: Sure. I also indicated that I would respond to questions as appropriate, and let me do so. The bottom line is this: there have been two inquiries, both of which have been at public expense. The Auditor-General indicated earlier today that he conducted his inquiries, that he regarded my role in this matter as peripheral—his words, not mine—and yet the Leader of the Opposition wants to pursue these matters because he still has a gripe about the fact that he engineered an attempt some years ago, which cost \$14.5m in taxpayers' funds, to try to destroy the CJC.

I say to the Leader of the Opposition: you have had two independent inquiries. Those inquiries have cleared all of the parties concerned and you should move on. I have not sought today or on other occasions to ask you what material you provided to the Auditor-General, and in his report he indicated that you were asked to. I have not asked what evidence was provided by David Watson, Joan Sheldon or Bob Harper, all of whom were interviewed by the Auditor-General. Quite rightly, if I wanted to follow his parallel nonsense, I could do so. The bottom line is that this matter has been finalised. If the Leader of the Opposition wants to pursue it,

he is entitled to pursue it. But this has already cost taxpayers a significant amount of money. It has been properly and fully investigated. Anything I have said in the Parliament—and the Leader of the Opposition knows this; I have been very careful in what I have said about this—is consistent with anything I have said outside. If you want to pursue the argument you are pursuing here on behalf of one of the disgruntled people who are unhappy with the tough position my Government is taking—and that is your line of questioning—you are entitled to do so. But let me make it very clear—

Mr BORBIDGE: On a point of order—that is an absolute untruth.

Mr BEATTIE: Whose line are you pursuing?

Mr BORBIDGE: For the Premier to suggest that I am acting on behalf of other people is offensive and I ask that it be withdrawn.

Mr BEATTIE: You are.

The CHAIRMAN: The Leader of the Opposition has asked for a withdrawal.

Mr BEATTIE: I am happy to withdraw it. But let me make this point, since my time has not expired: there was only one person who was aggrieved by all of that, and that is someone on whom I have been very tough on this issue, and I will continue to be. I made it clear from the beginning that no-one would benefit through this matter to the tune of one cent. When you were Premier, your Government was aware of this. I was in Opposition. You were the Government of the day. Your Treasurer, your key Parliamentary Secretaries and a number of your Ministers—three of them—all took submissions on this. The Leader of the Opposition's hypocrisy on this is breathtaking. You were aware of it. When have you declared your full knowledge of this? Nowhere! I have consistently from the beginning set out exactly what I knew about it. I indicated to the best of my recollection the circumstances, and I have been consistent about it without prompting, without request. Perhaps you would like to tell us your full detailed knowledge of it.

Mr BORBIDGE: I would be delighted to. With respect, you told the Parliament that your only recollection was in regard to a brief conversation during a division, yet we have provided—

Mr BEATTIE: Which—

Mr BORBIDGE: No. Let me—

Mr BEATTIE: I take a point of order.

The CHAIRMAN: Take the point of order.

Mr BEATTIE: If the Leader of the Opposition wants to go through this pettiness, I am happy to. What I said was I had a recollection of a discussion on this matter. I indicated that in general terms. I do not recall the exact words now, but to the best of my recollection it was in a division in Parliament. It could have been elsewhere, but I have indicated that I was briefed in relation to Internet gambling. I have never hidden it.

Mr BORBIDGE: Do you deny that you were involved in a briefing in the Golden Wing lounge at Brisbane Airport in September of 1997 in respect of proponents of this scheme, contrary to your assurances to the Parliament?

Mr BEATTIE: Let us be very clear about this, and I will answer this in some detail. My assurances to the Parliament were—and I am happy to go back and check the record—the full detail of my knowledge on this matter. What I said in the Parliament stands. I had a number of meetings with a range of people over a long period of time. As Premier—and you were Premier for over two years; you would recall that you met literally hundreds and thousands of people during that time. You would not recall the detail of every meeting you had, nor do I recall the detail of every meeting I had.

I provided the Auditor-General with information, and if he provided that to the CJC, that is a matter for him. I was always under the impression that anything that was given to the Auditor-General would go to the CJC if they wanted it. I have no problem with this. I provided the Auditor-General with my full diary—every meeting I had with everybody, including a meeting I had at the airport in September 1997 with Mr D'Arcy and Mr Livingstone. I included it. It was sent there before it was requested.

I cannot recall what the detail of that meeting at the airport was. It was a 20 minute meeting at 8 a.m. My plane left, if I recall correctly, at 8.35. It was some meeting! I do not recall what took place at that meeting. I have indicated to the Auditor-General in my direct evidence on oath that it could have been about industrial land at Ipswich, it could have been about another matter that was being put to me by Mr D'Arcy and Mr Livingstone at the time. It could well have been about Internet gambling; I do not recall.

What I do recall—and I have said this right from the beginning—is that, yes, I was briefed by Mr D'Arcy at some point about Internet gambling. I do not recall whether it was at the airport, I do not recall whether it was

in Parliament. When I was trying to recall this—and you have been Premier, Rob, you understand exactly what I am talking about—I said that, yes, I had had a discussion; I thought it was in a division. If it was at the airport, so what?

I tell you what is relevant here: I did not do one thing to assist the application of that licence—not one thing. You knew about it when you were Premier. You did not do one thing, either. You did exactly the same thing that I did on this matter: nothing. The fact that you knew about it and the fact I knew about it does not mean anything if you did not do anything. You did not do anything to assist this licence being issued and nor did I and, more to the point, had I been aware when we came to Government—and I have said this; I say it again on the record—had I been aware in October 1998 after we came to office that this licence had been applied for, I would have intervened to stop it, and I make no bones about this. All these meetings like September 1997 were how many years before we came to office? To be briefed about Internet gambling on the one hand in a general passing reference and to actually do something are two different issues.

The CHAIRMAN: Do you want an extension?

Mr BORBIDGE: No. Mr Butler, can you confirm that Councillor Pisasale was not interviewed by Mr Gotterson?

Mr BUTLER: Yes, I can confirm that.

Mr BORBIDGE: Do you consider that unusual?

Mr BUTLER: Mr Gotterson explained in full in his report how he went about his investigation, the logic of the investigation. The investigation was focused upon whether or not there was any official misconduct by a public official. The nature of the legislation which provides jurisdiction to the CJC limits in the case of parliamentarians, councillors and other elected officials the circumstances in which official misconduct can arise. It can only arise if there is a suspicion of a criminal offence being committed and it must be committed in the course of the person's official duties. As I understand the situation, Councillor Pisasale could not have himself committed official misconduct because anything he did in the course of his duties as a councillor did not relate to the issuing of the Internet licence.

The other aspect is that Mr Gotterson's report investigated in detail in interviews both with all the relevant public officials in the relevant office and with the Treasurer and other officials to determine whether or not any

pressure had been applied or any improper acts had occurred in relation to the issue of the Internet licence. As I understood the reasoning of Mr Gotterson in that context, his investigation resolved all the possible outstanding issues as to whether or not there was a reasonable suspicion of official misconduct in relation to Councillor Pisasale and everyone else involved.

Mr BORBIDGE: I realise you were not there at the time and you have a different approach to your predecessor, but do you acknowledge the perception that perhaps the enthusiasm and the zealotness that applied to the CJC's investigations into the previous coalition Government did not appear to be evident in regard to this investigation, notwithstanding the changes to the Act which would have required, as I understand it, PCJC approval for public hearings?

Mr BUTLER: There were a couple of relevant changes to the Act at the time of the previous Government, one which reversed the onus for the conduct of public hearings, which means that the CJC has a higher standard to reach before it can enter upon public hearings and also, as you say, the necessity to seek the agreement of the PCJC to the appointment of a person to conduct a public hearing.

In respect of your question, I can really only speak for myself. I indicated when I commenced the job that I was committed to the CJC operating in a non-partisan way. I strongly believe that that is the way in which it did operate in this net bet affair. The CJC briefed independent respected counsel Mr Gotterson to investigate the whole circumstances of whether or not our jurisdiction was enlivened. In doing that, the CJC offered Mr Gotterson—and he got—all the resources he needed to conduct his investigations. He was asked to advise on whether or not there should be hearings, including public hearings. All the advice that we received from Mr Gotterson at all stages was accepted by myself and the other commissioners on behalf of the CJC.

Mr Gotterson carried out, on the information that I have received, a very effective, quite forceful investigation with the reinterviewing of people who had been interviewed by the Auditor-General. They have been reinterviewed by Mr Gotterson or his team in quite an effective way. The conduct of interviews with numbers of other people who had not been interviewed by the Auditor-General, the viewing of all the relevant documentation—in that context, he advised that there was no reasonable suspicion of

official misconduct in respect of any person. On the face of that advice, the CJC would have been acting completely improperly to launch into public hearings. My Commission must address these matters on a case by case basis on the basis of the evidence that is available to us. That is what we did in this case.

Ms BOYLE: With regard to the CJC's role in investigating complaints, would you please give the Committee a breakdown of the matters received and completed and charges laid in the 1998-99 year and also indicate whether you expect a similar or different pattern over the current financial year?

Mr BUTLER: I can say that the number of complaints received in the 1998-99 year was 2,768. That is the highest annual total that was received in the CJC's nine years of operation. Of course, that has placed our complaints receival area under increasing pressure. In the context of that, we are working to make our processes more efficient in that area. We anticipate that there will be more complaints received in the coming year. We have estimated that in 1999-2000 there will be 3,040 complaints received. Of those 2,768 standard complaints received, there were 5,815 allegations. The complaints had over two allegations per complaint. The vast majority of those fell in the four major subject areas that the CJC has jurisdiction over: police, the Public Service, corrective services, and local government authorities. The dealing with those complaints has been quite efficient, I believe, in the sense that 41% of matters were finalised within one week of registration, 55.9% in under a fortnight and only 9.4% took longer than six months to finalise.

Mrs NITA CUNNINGHAM: Page 5-3 of the Ministerial Portfolio Statements relates to Police Service reviews undertaken by the CJC. Can you supply a breakdown of the numbers and types of matters heard, the number of hearing days, costs incurred and the projected expenditure in that area for the current financial year?

Mr BUTLER: Yes, I can provide that. The Police Service reviews heard a total of 128 matters. The Commissioners of Police Service Review are generally serving commissioners of the Criminal Justice Commission—not myself but the other part-time commissioners, or, in two cases, former commissioners of the Criminal Justice Commission. They heard 113 promotion matters, nine transfer matters, five discipline matters and one unapplied transfer matter. In total, there were 55 hearing days by the commissioners. I am sorry, have I answered all aspects of your question?

Mrs NITA CUNNINGHAM: Can you inform us of the costs incurred?

Mr BUTLER: The cost in 1998 totalled \$80,976. Of that, \$58,253 was represented by salaries of the support staff that support the function. The commissioners' remuneration—their fees—for the hearings was \$21,800 and other costs were \$3,523.

Mrs NITA CUNNINGHAM: What is the projected expenditure in that area for this year?

Mr BUTLER: We expect a slight increase in the coming year with a total expected expenditure of \$95,280. We expect that will break up between salaries, \$54,680; commissioners' remuneration, \$35,000; and other costs, \$5,600.

Ms BOYLE: With regard to the matter of the increase that I note in employee expenses, there are a number of elements to my question. What wage rises have been granted to staff as a result of enterprise bargaining negotiations? What rises, if any, are anticipated in the near future? If there are rises, how will those costs be met? Are there ways in which changes in work practices might be balanced against the expectation of increased costs?

Mr BUTLER: Our staff are subject to enterprise bargaining provisions. There has been a 4% increase for our civilian staff and, as of 1 July, a 4% increase for our police officers on staff as well under enterprise bargaining. The expected provision for costs arising from enterprise bargaining in 1999-2000 will be \$1.4m. \$199,000 relates to long service leave provisions. There has been an increased cost for the Criminal Justice Commission, which has been offset by a budget allocation transfer from the Police Department in the area of police superannuation of \$625,000. The costs will all be met either in increased allocations from Government for enterprise bargaining in the normal course of things—of course, that recognises that the agency has to make a proportion of savings—or they will be met out of our current budget. In that process, there has been a comprehensive enterprise bargaining process within the Commission, which has looked at a whole range of saving opportunities. We have identified those for implementation that commenced in the last financial year or that will be continuing in this financial year.

The other area in which the Commission is looking at developing efficiencies is in redirecting its strategic directions. The Commission has worked towards realigning

strategic directions. It has also worked towards enhancing its technology support. As I heard the Auditor-General say before me, the Criminal Justice Commission is working on a number of technology projects that we believe will bring significant efficiencies.

Mrs NITA CUNNINGHAM: Page 5-1 in the Ministerial Portfolio Statements refers to the investigation of complaints by the Criminal Justice Commission in 1998-99. Is it true that no public inquiries were required to be undertaken in that year? If so, what is that attributed to?

Mr BUTLER: I must correct that slightly: there was one technical public inquiry in the course of that period. It was very technical. It was a brief reconvening of the Kimmins inquiry on one day. It involved the presence of no witnesses. It was just a technical reconvening of the inquiry to make an order. Other than that, there were no public inquiries during 1998-99. Public inquiries must arise out of an appropriate basis on the part of the Commission. As I said in an earlier answer, there have been some legislative changes that constrain to some extent the Commission's ability to have public inquiries; nevertheless, the public interest is the relevant consideration. I would anticipate that there will be appropriate opportunities when the public interest would justify public inquiries in the future.

The area in which I see usefulness is where systemic problems are identified in agencies. Sometimes bringing to light in a public way the problems that are occurring can enhance prevention by that agency and other agencies. One of the focuses that the Commission is moving towards is looking at prevention of corruption as a significant outcome for our activities. Rather than simply pursuing things retrospectively and focusing upon prosecution of individuals, the Commission would be looking to see whether or not there are prevention opportunities in its work, particularly with the public sector but also with the Police Service and other areas. In saying that, I do not suggest we would be withdrawing from our full range of obligations but, rather, indicate a sharpening of strategic focus.

The CHAIRMAN: The time allotted for the consideration of the estimates of expenditure for the Criminal Justice Commission is now expired. I remind you, Mr Butler, that there is a question that has been taken on notice. Responses to questions taken on notice at this hearing are required to be returned to the Committee by 5 p.m. on Monday, 11 October 1999. If the agency is unable to meet this time

frame, I would appreciate it if you could notify both me and the Deputy Chairman. The appropriate action will then be taken. The precise wording of the question will be worked out with Hansard. We can give you a rough idea of what the question was now. I thank you very much for your attendance.

PREMIER AND CABINET**IN ATTENDANCE**

Hon. P. D. Beattie, Premier
 Dr G. Davis, Director-General
 Mr T. Hogan, Deputy Director-General
 Ms J. Thomas, Policy Officer,
 Infrastructure
 Mr G. Videroni, A/Deputy Director-General
 Mr J. Hows, Director, Financial Services
 Mr N. Elliott, Manager, Financial
 Management
 Dr B. Head, Public Service Commissioner

The CHAIRMAN: I remind members of the Committee and the Premier that the time limit for questions is one minute and for answers is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers. A double chime will also sound two minutes after an extension of time has been given. The sessional records require that at least half the time is to be allocated to non-Government members. For the benefit of Hansard, I ask departmental officers to identify themselves before they first answer a question. I remind all witnesses to turn off their mobile phones. I now declare the proposed expenditure for the Department of the Premier and Cabinet to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

Mr BORBIDGE: Premier, the departmental summary of Budget Paper No. 4 at page 54 shows that, after taking into account the capital charge, the increase in the allocation for the Department of the Premier and Cabinet for 1999-2000 is some \$58.7m, or 41.4%, over actual expenditure for 1998-99—second only to the increase in the Deputy Premier's department. The same calculation in relation to the Health Department indicates increased funding of just 3.7%, in relation to Education an increase of 3.6% and in relation to Police an increase of 0.1%. How do you justify, relative to key service delivery agencies, the very substantial increase in Premier and Cabinet?

Mr BEATTIE: I thank the Deputy Chairman for the question. In fact, I am aware that the Deputy Chairman made some reference to this during his reply to the Budget

in the Parliament. There are very good reasons. Let us simply go through them.

The 1999-2000 estimate is an increase of \$17.790m, or 16.64%, on the previous Budget. It is primarily due to increased funding for the Cultural Diversity Program of \$1m, increased funding of \$4.8m for the Access Queensland initiative, increased funding of \$5m for Centenary of Federation grants and subsidies, and Commonwealth Government contributions to the Heritage Trails network of \$8m. They are about to be announced on Thursday. You will recall that you have actually got a sneak preview in the questions on notice. I would be grateful if they were not released until after Thursday, unless they are released already. I have reached an agreement with the Federal Minister that we will release these together, but you asked me a question and I had to provide you with an answer. This is a partnership and I do not want to offend the Federal Government—well, not on this issue. There are other matters I am quite happy to offend them on.

Mr BORBIDGE: You can blame me. You normally do.

Mr BEATTIE: I have other things to blame you for; I do not want to blame you for this one, because we are part of this. I have to look after my own. Also, there are costs of \$6.312m to be incurred for corporate services support to the Department of State Development. As I said last year, we now do the corporate services for that department. We also do some for Tourism, Sport and Racing. That is a cost that we have that was not there before. This is about efficiency. These are partially offset by variations in requirements for ongoing projects or short-term activities that increased in 1998-99 and by reduced expenditure on leadership and development courses run by the Office of the Public Service Commissioner.

In total, the 1999-2000 estimate will relate to strategic policy advice including coordination, \$41.9m; parliamentary and Government policy advice and support services, \$49.18m; administration of the Public Service and the management and employment of Public Service employees, \$13m; legislative drafting, advising and information services, \$5.8m. That has been increased because of the extra workload of the Parliament. The fact that we have private members' Bills has increased the workload by a significant amount. We have had to provide extra money for legislative drafting, advising and information services. I do not have the number with me, but I think we have an extra

three drafters down here because of private members' Bills. I do not criticise that. That is something we said we would do and we think that is money worth expending. I continue with Cabinet Secretariat, \$1.77m; policy coordination, development and planning under the Multicultural Queensland policy, \$5.3m; and direct revenue for corporate services is \$7m. This totals \$124,671m. Some of the other things that I think we need in this that we did provide you partly in relation to question No. 4 are that there is money involved for the Cairns esplanade—

The CHAIRMAN: Order, Mr Premier.

Mr BEATTIE: It is all good and justified. That is the answer.

Mr BORBIDGE: I am sure it is. In the lines for the Department of Premier and Cabinet in Budget Paper No. 4, it is indicated that employee expenses for 1998-99 were budgeted at \$43.5m for 1998-99 and came in at \$45.8m while, according to page 4-4 of the Program Statements, the full-time equivalent staff strength was 651, not the 697 that you were aiming for as at page 5-4 of your Program Statements last year. Given that you apparently achieved only about half of the 90 extra positions for which you budgeted, how is it that the employee expenses line came in over budget? Should it have been considerably under budget?

Mr BEATTIE: There were a number of things that we were doing. As I signalled in my introductory remarks, we are strongly in favour of—in terms of my department—a Policy Coordination Division, which we think is important for the coordination of Government in general terms. I do not know whether you have a particular line item you want to refer to. Do you have a particular page there that you want to refer to? Clearly, what we have done in some areas—and again, we provided part of this, if I recall correctly, to an answer on notice—we do bring people in and out to do particular jobs. For example, in the Crime Prevention Strategy, we bring people in and out to do a particular job. When the job is done, they go. You have to pay for those. But that is part of where there would be some expenses, as well.

Mr BORBIDGE: I am not arguing with that. There just seems to be a bit of an inconsistency in terms of those Budget items.

Mr BEATTIE: It would be because of particular projects. This may help. The Policy Coordination Division, which is the source of the question, is overwhelmingly made up of officers who served the previous Government

and continue to serve the current Government. That just says they are good people, so we both liked them. In the strategic policy advice output, it is projected that 16 additional FTEs will be appointed to fill vacancies within the output. The Deputy Director-General's office has one. The Economic Development Directorate has one. The Social Policy Directorate includes project teams, such as the Crime Prevention Task Force and the Community Services Strategy—and I was referring to that before.

We are trying, in the Community Services Strategy, to get some direction as to how services are provided. We launched a draft discussion paper only last week with the community services groups, which we will be sending to all members of Parliament. We are trying to get triennial funding, for example. We are trying to get better coordination about the delivery of services in the community services area. I know this is an area where the Opposition will want to make a constructive submission, because we are genuine about it. But there are three FTEs in that area, for example, and there is a cost involved. You cannot do these things without that sort of work.

In the regional offices of the Intergovernmental Relations Directorate there are two FTEs. There is the Infrastructure Directorate—three FTEs; and Native Title Services, six. I made some reference to this before. In Native Title Services, we will be saving \$15m of expenses. Clearly, if we have people out in the field trying to negotiate these issues and resolve them, until the Federal Government finally ticks off their native title legislation—and I might just mention this to you, because you might be of some assistance in this regard. The Leader of the Liberal Party offered his help on this matter. We are keen to have the Federal Government—

Dr WATSON: On a particular aspect.

Mr BEATTIE: On a particular aspect. But be that as it may, I will take you up on the broader perspective, David. The point is that the Federal Government, at this stage, is not going to tick off our native title legislation until March next year. Talk about Blue Hills revisited! This has gone on and on and on. In the meantime, there have to be six extra people in there. Two additional FTEs will be employed on a temporary basis to progress the Smithsonian project, which I am delighted that you support. The Queensland—

The CHAIRMAN: Order! Does the Leader of the Opposition want an extension?

Mr BORBIDGE: No, I think I can cover it in my next question.

Mr BEATTIE: I want to be helpful here, Mr Chairman.

Mr BORBIDGE: You are certainly long winded. I refer to page 4-4 of the Program Statements and the estimation of 714 full-time equivalent staff by June next year, compared with 607 FTEs at the end of 1997-98 as per the equivalent table at page 5-4 of the 1998-99 Ministerial Program Statements. The division that was to get the lion's share of that large cross-department increase of last year, totalling 90 positions, was the Policy Coordination Division, with an increase of 40 FTEs to a total staff of 98. You have provided some data on elements of that division, which gives us 46 FTEs, but not for infrastructure, Cabinet Secretariat or the regional offices, which apparently rounded out. Can you give us those to establish the overall size of the division by, say, June 2000?

Mr BEATTIE: Largely, that is due to the transfer in of the Native Title Unit.

Mr BORBIDGE: The overall size is what I am after.

Mr BEATTIE: Yes, sure. But as I said in my opening remarks this morning, we put the Native Title Unit into Policy Coordination, which is the appropriate place for it to be. That is why that is the case.

But can I just continue the point I was making before, and I will come back to this? If you look at the Queensland Heritage Trails Network—it will have an additional two temporary FTEs to progress the project. When it is over, they will go. Social policy project teams include the Crime Prevention Task Force and the Community Services Strategy. It is anticipated that there will be nine FTEs in social policy project teams.

The truth is that the Policy Coordination Division had 135 full-time equivalents—FTEs—at 30 June 1999. This figure, I think, is reasonable. The Policy Coordination Division expects to complete filling vacant positions and progressing a number of projects, such as the Smithsonian, the Queensland Heritage Trail, the Crime Prevention Task Force and the Community Services Strategy in the 1999-2000 year. As a result, the Estimates will be slightly higher than that.

The point with all these things is that, if you are going to have someone to do it, it has to be done somewhere. And I think, Rob, when you asked me this question last year, I gave you this answer, if I recall correctly, and I

will repeat it. If you have a major project like the Smithsonian, it has to be done by Government somewhere. Now, I have got it in the Policy Coordination Division. If it was not there, it would be in another department somewhere else. So while you can focus in—as your questions have done—on what is happening in the Policy Coordination Division, if it was not being done there it would be done off here in another department.

Mr BORBIDGE: What is your rough guess for the total, though, by June?

Mr BEATTIE: We think that the division will have about 153 FTEs as at 30 June 2000. But I stress to you again that we are looking at particular projects here. When the Smithsonian is done, when the Heritage Trails are done, when the Community Services Strategy is finalised and when the Crime Prevention Task Force is done, people go. That is what is happening with the Crime Prevention Task Force. We have completed a great deal of the community consultation. We are close now to finalising that, and I will give you a sneak preview before even Cabinet has seen it. We are not all that far away from releasing it publicly. I know that while we have different views about the crime issue, you share a concern about it, as I do, and I know that you will be keenly interested in it. But these figures will go up and down as projects are finished.

I just want to stress that this is about coordination. This is about having an efficient system of government. Every other State in Australia has it. I do not want to be unkind, but at the end of your term you made some public comments to the effect that you acknowledged this. I have them here, but I am not going to have a cheap shot. I think what you said then was quite right. I totally agree. I am restraining myself. I am being a nice guy today. But if it was not done in Policy Coordination, it would be done somewhere else.

Mr BORBIDGE: Premier, as per note 10 at page 4-50 in relation to the operating statement at page 4-44, there was a considerable underspend last financial year on grants and subsidies as a result of deferrals and some other factors. I make that observation as a lead-in to the question. Can you advise the Committee whether you anticipate any expenditure at all on the Lang Park project before the middle of next year? If so, what amount are you anticipating? And consequent on that, are we going to see a Government acquisition of QE II? And if so, when do you anticipate that will happen and how would that be funded?

Mr BEATTIE: Can I start the answer by saying that I was absolutely delighted, on 1 September, to see Mick Veivers quoted on radio as saying that he supported the Lang Park decision. Can I say that I have always admired Mick. And particularly when it comes to sport, I really think his judgment on these matters is impeccable. I table that ABC record for the Committee, because I do not want anyone to think I am misrepresenting Mick.

The CHAIRMAN: I would rather you table that than table Mick.

Mr BEATTIE: What he said was substantive. He is a substantive man, and what he said was substantive. I want to put on the public record my appreciation for Mick's support.

Mr BORBIDGE: I am asking whether there are any substantive funds.

Mr BEATTIE: I thank Mick for his support for the Lang Park decision. The position with regard to Lang Park is as follows. I have had a discussion with the Lord Mayor about this matter. I wanted the Broncos to be back at Lang Park for next season. I have said that we will go through the appropriate process with this application and, as a result, it is unlikely that the Broncos will be there next year. I believe the earliest possibility is 2001—maybe 2002, depending upon how the application goes. Negotiations are about to start. There have been some informal discussions with the city council about the acquisition of ANZ Stadium. We have a long way to go. I expect the negotiations to be lengthy. I do not expect that this matter will be resolved quickly.

Our target is 2003 for the World Cup. Frankly, there is not a great deal of haste needed on this. We will do it properly. Work has begun on the negotiations. Work has begun in terms of the application for the upgrade. We want to get out and consult with the community. It is part of the City West plan. We will take it slowly, sensibly and constructively. I note that there are some local concerns which we will need to address in consultation with the local community. I have indicated publicly that, whilst there is nothing specifically in the Budget for Lang Park, we will find any amount of money that is needed. It may well be that \$1m or \$1.8m will be required in the first year, but at this stage it will be very minimal. It will all be subject to discussion with the Lord Mayor. As the Committee knows, we have a very cooperative and sound working relationship with the Brisbane City Council, and I am determined to retain that relationship. It will entail detailed discussions. The bottom line is that there will be a lot of planning done this

year but there will not be a huge amount of work done. I anticipate most of the work will be done in the next financial year.

Mr BORBIDGE: Further to your close working relationship with Lord Mayor Soorley on issues such as Lang Park—

Mr BEATTIE: It's like a love-in, really.

Mr BORBIDGE: I refer to the recent joint venture with the Lord Mayor whereby you jointly flew business class, international standard Qantas, 25 senior business executives and their spouses from New South Wales and Victoria to Brisbane for a weekend of wining and dining which included sight-seeing flights around Brisbane in eight helicopters, escorted shopping tours for spouses, lunch at exclusive restaurants, a progressive cocktail party along the Kangaroo Point cliffs and a private performance by the symphony orchestra, plus five-star accommodation. What was the total cost of this exercise, what were the cost-sharing arrangements with council and how many corporate relocations to Brisbane have occurred as a result of this boozy weekend?

Mr BEATTIE: It actually was not funded out of my portfolio. If I wanted to be a mean person—which I am not; as you know, I am a Christian and a lovable kind of person—that would be the end of it. But it is not. May I say this: we did embark upon a program between the council and the State Government to sell Queensland, and I make no apology for that because I will do everything I can to promote this State. I will do everything I can to encourage companies to invest here. I did address the group. I attended the very frugal dinner at the Kangaroo Point cliffs to promote the city. Yes, my wife, along with Mary Phillips, engaged some of the wives in an attempt to encourage them to invest here.

I cannot give you figures off the top of my head, but we have had positive feedback from that visit. As a result, there have been a number of investment potentials. I believe that that initiative of selling Queensland in a positive and constructive way will bear fruit. I do not have the figures with me. As I said, they are not out of my department, but they would be reasonable. The Leader of the Opposition is quite right. I do not know the details of the air fares involved and I do not know who paid them. We did put on a lunch for these people at City Hall. I assume the Lord Mayor paid for that. I addressed the visitors at a briefing at the premises of the Port of Brisbane Authority. Presumably the port would have been involved with some of those expenses. You might want to ask Steve

Bredhauer about that. Helicopters were hired, but I could not say how many—

Mr BORBIDGE: Eight.

Mr BEATTIE: We took them on an inspection of investment opportunities in the city. Another thing we did was that we started marketing Australia Trade Coast, which is the land around the Brisbane Airport and the port of Brisbane. Successive Governments—including yours—had not taken the opportunity to promote the port and the land involved. We have 1,000 hectares which we are promoting at a time when Sydney has no land left near the airport and Melbourne has virtually no land left—perhaps a tiny amount. We have a unique opportunity to attract investment locations here. I have since launched a couple of those. It means that we are starting to use that land.

I understand the politics, Rob. It is not a bad shot, but may I tell you this: if we do not do these sorts of things, we do not get the investment and we do not get the jobs. This was a constructive, sensible thing to do. I have to say that, in the spirit of Jeff Kennett, if I was asked to do it again tomorrow I would do it again tomorrow because it is a good thing for this State. I will do everything I can to drive jobs. We need more headquarters of major companies located in this State. If I have to drag them screaming and kicking across the border to the centre of civilisation, I will.

Ms BOYLE: I refer to the transition to Government costs in the MPS at page 4-38 and ask the Premier to inform the Committee about the transition to Government costs last year. What costs were incurred and how did these compare with those incurred by the coalition when it took power in February 1996?

Mr BEATTIE: All Governments incur costs when there is a changeover—it is inevitable. I think the community accepts that. As a result of the change of Government in 1996 and in 1998 costs were incurred for ministerial and departmental staff terminations, voluntary early retirement and retrenchments and for ministerial office and departmental office accommodation changes.

I will go through each one of these. In regard to departmental staff terminations, voluntary early retirement and retrenchment payments, in 1996—the change from Goss to Borbidge, if I can put it in those terms—the costs were \$4,732,768.98. In 1998—Borbidge to Beattie—the costs were \$1,830,387.67. The 1998 costs were 38.6% of the 1996 costs. We are a very frugal Government. In other words, the Borbidge Government, in its savage pursuit of good Queensland public servants,

cost the State's taxpayers \$3m more and we ended up with what I regard as Dad's Army.

With regard to ministerial office accommodation refurbishment costs, in 1996 the costs were \$2,156,621 and in 1998 the costs were \$883,761. The 1998 costs under my Government were 40.97% of the 1996 costs. These costs were incurred within the first eight months of the Government of the day. That is a significant difference, namely \$1.3m. One could buy a lot of toilet brushes for that.

In terms of departmental office accommodation refurbishment costs, in 1996 the costs were \$5,679,373 and in 1998 the costs were \$2,823,233. The 1998 costs were 49.71% of the 1996 costs. These costs were incurred as a direct result of a change of Government and were within the first eight months of the Government of the day. Adding it all up, the coalition slugged the taxpayer over \$4m more to install itself in Government.

Mrs NITA CUNNINGHAM: I refer to page 4-10 which incorporates the administrative costs relative to the native title issue. I ask: how many native title matters are currently before the courts, what is the estimated cost to the State if each of these matters progresses to a full hearing and what savings have been achieved so far by having three native title claims settled through negotiations?

Mr BEATTIE: I thank the honourable member for Bundaberg for the question. As its core function, Native Title Services—which is why it is placed where it is within the department—is responsible for administering the department's lead agency responsibility for native title matters, including the provision of relevant policy and legal advice and negotiating settlements. There is no point in simply being at war on these native title issues, which is what we have seen in the past. We have to try to accommodate them and get the Commonwealth Government to pass the four Acts that we have put through this Parliament which provide a State-based regime.

The branch—this is Native Title Services—represents the interests of the State in native title claims before the Native Title Tribunal and the Federal Court. The branch also advises and assists with the State's responses to future act notifications under the Native Title Act 1993, notably with right to negotiate processes concerning the granting of mining leases. Currently, there are six native title matters in the court process. It has been estimated that each case would cost the State \$1m to \$2m to pursue if each matter is taken to a full hearing. So they are incredibly expensive.

The settlement of three native title claims by negotiation, that is Western Yalanji and Moa and Saibai Islands, is estimated to have saved the State \$5m—and I said this before—in litigation costs if these claims were fully pursued in court. Native Title Services have represented the State at 186 separate Federal Court directions hearings and in 36 hearings of notices of motion. These matters have been dealt with in-house, utilising Native Title Services legal officers with a conservative saving to the State of \$660,000 if external legal services were sought. For the 1998-99 financial year, the branch had an original budget allocation of \$3,024,000, which was revised upwards to \$5,024,000 with a carried forward balance of \$1,200,000.

The projects in which negotiations were current as at 30 June 1998 were the Togara North coal project, the Marlborough nickel project—which we fixed, by the way, out of this negotiation—1,000 jobs; the Kogan Creek coal project; the Woolgar project; the Trekelano project, the Selwyn project, the Murchison United project, the ULSI satellite launch facility project.

The small mining project is in addition to these eight projects. It consists of 184 individual rights to negotiate processes run in seven regions of the State, although we fixed the one with the opal miners out at Winton the other day. However, as these negotiations have been progressed in parallel, this total has been broken down to avoid any misconception as to the total numbers. Accordingly, it is estimated that a total of 34 tenures in the project will be able to be progressed to grant during the 1998-99 financial year, while the balance we anticipate will be finalised by early 2000.

Ms BOYLE: On the topic of the Heritage Trails Network—

Mr BEATTIE: Yes, a great idea.

Ms BOYLE: I have several questions contained within one question. Are each of the three levels of Government contributing to the project and what are their commitments? Has the Federal Government yet finalised the projects it intends to fund? Could the Premier outline the benefits of this scheme to rural and regional Queensland?

Mr BEATTIE: The answer is considerable, and they are a great idea for this State. I am going to launch it with the Federal Government on Thursday, because they have asked to do it jointly. Mr Chairman, they have asked that we not release that question before then, but that is up to you.

The Queensland Heritage Trails Network is a Queensland Government initiative to celebrate the Centenary of Federation, which has been jointly funded principally by the Commonwealth and the Queensland Governments over the next three years and, I am happy to tell the member for Cairns, has the support of both sides of Parliament.

Mr Borbidge: It was a good idea, wasn't it?

Mr BEATTIE: It is a brilliant idea under a brilliant Government. The Queensland Government will provide \$39m and the Commonwealth Government \$50m from the Federation Fund. Gee, Rob is right; we are a wonderful Government. The contribution of at least \$11m towards the initiative is also expected from local government and the private sector. While some projects were announced as part of the Federal election campaign in 1998—and you have to forgive them for that; it is political—the Commonwealth Government only recently confirmed the projects that it will fund as part of the network, and McGauran and I will announce them on Thursday.

The development of the network will broaden the economic base of centres in rural and regional Queensland and conserve and interpret cultural and natural heritage sites for the coordinated framework. This is about putting jobs in the bush. It is about giving communities that have needed a job framework and a tourism framework an opportunity. There will be 2,500 new jobs for Queenslanders out of all of this. Bearing in mind that we have had the drift to the cities since the 1950s, we have had to find a purpose. Mechanisation and dieselisation—all of these things—changed the bush. When you consider the European market and the American market are desperate to get out to the bush, I think that the way to put jobs back significantly into the bush lies in rural Queensland. They have nothing like this. They are all crammed up in little boxes in cities which none of us would live in—all of these dogboxes, which no sensible person would live in—in New York, London and Paris. They get out and see the wide open spaces. The Barrier Reef, country Queensland and provincial Queensland will benefit significantly out of these.

Both Government members represent provincial areas, as does the member for Burnett, and those areas will benefit. One heritage trail will stretch from Coolangatta to Cooktown, one will go out from Ipswich to Charleville, and there is also the Early Settlers

Trail, the Coastal Trail, the Mining and Dinosaur Trail, and the Matilda Trail. They are going to stretch from Thursday Island to western destinations, such as Charleville, Winton and Mount Isa. This is about decentralisation. It will give tourism arteries that will encourage dollars into these communities. Once people start on these trails, they will get not just the overseas market, which I have talked about and which is obviously the most glamorous part of the market because they are big dollars—with the Americans here, they will spend their money and stay—but also we have the drive market out of Sydney, Melbourne, Canberra and Adelaide. A lot of people drive here for their holidays. This will be the most significant injection of jobs and economic stimulation into the bush that it has seen. It is not just separate trails, it is a network, and it will be marketed as a network. Queensland Tourism will be given the responsibility to market it as a network. It is a brilliant idea for this State. It really is.

The CHAIRMAN: There will be a further two minutes for the Premier to answer.

Mr BEATTIE: What we have to do is get Queensland Tourism, as part of its budget allocation—and we have talked initially to them about this and we will talk some more—to actually promote the trails as part of their budget. This does not relate to my portfolio, either, but since Rob asked me a question before that did not relate to my portfolio, I know the Chairman will give me latitude—we have allocated an extra \$3m this year in Tourism Queensland's budget. There will be an extra \$2m next year and the one after. Basically, that funding is to continue to deal with the Asian economic impact and also the impact of the GST, which we think will have an effect on tourism, because air fares went up 7.5% the other day. As part of that, we will market this network. We are hoping that there will be a significant public announcement on Thursday. We believe these communities will support it.

The other day I went out to Charleville and gave them some money for their project out there. They are excited about it, as are all the other communities that I am visiting. It will provide a great impetus. Cairns and Bundaberg will certainly benefit from these trails. The members for Cairns and Bundaberg will see dollars injected into their economy which people would not have believed possible. When you think about it, when you have a State this size, how do we get tourists to go to places? You give them a trail, you give them a map, you give them a direction, and they go out and enjoy what

Queenslanders sell best, and that is ourselves—our friendliness and our hospitality. I think in years to come when we look back on these heritage trails—this network—we will realise that it was one of the most significant initiatives of both Federal and State Governments in this country.

The CHAIRMAN: The member for Bundaberg.

Mrs NITA CUNNINGHAM: Thank you, Mr Chairman.

Mr BEATTIE: I think they are a great idea, by the way, in case you missed that.

The CHAIRMAN: Order! The member for Bundaberg.

Mrs NITA CUNNINGHAM: I refer the Premier to his plans to develop Queensland as the Smart State, and I ask: what do you expect to achieve from this initiative over the next decade? What sort of funding will be required to meet these aims?

Mr BEATTIE: I think one of the things that we have to do is become competitive in what is a very ugly world. The bottom line for us is that there are only 19 million of us in this country. We have to use our brains. The State has three and a half million people. We have to make certain that we have the best education system. That is why the Budget had money in it for greater access to computers. That is why we are trying to find the industries of tomorrow.

The biotechnology strategy is \$270m over 10 years. It involves \$77.5m over the next 10 years for the Institute of Molecular Bioscience at the University of Queensland. There are going to be over 700 scientists researching. I have heard a couple of little snide remarks about, "You cannot change the world with gene technology." This is about commercial opportunities. This is about getting the best brains in the world. This is about developing a relationship between universities, the private sector and Government acting as a catalyst where we develop these opportunities. If you attract the best brains in the world, you get the research outcomes that will develop into commercial opportunities. We can use our brains as part of the Smart State to give our kids a future.

We are on the doorstep of the biggest market in the world—Asia. It is just up there. China is going to emerge as one of the powers of the next century. We have to use our brains—with IT and our advantages with that with biotechnology—to lead the world. That is where our future is. In addition, there is going to be \$20m towards the Comprehensive

Cancer Centre at the Queensland Institute of Medical Research. We ought to be applauding that. Yesterday, the Cancer Fund said that we have the highest incidence of cancer in the world—and yes, we do. The breakthroughs that they are making are sensational in the use of some of the polyps off the reef. This is a sensational opportunity for us.

There is going to be \$8m towards a Centre for Biomolecular Science and Drug Discovery at Griffith University. As part of our program, we have attracted Professor Mark von Itzstein here. He was the inventor of the influenza drug Relenza. We poached him from Victoria. We attracted him. With his research skills, we will use some of the incubator processes that they are using in Texas where you use an incubator process to get the commercial opportunities so that the private sector can then benefit from it.

This is not about the Government doing these things; we are simply the catalyst that makes them happen. The private sector will invest in these opportunities. Let us consider what they did in Texas. In 1980, they had an oil crisis. They had a directional problem. They became the second most important place in the United States, after Silicon Valley, for IT. We have to do the same thing.

The Government will provide \$30m towards the expansion of Queensland health science services and \$10m over three years to enhance super computing facilities in the University of Queensland. The list goes on.

The CHAIRMAN: Do you want an extension of time? An extension has been granted. Premier, you have two more minutes.

Mr BEATTIE: This is our future. We can discuss technology and all sorts of other things, but if we do not do this our kids will not have a future. It is that simple. We have to be more than just a service industry State. You will not get a stronger advocate for tourism than me. It is a big industry and it is absolutely essential and important. However, you have to have a complex and diverse economy to go with it. As I said, \$10m will be provided for super computing, which involves IT as well as biotechnology. A sum of \$9.8m will be provided as part of a \$34.6m initiative to encourage the use of alternative energy sources and promote efficient energy use. The list of initiatives goes on and on, but we have to do other things.

This is not just about being a smart State. We also have to position ourselves in the world, which is why the Goodwill Games is so important to us. The games will give us the sort of access to the American market and the

world market that previously we could only have dreamt of. The access that goes with CNN and the use of our history will have major advantages. People forget that most of the effort against the Japanese in World War II was sourced out of Queensland. General MacArthur was based here and we have established a trust to rebuild MacArthur Chambers, the headquarters from which he ran the war effort. That is linked to the Smithsonian Institution, which is a recognised symbol throughout the world, and especially in the American market. This is the first time that the Smithsonian has entered such a partnership outside the United States. The Smithsonian Institution is interested in the biodiversity of our environment, that is, the reef and the rainforest. It will be involved in the interactive centre for kids to be built at Roma Street. Therefore, the Goodwill Games and the Smithsonian Institution are positioning us in the world in terms of smart activities. You put the money into education and do the research, and then you add something else to it.

Before anyone thinks that we have forgotten about primary industries, we have not. The whole issue is that biotechnology is fundamentally important to make primary industries competitive. We have to advance biotechnology. For example, sugarcane can be made more resistant through biotechnology, which will reduce the amount of insecticides and pesticides that are used and that find their way into our waterways and environment. It is all good news.

The CHAIRMAN: Order! The time has expired.

Ms BOYLE: Premier, would you extend your comments about the Smithsonian Institution. What progress has been made to date on this project and what funding has been allocated for the next year?

Mr BEATTIE: I certainly can. Work is under way to forge an alliance between the Queensland Government and the Smithsonian Institution in the United States, which is expected to lead to future research collaboration and the potential development of a museum or education facility within the Brisbane CBD. I have already flagged that that will be at Roma Street.

The Smithsonian Institution was established by an Act of the American Congress in 1846, so it has been around for a while. If anyone has been to Washington they will know that there are a number of Smithsonian museums. Coming from an area like Cairns, the member will know how

important the biodiversity of the reef and the rainforest is. That was the negotiating key that enabled us to get the institution to come here to begin with. Dr Davis went to Washington at my direction to complete and sign the initial agreement. I put on record the support of Ambassador Andrew Peacock, who was very helpful in making this project come to fruition. In fact, he was enthusiastic in his support.

The memorandum of understanding between the Queensland Government and the Smithsonian was signed on 27 July 1999. Both parties have agreed to explore opportunities for research and education collaboration over the next 12 months. The Smithsonian Collaboration Project Secretariat has been established within the Policy Coordination Division of the Department of Premier and Cabinet, my department. The secretariat will coordinate negotiations with the Smithsonian. Project teams, including representatives from across relevant Government and community organisations, will be established to progress key areas of likely collaboration: reef science, rainforest science, education, museum facilities and joint exhibitions. Information sessions have been held with Government departments, research organisations and universities to invite participation in future discussions and project teams.

The Smithsonian Collaboration Project Secretariat is being led by Professor Gus Guthrie. I do not know if we have announced that; I guess that I just did. He is currently appointed as a consultant. A manager AO8 has also been appointed. A minimum number of administrative staff will be appointed as required to support project teams. A business plan, including a budget of approximately \$355,000 per annum, has been approved. In addition, a fellowship scheme for the Queensland Smithsonian Institution has been postponed, which would cost \$100,000. That proposal is still under consideration.

This is not just about access to the American market. The partnership with the Smithsonian fits in with our biodiversity and our Smart State policy. I imagine that schools will want to go to the centre and interact, and that is the whole idea. We have to finetune how we do this. Maybe we could show the kids an example of biotechnology by planting one of those fast growing trees. Some of those trees grow 13 to 14 metres in 18 months. We could plant a few at the centre and let the kids see how biotechnology works. We can get them to interact in an educative sense. We will continue to focus projects out of Brisbane, so you will get the benefits in the regions as well.

The CHAIRMAN: Order! The time for Government questions has expired.

Dr WATSON: In terms of policy coordination, can you confirm that your Cabinet has recently directed departments to give \$117m of the Queensland Government's telecommunications expenditure over the next five years to Optus? If so, did the Government make the decision based upon a competitive tender?

Mr BEATTIE: You would have to ask Terry Mackenroth that. That is within his department.

Dr WATSON: I know, but I understand that it was done by central—

Mr BEATTIE: I am happy to talk about it, but you will have to get the detail off Terry because I do not have it here. On a number of occasions, Cabinet has discussed technology, our communication systems and cabling. We think that the Government can do a lot more in terms of communication and there have been a number of discussions on that. Terry has brought submissions to Cabinet. I do not have all the detail with me and you will need to pursue that with him, but I am happy to tell you that any process we follow is the proper process.

One of the things that we are trying to do is shrink the size of the State. The only way you can do that is by key cabling with education access through the latest communications, greater access to computers, greater access to the Internet and so on. Recently in Gladstone, if I recall correctly, I launched a project that develops partnerships with State libraries and councils, I think. In this way, people can access information about jobs and they can access the Internet. We are very strongly committed to shrinking the size of the State and improving access to the Internet. We will continue to do that.

I have not seen the figures in the last few weeks, but I recall that about a year ago I looked at community access to the Internet. Access to the Internet for communities in the south-east corner was fine. We were up to the international average level. However, outside the south-east corner access to the Internet was appalling. I know everyone in this room shows this view: as someone who is committed to decentralisation, I want our kids particularly and communities generally to have greater access to the Internet. In terms of the particular contract, I do not have the details with me.

Dr WATSON: Will you get them for me?

Mr BEATTIE: We can do this in two ways. I am happy to take the question on notice.

Dr WATSON: I will put it on notice.

Mr BEATTIE: I am happy to respond to you.

The CHAIRMAN: The Premier is happy to take it on notice.

Mr BEATTIE: I will take it on notice, but I suggest you raise the issue with Terry. We are very positive about this. I do not want this to be misunderstood: we have a clear strategy that we are very positive and very aggressive about. In the spirit of doing that, I am happy to provide the material and I will take it on notice, but can you clarify the question?

Dr WATSON: I asked whether—and I will spell it out—Cabinet directed departments to give \$117m of the Queensland Government's telecommunications expenditure over the next five years to Optus and whether or not the Government had made this decision based upon a competitive tender?

Mr BEATTIE: I will give you the full details surrounding that.

Mr BORBIDGE: I refer to page 4-6 of the MPS, which deals with the Strategic Policy Service Advice output, of which the Legal Policy Directorate forms a part, and which is headed by Mr Peter Bridgman. Is this the same Peter Bridgman who is the co-author with your director-general of a book published last year by Allen & Unwin titled the Australian Policy Handbook? If so, was Mr Bridgman acting in this position prior to his appointment and was it your director-general who sought his secondment from the Department of Primary Industries? Finally, how many applicants were there for this position when it was advertised? For how long had Mr Bridgman acted in it and who was on the selection panel?

Mr BEATTIE: I will come to some of the detail in a minute, but I am happy to tell you that he is a long-time public servant. I do not have the material with me, but I think he was promoted under your Government, which shows that you had good taste and judgment. On the public record, I congratulate you for that. But as I said, I do not have the detail with me. He has been a public servant for a long time, including under your Government. In terms of his appointment to policy coordination, I confirm that he does work in that department. He is a very good officer. He not only was a long-time public servant; yes, my director-general has advised me that he was a co-author. He is actually talented. Being an author myself, I admire other authors. He is obviously a very talented person.

Dr WATSON: Some books are better than others.

Mr BEATTIE: Yes, some are better than others. I am told that he had a similar position in DPI. What have you published lately?

Dr WATSON: I read yours.

Mr BEATTIE: You are a better person for having read it. In fact, I will send you another copy. He held a similar position in DPI. I do not know the purpose of the question. He is a professional public servant. He does brief me on particular matters from time to time, as do other people. I find him quite a pleasant person who works very hard.

Mr BORBIDGE: Are you happy to take the question on notice? It relates to the selection procedure.

Mr BEATTIE: Yes, I am happy to take that question about the selection procedure on notice. Off the top of my head, I could not tell you that. I am happy to give you that. We will have so many questions to respond to that we will have to work later today. I thought we were going to have the day off after this.

Mr BORBIDGE: I refer the Premier to his wholesome answer to a question on notice that I submitted in relation to entertainment expenditure. I draw the attention of the Premier to the fact that last year, according to the answer supplied, his director-general expended funds on in-house hospitality on some 53 occasions. The Premier would be aware of the guidelines issued by both the Goss and coalition Governments on personal expenses and the use of credit cards by CEOs. He would be aware that the current guidelines require CEOs to not expect to entertain other Public Service employees at the public's expense and to "be careful to ensure that such occurrences are exceptional". Does the Premier believe that in-house entertainment for public servants on 53 occasions last year alone is consistent with the guidelines?

Mr BEATTIE: They are consistent with the guidelines. The assertions being made in relation to the director-general's expenditure on hospitality are quite extraordinary, especially as the director-general has in no way breached the guidelines, which incidentally were developed, as you quite rightly said, during the term of your Government. I will come back to them in detail in a minute. It would be erroneous and misleading to suggest that his expenditure is excessive when the average value of it—just think about this—is \$42. He is hardly living the life of Riley. In fact, it seems to me like he cannot even find a decent place to eat. When

you scan the list of expenditure, it is obvious that most items are in the vicinity of \$40 or \$50. In some instances where higher costs have been incurred they have been for service-wide chief executive meetings where large numbers of attendees have been involved. In the view of any reasonable person, it would have to be concluded that the expenditure incurred is publicly defensible and indeed highly conservative, especially if compared with the hospitality extended to a chief executive of a large private sector organisation.

The truth of the matter is this: when you were in office, your DG used to entertain via the Queensland Room. I was tempted, when I had a look at all of this—I knew you would ask me about this—to go back through it all. I know that the expenditure of your DG was certainly much more than that of my DG. I am not going to get into that game. If you look at the rules drafted when you were there—and they were issued by the Office of the Public Service on 7 July—we see that they state—

"Entertainment or expenditure for official hospitality should only be incurred where it is considered essential to facilitate the conduct of public business through persons who are able to do so either by advice or because of their vocations or business needs. However, such hospitality should not be a substitute for business meetings which would ordinarily be conducted in their place."

It continues with another reference—

"While as a general principle Public Service employees should not expect to entertain other Public Service employees at the public's expense, there may be circumstances where it may be reasonable for such costs to be met. Chief executives should be careful to ensure that such occurrences are exceptional."

It fits within that guideline released by you on 7 July 1997. I expect there to be a very professional Public Service. I expect my director-general, as head of the Premier's Department, to play a key role in developing a culture in the Public Service of excellence. I think we have one of the best Public Services in the world. Regardless of who is in Government—you and I can argue about chief executives—I think the calibre of our Public Service is first-class. But you have got to keep up with the times. You have to have people who will continue to bring the best out of each of our public servants. You all know—and it does not matter whether it is business, the

Government or the public sector—it is an ugly, competitive world. I expect the best. I expect my DG to do this. I had no problem in giving you in my answer every one of those things, because I think the amounts are justifiable.

Mr BORBIDGE: It is not the amount, it is the frequency. I refer to a directive issued by the Public Service Commissioner on 13 September regarding the Deputy Director-General, Government and Executive Services. Under this directive, this position is exempted from public advertising and merit appointment. Can you confirm that Ms Helen Ringrose was appointed to this position on 29 July, and despite the fact that her appointment was revoked last week she has left the Brisbane City Council and has commenced duties in the department this week? Is it not the case that the reason for this strange series of events is that a special deal is being struck for her in excess of standard SES remuneration? If so, what are the terms and conditions of this contract and, specifically, what is the remuneration being offered?

Mr BEATTIE: Let me go through this. Following the retirement of Mr Eric Bigby, the position of Deputy Director-General, Government and Executive Services Division, Department of the Premier and Cabinet, became vacant. We all knew that Eric was going. I rang you and told you that Eric was going, because he had served both sides of Government and was the secretary to the Executive Council for a record term. He left after retiring in the normal manner. He was happy to go. That was his decision, not ours. We would have liked him to have stayed.

The position was advertised in the Government Gazette on 25 June and 2 and 9 July 1999. It was also advertised in the Courier-Mail and the Weekend Australian on 26 June 1999. It was well advertised and there was no problem. Applications for the position closed on 12 July 1999. A total of nine applications were received. The selection committee consisted of—I will give you every one of these details—Dr Glyn Davis, the Director-General of the Department of the Premier and Cabinet, who was the chair; Dr Brian Head, the Public Service Commissioner; and Jane Macdonnell, the Director-General of the Department of Justice and Attorney-General. Ms Helen Ringrose and Ms Geraldine Taylor were short-listed for interview. Interviews were conducted on 15 and 16 July 1999. The successful applicant was Helen Ringrose, the Divisional Manager, Customer and Community Services, Brisbane City Council. Ms Ringrose has two decades of experience with the Victorian Government and most recently with

the Brisbane City Council, where she was responsible for 1,700 staff and a budget of \$240m. So what we have here is a very experienced and talented person. The appointment was approved by the Executive Council on 29 July 1999. Ms Ringrose has tendered her resignation with the Brisbane City Council and has in fact started with the Government. I plead guilty to that, and I am delighted that she has done so.

Helen Ringrose's package matches but does not exceed her Brisbane City Council package. She has come to work for the Government at no gain. She has come on exactly the same terms. Let me be clear about this. I have, within the due and proper processes, said to my departmental heads, "I do want to encourage the number of women in senior positions in Government." Frankly, I am tired of the rhetoric that all sides of politics have had for ages that we want to encourage women into senior positions and then we do not encourage them there.

Here is a woman who is not only talented, but has had the experience. How often have we seen women defeated from being appointed to positions because they do not have the experience? Here is a very talented woman who has the experience, who is going to be a great director-general in my department. Rob, I think it is a fair question you have asked, but the fair answer to it is this—did I say director-general? There is a new scoop! That is the quickest promotion you have ever heard of! She is on the same conditions as she was at City Hall. That is the answer.

Mr BORBIDGE: The point I was making is that surely it is unusual to be appointed to the position on 29 July despite the fact that her appointment was revoked last week, that she left the Brisbane City Council—

Mr BEATTIE: I do not think that is right.

Mr BORBIDGE: Can you take it on notice? I refer particularly to the Government Gazette. With respect, with no reflection on the officer concerned, the various Government Gazettes suggest, shall we say, some irregularities.

The CHAIRMAN: Is the Premier taking that on notice?

Mr BEATTIE: Can I be really clear? We have followed due and proper process here. I will follow up and answer Rob's question on this, because this is an appointment which I am particularly proud of. I do not want it besmirched in any way. I will provide the detail to the Leader of the Opposition and I will take it on notice.

The CHAIRMAN: Is that acceptable to you?

Mr BORBIDGE: Yes, I thank the Premier for that. I refer to page 4-17 of the MPS and the ongoing review of SES entitlements by the Office of the Public Service. I refer the Premier to the entitlement of SES officers to the private use of Government owned motor vehicles and the policy in place since 1990 that vehicles purchased be Australian made, and I ask: on how many occasions and for what reasons have SES officers been granted approval for the acquisition of fully imported vehicles outside SES guidelines?

Mr BEATTIE: To be perfectly frank, we are not absolutely certain. We think there may have been one or two occasions. I am not aware of them. I do not know that level of detail, but I am happy to take it on notice. But I am happy to tell you that in terms of—I might actually—

The CHAIRMAN: We should clarify this. Do you want that on notice?

Mr BORBIDGE: If the Premier is happy to take it on notice.

Mr BEATTIE: There is no big deal here. There are one or two occasions. I am not aware of the detail at all, but I am happy to have a look at that. Can I just make the point that Dr Head has just advised me that the policy has not changed and I certainly have not approved any change in policy. We support that policy. If there have been for particular reasons one or two instances, then I am just as keen as you are to find out. We will have a sharing of knowledge together.

Mr BORBIDGE: Thank you. It is just that some tried it on me and I knocked them back.

Mr BEATTIE: I do not support a change to that policy, let me make it very clear, and I will find out the reasons.

Mr BORBIDGE: I refer the Premier to his answer to one of the questions on notice where he indicated that the department currently has eight non-SES officers on contract. Are you in a position to outline who these officers are, the term of their contracts, the rate of remuneration and the reason for their employment?

Mr BEATTIE: What I might do is take that question on notice and provide the Leader of the Opposition with the answer. You can imagine there is an enormous amount of time and research that is going to be required to find all that detail, but I am quite happy to take it on notice, and we will provide it to you.

Mr BORBIDGE: That will be appreciated.

I refer to page 4-4 of the MPS and note that the department, according to the MPS, has 414 staff including OPS, or 336 not including that office. In answer to one of my questions on notice, you indicated that the department has 144 temporary staff, which is more than 30% of all staff. Can you indicate, excluding secondees, where these temporary staff are engaged and the reasons for what appears to be on the surface a disproportionately high number of such staff and how these staff were actually being recruited?

Mr BEATTIE: They would be across the department. I have just consulted with the director-general. Some would be in new areas of financial services that we have brought in that we are providing. But they would be across the department. I cannot think—

Mr BORBIDGE: What I am getting at is that 30% seems pretty high. What would be the reasons for that?

Mr BEATTIE: I am just reminded of the point I made before that a lot of the work that we are doing like, for example, heritage trails or the Crime Prevention Task Force—a lot of those would involve temporary positions. As I said, when the work is done, they go. In fact, I have some more detail here. If you look at the Smithsonian, two additional FTEs will be employed on a temporary basis to address the Smithsonian project. The Queensland Heritage Trail Network will have an additional two temporary FTEs to progress the project, and the list goes on. That is basically what it is. In terms of Government practice, that is an efficient way to operate in that you use the services and skills of people for a particular project.

Just bear with me for a minute. I just had some material provided to me. In relation to the Brisbane on Display weekend that you asked me about, there were sponsors: Qantas, Port of Brisbane Corporation, Office of Economic Development—that is the Brisbane City Council one—Brisbane Airport Corporation, Brisbane City Council, the Queensland Government and the Marriott Hotel. The Queensland contribution was a total of \$15,000, banked by the Brisbane City Council on 24 May. So they organised it and we contributed to it.

The Brisbane City Council, the Office of Economic Development, the Queensland Government and the Department of State Development are currently in discussion with seven major interstate companies as a direct result of the Brisbane on Display weekend in areas such as new call centres and new

manufacturing plants. So the answer to your question is \$15,000.

Mr BORBIDGE: Fine. Thank you for that.

Mr BEATTIE: That was one question on notice. So that has answered it. We will not do that question on notice.

Mr BORBIDGE: Okay. In respect of the 30% of the department that are temporaries, would you be prepared to take that on notice?

Mr BEATTIE: I think we can give you a more detailed answer than what I have just given and I am happy to do that.

Mr BORBIDGE: I am not saying that there is anything sinister there. All I am saying is that it seems very high.

The CHAIRMAN: Mr Premier, you will take that on notice?

Mr BEATTIE: Yes. As part of the answer to the question, I want the following to be included because I think it is important it be on the record of the debate. Where the Policy Coordination Division is doing projects and doing particular things as part of a whole-of-Government approach, temporary people are brought in to deliver those projects. That will be where the numbers lie, and I will provide that.

But if you look at the number of SES positions, for example, in a number of areas—if you take the Premier's Department this year, Rob—in June 1998 when you went out of office, you had a total of 25 positions and the number of filled positions was 22. So you had 25, of which 22 were filled. The Beattie Government at June 1999 had a total of 22 positions and 15 were filled. So that gives you some idea of how frugal we are there.

In terms of office comparisons, I am happy to give you those. Ministerial numbers across Government are not particularly related to this, but they give you some idea of how frugal we are. The Borbidge Government in May 1998 in terms of actual positions filled had 208; my Government on September 1999 had 207.7. I do not know who the 0.7 was, but we will have an inquiry into that. So we are line ball—208. There were 214 in the Budget papers, but not all the positions have been filled. You would have had more, too.

We are talking about what was filled. If you look at it across Government, you had 208; we have 207.7. If you look at total ministerial Budgets, your Budget for June 1998 was \$22.6m; ours is \$21.5m. There is not a lot of difference—there is a saving here of \$1.1m, or 4.9%. Public servants on ministerial payrolls—we had less than you. You

had 58; we have 35. So there are savings in some of these areas.

I think if you do a comparison you will see that there is not a lot of difference. I could put a slant on this and say that we are better, which we clearly are. A better Government, too, by the way.

Mrs NITA CUNNINGHAM: I refer the Premier again to page 4-4. How has your department contributed to the Breaking the Unemployment Cycle program?

Mr BEATTIE: I can start by saying: very well. As you know, we have the lowest level of unemployment in 10 years. Reducing unemployment is a top priority of the Government. Immediately upon taking office, the Government began implementing the Breaking the Unemployment Cycle initiative, which you referred to. The initiative includes a dramatic increase in apprenticeships and traineeships in both the private and public sectors. In addition to all the Smart State stuff that you asked me about before, you have to give kids some training. Not everyone is going to be a rocket scientist. Kids have to have an opportunity for apprenticeships and traineeships, which is why this is so important.

Some 24,500 apprenticeship, traineeship and job placement employment opportunities will be created between July 1999 and June 2003. The Government is exceeding its 1999 targets for achieving this goal. As a result of the Breaking the Unemployment Cycle initiative, the private sector has employed 3,017 new apprentices and 2,257 trainees since October 1998—that is not bad—totalling 5,274 new jobs, which exceeds the target of 2,500 new private sector apprentices and trainees to 30 June 1999.

In addition, the State Government has funded the employment of 449 apprentices and 2,510 trainees in the public sector since October 1998, and the 5% target for employing indigenous people in the Public Service has also been well exceeded. Up to 900 construction apprenticeships will be created over four years as a result of this Government's requirement that 10% of employable hours on all State Government building and construction contracts be undertaken by apprentices.

In addition, the Government Housing Industry Training program is expected to generate a total of 600 extra apprentices over four years, to be employed in the construction of additional public housing projects. There are good prospects for continued employment after gaining skills and experience through an apprenticeship or traineeship.

Some 43,200 new jobs were created in Queensland in the 12 months of this Government, and nearly 65% of these were full time. That is the big difference between my Government and the previous Government. These are overwhelmingly full-time jobs. That is the difference and that is the key. This means that the Government's job creation target for the year, which was 30,000 new jobs, was exceeded by 50%.

Over the 1998-99 financial year, Queensland was responsible for 30% of all jobs created in Australia and, importantly, more than half were full-time jobs. In the Government's first year in office, the unemployment rate in Queensland fell from 8.7% in June to 7.9% in August 1999. We broke the 8% barrier. The Queensland unemployment rate for 1997-98 was 9%. In 1996-97 it was 9.6%. Our track record in this area is, quite frankly, amazing. Well, I think so, and that is all that matters.

Dr Watson interjected.

Mr BEATTIE: Fair go. Do not demean us like that. We at least have leadership with a brain here.

Dr WATSON: I know the facts.

Mr BEATTIE: So do I. You better pull him into line. He is being divisive over here, Mr Chairman.

The CHAIRMAN: Mr Premier, I remind you that you are a witness before this Committee. I call the member for Cairns.

Mr BEATTIE: We should do something about the quality of the Committee.

Dr WATSON: Is that a reflection on the Committee?

Mr BEATTIE: Not at all. I said what good quality it is.

Ms BOYLE: I refer the Premier to the list of significant infrastructure projects. There is one in particular I would like you to address, that is, the Cairns Esplanade redevelopment. What is the total amount that the Cairns City Council has sought from the State Government for this project? What amount has the State Government committed to date? What is the likelihood of the State meeting the balance?

Mr BEATTIE: I know that the member for Cairns has been a strong advocate of the money for this project. Your advocacy has been well placed. Tom Pyne and I have met on this matter on a number of occasions. The Government has committed a total of \$5m in the 1998-99 Budget to the redevelopment of the Cairns Esplanade. A further \$4m has been

allocated towards the project as well. There is a total cost of \$24m, as you know better than I do. The Government recognises the importance of this redevelopment and the effect it will have on revitalising the Cairns foreshore area and the beneficial impact this will have on business and tourism for the region and Queensland as a whole due to the role Cairns plays as a major gateway to the State.

In fact, Councillor Pyne has sought a total of \$11.5m for this project. We have put in \$9m. He wants \$11.5m. I am happy to share a little secret with you: he is going to get it. So he will in fact get \$11.5m for this project. \$4m has been allocated in the Treasurer's Advance. The remaining \$2.5m will come from the CBD revitalisation package. So he is going to be a very happy man, and I know that you will be a very happy member.

Mrs NITA CUNNINGHAM: I refer the Premier to page 4-39 of the Ministerial Portfolio Statements, which refers to resourcing of ministerial offices. What level of resourcing was available to the Opposition office when you were Opposition Leader? What level of resourcing has been provided to that office since the change of Government last year?

Mr BEATTIE: An enormous increase. Absolutely. We are generous people. Let me tell you what the additional allocations are: one additional vehicle, 28 July 1998; one additional mobile phone, 26 August 1998; computer upgrade, valued at \$75,000, from 1 October 1998; one position at an AO8(2) part-time—that is 0.4 an FTE—7 October 1998. There were some variances to ranges within the overall structure. Also, there was one additional mobile phone, 6 November 1998; a camera, 10 November 1998; overseas travel approved with an increase to the overseas DTA from \$490 to \$850. That may sound like a lot of money, but it is not when you are travelling, bearing in mind the value of the Australian dollar. I just want to say that. I think both sides of politics would understand and appreciate that.

Further, there were additional staffing increases—six AO8(4)s to SO1(1)s and an additional AO5(4), and an additional AO5(1) for the Leader of the Liberal Party on 27 May 1999. The approved budget for the Opposition for 1999-2000 has been discussed. There is an increase of \$448,040 and 2.4 additional staff members on 1998-99 published figures. The estimated amount is \$2,146,000, for One Nation is \$264,000 and for the two Independents is \$150,000 each.

Can I say that, while we have increased resources and staff to the Opposition, I think that is appropriate. I mean, they still manage to give us a hard time, whether there is a smaller or larger number of staff. That is the nature of things. But I think it is only fair in a democracy that the Opposition should be resourced. I acknowledge that, when I was Leader of the Opposition, Mr Borbidge as Premier also made an increase. I have continued in that spirit. I intend to continue to do that. I do not see any problem with any of that. I think that is appropriate. I am happy to put on record what it is, though, so that we get the appropriate accolades, as we should. But it is a continuation of the spirit.

Mr BORBIDGE: It is good insurance, isn't it, Premier, if something goes wrong?

Mr BEATTIE: I do not need the insurance, let me tell you. Rob will be very happy with this for the next 10 or 20 years, I feel sure.

The CHAIRMAN: I was going to ask you about the quality of the staff, but I will not.

Mr BEATTIE: That is entirely a matter for the Leader of the Opposition and the Leader of the Liberal Party.

Ms BOYLE: To another important infrastructure project in the southern part of the State—the South Bank Masterplan—would you inform the Committee what the different elements are of that South Bank redevelopment, the costs involved, the major elements in the project that are likely to be completed and their time lines?

Mr BEATTIE: I should acknowledge that representatives of South Bank are here. The chairman was here a little earlier. The South Bank Masterplan is an \$81m redevelopment of South Bank. The redevelopment includes the revitalisation of Grey Street—and I wish they would change the name of it—the development of a one-kilometre arbor and the construction of a pedestrian/cycle bridge. The Grey Street realignment and redevelopment will create a new streetscape, incorporating improved pedestrian access, shade trees, seven-metre-high pergolas and on-street parking. The Thiess global headquarters, which I opened recently, and the Imax Theatre are located on Grey Street.

Two new sites on Grey Street are to be developed by the Mirvac Group. I announced the other day this new project of Mirvac. I think it is an exciting project, and it will bring a livability to that area which, in my view, will be unprecedented. The Mirvac Group plan includes a mixed-use complex with 180 apartments and a ground-floor retail precinct

with restaurants and shops. This is a \$100m project, and it is due to start in March 2000.

To make all these venues work, we have to have people living in them. Otherwise you end up with the Central Park syndrome in New York, where they become dangers—danger areas, crime problems. You have to have people living there, and that is what this is all about.

The arbor is a one-kilometre-long ribbon of colour that meanders the length of South Bank. This will be sensational when it is finished. When completed, it will consist of over 400 galvanised street columns covered with blossoming bougainvillea. If that doesn't boggle the mind, nothing will! The arbor will be a structural icon linking the old and new sections of South Bank—so there is even a plan to go with it.

The pedestrian/cycle bridge is to be constructed to connect the Maritime Museum at South Bank with the Queensland University of Technology. The bridge is to cost \$13.4m and will be completed by early 2001. \$1.6m is being provided for development of the Maritime Museum. I acknowledge—as I should in these things—the contribution of the previous Government. They were supportive of this bridge, and I acknowledge that. We are, as well. The South Bank Corporation undertook extensive public consultation in late 1998 to gauge the level of support for the bridge and determine its best location. The construction of the bridge will be undertaken by the Coordinator General.

Other works to be undertaken as part of the master plan include an 800-space underground car park on Grey Street, improved landscaping in the parklands, the redesign of the piazza and demolition and re-landscaping of the former Gondwana site. Apart from the construction of the pedestrian/cycle bridge, all other works associated with the master plan are expected to be finalised by November 1999, giving a new face to the world-class public facility on the Brisbane River. Whether it takes a bit longer, we will have to wait and see.

It is all part of the City West Precinct. One of the things Brisbane has needed is a heart to attract people and tourists here, so they can then go and visit Bundaberg, Cairns and elsewhere. South Bank will do that.

Mrs NITA CUNNINGHAM: With reference to the Community Cabinet process, I ask: how does this process vary from its predecessor, the regional Cabinet program? How many Community Cabinet meetings were held during the last financial year? Where were they held?

How many deputations were received? And what is planned for this financial year?

Mr BEATTIE: This Community Cabinet process is a very good one. We have had 18 to date. The 19th, I think, is going to be in Townsville/Cooktown in the next three weeks. We are deliberately getting out across the State.

They differ in this sense. We turn up for two days. We have had one in Bundaberg and one at Edmonton. We turn up. We invite people. Anyone can turn up. They have a cup of tea and a biscuit. Being a frugal Government, you do not get any more than that. And the biscuits are dry biscuits, too. I address the gathering, and then people can ask any questions they like. It is a bit like Estimates, really. They can ask any questions they like on any subject. Then there is a period when Ministers take delegations without appointment. So anybody can come up and talk to a Minister. The director-general is there, as well. Then there are times set aside for previously appointed meetings. So if people have rung in in response to ads, they will actually have a formal delegation. That continues on Monday morning, and then the formal Cabinet meeting takes place. There is a lunch, which is a stand-up, nibble thing; it is not a sit-down lunch.

The community have responded very well. They are an enormous amount of work for Ministers and the Government, but they are listening to the community and they are responding to the community's wishes. I think they are very, very positive. But there is an expense involved. The total expenditure to date for the Community Cabinet program for 1998-99 is \$106,350. Expenditure for the Community Cabinet at Longreach/Barcaldine is still being finalised. The average cost of the Community Cabinet meeting's presence is about \$8,180. I imagine Cooktown will be more expensive than that, though, because of the logistics. You had these problems, Rob, when you went to Thursday Island with your Cabinet. There are extra costs involved.

I just want to say this, and I know that the community will accept this. If you are going to be a Government for all Queenslanders, there is a cost involved, and there will be a continuing cost for these Community Cabinets, but I think it is money well spent. It is giving the community unprecedented access to Government, and I think they are very valuable and very important.

You asked where we have been. We have done Edmonton, Ipswich, Nambour, Bundaberg, Mount Isa, Springwood, Mackay,

Longreach/Barcaldine—we shared that on the Sunday and the Monday—Caboolture, Gold Coast, Townsville, Toowoomba, Rockhampton, north-west Brisbane, Gladstone, Atherton, and we have been out to Bundamba since then. The next one is Cooktown. Then we are going to Kingaroy. How is that? So we are a Government for all Queenslanders.

Ms BOYLE: On the topic of the Office of the Public Service Commissioner and, in particular, the issue of ethics, I ask: what assistance is this office offering to line agencies in this area, and what role is the Griffith University playing in this work?

Mr BEATTIE: Ethics, as you would appreciate, is a matter of personal interest to me, and concern. The Government is committed to maintaining an expert and ethical Public Service consistent with long-established conventions of integrity and apolitical service to Ministers and the Government of the day.

The Office of the Public Service Commissioner, to which you referred, continues to support two practitioner forums: the Queensland public sector ethics network and the Australian public sector ethics network. The OPSC has provided significant assistance with the redevelopment of the unique public sector ethics and resource service, the CD-ROM-based multimedia training, and a development package devised for the Australian and New Zealand Public Service.

The OPSC continues to provide specialist advice to Public Service agencies on the development of agency specific codes of conduct under the Public Sector Ethics Act 1994 and assists departments, on request, in the provision of training. Equity and resolution staff contributed papers to representatives to five Australian and two overseas conferences on public service ethics subjects in 1998-99. And in December 1998, the Government supported, through the OPSC, a successful application for Commonwealth funding of \$1.3m to create a unique national multidisciplinary research institution in the key centre for ethics, law, justice and governance at Griffith University.

The OPSC cooperates as an industry partner, with a key centre in relation to collaborative research projects in public sector ethics, values, law and governance. The OPSC assists with the provision of the secretariat for the International Institute for Public Ethics, which is co-located with the key centre. Directors of the institute represent the USA, Canada, the United Kingdom, Sweden, the Netherlands and Australia. Professor

Charles Sampford of the key centre and Mr Howard Whitton from the OPSC are the two Australian directors of the institute. In fact, the other night, the Fullbright commission were here. We had a reception for them, including a former Chief Justice of the High Court. Charles was there. This is part of what the centre does. They have gatherings from time to time where they debate important ethical and other issues.

The OPSC has developed the draft legislation for the office of Integrity Commissioner—a major initiative of this Government. The legislation is in the House, as you know. The commissioner will give the most senior elected and appointed public officials confidential and protected advice in relation to personal conflict of interest matters in the interests of enhancing community confidence in Queensland public institutions.

The Public Service Commissioner has announced new and annual awards for research and development in public sector ethics to encourage excellence in the Public Service. In fact, there are going to be some other Premier's awards in the Public Service shortly. As you know, when I became Premier I took some advice from the QUT ethics—

The CHAIRMAN: Order! The Premier's time has expired.

Mr BORBIDGE: During the course of proceedings the Premier made mention of the fact that on Thursday of this week, jointly with the Commonwealth, he is to announce funding under the Heritage Trails project, which is a project initiated by the coalition and followed through by the current Government. Obviously, we would not want to see any embarrassment to any party by the release of the answer to that question on notice ahead of the joint announcement by the Commonwealth and the State Government.

I would therefore move the following procedural motion—

"That the release of the answer to that question on notice provided by the Premier be held over until such time as the Commonwealth and Queensland Governments make the public announcement on Thursday."

The CHAIRMAN: Order! I note that motion moved by the Deputy Chairman has been seconded by the member for Bundaberg. The motion is carried.

The time allotted for the consideration of the Estimates of expenditure of the Department of Premier and Cabinet has now expired. I thank the Premier and his officers for

their attendance. Before they leave, I would remind them that the responses to the questions taken on notice at this hearing are required to be returned to the Committee by 5 p.m. on Monday, 11 October 1999. If the department is unable to meet this time frame it is requested that both myself and the Deputy Chairman be advised.

Sitting suspended from 1 p.m. to 2.10 p.m.

TREASURER**IN ATTENDANCE**

Hon. D. J. Hamill, Treasurer
 Mr G. Bradley, Under Treasurer
 Mr M. Gray, Deputy Under Treasurer
 Dr P. Crossman, Government Statistician,
 Office of Economic and Statistical
 Research
 Mr G. Waite, Assistant Under Treasurer
 (Corporate Services)
 Mr S. Rochester, Chief Executive,
 Queensland Treasury Corporation
 Mr B. Worrall, Director, Finance
 Directorate, Corporate Support
 Services

The CHAIRMAN: The hearings of Estimates Committee A are now resumed. The next item for consideration is the Estimates of expenditure for the Treasury. The time allotted is three hours. For the information of witnesses, the time limit for questions is one minute; for answers, it is three minutes. A single chime will give a 15-second warning. A double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers. A double chime will also sound two minutes after an extension of time has been given. The Sessional Orders require that at least half the time available for questions and answers is allotted to non-Government members. For the benefit of Hansard, I ask departmental officers to identify themselves before they first answer a question. For the convenience of the Committee, I would ask all present to switch off their mobile phones now. I now declare the proposed expenditure for the Department of Treasury to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

Mr Treasurer, is it your wish to make a short introductory statement in relation to the elements within your portfolio?

Mr HAMILL: Yes, it is.

The CHAIRMAN: I ask that you limit your statement to five minutes.

Mr HAMILL: These hearings come at the end of a year of significant achievements in the Treasury portfolio—and my department in particular. In fact, in the year since we last sat here for Estimates committee hearings, there have been a number of significant events and a number of significant policy initiatives.

Perhaps the most far-reaching of all of these has been the fact that over the past 12 months we have very proudly stood up for Queensland's interests in what were very difficult negotiations with the Commonwealth over its tax reform agenda. As a result of those negotiations we achieved a compensation package which brought Queensland an extra \$350m to help safeguard our State from the introduction of higher taxation which came with the goods and services tax.

Also during the past 12 months I have successfully negotiated the most progressive reforms to State public sector superannuation in Australia. These reforms include more choice and equity through the option of an accumulation scheme as well as a defined benefits scheme for Queensland Government employees, and a system under which the State Government meets significant tax liabilities which would otherwise have accrued to individual beneficiaries under the scheme. I might say that we are the only Government in Australia to do this. All of that has been achieved while preserving a scheme which the actuary has calculated will have a projected surplus of \$866m.

We have also undertaken a sweeping review of the gaming industry in Queensland—the first ever such review in the State's history. We have conducted this review because we are concerned about the environment in which gaming has been allowed to expand at the possible expense of not only the players but also the community. That is why we blocked TABCorp's attempt earlier this year to use surf clubs as an entree to establishing mini casinos around the State. That is also why we have set out tough guidelines restricting the further proliferation of gaming venues—particularly in places such as shopping centres.

Shortly, we will be bringing down the final report of a review of compulsory third-party insurance. This report will identify measures we can take to enable the scheme to remain both fully funded and affordable. Already we are in the process of finalising legislation to stamp out the practice of lawyers touting for business at accident scenes.

I have also prepared new public benefit guidelines for National Competition Policy in Queensland. These guidelines will be applied vigorously to ensure that reforms do indeed deliver real, tangible public benefits by providing a greater focus on the social and employment impacts of proposed reforms. These guidelines will be made available to the public for comment and input—something which has never happened before.

We have successfully completed the Suncorp-Metway EIN Series 2 public offering—at \$1 billion the largest public offering in Queensland's history—and converted the proceeds into much needed public infrastructure through our Capital Works Program. By the end of the year we will have completed the sale of the Queensland TAB, which will breathe new life and competitive vigour into the State's racing industry.

We have set new benchmarks in economic management. We have delivered record jobs growth—44,600 new jobs in our first year—the lowest unemployment levels this decade, and strong economic growth. It is this leadership and sound economic management which has restored business confidence in Queensland.

There are a number of challenges ahead of us. We have the challenges that the GST brings, including its implications for Queensland Government administration. We also have the problems posed by some of the recommendations in the Ralph review of business taxation—particularly in relation to accelerated depreciation. There is also the challenge of delivering on yet another record capital works program—this year worth \$5.2 billion. We are ensuring that everything this Government does is focused on delivering real outcomes.

We have set new standards for Government accountability in Australia with the introduction of our Charter of Social and Fiscal Responsibility. This charter will hold us accountable to a clearly defined set of fiscal principles as well as—for the first time in Australia—also requiring us to deliver on key social policy objectives. The charter complements the reforms to public sector accountability as embodied in this our first full accrual output Budget. This is an open and accountable Government that is focused on delivering real services and improving the quality of life of all Queenslanders. I commend the Treasury Department Estimates to the Committee.

Dr WATSON: May I refer to page 144 of the portfolio statement? We have an identified equity return of \$8,330,000. Can you tell me the net asset base on which that is calculated?

Mr HAMILL: The net asset base for the Treasury Department?

Dr WATSON: Yes.

Mr HAMILL: As you know, the equity return has been established at some 6% on the asset base. The equity return figure that you see appearing in the table on page 144 as expenses also appears under revenues.

The sum which has been established as the equity return is provided to the department as an output. The asset base is \$138m.

Dr WATSON: Why is that not reflected in the statement of the financial position on page 145?

Mr GRAY: The answer to that is that the second figure includes both controlled and administered assets whereas the equity return is calculated only on controlled assets.

Dr WATSON: From my reading of the statement of the financial position, administered assets were something like \$511m.

Mr GRAY: What page are you referring to?

Dr WATSON: When I look at page 1-48, the net administered assets is \$511m.

Mr GRAY: The equity return does not apply to administered assets.

Dr WATSON: The net assets on the statement of financial position—

Mr HAMILL: I will answer the question. The figure that you refer to on page 1-48, which is the total equity for the department—that is the figure of \$511m that you are citing?

Dr WATSON: Yes.

Mr HAMILL: That is total. That is administered. The equity return is based on the controlled assets of the department. As you would be aware, in terms of administered assets of the department, they are not assets which the department actually directs other than to pass on to other appropriate bodies. So therefore, the equity return in terms of the departmental management should quite properly be levied upon the controlled assets of the department.

Dr WATSON: I understand that. I want to know why in the statement of financial position on page 1-45 which, as I understand is the controlled assets, the net assets is \$138m instead of \$134.5m?

Mr WAITE: The equity return is also calculated including the accounts of the Motor Accident Insurance Commissioner and the Nominal Defendant. That is a total amount whereas those two accounts of the Nominal Defendant and MAIC are not included in Treasury's controlled accounts.

Dr WATSON: So you are telling me that the operating statement that you gave me on page 1-44 is not prepared on the same basis as the statement of financial position on page 1-45?

Mr WAITE: Yes, it is, but the calculation of the equity return is based on a wider base, which includes the MAIC and the Nominal Defendant.

Dr WATSON: If that is the way you have done the equity return, where is that specified in the papers? When I read the Treasury documents, I thought very naively that the equity return was related to the controlled assets. When I was looking at that, I would have looked at the controlled assets of the department. I would not have included the Motor Accident Insurance Corporation. I would have thought that the equity return should have been based upon the controlled assets of those sections of Treasury.

Mr BRADLEY: The equity return is a consolidation of various amounts, but the accounts themselves we have shown separately for the purposes of the Committee. Obviously, the Motor Accident Insurance Commission controls the resources necessary to conduct its activities. That is the way in which the equity return has been calculated.

Dr WATSON: So you are telling me that you are applying the equity return to the Motor Accident Insurance Corporation as well?

Mr BRADLEY: This calculation is based on that. That is correct.

Mr WAITE: At the time the equity return was done, the MAIC and the Nominal Defendant were part of the Treasury entity and it is only in this 1999-2000 year that they have been excluded.

Dr WATSON: I will come back to that a little bit later.

The CHAIRMAN: Could I just remind the witnesses that it would make it easier for Hansard if on each occasion they identify themselves.

Dr WATSON: I will have to ask another question related to some of the other things. The section with respect to payments for outputs—

Mr HAMILL: Sorry, which page?

Dr WATSON: 1-44 again, \$102,109—

Mr HAMILL: No, that is \$102m.

Dr WATSON: Sorry, \$102,109,000—I am going to skip where the Nominal Defendant is.

Mr HAMILL: That is over the back.

Dr WATSON: How do you get that figure of \$102,109,000?

Mr HAMILL: How do you get it?

Dr WATSON: Yes. How did you work out that it is the payments for outputs?

Mr WAITE: That is effectively the appropriation that the Government is paying to Treasury to purchase outputs for that particular output, which is basically the amount that we need to deliver those outputs for the department.

Dr WATSON: The Treasurer identified six different areas, and there are output statements for each and every one of those. Is the \$102,109,000 the sum of the outputs for each of those subsections?

Mr BRADLEY: That is correct, yes.

Dr WATSON: That is correct? I just did a quick calculation and I found that it came to \$99,775,000, which is a \$2,334,000 difference. If you look at each of the output statements—if each of those areas are included—and you add them, it comes to \$99,775,000.

Mr HAMILL: If we take that point on notice, I will allow the officers to check.

Mr WAITE: The appropriations in that statement include corporate services—the appropriation for corporate services which are provided to the Motor Accident Insurance Commission.

Dr WATSON: It includes that? Where does that come out? Where could I actually identify that separately?

Mr WAITE: You should find that in the—

Mr HAMILL: As I was going to say before, I will take those matters on notice and we will furnish you with a detailed response a little later this afternoon.

Dr WATSON: Will you also give me a detailed response on why none of the others come to the same amount?

Mr HAMILL: Sorry? What do you want?

Dr WATSON: If you look at page 1-44 again and you look at every subsection in revenues and every subsection in expenses, none of them are the sum of the amounts included in the operating statements of each of the subsections of the department.

Mr HAMILL: So what you are saying is that the same element that you have identified here is relevant to those other items?

Dr WATSON: Yes.

Mr HAMILL: I am more than happy to have the officers prepare you a detailed response in relation to that matter to explain why that is so.

Dr WATSON: And you will tell me how you find that in these other statements? I would have thought that if you were going to look at Treasury and there is a significant amount—

\$2.34m—not accounted for by looking at the sums of those things, that would have been explained clearly somewhere in the documentation. I would have thought that it was fairly evident that you ought to have that to explain how you are getting your output figures and everything else. I will move on.

The CHAIRMAN: Can I take it, Mr Treasurer, that you will take that on notice and you will get back to us by 11 October?

Mr HAMILL: Mr Chairman, I hope to have it back to you this afternoon to assist the Committee in its work in finalising its report. We will do it as soon as possible.

Dr WATSON: On the issue of equity returns, the figure of 6% has been chosen by Treasury, yet last year in the Estimates when we were talking about the issue of Suncorp-Metway—and I think Mr Bradley answered it—we talked about the return that the Government could expect, the opportunity cost of capital, and I was told that it was 7%. A lot of analysis has been done with the QTC and the QIC and the long-term rate of return that should be expected, which was the opportunity cost of capital, was 7%. Why have you chosen 6% now?

Mr BRADLEY: The 7% figure I think referred to last year was the estimated investment returns that we could generate through investing in accommodation—

Dr WATSON: I think that it was referred to as the opportunity cost, too.

Mr BRADLEY: I think we used the assumption in terms of investing a certain amount in the Queensland Investment Corporation and the Queensland Treasury Corporation. For the purposes of this equity return, we have assumed, I guess, a long-run, essentially risk-free cost of capital. We were intending with Suncorp-Metway investments to undertake investments with a level of risk, not simply risk free and 6% we feel is a reasonable estimate of the long-term, risk-free cost of capital.

Dr WATSON: So you are telling me that the opportunity cost is different for different parts of Government?

Mr HAMILL: I think that the Under Treasurer made it absolutely clear that the important difference here between, say, investments that are occurring in the marketplace and the cost of capital to Government turns on the element of risk that is involved. Of course, the risk is priced and he has indicated that there is a pricing differential here of 6% as opposed to 7%.

Dr WATSON: If you recall last year, we were talking about the investment of funds with a risk-free rate of return.

Mr HAMILL: You are not suggesting that the funds should be invested simply in departmental outputs?

Dr WATSON: I am asking you to justify the position. Last year at the Estimates Committee we were talking about the reinvestment of funds and the risk-free rate of return. You told me it was 7%, based on quite a number of studies that showed that this was the appropriate long-term rate. I am asking you what is different between now and last year so that now, presumably, it is 6%?

Mr HAMILL: The Under Treasurer has already responded to that question.

Mr GRAY: Since that calculation was done last year, which would have been based on the 1997-98 situation at the time, there have been some downward movements in interest rates that would have changed that assessment.

Dr WATSON: Of course, the expectation, depending upon what the Reserve Bank does tomorrow, is that interest rates will move up again. If that happens, are you thinking of moving the 6% up?

Mr HAMILL: In relation to equity return, it is fair to say that whilst it has been calculated on 6% on the controlled asset base of the entities and whilst funds have been made available to the various departments in respect of that sum, if we are going to continue with equity return next year and if it is determined that the rate should be 5% or 7%, the appropriate sum of money would be provided to departments accordingly. This is the first year that we have had an equity return built into the Budget, although it is not a new concept. In fact, Mr Slack would recall that in the strategic plan that he sponsored whilst a Minister in the former Government, equity return was canvassed. It was also a concept that arose out of the Commission of Audit report that the former Government commissioned in 1996. Dr Watson would be very much aware of that. This is the first time that it has been implemented and, obviously, a number of aspects of its administration will have to be watched closely over the course of the year.

Departments have been protected. It is not a case of departments being forced to provide a sum for an expense for which they have not received direct funding to compensate for that expense as part of their revenues. If, in the future, the sum, the percentage or the rate, if you like, of the equity

return should be varied, according to the approach that we have taken departments would receive, as part of their payments for outputs, a sum that equated to the size of the equity return, whether it be calculated on the basis of 4%, 5%, 6%, 7%, 8% or 9%—whatever the figure was.

Dr WATSON: It is interesting that the Treasurer just talked about the issue of whether the equity return will be considered. From listening to the Government previous to the presentation of the Budget and during the presentation of the Budget, it is my understanding that one of the arguments—if not the major argument—was to encourage public sector managers to manage their assets. If you have not decided yet whether or not you will continue with the equity return next year, how does it encourage public sector managers to manage their assets this year?

Mr HAMILL: Very simply, the provision of those funds by way of the equity return or the equivalent of the equity return as part of the moneys or the appropriation for departmental outputs provides an incentive for departmental managers to review the assets that are controlled by those departments. As you would understand, the incentive is to operate as follows: whilst departments will be required to make quarterly payments to return the equity return to Government, should some of the capital base upon which the equity return was calculated be disposed of by the department, the proceeds of that disposal would be forwarded back to Government but the part of the equity return that related to those controlled assets would remain as part of the ongoing outputs to the department. The department would receive an ongoing benefit. To use the old parlance, it would be effectively built into the base funding of the department.

Dr WATSON: I thought that was only if the equity return concept was continued?

Mr HAMILL: The equity return concept is there now, so a department this year—

Dr WATSON: But the incentive this year—

Mr HAMILL: If you let me finish, I will help you through this. If a department this year disposes of some of its controlled assets and returns those proceeds to Government, as they are required to do, the department would be rewarded by being able to retain 6% of the value of that by way of that portion of the equity return that was attached to those assets, but that money would remain with the department. Even if this initiative was found to be ineffective or if for some reason we felt that it needed to be further modified, nevertheless a department that availed itself of that avenue

this year would be able to retain that benefit as an ongoing benefit to the outputs of the department.

Dr WATSON: Let us take an example. A department gets rid of an asset of \$100. It gets to keep 6%, so it keeps \$6 and gives Treasury \$94. How is that an incentive if the department does not know that it will continue next year?

Mr HAMILL: As I just mentioned to you, the benefit that would accrue to the department this year is not a one-off benefit but was factored on an ongoing basis into the base of the department. Even if the equity return was not to be continued as a policy prescription in terms of the Budget forever and a day, the benefit that had been derived by the department through this initiative this year would be provided to the department on an ongoing basis.

The CHAIRMAN: It is time for Government questions.

Ms BOYLE: Mr Treasurer, I take you back to your opening statement in which you mentioned the Charter of Social and Fiscal Responsibility. Did that charter influence the structure of this Budget? How will the charter improve financial management and accountability in the future?

Mr HAMILL: Which part of the—

Ms BOYLE: The Charter of Social and Fiscal Responsibility, mentioned on pages 1-2 and 1-10 of the MPS.

Mr HAMILL: The charter is a very important tool for this Government in terms of establishing quite clearly what its policy directions and economic management directions would be. On the one hand, the charter unites the economic policy of the Government with the delivery of the social policy outcomes. The charter is underpinned by five basic principles of fiscal responsibility. Firstly, that we as a Government are committed to maintaining a competitive tax environment in Queensland. Secondly, that we are determined that the provision of services is, in fact, affordable and the way that we achieve that is by maintaining an overall general Government operating surplus. Thirdly, in terms of our capital funding, that the borrowings or things that look like borrowings and other financial arrangements can only be undertaken for those capital investments where they can be serviced within that operating surplus. That is consistent with maintaining the Government's AAA credit rating and is consistent also with the affordability that is the second element of the charter. Fourthly, that we will maintain what

has been a longstanding policy in Queensland, although we have refined it further this year in the Budget, to ensure that our financial assets cover all of our accruing and expected future risks and liabilities. Of course, the fifth element is the bottom line, and that is building the State's net worth.

How that translates into the Budget is as follows. What we have, as I said in the introductory statement, is our first accrual output Budget. What our Government has done in terms of promulgating the charter is also make clear seven key policy outcomes or directions for the Government. In taking those seven key points within the framework provided by the charter, we then go back to the various departmental programs—the outputs of a department—to ensure that they also align with the achievement of those outcomes. The charter is quite critical to marrying the economic policy with the delivery of the social outcomes. As I said, this is a Budget about accrual output budgeting. The whole focus has gone from inputs, which were a feature of budgeting in the past, where you simply put up a line item and said, "Here is X million dollars for something or other", to actually focusing the business of the departments on looking at what they are achieving. What the people of Queensland want to know is what Governments are achieving rather than what resources the Government is using.

Mrs NITA CUNNINGHAM: I note from Budget Paper No. 4 that most departments have seen a net increase in their budgets in this financial year. What funding offsets have been identified to fund those increases?

Mr HAMILL: In terms of the overall framework of the Budget, what we have here is a Budget which is very responsible in fiscal terms. We have a Budget which has been framed in an environment where there is modest revenue growth overall but also modest increases in expenditure. But in the process that I was just explaining to the member for Cairns and the way in which we approach this Budget, what we have sought to do is focus on those outputs, determine the Government's priorities and to ensure that departments are in fact delivering on the Government's priorities. In the process of doing that, we went back and looked at the performance of departments in delivering their budgets. What we found was that departments, both in terms of their capital budgets and certainly in relation to their recurrent budgets, had shown a tendency for increasing carryovers over time. That represents resources which are not being well

utilised to deliver the outputs that the people are expecting in terms of services.

We looked at the performance of departments. We identified significant savings that we could then reallocate. The notion of a recurrent Budget saving is pretty much a nonsense. It is all very well if for some reason or other there has been a failure to deliver on a particular item, for example, in the Capital Works Program, because of bad weather or some such thing. If you have within the Budget moneys that are turning up year in, year out from departments merely showing up as unexpended carryovers, I think it is most important that through a proper and rigorous Budget process you identify those funds and put them to work. That is how we have been able to fund increases such as those you have referred to and those that you see in the various statements in Budget Paper No. 4 for individual departments.

Ms BOYLE: I refer you to page 1-11 of the MPS and I note that Standard and Poor's in its assessment of the State Budget described "weakening finances" on the basis of "a general government underlying cash deficit of \$A0.4 billion". What does that assessment of the cashflow mean and what impact will that have on the State's AAA credit rating?

Mr HAMILL: I note those comments. I think this underlines the significance of moving to an accrual Budget. The analysis that Standard and Poor's brought to bear focused upon cashflows. As you would appreciate, when Budgets were prepared on a cash basis, the expenditures or the revenue were simply recorded at the time that that particular expenditure occurred, in other words, when the cheque was drawn or when the revenue was actually received, unlike the position with the accruals-based Budget, where the Budget brings to book the expenditures and revenues at the time that they are in fact incurred.

What featured in the analysis done by Standard and Poor's was the fact that in cash terms there were payments in respect of community service obligations, community service obligations that even extended back to the time when Mr Borbidge was Premier. It gives a very, very misleading impression of what the state of the finances are when you have such lags appearing in terms of bringing items to book. I think it is also worth noting, though, the following quote from the analysis of Standard and Poor's—

"... with other net assets (nonliquid financial assets plus nonfinancial assets less other liabilities) totalling A\$69.5 billion

at June 2000, the balance sheet is strong. In the general government sector, net financial liabilities are a very low A\$1.7 billion."

More importantly, it states—

"However, the particularly strong Queensland government balance sheet will continue to underpin the state's 'AAA' local currency rating."

To me that is most important, as is the bottom line in this Budget, which shows a continuing addition to total net worth. In this Budget we find that net worth is expected to rise to some \$58 billion, compared with a net worth of some \$55.3 billion when this Government came to office in June 1998.

Mrs NITA CUNNINGHAM: We heard earlier about the equity return. It has been referred to in the foreword to the Ministerial Portfolio Statements and also in the Budget papers. Would you tell us what effect the equity return will have on the service provision of agencies?

Mr HAMILL: Further to that earlier discussion, this is a very important point to be canvassed. As I said earlier on, the decision to have this notion of an equity return built into the Budget was made without any impairing of the capacity of any department to deliver on the outputs that that department was intending to provide. Whilst the sum which was set down as the equity return applicable to the particular department is set down as part of the expenses which the department must meet or for which it has budgeted, it is also built into the resources made available to the department for the delivery of the outputs. If the department for whatever reason chooses not to avail itself of the incentives that are built in there to add some funds to the ongoing resource base of the department through the disposal of an asset, that is a matter for the departmental manager. But that decision does not in any way have bearing on the capacity of the department to meet the outputs for which the department is effectively contracted by Government to deliver. It is not, for example, a productivity dividend, which had been administered in the past, where departmental resources are reduced by a certain amount or where they actually have to pay that back to the Government. Here we have an equity return matched by the provision of the resources which would enable the department to return the whole of the equity return if the departmental manager saw fit.

Ms BOYLE: I refer to the growth in revenue and outlays that are identified on page 11 of Budget Paper No. 6. Can the

Treasurer provide information on the reasons behind this growth?

Mr HAMILL: Sorry, this is Budget paper—

Ms BOYLE: Budget Paper No. 6, page 11.

Mr HAMILL: Just in terms of total outlays, as I mentioned before, the operating expenses of the Budget—and you will see this from page 11 as you have referred to—are some \$16.8 billion. As I mentioned, the actual Budget itself represents a very modest increase in actual expenditure, some 1.3%, and that mirrors the fact that revenues have increased by only 1.3%.

I know that in the discussion on this Budget there have been various allegations made that, on the one hand, it was excessively miserly and insufficient funds were made available to delivery of certain outputs. On the other side, indeed sometimes from the same commentators, it had been suggested that that was big spending. You cannot have it both ways. What we do see here is a Government that, through its expenditure, is identifying key priorities. Almost half of the operating expenses that are outlined in this Budget are being directed to health and education, two of the key service areas of Government. When you have a situation where revenues are tight, a responsible Government, of course, will respond to that by ensuring that increases in expenditure are kept under a close rein.

Over the last few years we have seen some extraordinary increases in Budget expenditure occurring. In fact, in the period prior to 1998 we saw figures of 16% and 18% increases in outlays in the Budget. Those sorts of increases were not matched by revenue increases of a similar magnitude. I do not know what school of economics some people come from, but I came from the school that instructed that, if you spent like a drunken sailor and did not have the resource base to be able to back that up, then you would find yourself in very dire economic circumstances in a short space of time. This Budget is about bringing Queensland accounts to a very strong and very responsible position and the expenditures that we have been making available are sustainable expenditures.

Ms BOYLE: Budget Paper No. 5 outlines the Government's Capital Works Program and states that the program will contribute directly to the net provision of 68,000 jobs. That is on page 1. What impact did the Capital Works Program have on the State's employment performance in 1998-99 and how does this year's Capital Works Program compare?

Mr HAMILL: The capital program which was delivered through last year's Budget was, in fact, a record capital program. The Budget papers reveal that some \$4.9 billion was, in fact, delivered. I know that there was some commentary running immediately prior to the delivery of the Budget that the capital programs were running behind and that thousands of jobs were not being delivered. The facts are that in the last 12 months the Government actually delivered—and delivered more—in job creation than we believed possible when the last Budget was brought down in September last year. The figures are quite significant. Last year we had forecast some 30,000 new jobs being generated in Queensland in the course of the year. That figure was, in fact, surpassed. The average job increase over the course of the year was some 44,600.

In relation to the impact of the Capital Works Program itself, this year we have stated that some 68,000 jobs will be supported by the Capital Works Program. That does not mean 68,000 additional jobs in the same way that last year's program, which I think was around about 64,600—if my memory serves me correctly—did not mean 64,600 additional jobs. The Government looks at jobs in these terms: keeping a person employed is as valuable as providing the opportunity or assisting in providing the opportunity for a person to leave the queue of the unemployed and to find work.

We see that in the Budget last year great store was placed upon the contribution of public final demands to economic growth. We see again this year that public final demand will be an important contributing factor to economic activity in the State. That is where our Capital Works Program comes into play. We have seen a reduction in unemployment over the course of the last 12 months. As I said, the State Government has played a very important role in achieving that through its Capital Works Program.

What we have also seen is a significant pick-up in private sector business investment, and that investment will assist us in maintaining strong employment growth over the forthcoming 12 months—employment growth which will also be supported through the economic activity being generated by our contribution through our Capital Works Program.

Mr BORBIDGE: I refer to media reports today that the Government is considering mandatory tree clearing guidelines on freehold properties throughout Queensland. Obviously,

if this is proceeded with, there would be a substantial impact on property values and also a substantial impact on the viability of the lands concerned. Am I correct in surmising that, from perusing the Budget document, there has been no money set aside by Treasury for possible compensation for these landowners should the Government proceed with these plans?

Mr HAMILL: I am not aware of the particular reports to which you are referring, but certainly if—and I say "if"—there were to be some initiatives from Government in this area, then quite properly the responsibilities would rest with the Department of Natural Resources. I am not aware of any Government decisions in relation to the matters to which you refer.

Mr BORBIDGE: So I would be correct in saying that the Treasury Department has made no provision for compensation for these policy proposals that have been flagged today?

Mr HAMILL: What I am saying is I am not aware of any such policy proposal. I think the honourable member is dealing in hypothetical situations, and this Budget is not a hypothetical document.

Mr BORBIDGE: You have made no provision for such compensation in your Treasury papers?

Mr HAMILL: As I said to you, you are dealing in hypotheticals. You are surmising, according to your own words. I am not aware of any such policy. I am not aware of any such decisions by Government. As I said, this Budget is not a hypothetical document; this is a real document.

Mr BORBIDGE: Therefore, there is no provision for compensation.

Mr HAMILL: The Budget does not deal in hypotheticals.

Mr BORBIDGE: There is no provision.

Mr HAMILL: The Budget does not deal in hypotheticals.

Mr BORBIDGE: There is no provision.

Mr HAMILL: The Budget does not deal in hypotheticals.

Mr BORBIDGE: There is no provision.

Mr HAMILL: The Budget does not deal in hypotheticals.

The CHAIRMAN: This will read well in Hansard.

Mr HAMILL: My hearing is pretty good.

Mr BORBIDGE: There are a few people obviously concerned that, if Government does something to impact on the viability of their

property, normal compensation regimes would be honoured by the Government and the Government of the day through Treasury would honour those compensation principles.

Mr HAMILL: Let me make it absolutely clear that the Queensland Government honours its responsibilities to the people of Queensland, but that does not gainsay what I have just said, that I am not aware of any policy decision, any decision by Government along the lines outlined by the Leader of the Opposition. As I said, this Budget does not deal in hypotheticals.

Dr WATSON: I am not going to belabour the point, but earlier in an answer to a question in respect of the equity return of \$8,330,000, you indicated that was also based upon the net assets of the motor accident insurance administration. Can I ask the question just briefly: why then in the operating statement of the motor accident insurance administration was there no line item for equity return?

Mr BRADLEY: I think the equity return has been shown in the Treasury operating statement. I think that is the explanation why it has not been shown in the two Nominal Defendant and Motor Accident Insurance Commission operating statements. It was calculated at a point where those statements were consolidated in the Treasury operating statement. It was not disaggregated for the purpose of these documents, though.

Dr WATSON: It was disaggregated for every other section of Treasury, because if you look at every other section—and we will get to it in a moment—it is disaggregated for every other section but not when it came to the motor accident insurance. There is no line item there. So presumably, therefore—and I did not go and check these; I presume all the numbers add up, a presumption which is yet to be proven—there is an equity return missing out of the line item for expenses under the operating statement of the motor accident insurance administration.

Mr BRADLEY: The presentation of those documents is consistent for statutory bodies. We have not generally shown equity return in statutory bodies. I think that is also true of the Queensland Rural Adjustment Authority documents, which are here as well.

Dr WATSON: This is a report on the Motor Accident Insurance Commission.

Mr BRADLEY: It is a statutory body, as I understand it.

Dr WATSON: I understand that, but this is a report. You are not signing off for a statutory

body here. This is a report to Parliament with respect to the ministerial portfolio of Treasury. I would have thought that information would have been provided. I would be interested to see what the return is and whether it changes any of those figures, where they are in those expense figures for the Motor Accident Insurance Commission. I am not going to belabour the point. We will probably get the figures from you at some stage. With respect to Financial and Economic Management, in particular the operating statement on page 1-13, could you please give me the components of Employee expenses, in particular salary, superannuation, long service leave and other?

Mr HAMILL: Do you want them for each individual employee?

Dr WATSON: No, for the category "Employee expenses". I have referred to the operating statement. Could you give me a breakdown of the components of that—salary, superannuation—

Mr HAMILL: Which components do you want?

Dr WATSON: Salary, superannuation, long service leave and any other major component.

Mr HAMILL: I am happy to provide that information. It is quite detailed information and I cannot ensure that you will have it this afternoon, but we will get it to you.

The CHAIRMAN: Just for your clarification, Mr Treasurer, we would require questions taken on notice to be answered by Monday, 11 October. So there is plenty of time to supply the Committee with that information.

Mr HAMILL: Just so that I am absolutely clear about what the honourable member is seeking, you are referring to the Output Operating Statement on page 1-13, Financial and Economic Management. There is a section there on expenses and you want a breakdown of the components of Employee expenses—the sum of \$18.673m.

Dr WATSON: Yes. Can I have also that same information on notice for each of the other output statements, for each of the other areas—Economic and Statistical Research Services, Taxation Administration, Gambling Regulation, Superannuation Administration, and Financial Systems and Training?

Mr HAMILL: Do you want it also for the Motor Accident Insurance Commission, the Queensland Rural Adjustment Authority and the Nominal Defendant?

Dr WATSON: I was not going to get to that, but you might as well throw them in. I am mainly interested in those other sections.

Mr HAMILL: We will give you the lot.

Dr WATSON: While you are at it, since you are being so generous, you might also supply that information for Supplies and services, the major categories. In the case of the operating statement on page 1-13, the estimate is \$11,251,000. Could you bring me a breakdown on the major categories in that?

Mr HAMILL: I have just been given some advice. You are asking about Supplies and services. This is the sum which is used on electricity, phones, rent, consultancies and so on.

Dr WATSON: I am after major categories.

Mr HAMILL: You want information on Supplies and services in relation to just this area?

Dr WATSON: No. Repeat it across the whole lot.

Mr HAMILL: Fine.

Dr WATSON: I notice that the budget for employees has increased by 8% yet the amount allocated to Employee expenses has actually fallen. Can you explain what is happening there? This is shown in the Operating Statement on page 1-13. Staffing has gone up by 8%.

Mr HAMILL: What are you referring to in terms of staffing?

Dr WATSON: Page 1-7. Staffing is going to move from 300.4—

Mr HAMILL: Isn't the table on 1-7 for Treasury as a whole?

Dr WATSON: Yes, but there is a subsection called Financial and Economic Management. Staffing will go from 300.4 to 324.4, which is an 8% increase. I notice that Employee expenses went down. I was just interested in an explanation for that. It should be a positive explanation. It should be good news.

Mr BRADLEY: I think desegregation will help explain that. There is an issue about the number of employees on average through the year in the various numbers. We can explain that in the response with the detailed breakdown of the information.

The CHAIRMAN: That is another question on notice.

Mr HAMILL: I am happy to take that on notice.

Dr WATSON: The Treasurer has said that they will respond to that when they do the others. I am quite with happy that.

The CHAIRMAN: I am trying to ascertain how many questions we have here so that they know what to respond to.

Dr WATSON: There are two major questions and they run through about eight different operating statements.

Mr HAMILL: I will just make a general point in response to the honourable member, though. If you refer to the table on page 1-7, you will see that there is to be an increase in overall staffing levels within Treasury this year. It is also the case that a number of positions have been vacant within the department in recent times. Also, provision has been made through this Budget for some enhanced responsibilities for Treasury and additional resources have been provided. I give for an example the establishment of the First Home Owners Scheme. Half a million dollars in resources are being made available this year to get the administration of that scheme in place. There are also some eight positions which have been allocated to the GST Implementation Unit. As you will have gathered from my opening comments, that will be a very important matter for Treasury in the course of this year because of the implications not only in Treasury itself but also across other agencies across Government. The detailed figures that you have requested will no doubt make all of those aspects abundantly clear.

Dr WATSON: I accept that that is going up. I am not questioning the numbers. I am just trying to find how they relate to the expenses. I have one other issue on page 1-13. In relation to the third item under Expenses—Depreciation and amortisation—I notice that there has been a substantial variation from the Budget to the Actual to the Estimate—\$1m or so. Can you just explain to me the depreciation policy which leads to that kind of variation?

Mr WORRALL: The variation in the depreciation coming on for 1998-99? Is that the figure you are inquiring about?

Dr WATSON: The Budget to the Actual has gone up by \$1.7m and then it has fallen. The Estimate has fallen by just over \$1m. Given that it is amortising assets over a long period of time, what is the explanation for such a substantial variation?

Mr WORRALL: The substantial variation in relation to the Actuals is the recognition of some leasehold improvements in the Executive Building which previously had not been brought to account. Under the transitional provisions, under AAS 29, we actually had a number of years to bring it to account, and these were some leasehold improvements which were not previously brought to account. In the 1997-98 year, we first capitalised leasehold improvements that

were undertaken in that year. Any leasehold improvements prior to that we actually brought onto the books in 1998-99. So there were some back adjustments in relation to accumulated depreciation and depreciation for the additional leasehold improvements being brought into account.

Mr HAMILL: Can I just get this clarified? Mr Worrall, are you saying that that figure in 1998-99 largely reflects events, if you like, prior to 1997?

Mr WORRALL: That is part of it. We have had an increase in our asset base. We have also had some systems development within that output associated with the implementation of Managing for Outcomes. So there are some additional assets coming on in relation to that.

Dr WATSON: And the drop this year is essentially because they have been expensed? Is that what the 1998-99 ones effectively did?

Mr WORRALL: They probably have not all been expensed. But in relation to those leasehold improvements, some of those were a few years old. I think that, in net terms, we were bringing on about another \$1m in down value. So it is more than likely that a lot of those have got close to being fully expensed.

Dr WATSON: Treasurer, I will move on to page 1-11. I am now talking about dividend policy. I understand that Graham Carpenter has given a report to Treasury, according to your answer of 24 March. Can you explain to me what the dividend policy is with respect to corporatised companies—what the Government's position is?

Mr HAMILL: What the dividend policy is?

Dr WATSON: Yes.

Mr HAMILL: The policy in relation to dividends is that a dividend, of course, is struck upon after-tax profit.

Dr WATSON: Is there any policy with respect to the consistency of those dividends over time, the amount of the net profits or anything like that?

Mr HAMILL: The policy is that the individual GOC may recommend to shareholders what dividend should be paid. As you would be well aware, the Government, as the shareholder, and the shareholding Ministers may agree or disagree, as the case may be, with the recommendation from that body.

Dr WATSON: One of the reasons that corporations have dividend policies is to publish those in the market, so the market has an idea—in this case, perhaps taxpayers—of

the kind of policy that management are implementing year in and year out. I would have thought that given that you have had Graham Carpenter give you a report on dividend policies, you would have been able to articulate what the dividend policy was with the Government with respect to GOCs.

Mr HAMILL: Just to help me on this one, are you referring to a particular consultancy?

Dr WATSON: In questions on notice, there was a consultancy given to Graham Carpenter with respect to GOC dividend policy. I will get you the reference. I will see if I can find it.

Mr HAMILL: What is the heading it is under, do you know?

Dr WATSON: It was given to you in March of this year.

Mr HAMILL: For which section of the department?

Dr WATSON: I am just trying to find it. It was the Economic Performance Division. I only have the one copy here.

Mr HAMILL: Which section?

Dr WATSON: Economic Performance Division, \$16,000, commenced 11 March, completed 24 March 1999, written report, yes. What did you get for \$16,000?

Mr HAMILL: I have not read that particular report, but I will ask the Under Treasurer. He might like to comment in relation to it.

Mr BRADLEY: I have not seen it personally. I understand that it researched dividend policy in other States and provided some benchmark comparisons for us.

Dr WATSON: So we have the Treasurer writing to GOCs with respect to getting 95% of their profits—

Mr HAMILL: No. That is not a fair statement. We are talking about profits.

Dr WATSON: Hang on. I have not finished my question.

Mr HAMILL: You just said that I was writing to GOCs, taking 95% of their profits.

Dr WATSON: After-tax profits.

Mr HAMILL: That is a very important distinction. And you, as an accountant, should know that.

Dr WATSON: We have the Treasurer writing to GOCs, requesting 95% of their after-tax profits. You have GOCs writing back to you, telling you of the detrimental impact of such an ongoing policy of 95% after tax on the corporations' policy to meet things like capital

works and maintenance. You have a report which is done by a former senior Treasury officer, Graham Carpenter, on an appropriate dividend policy, delivered in March of this year. Six months later, neither you nor the Under Treasurer or anyone else associated, presumably, with the senior levels of Government has bothered to read it.

Mr HAMILL: I just want to make a point in relation to the comments you have made in your question. It is quite erroneous to suggest that capital works or maintenance have not been attended to in Government owned corporations. We are talking here about dividends being struck on after-tax profits. Now, the expenses for maintenance appear well above the line on the account which shows after-tax profits.

Dr WATSON: I thought that one of the advantages of moving to accrual accounting, as against cash accounting, is that we allow these kinds of distinctions to be taken into account. When you talk about these kinds of issues, there is a difference, not just in terms of reporting, but you have to take into account that when you pay things like cash dividends or dividends to Governments, or you are paying for things like capital works or things like that, there is a cash requirement which is distinct from the operating profits and issues like that. Now, the accrual accounting concept says we will work out the after-tax profits, and you are taxing 95% on an accrual basis. And what the corporations are telling you is that that is going to give them a cash problem. Okay? I would have thought that your dividend policy might have addressed that.

Mr HAMILL: The dividend policy has not changed, and it probably has not changed since the time of the Goss Government, I think, in relation to GOCs.

Dr WATSON: So what you are saying is that Graham Carpenter's report said that the status quo should continue?

Mr HAMILL: No, I did not say that at all, because I do not recall ever seeing that report, so I do not know what it said.

Dr WATSON: Would you like to share that report with us?

Mr HAMILL: Like every other good book, I will have a read of it first.

Dr WATSON: Will you give it to the Committee so we can have a look at it?

Mr HAMILL: No, I will not. I do not know what is in that report, and there may be matters in that report which are commercial in confidence in relation to the operations of individual Government owned corporations. I

well recall sitting on the other side of the table in relation to Treasury Estimates in the past and asking the former Treasurer, Mrs Sheldon, about particular dividends from particular Government owned corporations, and I was told then very, very clearly that that matter was commercial in confidence, and I do not think it has changed.

Dr WATSON: That was a particular organisation. This is the general policy of the Government which I would have thought would have been readily available. You have not read it. The Under Treasurer has not read it. Has any officer in Treasury read it?

Mr GRAY: The report was commissioned through the Assistant Under Treasurer for economic performance, David Smith, who is on leave at the moment. He was the officer responsible for it and he has read the report. The next most senior officer who has read the report is David McGuire, who is not here at the moment.

Dr WATSON: If I had known I had to get down to David Smith to get an answer—

Mr HAMILL: Do not be so disparaging of the Under Treasurer. He is not here.

Dr WATSON: It is not a question of being disparaging. If I had known in advance—

Mr HAMILL: It sounded as if you were talking down to him.

Dr WATSON: If I had known I needed David Smith here I would have done what I did last year and had Stephen Rochester here.

Mr HAMILL: We have managed to get Steve here for you today. I am sure he is not disappointed.

Dr WATSON: On page 1-11 I notice that one of the functions is to accept all risk parameters. Can you explain to me what are the acceptable risk parameters for Ergon and Energex in order for them to underwrite the sovereign risk associated with the New Guinea gas pipeline?

Mr HAMILL: The issue of whether there is a New Guinea gas pipeline or not is a matter of—

Dr WATSON: The gas pipeline project.

Mr HAMILL: I am aware that Energex and Ergon have been negotiating in relation to the potential supply of gas from the proposed pipeline development. The issue that needs to be addressed by Government—because after all we are talking about the risk to the Queensland Government—is not simply what may be the benefits to economic development and so on which could come through the availability of low-price gas along the eastern

seaboard. We also have to consider the level of market exposure which Government owned corporations—to wit Energex and Ergon—would have. Those assessments are ongoing. As you would be aware, there has been no determination by Government in relation to the gas pipeline.

Obviously, the sorts of issues that need to be considered and are being considered by Government include the risk that exists in relation to that aspect of the energy market and the ability of Energex and Ergon—and indeed any other GOC that may wish to contract for gas—to onsell the gas. We have to consider what opportunities they have in that regard. There is a whole range of other issues which have to be considered and which are extraneous to the operations of Ergon and Energex. One important example is the policies that will be pursued by the Federal Government. This may have a bearing upon the comparative price of energy in the marketplace. We have an open market here. Energex, Ergon and other electricity GOCs are looking at gas not only for the provision of gas as a gas supply, but they are also looking at it for commercial and domestic use. Gas is also supplied to the electricity generating industry. I think it is impossible to say just what are the risks. All I can say is that there are many of them.

Mrs NITA CUNNINGHAM: At page 1-32 of your Ministerial Portfolio Statement we see listed some of the major issues facing the Government Superannuation Office during 1999-2000. Can I ask what impact the new superannuation arrangements will have on Queensland Government employees?

Mr HAMILL: I am very pleased that this issue has been raised because I think for probably the vast majority of people the certainty or the comfort of having a secure retirement income is very important indeed. For many years, Queensland has had a fully funded—I am speaking in an actuarial sense—public sector superannuation scheme, but it has been a deficient scheme in a number of key areas. For example, in relation to employees who have had periods of broken employment—women teachers are a very good example—the defined benefit schemes which have operated and have been the mainstay of public sector schemes in Queensland have not served those employees well. Defined benefit schemes serve very well the interests of people who have unbroken service and who, close to their period of retirement, have received a significant increase in income which translates to an enhanced benefit through the defined benefit scheme.

Employees who do not have those characteristics in their employment are the ones who effectively subsidise those who do. There are lots of former employees of the Queensland Government who have had very little return from their contributions to superannuation over the years because they have left the service.

What I sought to do was to address the superannuation issues for public sector employees. I am aware that a report was completed about two years ago, during the term of the former Government, which canvassed a range of proposals including removing the compulsory nature of superannuation contributions. It also proposed closing the defined benefit scheme to new entrants. That has been the pattern of superannuation provision by other Governments around the country.

I would have none of that. I have negotiated what I think is a very good package with the public sector unions which will bring about real equity and fairness for public sector employees. The defined benefit scheme is still open and is still there for new employees. The defined benefit scheme will deliver those defined benefits to the people in the scheme. We have been able to put in place a new accumulation plan. There is no longer one rule for the white collar employee and one for the blue collar employee. Blue collar workers will no longer be denied the opportunity of being part of a secure retirement plan. There will be compulsory superannuation for all, but there will be a choice of defined benefit or accumulation, according to a person's particular needs.

As I mentioned in my opening remarks, because of proposed tax changes by the Commonwealth, the benefits in the hands of retirees in other States have been taxed very heavily. We are making the fund, and the contributions we have made, work for the people for whom the fund was set in place. We are meeting that tax liability. We have been able to do that with a report from the Actuary which I received yesterday which shows that we still have a surplus of \$866m and that the reforms are actuarially sound and are deliverable. The Actuary has recommended them.

Ms BOYLE: Treasurer, I refer you to page 1-10 and the review of National Competition Policy and the remarks that you made in your opening statement. I daresay you are aware that the impacts of the NCP in regional and rural areas have been negative in part and are somewhat different from the impacts in

metropolitan areas. Could you tell me how your review program and reforms may address the impacts in regional and rural areas?

Mr HAMILL: National Competition Policy is a hot issue of discussion, particularly in regional and rural areas. This Government has been particularly alert to the needs in those regions. Upon coming to Government, we put into place our policy commitment to humanise National Competition Policy. As I mentioned, we have done a lot of work on the public benefit test, the test that has to be applied to establish whether a competition reform is in fact a worthwhile reform—a reform that is going to enhance the public benefit. I intend releasing those new guidelines in the very near future so that there can be widespread community comment upon them because what they are designed to do is to focus on the social and employment impacts of changes being sponsored through competition policy.

I might say that the approach that the Queensland Government has taken, I think, has been roundly endorsed in the draft report from the Productivity Commission, because it has highlighted the downside of competition policy, particularly for regional areas. I have also seen that some of the more robust forecasts for the enhancement to GDP arising out of competition policy have also now been toned down somewhat as well. At the end of the day, we have to say that, if we are undertaking these sorts of reforms, we need to be able to see that they are going to provide real benefits.

In a State such as Queensland, the real benefits need to be able to be seen and appreciated not simply in aggregate but also in the regions. Our State is diverse and within my department we are enhancing our own research into the regions so that we have a better appreciation of the economic impacts that changes to policy can wreak in relation to particular regions, particularly those regions that are most vulnerable—where there is, say, a limited economic base or single-industry centres and so on where the work force has relied upon a particular industry.

Mrs NITA CUNNINGHAM: I refer the Treasurer to the changes to payroll tax implemented in this Budget, specifically to the lowering of the rate and the inclusion of superannuation in the base, and I ask: what impact will that have on Queensland business?

Mr HAMILL: I am pleased that the issue of payroll tax has been raised, because when I address a number of business forums, I find

that there seems to have been a lot of misunderstanding in the business community about the fate of payroll tax. There was enormous expectation built up by the Commonwealth that the Commonwealth's tax reform agenda would see the abolition of payroll tax across Australia. That was never, ever a part of the Federal Government's agenda. I think that a lot of business people felt that they had been had because they believed that payroll tax was to go.

Having said that, though, payroll tax remains an important part—a vital part, in fact—of the State's tax base. But Queensland has the lowest rates of payroll tax applicable and the highest threshold before a company actually pays any payroll tax. I think that I am right when I say that about 96% of Queensland businesses do not pay any payroll tax whatsoever. In fact, if you have a look at the Budget papers—Budget Paper No. 3, pages 31, 32, 33—there is some very interesting data there that shows that, in the other States, basically, once a firm hits about 19 employees, they are going to be liable for payroll tax, whereas in Queensland, the figure is something like 28 employees before you come to any sort of responsibility for paying any payroll tax.

What we are doing, though, is securing the payroll tax base by the inclusion of superannuation. However, we are also reducing the rate further to maintain Queensland's competitive tax advantage, because although the base will be no different from what exists in other States, the threshold will be higher and the rates will continue to be lower. That is very important for the fostering of employment growth in this State.

Ms BOYLE: Treasurer, I refer you to page 1-8 of the MPS and I note that 20% of the work undertaken by the Office of Economic and Statistical Research was external in the 1998-99 year. Are you able to provide the Committee with some detail of the services that were provided to external clients?

Mr HAMILL: Yes, I can. Again, I think that this is a very good example of the expertise that exists within Queensland Treasury being recognised on the national scene. We have experienced over a period of time that the Australian Bureau of Statistics has been forced to reduce the services that it can provide to the public and to other Governments. We have within our Economic and Statistical Research Services the business unit, QStats. QStats has been undertaking a range of research projects for a range of clients—Government clients, other Governments, for example—across

Australia. Some of the things that have been undertaken—and this is not meant to be an exhaustive list—is research done for the Federal Office of Road Safety in the processing of fatal road crashes occurring in all States and Territories of Australia for dissemination by the Federal Government. It has also undertaken work for the Department of Transport in South Australia, also on road safety matters—in fact, looking at road crashes in that State.

A range of publications are being produced by Treasury. Some very important research is being done also within the same area in looking at the economics of our regions. I was mentioning that just before in relation to National Competition Policy. So that research is very important. It is also generating a useful return to the Queensland Government for the services that are being provided.

Mrs NITA CUNNINGHAM: On page 1-22 of your Ministerial Portfolio Statements reference is made to the First Home Owners Scheme. Can you tell us please what that scheme is about and why it is deemed to be necessary?

Mr HAMILL: I mentioned earlier on that the First Home Owners Scheme was being established as part of the implementation of the tax reform agenda. The reason for its establishment is quite clear: there is a clear expectation that the implementation of the goods and services tax is really going to have a severe impact upon the housing and construction industry. In fact, modelling by the Housing Industry Association indicates that the GST is likely to increase house prices by around 8% in the short term. The HIA also expects that there could be an increase in new dwelling starts of up to 10% before the GST comes into effect next year. So what you have got at this point in time is an acceleration of activity in housing, which will then be followed by a significant falling off of activity, because people are trying to get in early ahead of the GST to have their particular requirements met.

As you know, over a period the housing and construction industry in Queensland has been experiencing some difficulties. There has been a range of factors contributing to that such as, I might say also, the relative decline in the attractiveness of housing as an investment option. Property has not been generating the sorts of returns that investors can achieve, for example, on the share market. That has further had the impact of moving funds away from housing. There has also been an ongoing problem of oversupply in a number of sections of the Queensland

housing market. The First Home Owners Scheme is designed to provide a \$7,000 grant to first home buyers to, in part, offset the increase in housing costs that will occur as a result of the implementation of the GST. In my view, it is not a very equitable scheme, because it is a flat \$7,000 and there is no consideration there to the relevant means or assets of the particular first home buyer. Certainly, that \$7,000 will help in ameliorating the actual impact of the GST on the pockets of first home buyers. We are establishing that scheme through the Office of State Revenue. Of course, the Office of State Revenue already administers concessions in relation to stamp duty for first home buyers. So for administrative ease, it has been very useful to marry those functions in the same area of the Office of State Revenue. There is a half a million dollars in this Budget to deliver those administrative arrangements ahead of the introduction of the GST on 1 July next year.

Ms BOYLE: As you would be aware—as you signalled earlier this afternoon—a matter of considerable concern right around Queensland is the gaming review. Would you inform the Committee of progress so far with the gaming review?

Mr HAMILL: That is probably a fairly appropriate question to be asked by the member for Cairns, as she is a member of the parliamentary committee that has been undertaking this work. I commissioned a review into gaming earlier this year for very good reasons. I think there is genuine community concern at the significant rise of gaming in the community. Some data that I have with me this afternoon shows that there has been a very significant increase indeed in the number of gaming machines in the community. For example, in June 1995 there were almost 17,600 gaming machines operating in the State. As at June 1999, there were almost 28,000 machines. That has received a significant impetus through the policies that were pursued through our predecessors, particularly the white paper. Dr Watson opened up the gaming industry in Queensland considerably to the open market.

Frankly, I have some concerns about this. I believe that the community is concerned about the saturation of the community and the proliferation of gaming outlets. That is why I put in place stronger guidelines in relation to venues and places where gaming machines could operate. That is why I took the action that I did in relation to TABCorp last year. The gaming review is in place because we want to achieve a very clear indication of the direction of future policy. The review's terms of

reference are such that the review team is being asked to assess the relative benefits and also identify the disbenefits of gaming in the community. The sorts of community expressions that I have been receiving and, as I understand it, the sort of research that is being undertaken by the review team seems to be heading in a similar direction to the Productivity Commission review that was commissioned by the Commonwealth. The draft report is out, albeit it is a few months late. It has highlighted the same sorts of concerns about the proliferation of gaming in the community. In particular, it underlies the view that there has been insufficient attention paid to addressing the downsides of gaming in the community.

Mrs NITA CUNNINGHAM: Page 1-40 refers to the Government's Bowen Jobs Plan. Would you tell us what the Bowen Jobs Plan has achieved and how future funding will be used?

Mr HAMILL: As the member would be aware, the Bowen community was facing very serious economic downturns as a result of the closure of key industries in that centre. We have made it clear that this Government is concerned as much about regional Queensland as it is about the major metropolitan area in the south-east. Here is an example of a well-established community that was dying on its feet. What is more, it was being crippled by a diminution in its rate base at a time when the local community had a very high debt to service through its council. The rates that were being levied in the community were extraordinarily high. I am not trying to have a cheap shot at Bowen, but they were certainly extraordinarily high for the services that the council was able to deliver. The community was really burdened by debt and the situation was exacerbated by unemployment.

The jobs plan in Bowen has provided real hope and opportunity for a renewal in that community. It is totally consistent with the broader Community Jobs Plan that was a key feature not only of our first Budget but of this Budget, and it will be a key feature of our next Budget and the one after that. The package for Bowen is delivering some \$6.8m over four years towards the interest component of the Bowen Shire debt and some \$1.9m was provided by an allocation in last year's Budget. Also, some \$4m of the package has been earmarked for infrastructure development. The conditions upon which those funds were made available to Bowen were very clear. They could not be used to substitute for existing effort by the council in generating local employment. It

had to be in addition to existing effort. It needed to focus upon and give preference to labour-intensive employment opportunities.

Four key projects have been undertaken in Bowen itself and also in Collinsville, which falls within the Bowen Shire and has experienced very similar sorts of problems to that experienced in Bowen. Some \$800,000 has been allocated to the upgrading of the Bowen central business district and \$400,000 to a similar project for Collinsville. Extensive work has been undertaken to build bikeways around Bowen's beachfront, which has provided a substantial enhancement to that area. Given that the community is looking for growth through tourism, that is important. The town entrances in Collinsville and Bowen have received a \$400,000 grant each year that the council comes forward with a schedule that is to be approved by me.

The CHAIRMAN: The Committee will resume at 4 p.m.

Sitting suspended from 3.45 p.m. to 4 p.m.

The CHAIRMAN: The hearing of Estimates Committee A is now resumed. The consideration of the Estimates for the Treasury Department has now resumed. The question before the Committee is—

"That the proposed expenditure be agreed to."

Dr WATSON: Treasurer, just before the break you were talking about gaming and I wish to ask one or two questions in relation to that. I refer you to page 47 of the CJC report, which states that you met Mr Reg Austin on at least one occasion as Treasurer and on one occasion as the shadow Treasurer. Presuming that those are the facts, given that you would have known that Mr Austin was an investor in the corporation, when you were reviewing the probity report presented to you on 3 June, did you question the absence of Mr Austin from the scope of the report?

Mr HAMILL: I assume that you are referring to matters to do with interactive gambling?

Dr WATSON: Yes.

Mr HAMILL: And particularly the CJC report. I thought you might have had a question or two on this, so I brought a copy along. What page are you referring to?

Dr WATSON: Page 47. It indicated that as Treasurer you had met Mr Austin. The real question is this: when you were presented with the probity audit report on 3 June—and I have further questions for clarification that I will ask later—did it strike you as being unusual that

the probity audit report did not include an item on Mr Austin?

Mr HAMILL: I will give you a full and detailed answer in relation to this. When I met Mr Austin in the company of a Mr McCosker in June last year there was nothing made clear to me at all about anyone having any financial interest in anything. Indeed, there was no application for anything before the Government. The meeting to which you refer was a meeting where the people concerned asked what needed to be done to apply for an interactive gambling licence. I gave them probably the same answer that I think Mrs Sheldon gave them when some people approached her, that is, that you needed to apply but that could not occur until such time as there were regulations in place under the Interactive Gambling (Player Protection) Act. I heard nothing more from Mr Austin after that. I never knew whether he was involved in any way, shape or form with any other activity that followed that meeting. I do know, though, that the company that applied for an interactive gambling licence that was associated with Mr McCosker was a different company from the company involving people who came and saw me in July last year. When I saw the outcome of the probity reports, certainly Austin's name was not there. It did not seem to me that there was any reason why it should be. After all, the Office of Gaming Regulation had undertaken, in the words of the Auditor-General, a robust investigation of relevant matters. I note in both the reports of the Auditor-General and the report of the Criminal Justice Commission that there is no evidence that Mr Austin has a financial role to play in relation to the licence applicant.

Dr WATSON: My understanding is that he did.

Mr HAMILL: I also might add that under legislation which this Government has sponsored and which you did not support we made sure that he could not be a person who could have a role to play in relation to an interactive gambling licence.

Dr WATSON: That is ex post the decision being made.

Mr HAMILL: But it is also a fact.

Dr WATSON: It is a fact, but it is ex post. One of the issues that came out—and the Government has had to introduce retrospective legislation to fix up the mess—was the issue of Topki Holdings, which I think Mr Austin had something to do with. Through you to Mr Ford—

Mr HAMILL: No, you can address your questions to me.

Dr WATSON: I said "through you". I was interested in the fact that Mr Paul Ryan, who was instrumental in going to Sydney to look into the superannuation funds issue, left Sydney with the agreement that that information would be sent to him, and it was never followed up. Is there an explanation for why that was not done?

Mr HAMILL: In response to your question—all of these matters have been the subject of in-depth probing by both the Auditor-General and the Criminal Justice Commission. I think the reports of both of those agencies—the Auditor-General's Office and the CJC—stand by themselves. I might say, though, that in relation to the work of the Office of Gaming Regulation there are some useful observations that I would like to draw your attention to. I wish to refer you to page 12 of the Auditor-General's report, which states—

"At the time the licence was issued, the Probity Report prepared by QOGR and submitted to the Under Treasurer was adequate to support the recommendation to issue the licence and there was nothing to indicate ... that anything other than a detailed process had been carried out."

Do you have the Auditor-General's report there?

Dr WATSON: I have it here.

Mr HAMILL: Have a look at page 53.

Dr WATSON: Go ahead.

Mr HAMILL: It may be that you actually have not read this part before. I just wish to draw something to your attention. On page 53, in relation to the investigations by the Office of Gaming Regulation, it states—

"However, following discussions and review of various documents, audit was satisfied that the report provided sufficient rigor to ensure material compliance with the legislation."

It is disturbing to me that there has been a lot of ill-informed comment about the Office of Gaming Regulation arising out of the two reports tabled last week. In my reading of both of those reports, they say exactly the same thing; that the work done by the Office of Gaming Regulation was satisfactory and sufficiently robust. It was such that the Auditor-General even commented that with the benefit of hindsight the reports were adequate to support the recommendations made to me as Minister. What the Auditor-General has done in those reports, though, is what you would expect him to do, and that is to identify areas where there could be some further improvement in the processes. That does not

mean in any way, shape or form that the existing processes were inadequate; rather, that there is scope for improvement. I always believe there is scope for improvement for all of us. I suspect that it is an adage that perhaps the member might find helpful as well.

Dr WATSON: I heard what the Treasurer said, but the facts of the matter remain, that is, the Parliament had to pass retrospective legislation to remove Topki Holdings and Navari, subject to conditions. Irrespective of what the report states, the facts of the matter are that you issued a gaming licence to Gocorp, and ex post the issuing of the licence the Parliament has had to pass retrospective legislation to clean up your mess.

Mr HAMILL: I note from your question that you had no part in seeking to amend the legislation which you had a very significant hand in promulgating in the Parliament. I draw your attention to this letter. I have not seen it before this moment.

Dr WATSON: You just made a statement—

Mr HAMILL: I think it may be of use to you in dealing with the matter that you just asked me about. This is a letter that has been written—

Dr WATSON: On a point of order—the Treasurer made a statement that I had a significant hand in that legislation. I was a member of the Parliament, as were you.

Mr HAMILL: And you were a Parliamentary Secretary to the Treasurer.

Dr WATSON: I was not the Parliamentary Secretary to the Treasurer at the time. I happened to be the Minister for Public Works and Minister for Housing.

Mr HAMILL: I take the point made by the honourable member. Indeed, he probably had an even more significant part to play than he would have as a Parliamentary Secretary, because he sat around the Cabinet table which approved the legislation that went into the Parliament.

Dr WATSON: That is not as significant as signing off the licence, which you did.

Mr HAMILL: I want to try to help him out in relation to a matter that he raised regarding a company called Topki. I have just received a copy of a letter of yesterday's date which has been forwarded to Mr Lambrides of the Criminal Justice Commission. It is a letter from David Ford, the Executive Director of the Office of Gaming Regulation. As I said, I have not seen it before. Let us read it together. It states—

"Dear Mr Lambrides

I refer to the Criminal Justice Commission report Gocorp Interactive Gambling Licence: Report on an Advice by R W Gotterson QC, tabled in the Queensland Parliament on 30 September 1999, and in particular to Chapter 6 page 34. The report states:

'At the time of the interviews, Topki held 40 shares or 20% of the shareholding of Gocorp. It was explained that one share was held on trust for an Austin family superannuation fund and another for a D'Arcy family superannuation fund. Copies of declarations of trust for each of these two superannuation funds were provided to QOGR. The other 38, it was said, were held by a company, Supercom Consultants PTY LTD (Supercom), on trust for some 38 other superannuation funds.

A director of Supercom was interviewed by Mr Ryan in Sydney. The director stated: Austin is Topki—he introduced Supercom to (GOCORP).

At interview, Mr Ryan asked the Director whether there were declarations of trust with respect to each of the other 38 shares. The director said that there were. Mr Ryan requested the director to send copies of the declarations to him in Brisbane and left his address. The director agreed to do so. No copies of any trust declarations were sent to Mr Ryan. However, Mr Ryan did not pursue the matter with the director.' "

Mr Ford writes further—

"This commentary is misleading as it suggests that QOGR had no documented evidence of the Topki structure and Austin's true shareholding. Declarations of trust were received in this office on 5 March 1999 from Topki. I have attached a copy of the letter from Pace Rowlands Bell, Chartered Accountants, and one of the declarations of trust (they are all identical) for your information. If you require all the declarations of trust, please advise and I will forward them to you.

These documents were made available to the Queensland Audit Office and I would be surprised if one of the QOGR officers interviewed did not mention them.

The confusion"—

Mr Chairman, I seek leave to continue.

The CHAIRMAN: Yes. Leave is granted, is it?

Dr WATSON: Yes, I am happy to do that.

Mr HAMILL: The letter goes on—

"The confusion may have arisen when one of your investigators reviewed the transcript of Mr Ryan's interview with John Hugo (a director of Supercom) dated 25 March 1999. Mr Ryan inquired as to whether declarations of trust existed between Supercom and the superannuation funds that were the beneficiaries of the Gocorp shares held on trust by Topki. Hugo advised that such declarations existed and indicated he would send them to Mr Ryan. They were not received but, on review of the declarations from Pace Rowlands Bell, Mr Ryan concluded (quite reasonably in my opinion) that they provided substantive evidence of the Topki arrangement and the Supercom declarations were not required.

At the time, however, Mr Ryan did not have the trust deeds for the D'Arcy family superannuation fund or the Austin family superannuation fund. He took action to obtain those documents as noted in the CJC report (see the above quotation).

It should also be noted that Mr Ryan did follow-up on the superannuation funds in terms of obtaining financial statements and the beneficiaries' distribution schedule. Also, ASIC searches were undertaken on the trustee companies for the superannuation funds and information was obtained on the beneficial shareholding with the increase in issued share capital (see facsimile of 28 May 1999 attached). This latter document further confirmed the Topki arrangement just prior to the issue of the licence.

This matter is one of some significance as it was these trust deeds, signed under company seal by a chartered accountant, that was the central reason why Reginald Austin was not considered a significant person in the Gocorp probity assessment. The letter and trust deeds provided sound evidence that Austin held a beneficial interest in Gocorp of just 0.5% at the time of application. As you are aware, QOGR has a policy of not examining the probity of persons who have a shareholding or

beneficial interest of less than 5% under normal circumstances.

A number of persons who were associated with Gocorp confirmed the structure put in place by the trust during formal taped interviews."

The CHAIRMAN: The Treasurer's time has expired.

Mr HAMILL: There are two small paragraphs left.

Dr WATSON: I am happy for him to finish it.

Mr HAMILL: The letter continues—

"It should also be noted that no evidence has been presented to date, despite exhaustive inquiries since this matter became one of public issue, that Austin held a beneficial interest greater than 0.5% at the time of or after the Gocorp licence application was lodged.

Accordingly, I am concerned that this inaccuracy may materially affect the conclusions reached on page 35 of the report, both in regard to QOGR's decision not to proceed to investigate Mr Austin further and in regard to the diligence of the QOGR probity investigation in this matter.

I provide the above information for your consideration and action that you consider necessary.

Yours faithfully,

David Ford,

Executive Director."

I think that is a useful letter. I hope that it is useful for the member for Moggill. I think it again just demonstrates what the Auditor-General found and that was that QOGR undertook appropriate inquiries. They were satisfactory for the purpose for which those inquiries were undertaken.

Dr WATSON: What you are saying is that the CJC did not do a proper analysis?

Mr HAMILL: No, what I am saying is that I received a letter today. I had not seen it before. I am aware now because I read it to you at the same time as I read it for myself the first time that Mr Ford of the QOGR took some exception to a conclusion that was made in the report because he believed that the conclusion in that report, which I might say is not a material conclusion as to the outcomes and recommendations—but that that matter which had been commented upon in the report was not wholly accurate. He has sought to set the record straight with the Criminal

Justice Commission, and I think that is an appropriate course of action.

Dr WATSON: I think it is an appropriate course of action. The thing that concerns me, of course, is that the Parliament has already passed legislation to eliminate those and the information was not provided to the Parliament when we were debating that legislation. I particularly asked the acting Treasurer at the time for that information. I am glad that you have now tabled it.

Mr HAMILL: That information has only just become available to me. I just want to place on the record that I have made it available to the Committee at the same time as I sighted it myself.

Dr WATSON: The acting Treasurer and Premier has indicated that he was going to implement each and every one of the proposals for, if you like, improvement, as you suggested, in the Auditor-General's report. How long are they going to take and will they be applied to each and every other applicant for an interactive gaming licence?

Mr HAMILL: The acting Treasurer last Thursday, upon receipt of the report of the Auditor-General, made it clear that he would direct that the recommendations be implemented, and I sighted a piece of correspondence from him to the Under Treasurer instructing that just that occur. I am advised that QOGR are acting upon that instruction and that they are putting in place a comprehensive plan for the implementation of those recommendations within the next week.

Mr BORBIDGE: So it would be within the next week that those recommendations will be implemented—

Mr HAMILL: I am saying that my advice is that QOGR has acted upon the instruction of the acting Treasurer, that they are putting in place a plan for the implementation of those and that plan will be formulated within the next week. I might say that the recommendations are matters of process to enhance what has already been found by both the Auditor-General and the Criminal Justice Committee to be a sufficiently rigorous process. I am pleased that there are some opportunities to further enhance it, and I am pleased also that the Office of Gaming Regulation is moving quickly to implement them.

Mr BORBIDGE: Are there any outstanding applications pending approval at the moment?

Mr HAMILL: There are to my knowledge four other entities that either have applied or have sought information with respect to

interactive gambling licences in Queensland. As you would be aware, in your legislation it was not an exclusive grant of a licence. In fact, a licence can be issued to whomsoever applies, providing that they meet the high standards of probity required under the issuing of such gaming licences and casino licences in Queensland.

Mr BORBIDGE: What procedures apply to those particular applications that are in the system now? Will they be deferred pending the implementation of the recommendations of the Auditor-General or will the procedures that were in place in respect of the Gocorp application be applied to those that are currently in the system?

Mr HAMILL: What I said to you, of course, is that there were four other entities that have either applied or have sought information about applying, to my knowledge. They will have the full rigour of the Office of Gaming Regulation process applied to them. The recommendations that have been made by the Auditor-General will be applied to those processes.

Mr BORBIDGE: Were you aware of the meeting held by the Premier when Leader of the Opposition in September 1997 with the proponents of the Gocorp application—a meeting confirmed by the Auditor-General earlier today—in the Golden Wing lounge at Brisbane Airport.

Mr HAMILL: No.

Dr WATSON: I just have a simple question. In respect to Mr Ford on page 1-28—this is just a technical question.

Mr HAMILL: Sorry, is this in relation to the CJC report or are we back to Estimates?

Dr WATSON: No, sorry. We are back on the Estimates.

Mr HAMILL: Good. Sorry, page 1-28, was it?

Dr WATSON: Page 1-28. There is a footnote there that says the increased amount of revenue expected to be collected is going to go from \$544m to \$645m, an increase of \$101m. It affects mainly the wagering tax from the TAB and expected increase in gaming machine taxes. Can you give me the breakdown of that?

Mr HAMILL: Sorry, where are we looking at? Page 1-28?

Dr WATSON: On page 1-28 there is the Output Statement and "note 1" explains the increase—from wagering tax and from the gaming machine tax. I was wondering if I could have the breakdown for those?

Mr HAMILL: Just a moment. I can give you some details about that. Total revenue collections from casino tax are expected to rise from \$83.3m to \$85.8m and from gaming machines they are expected to rise from \$230m to \$265m. That is largely attributable to the changes which the former Government oversaw in lifting the number of machines, particularly in hotels.

As I mentioned before, there has been a very significant increase in the number of gaming machines in hotels and clubs over the last few years. The increase in hotels has been most dramatic, such that now there are probably almost as many gaming machines in hotels in Queensland as there are in licensed clubs. In relation to keno, the increase is from \$8.2m to \$8.5m and in relation to lotteries the increase is from \$180.3m to \$190m. It is expected that wagering collections will be some \$47.7m.

The point about gaming machines is important. What has been foreshadowed in the white paper is a continuing increase in the number of machines in the community, because what is being proposed are significant increases not only as a result of the thresholds for pubs and clubs but also, I might say, in the actual aggregate numbers of machines.

Because of the changes that the former Government made in relation to the Act—you might recall that at that time I expressed in the House some real concerns about the changes that were being made, with the introduction of licensed monitoring operators and so on—the flood gates were opened to increase the number of gaming machines in Queensland and, in fact, depart from the community interest requirement which had always been there under the Goss Government, when gaming machines were first introduced.

Ms BOYLE: I refer the Treasurer to page 1-11 of the MPS and the reference there to the privatisation of the TAB. Would you explain the impact that the privatisation of the TAB will have on the Government's budgetary position?

Mr HAMILL: Certainly the privatisation of the TAB has a number of impacts in terms of the overall public accounts. For example, it has an impact in terms of the value of some of the Government's assets in relation to GOCs. There is a diminution there, of course, because once the TAB is sold it moves from the public accounts of the Government.

Nevertheless, the sale of the TAB—I am sure everyone is aware that the Government is committed to the sale of the TAB—will occur over the next couple of months. It will see

some significant benefits not only for Government, because it provides a source of capital that Government can and will use to provide new infrastructure for Queensland, supporting job creating capital investment, but also for the State's racing industry. The racing industry benefits substantially through the sale of the TAB because in the first instance the sale proceeds will be used to retire some \$37m worth of debt currently in the name of the Queensland racing industry. As well as that, it will provide a capital uplift to the racing industry worth some \$10m.

You might say, "What significance does that have for the Budget?" It has significance for the Budget because it is about trying to reinvigorate an industry in this State which is a significant employer. The racing industry in its various codes provides substantial employment, particularly in regional centres. The racing industry has been strongly supportive of this direction. It strongly supports the privatisation and it strongly supports the forgiveness of debt and the capital uplift which will be provided through the sale, through the Budget.

Mrs NITA CUNNINGHAM: Page 1-20 refers in part to the fuel subsidy scheme administration. What has been the impact on the 1999-2000 Budget of the fuel subsidy arrangements negotiated by the Federal Government and the previous State Government in response to the 1997 High Court decision?

Mr HAMILL: I think a little bit of history here is important. The fuel subsidy arrangements are a subset of the section 90 safety net arrangements which were negotiated by the former Government. Indeed, the then Premier and Treasurer negotiated with the Howard Government to put in place, along with the other States and Territories, arrangements whereby State business franchise revenues could be protected. The fuel subsidy scheme itself has a major and significant flaw in that the cost of delivering the fuel subsidy scheme far exceeds the actual moneys received from Canberra to administer the scheme. Unfortunately, the formula which was used to distribute those funds does not reflect the fact that Queensland has much higher per capita consumption of fuels than is the case nationally.

To June 1999 the fuel subsidy scheme has actually cost the Budget, in terms of lost services elsewhere in Government, some \$130m. In this year's Budget a further \$70m is going to be provided from the Budget to support the fuel subsidy scheme. Frankly, I

believe that \$70m is money that could be better directed towards the provision of other important, higher priority outputs—in Health and Education, for example.

While we have been delving into a little bit of history here this afternoon, I think it is also worth noting that this need not have been the case. I have certainly been advised by the Commonwealth that the Queensland Government had been offered an opportunity to recoup those funds through an adjustment to the excise that was levied on tobacco. However, whilst other States and Territories were prepared to do that prior to the election in 1998, the Queensland Government was not. It was told to me by the Federal authorities that that was because of concerns that the Queensland Government had with the rise of One Nation, particularly in the north of the State, and the problems that the National Party had in holding the seat of Tablelands. As history has it, the coalition Government lost the seat of Tablelands to One Nation, it lost Government and Queensland's Budget lost the opportunity to have the \$70m, or indeed the \$200m that has been lost after the last two and a half years, directed to higher priority services in relation to Health and Education.

Ms BOYLE: I refer to page 16 of Budget Paper No. 3. I note that this year's Budget predicts economic growth of 3.75%, a full percentage point lower than the rate achieved last year. What is the cause of this easing in economic growth?

Mr HAMILL: I do note that easing in the projected growth for the State for the coming 12 months. Last year, you will recall we had a forecast of growth of 3.5%, and we have been delighted that the circumstances in which we found ourselves did not result in growth of that magnitude but, rather, we far exceeded our expectation. The growth rate for this year, though, has been forecast, as you say, at 3.75%. I might also say, though, that that is still stronger growth than what we see for Australia as a whole. Certainly, if we take Queensland out of the equation, we would see the growth that is expected for the rest of Australia to fall to being a full percentage point behind the forecast for Queensland.

You asked: why is it so? Julius Sumner Miller is not here this afternoon. But if he were, he probably would point to a number of factors. We have seen, over the past 18 months, very strong growth in private consumption. It is expected across the nation that that will moderate this year. We have seen also very strong growth in public final demand, which was the point I was making to

you earlier regarding the Capital Works Program. While we still have a record Capital Works Program, we are certainly not seeing the 7% and 8% increases in the Capital Works Program over what was there in the previous years, yet we are still maintaining a very high level of activity.

It is still the case, though, that business activity is being impacted upon from a number of external factors. What was called the Asian economic crisis, and the economic downturn associated with it for a number of our trading partners, is still having an impact. There are a number of economic lags involved, particularly for our resource exports, and that is still being felt in terms of domestic economic activity. So we should recognise, therefore, that there is still strong growth. It is strong growth that is supporting strong employment growth. But Queensland is not an island. We are part of a national economy. And, as the Federal Government has forecast some easing across the nation this year, so will it be for Queensland.

Mrs NITA CUNNINGHAM: Treasury restructuring is noted on page 1-1. What benefits have resulted from the Treasury restructure, and what has been the impact on staffing levels?

Mr HAMILL: If I can deal with the second part of your question first—we will have some very detailed matters to do with staffing and staffing expenses and so on and so forth. I hope to have that this afternoon. It would appear that, in terms of getting all of those breakdowns and so on, it will just take a little bit longer. So if I can just mention—by way of your question—to Dr Watson that that information will be provided, but I am afraid that it cannot be provided this afternoon.

In terms of overall staffing, though, there is an increase in staffing for Treasury factored into this year's budget. It is modest, but it is derived, as I mentioned before, from the establishment of the GST Implementation Unit, which has an important function to play, the First Home Owners Scheme, and the filling of a number of vacancies that existed within the Treasury portfolio.

The restructure, though, has been most important, because its purpose has been to focus Treasury in a more effective way upon its dealings with other agencies and other departments. So what we saw was a restructure which was designed to build stronger links between Treasury and the clients, both in terms of the public sector and in terms of those other bodies from the private sector that have dealings with Treasury.

There were two new offices established: the Office of Economic and Statistical Research, which brought under its aegis QStats. It also has within its responsibilities the Employment Secretariat. There is also the Office of Financial Systems and Training. There were four business divisions created to provide that single point of contact for the line departments. They are education and justice, industry and energy, resources and transport, and community and Government services. So it was a significant departure to enhance the responsiveness of Treasury and provide a direct point of contact for all of those other agencies and departments with which Treasury has to have regular dealings, of course, through budget management.

Ms BOYLE: I refer the Treasurer to the MPS, page 3-1, and ask: what efforts are being made within the Treasury portfolio towards improving the productivity of Queensland's primary industries?

Mr HAMILL: It might seem a little anomalous, I guess, but the Rural Adjustment Authority sits as one of the agencies within the Treasury portfolio. What we are seeing here is a continuation of the important role that the Rural Adjustment Authority has in supporting rural industry.

Large sections of rural industry in Queensland have experienced very difficult times of recent years. Drought and other natural disasters have really taken their toll. But what we are seeing now, with improved seasonal conditions, is an increased demand upon the Rural Adjustment Authority for finance and support as farmers and graziers rebuild their properties and seek to increase their output. The area where we are seeing that most of all is in relation to the PIPE Scheme, the Primary Industries Productivity Enhancement Scheme, which is a State program administered through the Queensland Rural Adjustment Authority.

If you have a look at the data that is contained within the overview, you will see that there is still very strong financial support flowing to rural industry. In fact, through the PIPE Scheme, the State Government will be providing some \$23m this year, compared to \$15m last year. The uptake of that scheme really recognises a return of relative prosperity and optimism in significant sections of rural industry in Queensland. In fact, the QRAA's forecast suggests that activity under PIPES is going to continue to increase across the course of this year, with primary producers committed to providing additional capital to their farm businesses to expand production.

I am sorry. I made a slight error. I did not mean to mislead the Committee. PIPES funding last year was \$23m. It was \$15m the year before. The expectation this year is some \$30m in PIPES funding. So that represents 100% over two years, but a 30% increase on last year.

Mrs NITA CUNNINGHAM: Mr Treasurer, several references are made throughout your Ministerial Portfolio Statements to Y2K issues. Can we be assured that Treasury is prepared and ready for Y2K?

Mr HAMILL: I know that some of our colleagues in the Parliament have been out there trying to spray for the millennium bug. Treasury have been doing their own internal audit to safeguard the systems of Treasury against any malfunction because of old computer programs. In fact, Treasury has been one of those agencies which have been at the forefront of any identification and rectification work in respect of Y2K. In fact, the final phase of Treasury's year 2000 transition began last year, and I am pleased to report that the time lines that were established then are being met.

As to the current status of the project—the rectification and replacement of non-compliant systems among the in-house computer systems is well and truly progressed. The testing of PC hardware and software is complete, and the implementation of upgrades and new products for the vendor systems, that is, the PC hardware and software purchased from outside sources, is well under way. Faxes, photocopiers, mobile phones and so on have been assessed, and the appropriate suppliers and manufacturers have been contacted for information. The building compliance has been managed for Treasury on behalf of Public Works. I understand that that is also well progressed.

I can report that Treasury is well advanced in terms of data management and communication. Contingency planning has also been well advanced. This is risk management. It not only involves Treasury proper but agencies such as the Office of State Revenue. That is an area which has significant data and places significant reliance upon revenue collection in the State. I can say to the Committee that Treasury has certainly been in the forefront of Y2K compliance within the Queensland public sector. The total portfolio cost is currently estimated at \$5.2m.

Ms BOYLE: At page 1-22 of the MPS there is mention that the Stamp Act 1984 is being rewritten. What is the timetable for that?

Mr HAMILL: It has only been around for 100 years, so a few more years will not really matter, will it? This one is a bit like Blue Hills. I guess the Stamp Act is our own version of the Income Tax Assessment Act. If one ever suffers from insomnia, I would prescribe the Stamp Act. We believe that the Stamp Act may be a thing of the past. Attempts to overhaul the Stamp Act in Queensland go back several years. This was an issue which I canvassed extensively at Estimates in 1996 and 1997. It was probably canvassed with me in 1998.

We understood that the Stamp Act was effectively going to be removed because of the Commonwealth Government's tax reform agenda. The Committee might recall that substantial areas of stamp duty were to be removed with the introduction of the goods and services tax. Stamp duty will still be removed in relation to marketable securities. It was also to be removed in relation to business activities. That did not happen. In the wheeling and dealing that went on between the Commonwealth Government and the Australian Democrats, the States were left with the revenue that their Stamp Acts would generate.

The problem is that the Stamp Act is a piece of legislation which, as I said, has been around for over 100 years. It was written at a time when business was conducted in a very different way from the way in which it is conducted today. The Stamp Act is all about levying duty on the production of instruments. With the rise of e-commerce we require a very different approach in legislation to be able to protect what is an important part of the State's revenue base.

I am not pleased to tell the Committee, but I am afraid that I have to say that we are going back to work again on the Stamp Act because it is an important piece of legislation that is going to be around for a long time to come. We are going to look at ways in which we can harmonise its provisions with the provisions in other States in order to reduce business compliance costs. It is also an important part of our delivering on our objective to maintain a competitive tax environment in Queensland. When we talk about a competitive tax environment, we are not simply talking about taxation rates; we are also talking about the costs of compliance. The extent to which we can facilitate easy compliance and self-assessment will help taxpayers—business or otherwise—in complying with Queensland legislation.

Dr WATSON: The last section will be a bit of a potpourri, but I have given Stephen Rochester—

Mr HAMILL: A potpourri or a pot boiler?

Dr WATSON: A potpourri.

Mr HAMILL: I was hoping for a pot boiler.

Dr WATSON: I thought I should ask a couple of questions in respect of the QTC.

Mr HAMILL: You are just feeling guilty because you gave him such a bait last year.

Dr WATSON: Would you describe the normal approval process for loan applications? Was the normal practice followed with the Willowbank application?

Mr HAMILL: I presume the member is referring to the \$2.9m that was made available to Motorsport Queensland through the Queensland Treasury Corporation. I might provide the member with some details of it because he might find it interesting. As he may recall, the former coalition Government provided a \$1.5m cap grant to Motorsport Queensland. That was financed from the Sport and Recreation Benefit Fund. This is the gaming money going round and round. This was in relation to 49% of the costs incurred on the development of the Willowbank Raceway.

In March this year the State secured the Queensland 500, which was the Sandown 500, for the Willowbank Raceway. Motorsport Queensland sought a further \$3.1m in assistance from the State. Motorsport Queensland indicated that, in the absence of any assistance, it would not be able to complete the construction, and therefore there was doubt about whether the event could be held.

PricewaterhouseCoopers—that well-known accountancy firm—indicated that there was very little likelihood that Motorsport Queensland would be able to support an additional \$3.1 worth of debt even at the rate that was available to the Government at around 5.25%. What we have done in Government—and this is probably a matter that would be better addressed to my colleague the Minister for Tourism, Sport and Racing—was put in place some arrangements in order that the event that had been secured for Queensland could go ahead. We established two separate loans. There was a loan of \$2.1m over five years through the Queensland Treasury Corporation at an appropriate commercial borrowing rate. That debt was to be repaid at 5.25% over four years with the residual interest paid in year 5 and a subordinated debt of \$0.8m with interest at

15% repayable over four years with interest capitalised at this point.

QTC played its role in this simply as the Government financier and secured those loans over the funds of the Department of Tourism, Sport and Racing through the Sport and Recreation Benefit Fund—the very fund that had been used by the former Government to provide the \$1.5m grant to Motorsport Queensland in the first instance.

Dr WATSON: So you are telling me that the QTC loan did not follow the normal loan process? There was actually a special deal done between the QTC acting on behalf of the Government and the Queensland Events Corporation or the Department of Tourism, Sport and Racing?

Mr HAMILL: My understanding was that QTC performed the function of securing the loan over funds of the Department of Tourism, Sport and Racing. The decision to support Motorsport Queensland, which started during the time when you were a Minister, was followed up under this Government. It seems to me that this is very little different from the enormous financial support that has been made available under a succession of Governments to the Gold Coast Indy at Surfers Paradise.

Dr WATSON: Have other sporting organisations received such loans through the QTC?

Mr HAMILL: Certainly there has been a range of organisations that have benefited from moneys from the Sport and Recreation Benefit Fund through the Department of Tourism, Sport and Racing. You really should address that question to the appropriate Minister.

Dr WATSON: I will ask the question again. Has QTC provided any other loans of this nature to any other non-Government or non-profit organisation? Surely that is within Treasury's knowledge.

Mr BRADLEY: There is a broad range of entities to which QTC provides loans ranging from statutory bodies to local government and Government departments. We would have to look into whether loans have been granted to similar organisations.

Mr BORBIDGE: Could we place that on notice? Obviously QTC would not do it because it was necessarily a good investment. QTC would do it after receiving some direction or—

Mr BRADLEY: In practice, QTC lends on the basis of full security. Usually the loans are either guaranteed or secured in appropriate

ways. In this case they sought to apply the normal rigour in terms of security of the loan.

Mr HAMILL: I will ask Mr Rochester if he would like to comment in relation to the matter.

Mr ROCHESTER: All the loans that we advance are done in accordance with Government policy. The loans require approval under the State borrowing program. We will undertake a loan in accordance with the requirements of the approval. That was the case with regard to Willowbank and is the case with all loans that are advanced. The bodies to which we advance loans are included in the appendix to the annual report of the QTC. The appendix lists all the names and the amounts of the loans that QTC has advanced. The vast majority of our loans are to statutory bodies, Government-owned corporations, trust funds, trusts or bodies that report to public accounts. However, from time to time there are loans to other bodies. For example, we had one to the Monte Carlo Caravan Park in the Housing portfolio. However, that was an exception. These are all noted in the appendix.

Dr WATSON: So this would be one of the exceptions, not one of the norms?

Mr ROCHESTER: I would see it neither as a norm nor the exception. We have the capacity under our powers to lend to anybody who has an approval under the State borrowing program in accordance with that approval, and this loan, as with all loans advanced by QTC, was done in accordance with those arrangements.

Mr BORBIDGE: Can I put it to you, though, that the Government suggested you become involved in this. You did not hunt it out as a good investment?

Mr HAMILL: You put it to me, not to Mr Rochester.

Mr BORBIDGE: Yes, through you, Treasurer.

Mr HAMILL: The Queensland Treasury Corporation is not a vehicle which the Government uses to place investments. The Queensland Treasury Corporation is a vehicle through which the Government raises borrowings in accordance with its well-established policies and so on. So the Queensland Treasury Corporation does not go out there seeking investments for the funds which it manages, but rather operates as the financier to Government. As Mr Rochester has clearly stated, there are a range of loans that have been raised through QTC to a variety of bodies. This one is not exceptional. Whilst a significant part of the borrowings are on behalf of the Queensland Government and its

agencies, it also undertakes substantial borrowings on behalf of local government for various purposes in the State and there is nothing irregular in relation to this matter.

Dr WATSON: I understand that. So the approach then would have come from—

Mr HAMILL: The approach—

Dr WATSON: Either the Minister for Tourism and Sport and the department or the Queensland Events Corporation.

Mr HAMILL: The approach in this would have come from the Tourism portfolio.

Mr BORBIDGE: So the approach would have come from the Minister?

Mr HAMILL: The approach would have come from the Tourism portfolio. I would expect that the contact would have been done at officer level initially. That is the normal way of things.

Mr BORBIDGE: Are you saying, Treasurer, that if one Government agency was to involve the Queensland Treasury Corporation in a particular venture, that the Minister would not necessarily be involved or advised?

Mr HAMILL: No, no, do not try to distort what I am saying. I said that I presume that the initial contact would have been done at officer level. If you want to ask about what the contact was, or the involvement of the Minister for Tourism, then I think that you would have the opportunity to ask the Minister for Tourism.

Mr BORBIDGE: I was just asking what the client was.

Mr HAMILL: What I know—the client?

Mr BORBIDGE: Who the initial approach formally came from.

Mr HAMILL: My clear understanding in relation to this was that it arose out of discussions between Queensland Motor Sport and officers within the Tourism portfolio. Whether it was Queensland Events or the department, I do not know; you would have to ask the department. But I make this point, and that is that QTC properly secured its loan and, as you will note, it is secured against the funds which are at the disposal of the Department of Tourism, Sport and Racing, as that was the source of funds that you as Premier made available to the same body a couple of years ago.

Mr BORBIDGE: Despite the fact that in the local paper you took credit for that.

Mr HAMILL: No, I did not, actually. Again, you are really slippery with the truth. What I actually said in the local paper was that I was

pleased that the Queensland Government had supported this event, or Queensland Motor Sport, with \$1.5m in grants. I do not mind stating here and now that I am pleased that this event has been supported. I am pleased that your Government had chosen to support it. I am pleased that it received the sort of encouragement that it did under this Government. Yes, I believe that there have been substantial benefits for the local community and I am particularly pleased that the action that is being taken in relation to this matter will ensure that the event will continue to run and will continue to provide benefits to the community and to the motor racing fraternity of the State.

Dr WATSON: Thank you very much, Mr Rochester.

Mr HAMILL: Aren't you glad you came, Steve?

Dr WATSON: I thought that it would be disappointing if I did not ask him one question after he put out such a tremendous effort to get here this year.

Mr HAMILL: I think one question every two years is pretty good, actually.

Dr WATSON: Can I just return now to the issues. One of the questions I put on notice was with respect to the upgrading to Lang Park.

Mr HAMILL: Sorry?

Dr WATSON: One of the questions that I put on notice was with respect to the cost of upgrading Lang Park to super stadium status, the \$204m. Although it was not explicitly answered in this way in the answer to the question, my understanding is that the methodology was this: that you started with a figure of \$300m and you took off \$40m for the roof, you took off \$64m for the existing western stand and added \$8m for the renovation of the existing western stand to get to \$204m. Is that the methodology that you verified and approved was valid?

Mr HAMILL: It seems to be a set of additions and subtractions. I do not see that as a very peculiar methodology.

Dr WATSON: I asked for the methodology and how you arrived at the \$204m. I was not given that. I have given you the way in which I understand it was arrived at.

Mr HAMILL: My understanding of the evaluation was as follows: that what was done was to look at the cost of providing a stadium of a requisite size at Lang Park.

Dr WATSON: \$300m was the starting figure.

Mr HAMILL: I am not vouching for the figures; I am just saying that this was the methodology to look at the cost of providing a stadium of requisite size at Lang Park. It took into account the fact that there already was a significant investment on that site, a relatively recent investment, and that is the large stand that is on what must be the western side. It was compared with the cost of providing a stadium of similar size at the RNA grounds. What was also included, though, was the fact that in establishing a stadium of requisite size at Lang Park, it was the view of the transport analysts and so on that there needed to be significant upgrading to the public transport infrastructure surrounding Lang Park.

Dr WATSON: Was that in the \$204m?

Mr HAMILL: That figure, in terms of the total valuation of the sites—the cost of developing the sites—was taken into account. Similarly, the costs involved in developing a stadium at the RNA were also taken into account. You might recall—you may know—that the Royal National Association sought, I think it was, funds in excess of \$60m in respect of the land which they would need to vacate should a stadium be built on the RNA site. I think that \$60m odd—\$67m—included not only the value of the land but also the cost of relocating the structures that were on that site and redeveloping other parts of the site to accommodate the stadium. As well as that, there was a recognition on the part of the RNA that if there was to be such major construction on site, it would impede their ability to undertake the Exhibition. Consequently, there would be significant financial losses incurred by the RNA, because of the need to cancel the Exhibition for at least one year. I think that there was some 18 months' impact that would be borne by the RNA. So the analysis of the respective sites took into account those matters as well as just simple construction costs.

Dr WATSON: From a whole-of-Government perspective, were the relevant project-specific infrastructure costs of rail, estimated to be \$45m, roads at \$4.4m, the fact that Hale Street is a dangerous goods route and the extension of the Broadwater at \$20m included as part of the \$204m estimated cost? The Premier has already indicated that that will be the maximum cost.

Mr HAMILL: As you probably gather, I was not around at the time that this final decision was taken. The Under Treasurer is here to help you.

Mr BRADLEY: The \$204m is the stadium cost. The transport costs that you referred to are in addition to that.

Dr WATSON: That is what I thought. In the methodology, did you take into account other issues such as the income expected from naming rights, the income with respect to merchandising, the income with respect to food and benches and so on, when determining whether or not that was an acceptable site?

Mr BRADLEY: The work in that respect had been done more particularly in relation to Lang Park, which had its own feasibility study. I think that the work was far more preliminary in the case of the RNA. The analysis was particularly in relation to the capital costs of the two facilities. It was generally assumed that either facility could attract appropriate sponsors in terms of naming rights and/or, obviously, vendor rights, corporate boxes and so on.

Dr WATSON: I ask those questions because they are ongoing revenue issues. I notice that in the Auditor-General's report No. 2, the Queensland Audit Office will continue to monitor the ongoing financial viability of the Lang Park Trust. It also refers to the fact that there has been a restructure in the loan conditions approved by the Treasurer last year. In looking at the issue of Lang Park and given the Auditor-General's concerns with the ongoing viability of the trust, it is important to know whether or not those issues were included as part of methodology used to decide that Lang Park was a viable site?

Mr HAMILL: Again, any assessment of the Lang Park Trust is a matter that someone might care to raise with the Minister for Sport when he comes before the Estimates committee. That is a matter for his portfolio.

Dr WATSON: No, this is a question of the methodology. It was quite explicit that Treasury verified the methodology. Those are the words that the Premier used. In answer to a question it was indicated that Treasury was represented on the stadium committee and has verified that the methodology used to provide project estimates was valid. Given the Auditor-General's position and given that the viability of the trust was questionable or was going to have to be looked at continuously, had these other issues been looked at as part of the methodology?

Mr BRADLEY: I have already mentioned that the primary consideration was the capital costs of the two sites. The operating viability of the sites was not the primary consideration. In relation to Lang Park, they have done their own feasibility works, which I understand demonstrate a capacity to operate at a viable level and addressing the issues in terms of securing tenants that had been raised as a concern by the Auditor-General.

Dr WATSON: In evaluating capital projects, is it Treasury's normal way of doing things to exclude issues when investigating whether one site, in this case the RNA, is potentially more viable than another site? I would have thought that when evaluating whether or not capital expenditure was made, the long-term viability of sites might have been a relevant methodological issue.

Mr BRADLEY: As I mentioned, the primary consideration was the relative capital costs of the two facilities. In terms of running costs and servicing the actual outgoings on an ongoing basis, the view was taken that both facilities had a similar capacity to attract tenants and appropriate sponsorship, and to generate appropriate stadium revenue.

Dr WATSON: That was not tested in any way? It was just assumed?

Mr BRADLEY: As I understand it, the Lang Park Trust had far more advanced feasibility studies in relation to that, which demonstrated that it was viable on an ongoing basis.

Mr BORBIDGE: Was Treasury given any instructions or parameters in respect to the assessments that were carried out or were the assessments carried out completely independently by Treasury?

Mr BRADLEY: The assessments were carried out by an interdepartmental committee that comprised all the relevant agencies. They put together the relevant financial information, which we had an involvement in as well. We presented that report to Cabinet for its decision making. It was a normal process of considering costs and outlining those in a report to Cabinet.

Mr BORBIDGE: As part of the committee?

Mr BRADLEY: Yes.

Dr WATSON: My question on notice No. 1 refers to issues of employment, unemployment and Queensland Treasury's forecasts. The answer said that Queensland Treasury does not provide advice on projections for individual components of gross State product, the unemployment rate, labour force and so on. Does Treasury actually produce those? Dr Crossman might answer this: is it part of the Queensland model that these are either outputs or suboutputs, or are any of these items used as assumptions in the model?

Mr HAMILL: Are you asking for a discussion on what the components of the macro-forecasting model are?

Dr WATSON: I asked for private consumption, private investment, State and final demand, gross State product and so on. The answer that I received was that, as Queensland Treasury does not provide advice on projections for the individual components of gross State product, the unemployment rate and so on, they are not provided. Treasury only provides gross State product, inflation, employment estimates and unemployment participation rates for one year.

Mr HAMILL: Which is the normal course of action.

Dr WATSON: My question is: does Treasury produce any such thing? It is not just a question of advice, but does it produce anything? Does the Queensland econometric model require any of these either as inputs, as assumptions, or do you derive them as outputs? If so, what are they?

Mr HAMILL: I will ask Dr Crossman to respond to that. He might like to talk about recursive dynamics in the model, as well.

Dr CROSSMAN: Recursive dynamics belongs to a different model.

Mr HAMILL: I was giving you the opportunity. This is it and you may not get another one. I am certainly waiting to hear about it.

Dr CROSSMAN: The Queensland macro-econometric model does produce component forecasts for, say, the components of gross State product going forward, but that is a different matter to the projections that are part of the official Budget Estimates which are used largely for forward estimates of revenue and for forward estimates of expenditures to get some idea of the economic parameters for Australia and Queensland. Basically, what Treasury does produce officially is congruent with what the Commonwealth Treasury, say, would produce for Australia for its Budget processes, that is, broad indications of the aggregate likely level of activity for the State and for the rest of Australia. It does not provide detailed component forecasts for, say, individual items relating to gross State products like consumption expenditure or details relating to business investment. Clearly the model does produce those, but they are not officially used except for the current year when it is felt that we need to have a much more precise understanding of the likely course of economic events.

Dr WATSON: I understand that, but I did not ask whether you provide them. I asked you whether you produce them and the answer is that you do. Will you provide them?

Mr HAMILL: The answer is: no.

Dr WATSON: That is fair enough.

Mr BORBIDGE: Why?

Mr HAMILL: Because you never did.

Dr WATSON: We were never asked.

Mr HAMILL: Sometimes you do not have to be asked. That is the normal practice and there is, in fact, a number of protocols that are observed in relation to this sort of reporting. I might say that under our Charter of Social and Fiscal Responsibility, an enhanced level of reporting is made available on public finance statistics and so on. They are the matters upon which we report. There are also agreements with other jurisdictions about the sorts of matters upon which Governments report. They have been the sorts of protocols which have been observed from both sides.

Mrs NITA CUNNINGHAM: Page 1-10 makes reference to the newly formed GST Implementation Unit. Would the Treasurer tell us why the GST Implementation Unit has been established in Treasury and what the financial impact is to the State?

Mr HAMILL: The GST Implementation Unit, as I have mentioned a couple of times already this afternoon, has been established with eight people and it is already up and running. As you would appreciate, one of the great challenges that faces Treasury this year is the preparation of the State for the implementation of the GST. Although some might say, "That is not going to occur until July next year", it is already the case that, with various contracts for the provision of services and so on, particularly where those contracts run past 1 July 2000, we need to be cognisant of the GST impacts upon those contracts. The State has hundreds of millions of dollars of exposure to the goods and services tax across the various departments and non-ministerial agencies. It is absolutely critical for the Queensland taxpayer and the Queensland Government that any GST inputs, for example, can be identified and that appropriate refunds and so on can be obtained for those funds. What the GST Implementation Unit is doing is working with all of the other Government agencies and departments to ensure that their systems are also geared to dealing with the goods and services tax. Consequently, the unit is not only developing policies but is also providing practical training for personnel in those other agencies as well as helping those agencies to develop reporting mechanisms for the GST in the future. I said that there is

hundreds of millions of dollars worth of exposure. A relatively small investment has been made—some \$5m this year and \$7.8m in total over the four-year period from 2002 to 2003—for this unit. In terms of a rate of return, I think this will stack up pretty well.

The CHAIRMAN: There being no further questions, I call Dr Watson on a point of clarification of a question.

Dr WATSON: Earlier in the first session we asked for some details with respect to those operating statements. You said you would get that information by the end of the day.

Mr HAMILL: That is what I was referring to at the opening of the session. When answering a question from Mrs Cunningham, I said that I hoped to have some information this afternoon.

Dr WATSON: I thought that was with respect to the expense issues. The first question I asked—

Mr HAMILL: I remember your question. I am sorry, I was not trying to be difficult. But I was referring to those matters. In relation to the questions that I have taken on notice, that material may take a bit longer to prepare.

Dr WATSON: Will that address the whole issue, including the equity return and all of the others?

Mr HAMILL: Yes. I was not overlooking that. I was trying to convey to you that that material would be provided as quickly as we can, but this afternoon is just a bit too soon.

The CHAIRMAN: I will take it from that—

Dr WATSON: We will take those questions on notice.

Mr HAMILL: Yes, they are on notice.

The CHAIRMAN: Is everyone happy with that? Before I let you go, I remind the Treasurer and the officials that the responses to questions taken on notice at this hearing are required to be returned to the Committee by 5 p.m. on Monday, 11 October 1999. If the department is unable to meet this time frame, I request that both the Deputy Chairman and I be advised. I thank the Treasurer and his officers for their attendance today.

Mr HAMILL: Thank you.

The CHAIRMAN: That concludes the Committee's consideration of the expenditure for the Department of the Treasury.

Sitting suspended from 5.20 p.m. to 5.28 p.m.

STATE DEVELOPMENT AND TRADE**IN ATTENDANCE**

- Hon. J. P. Elder, Deputy Premier and Minister for State Development and Minister for Trade
- Mr R. Rolfe, Director-General, Department of State Development
- Mr J. Carroll, Deputy Director-General, Business, Innovation and Trade
- Mr S. Booker, Deputy Director-General, Development and Infrastructure
- Ms S. Ryan, Manager, Strategic Financial Management
- Ms C. McCourt, A/Executive Director, Office of Small Business
- Mr D. Stubbin, A/Manager, Corporate Development

The CHAIRMAN: The next item for consideration is the Department of State Development. The time allotted is two hours. For the information of the new witnesses, I point out that the time limit for questions is one minute and for answers it is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. The questioner may consent to an extension of time for answers. A double chime will also sound two minutes after the extension of time has been given. The Sessional Orders require that at least half the time available for questions and answers be allotted to non-Government members. For the benefit of Hansard, I ask departmental officers to identify themselves before they first answer a question. I would ask officers in attendance to make sure that they have turned off their mobile phones.

I now declare the proposed expenditure for the Department of State Development to be open for examination. The question before the Committee is—

"That the proposed expenditure be agreed to."

Minister, is it your wish to make a short introductory statement in relation to the elements within your portfolio?

Mr ELDER: The year 1998-99 has been one of substantial achievement for the Department of State Development. There have been a number of milestones. They include that the department has been established and settled into a new organisational rhythm that is characterised by a more client focused orientation, particularly

when it comes to our trade division, the introduction of new performance measures, commitment to developing a new client management system, and regular and planned interaction with the business community at ministerial, director-general and senior officer level through a number of industry forums. Our culture now is biased in favour of results and actions; there is a disciplined professionalism within the department itself, and a commitment to investing in the long-term future of the organisation and of the people who work within that organisation.

There has also been the expansion of the department's accessibility to Queensland's regions through the creation of 15 State development centres and an enhanced commitment to project development and facilitation by vigorously supporting major development projects from the private sector, such as the PNG gas pipeline, the Comalco alumina refinery, AMC, Marlborough Nickel, Korea Zinc, the Millmerran power station and the Stuart oil shale project—to name just some; galvanising private sector involvement in public infrastructure, as has occurred with the Nathan dam and the Gold Coast Convention Centre, and moving ahead looking at opportunities within the Goss report for the facilitation of private involvement in public infrastructure delivery.

Another milestone is facilitating the development of processing industries relating to primary resources and minerals by introducing the meat industry reforms and the creation of the QMPDI, which has given support to projects such as the Darling Downs bacon project, Australian Country Choice and the improvement in facilities through projects at Charleville and Wallangarra; resolving the future of native forest industries in this State and the development of a plan to move to an industry based on adding value to a future plantation resource; developing a plan to advance the food processing industry; and developing a plan to encourage new investment in minerals processing, such as can be seen at the precinct in Townsville—we are looking at the precincts in Rockhampton and Gladstone—and the R & D based activities in Brisbane. When that is combined with a strong investment attraction you start to understand and appreciate the critical masses being developed within the State and being resourced and enhanced by this department.

A further milestone is developing Smart State industries of the future, that is, investing in research and development in biotechnology; sponsoring CRCs in light metals,

microelectronics and satellite systems; sponsoring the creation of technology incubators; facilitating an environment conducive to growth, particularly growth in the venture capital market; and targeting the attraction of investment by companies that provide critical mass to support those smart industries. You have seen examples of that in this State already.

Further milestones are aggressively pursuing regional headquarters relocation for companies trading in the Asia-Pacific region and supporting the provision of strategic infrastructure, positioning Queensland business to effectively compete in the global market. That involves development of a State infrastructure plan, development of the Gateway ports, development of industrial estates and development of technology parks.

Another milestone is promoting the diversification of Queensland's regional economies by revitalising tourism opportunities, sponsoring urban renewal projects in provincial cities, supporting regional and economic development corporations, promoting regional investment into processing industries and promoting major private sector and public sector infrastructure projects within the regions.

A further milestone is pursuing the growth of small business, including stimulating the birth of new businesses, by continued and upgraded business advisory services, conducting awareness and information programs on Y2K and GST implementation issues, supporting small business access to global markets and expanded domestic markets through electronic commerce and facilitating access to business opportunities arising from major projects and Government programs.

The last milestone is improving Queensland's trade performance by the accelerated development of regional trade growth through the development of regional action plans; identifying new opportunities in global markets, for example, India, the Middle East and central Europe; reforming the trade division to ensure that it is highly responsive to client needs to meet those objectives; and planning the expansion of our offices, particularly in Japan with the opening of the new Osaka office.

It has been a very exciting year for the Department of State Development. It has been a year of commitment by all the officers who have been involved in the department, one that has brought to fruition the benefits of that concentrated effort and commitment

within the department on those activities. All within the department need to be congratulated for that effort.

The CHAIRMAN: Thank you, Minister. The first period of questions will be from the non-Government members.

Mr SLACK: I refer to the significant resources devoted to capturing trade opportunities in India and the Middle East—and you just mentioned them yourself—as detailed on page 7 of the Ministerial Portfolio Statements. Given the Minister's recent disclosure as to how he selected his preferred company to travel to South Africa, will he apply these same rules to future missions? If so, should Queensland companies begin hiring Wayne Goss as a consultant and offering the highest bid for exclusive ministerial endorsement overseas?

Mr ELDER: I would have to say to the member that I picked your first question in one. I knew exactly where you would come in relation to the South African trip in relation to Deloitte. I said before that your criticism of Deloitte and your criticism of the way in which Deloitte sponsored this has not gone well in the business sector in this State.

Mr SLACK: I have not criticised Deloitte.

Mr ELDER: Yes, you have, and I have to get to answer this. It has not gone well in the business sector in this State. In terms of Deloitte's activity, I have had discussions with all the top five about opportunities to enhance business activity—about trade activity—in all of those markets. It is, in my view, an opportunity to use any resource at my disposal as Minister for Trade to do just that. If it means going into South Africa that I have access to 200 companies, I have access to the client base list of the largest accounting firm in South Africa to facilitate it in Deloitte—if I have access to that and that can provide me with those immediate contacts which would normally take three trips at least to actually gain that type of coverage, then I will do it. And if Deloitte tend to benefit a bit on the way, so be it. The State of Queensland benefits in terms of its opportunity to actually develop strong contacts and strong links with 200 of the top companies in South Africa.

It is not my intention to go to India or into any other sector at this stage with Deloitte or any other particular proposal. None, quite frankly, have come across my desk. It is always my intention to try to make sure that, where I move, continuing trips are diversified in terms of their activity in terms of the input from the private sector.

If I go back into South Africa, then I will take a broader group of people. I have a better understanding of the market. I have a better understanding of the companies that are in that market and the needs of those companies. I have a better understanding of matching those with Queensland companies. If the same situation arises in India or the Middle East again as I move into the Middle East, then I will take advantage of that. It is as simple as that.

Mr SLACK: But surely in relation to Deloitte, those clients would have been available had Deloitte accompanied you along with any other company that may have accompanied you, but there was not an invitation, as I understand it, to other companies to accompany you. This was raised before you actually travelled to South Africa. Deloitte obviously would get a benefit out of it because of business migration from South Africa to Queensland, because of investment out of South Africa into Queensland. So there is a benefit to Deloitte, but it did not have to be exclusive. I fail to comprehend why the exclusivity to Deloitte. You have lost me in respect of that. Surely the department also was able to provide advertisements to business who because of conditions in South Africa are very interested to come to Australia. So why the exclusivity?

Mr ELDER: One of the key recommendations that came out of KPMG's review of our trade activity was to undertake the greater use of professional service firms and the opportunities that they provide. If Deloitte or KPMG come through my door and offer me an opportunity to actually facilitate, as they did, the trip into South Africa or a trip into any market providing me with access to those larger companies, then I make no apologies for taking on that opportunity. It is in Queensland's interests to maximise every opportunity I can. If you find fault in it or you are unhappy with my approach, fine. You have the right to criticise, as anyone else has. But let me tell you every time someone comes through my door and delivers me an opportunity to do that, any firm that comes through my door will be received by me and I will look at the opportunities in relation to it.

In Deloitte's case, Deloitte happens to be the largest accounting firm in South Africa. It has the largest client base of any of those professional firms in South Africa. It was a unique opportunity to talk to the top 200 companies—and broader companies for that matter—and top organisations and give me an entrée that would have taken months and months to have evolved through the normal

process. Whether you agree with me or not, I will continue to adopt that approach. I will look at every opportunity to enhance Queensland's trade opportunities overseas. I will take the criticism any day, but if you are going to contrast an approach, then at least contrast my approach with the approach of your former business Minister. I did not visit a game park, but I did bring back a rhino. It was not a rhinoceros recovery. I did talk to some of the most powerful companies in South Africa and I sought their opportunity and their investment proposals for Australia and particularly for Queensland.

Mr SLACK: Could we move on to the cost of the lengthy and complex restructuring of the Department of State Development? Do you have an estimate of what it cost to actually restructure the department?

Mr ELDER: I can recall answering a question on notice to you not that long ago. There was a couple of million dollars involved in the actual reconstruction of the department in terms of costs. If you give me two seconds, I will endeavour to find that for you. I reported to you on 23 March the cost of establishment of the Department of State Development in transition to Government. It incurred a total cost of \$2.114m—just over \$2m.

Mr SLACK: Is the Premier satisfied now with the restructuring? Are you satisfied with the restructuring to date? Is that the end of the restructuring or are there other aspects for you and the Premier to consider? In other words, is there any future restructuring to take place?

Mr ELDER: There is no restructuring in terms of the make-up of the department. That is, the department is made up of Coordinator-General, part of CP & P from Treasury, Business and Industry, and Economic and Trade Development. So there is no likelihood that we are going to start dragging other departments into the Department of State Development.

Mr SLACK: I am not suggesting that, but within the department itself.

Mr ELDER: Movement of people within the department?

Mr SLACK: Yes.

Mr ELDER: I guess as you move through and you manage a business or a portfolio, from time to time people themselves are going to want to move. From time to time you are going to find people who are better suited to another activity within the department, at level. Organisations such as this, that are large, are evolving. I would not, nor would I attempt to, give you a guarantee that there are not going

to be any further changes in terms of some of the staff. Most of the staff, I think, are happy in their position. Everyone is productive in their position, but everyone looks for an opportunity to move on, for an opportunity for a promotion. We ourselves might take a stronger focus on a certain activity and ask people to consider an opportunity to move. But I have no major plans at the moment for any significant restructuring within the department. I am sure if the director-general wanted to add anything at this point he might.

Mr ROLFE: No; other than to say that, I guess as a matter of general principle, the department is always evolving to address the emergent priorities of Government. For instance, one approach we often use is to set up particular task forces to address emergent Government priorities. I guess I would see that sort of approach continuing. The Government this year announced the expansion of our overseas offices by the opening of an office in Osaka. We have opened an office in Sydney. Those sorts of changes generally, I guess, are to be expected, but no wholesale adjustments are planned.

Mr SLACK: I asked the question because your restructuring has gone on for some time. There would be some insecurity problems in relation to staff and staffing positions because of continued restructuring.

Mr ELDER: I would not think there would be a lot of insecurity, but the restructuring has gone on. You do not create a department of this size, that has the capacity to deliver across a broad range of economic portfolio areas, without having to work through those restructuring issues, but where possible we have found positions for people. Some who were on contracts have not been renewed. Either the work has not been there or we have changed the roles. But on the whole I suspect that most people are comfortable working in the Department of State Development. I know that I have got a list of people wanting to work there.

Mr SLACK: In relation to the remuneration and entitlement arrangements for the heads of Queensland Government offices overseas, detailed in your answer to a question on notice, and the fact that on a salary basis these officers are now effectively in the lower to middle range of the senior salary structure, have special provisions been made in terms of superannuation and the officers' promotion prospects within the Queensland Public Service? You will notice from the answer to that question on notice that some of those public servants are in overseas

offices that have a very high cost and their salary package is not overly high.

Mr ELDER: If I can recall, in some cases there is base salary plus a whole range of adjustments for the particular environment in which they work. In other cases there is a standard annual fee that had been determined and which was negotiated long before I was Minister. They are revisited on an annual basis by us in terms of whether those particular salaries are appropriate and/or whether those allowances need adjustment in terms of meeting the lifestyle commitments in those particular offices. It is not our intention to in any way, shape or form jeopardise their opportunities back in Australia. All of them from time to time are given the opportunity to consider, upon contract renewal, whether they are looking for another—

Mr SLACK: Minister, are you taking on board what I am saying? They have gone down the salary range scale in relation to the structure of the department.

Mr ELDER: The fact of the matter is that when you package their salaries together they are not down the scale. The base salary for most of them is about \$92,000 and there is a range of other components. The best example I can think of without having the detail in front of me is John Kenny. In John's case, whilst it is a low base salary, by the time all the adjustments are made—they are appropriate adjustments for the allowances that he has in that environment—it ends up being around \$250,000 as a package, as a whole. So they are considered on that basis, as we would consider any opportunity.

Mr SLACK: I am particularly looking at the London one, because the costs in London are about twice what they are here, for instance. We have a situation where the officer in London is on, I think, the same.

Mr ELDER: But there are all those other—

Mr SLACK: I appreciate—

Mr ELDER: The Australian Government conditions of service conditions apply to all of those. When it is averaged out, it is a substantial salary.

Mr SLACK: If you could take on board what I am saying.

Mr ELDER: They are continually revised by us, yes.

Mr SLACK: I note that the estimated 1999-2000 budget for the department's overseas office in Jakarta, which includes Semarang, is only \$570,000, which is significantly lower than the sums allocated for other overseas offices. Has the funding for the

operation of this office been reduced since last financial year? What would account for the major differences in this office's budget compared with the budgets for other offices in the East Asia area? Minister, while you are answering that you might care to comment on the situation with those offices, considering the problems that are there.

Mr ELDER: Bearing in mind the sensitivities in relation to that.

Mr SLACK: I appreciate that and I respect that.

Mr ELDER: We have sought to have both officers, the officers in Jakarta and Semarang, return to Queensland to actually update us on the economic activity and the impacts of the present difficulties on our trade and economic activity within those markets and to brief us on how they see the political dimension of this impacting on their business. They are both back in Australia at the moment. In fact, the officer in Jakarta is on holidays. He is taking his annual leave. We have brought back the officer from Semarang with his family to go through the annual retraining and assessment programs with him at this stage. We will monitor the situation from this point to determine when they return to both those centres, but those offices are still open with local staff and are still conducting business. In terms of the budget, the budget for 1998-99 was \$555,000. This year it is \$570,000.

Mr SLACK: It does not seem a lot.

Mr ELDER: Essentially, it is based on a number of things. One is the value of the Australian dollar. The costs we incur there are minimal compared with a whole range of other sites. You do realise that that site is also sponsored in part by the Government itself, which is the Central Java Government. So those arrangements are still in place, which makes it a very economical office to run.

Mr SLACK: Could I follow that with a question relevant to the Osaka office? You have listed \$45,000, which is not very much, for the establishment of the office in Osaka.

Mr ELDER: That is the set-up cost.

Mr SLACK: So that is not the full cost?

Mr ELDER: As to the set-up costs themselves, we are still working through them with the Osaka Prefecture. But the Osaka Prefecture themselves are providing—obviously in the first year of operation for us—a reasonable access into Rinku Town. They are also providing us with an office facility in one of their prefectural tower blocks in Osaka, and that is done at a discounted rate.

The office in the Rinku Business Centre in Rinku Town will be on the 14th floor, and that is adjacent to it. It represents an investment over four years of \$1.58m, with costs in 1999-2000 of \$390,000. So the set-up costs are \$45,000, operating costs \$390,000. You would understand that, with operational costs at that level, there is a reasonable assistance package in place from the Osaka prefectural Government. It is rental relief over two years at Rinku Town. As I said before, it is an opportunity to access a city desk, that is, a meeting room and an office within the prefectural Government buildings in the CBD. Senior Government officials will work with us at what can only be called substantially reduced costs. They will also provide for us the costs of bilingual secretarial support for the initial establishment of the office.

Mr SLACK: There is no involvement of Austrade?

Mr ELDER: No. This is essentially between ourselves and the prefectural Government.

Mr SLACK: Is there any budget allocation for the professional services of Austrade for this particular financial year, 1999-2000?

Mr ELDER: We budget for professional services generally, which would include if we were to do any work contracting with Austrade. It would be fair to say that, at the moment, we are talking to Austrade about a number of service opportunities, particularly in the Middle East. We have been looking at how we manage now to develop the ties within the Middle East. We have the memorandum of understanding with Abu Dhabi. That was a very successful trip into the Middle East. We are also working on a chamber-to-chamber MOU with Dubai and our own chambers here. The interest out of the Middle East has been growing. It has been substantial—as you would appreciate that market—and it is how we may manage that market over the next couple of years. It is those types of professional services that we are now looking at accessing with Austrade.

Mr SLACK: In the Western Australian situation, they use Austrade, and they are located in the Austrade offices, so they are sharing expenses.

Mr ELDER: Yes. We have been working with Austrade, and I would have to say that we have a good relationship with Graham Wilson here in Brisbane—an excellent relationship. We have been working with him on a whole range of opportunities for which we can use Austrade—e-commerce in particular and access of e-commerce and e-commerce

opportunities by using their offices for those partnerships without necessarily having to put anyone on the ground, but just by those professional services and those services from the Austrade offices. That is an example; just sharing the market intelligence, again from their offices, and paying for that, and looking at some joint planning and marketing activities, the Middle East being an example. So we are considering it. But if you are asking me if there is a provision—not any more than we have in terms of general provision for those services.

Mr SLACK: Minister, I refer to the Premier's answer to a question earlier today about the recent joint venture with the Lord Mayor of Brisbane in which you jointly flew 25 senior business executives from New South Wales and Victoria to Brisbane for an investment promotional weekend. Can you tell the people of Queensland how much this exercise cost them, what the cost-sharing arrangement was with the Brisbane City Council and how this event meshes with your publicly stated policy of cost minimisation in the areas of entertainment and catering?

Mr ELDER: I assume the Premier answered it.

Mr SLACK: He answered it in part.

Mr ELDER: As I understand it, the costs were fairly minimal. There was sponsorship of it, and it was a fairly successful event. If you are asking for comment in relation to costs, you should have asked that of the Premier. It was the Premier and the Lord Mayor who were responsible for overseeing it.

If you are asking me whether or not it was a positive outcome, I would say that we should be doing more of it. This was an opportunity to get between 20 and 30 of the CEOs of some of the most dynamic and large and growing companies in Australia to actually consider Queensland, and particularly Brisbane, in terms of what it now has to offer as a market itself and what it now has to offer in terms of its services and its costs structures. This was a very cost-effective way of doing it. And the fact that they got the corporate sector itself to get in there and sponsor it—I think the costs to the Government were around \$15,000 or \$20,000. I am not sure of the cost; you would need to ask the Premier. But the costs of this in terms of the return were minimal—chickenfeed in terms of the access to the people who were making decisions and access to the people who are now making decisions about their future investment profiles. The net worth of those CEOs and those companies was in the hundreds upon hundreds upon hundreds of millions of dollars, if not billions of dollars. That

type of thing you cannot buy. That type of access you cannot buy. I would say to the Lord Mayor and to the Premier—if the Premier had not mentioned this in his earlier comments—that it is worth repeating.

The CHAIRMAN: Minister, I note on page 22 of the Ministerial Portfolio Statements—the second last dot point—that the Forest and Timber Industry Task Force facilitated negotiations with the Commonwealth Government for the South East Queensland Regional Forest Agreement. Would you outline the Queensland Government's position regarding an RFA for south-east Queensland and how negotiations with the Federal Government are progressing?

Mr ELDER: Sure. I am delighted to inform the Committee that, on 16 September 1999, the Queensland Government signed an historic agreement with the timber industry and the conservation movement—two of the significant players in this area—to provide us with a plan for an RFA that protects jobs in the regional communities and, for native Crown forests, protects forests in the long term for south-east Queensland. The Commonwealth have not yet signed up for the plans, but I would have to say that, through our negotiations with the Prime Minister last Thursday—time moves on—I believe that we had a very positive and productive and successful discussion with the Prime Minister in relation to it.

I might say that I have been a bit disappointed with the comments from the Federal forestry Minister, Wilson Tuckey, coming out of that meeting. There was an agreement at that meeting that there would be no public comment in relation to it; that our officers would work through the elements of a plan. The Prime Minister was keen to have an outcome that was in the spirit of the national forest policy outcome and the national forest policy principles that were laid down by COAG. He was keen to get an outcome. And on that basis, we left, I thought, on a very productive basis for a resolution of this between the State and the Commonwealth. I would have to say that Wilson Tuckey has been less than generous, in terms of his comments, and provocative in terms of continuing to make comment to undermine it since we had that meeting. I have drawn those matters to the attention of the Prime Minister's office, and I suspect that the Premier will probably do the same over the next few hours.

You have an historic agreement here between the major players in this industry—one that actually protects the regional

communities, protects the jobs in those regional communities, protects forests in terms of increasing the forest reserve and maintains a long-term timber industry that has the time to move and transition into plantation-based forestry over the time frames that people are expecting—over a 25-year time frame. This is historic. I cannot for one moment think why Wilson Tuckey would endeavour to undermine an outcome of this type.

I again reinforce the point that it has been the Prime Minister, I think, who has taken the lead on this. He has been more than open with his comments to the Premier and myself and more supportive in terms of trying to endeavour to reach a position on what is an historic RFA for this State. I am confident that the Commonwealth, in time, will do just that.

The CHAIRMAN: Minister, you can have an extension of time. You can have another two minutes.

Mr ELDER: If I could have another two minutes, that would be fine. The basis of this proposal, and why this proposal has been accepted by industry—and so successful in terms of its implementation—is that it generates jobs, and generates those jobs almost immediately. By resolving softwood issues for Hyne & Son, we are enabling jobs to be created immediately within the softwood industry—some 240. By resolving issues for Laminex in Gympie—and I did see where they had a slight drama over the evening, when there was a fire in the process plant, but I understand it was only the conveyor system, so the plant was not in any jeopardy—but we have been able to create, by working with them, direct jobs in Tin Can Bay within the Laminex line at the Laminex plant—30-odd jobs.

They are immediate jobs. We needed to buy Boral out to make it work. We have done that. We have 80 jobs in the processing mills and the plants within Boral. Those 80 jobs can be immediately picked up either in our plantation work force or directly in timber jobs for timber workers within that region. We already have a team in Cooroy working with the local business community, the mayor and the local government. We are attempting to resolve other issues that will develop. We are looking at how we can proactively work with that community in order to develop other business and industry opportunities. All the other communities have timber resources for 25 years. This is something that has never been heard of. I admit that we have a negative in Cooroy, but we have a jobs positive situation in the area.

The CHAIRMAN: I was so riveted to your answer that I would like to follow it up. You might recall that I was the Chair of a backbench committee that went around these regional communities. The consistent message from the workers and the communities was the importance of jobs—not just any jobs, but jobs suitable to timber workers. Could you outline what the job impacts are resulting from the Queensland Government's plan?

Mr ELDER: Thank you. I did not have time to deal with all those matters. I appreciate your interest, Mr Chairman. I would expect someone who played a very active role in this outcome to ask me those questions. I would like to thank you for chairing that backbench committee which toured right through these areas. If there was one person who had a clear understanding of the community and the impact of jobs in these areas it was the Chairman of this Committee.

We have 30 jobs in the fibreboard plant and just under 200 at Hyne & Sons in Maryborough in softwoods, together with 15 at Yeppoon and 35 at Virginia in Brisbane. This will occur as the softwood industry grows. We are looking at a minimum of 100 jobs within the forestry service. That will come about in time with the development of plantation timbers. There will also be some job opportunities for those who wish to take advantage of them in Natural Resources within State forests in the wildlife service.

What has not been focused on, but what is a big plus, is that Hyne & Sons will be developing both softwood and hardwood plantations. In particular, the company is going to look at its hardwood resource. A further 100 jobs will come from the development of those opportunities in the company's forest-based plantation business.

This Government has gone in and resolved what has been a very difficult issue for the State. We have come up with significantly more jobs in the industry. As I said before, resource allocation to companies of some 25 years gives them the confidence to go out and reinvest in the value adding sides of their businesses. I find it surprising that the Federal Minister said that, without Boral, it was just a cottage-based industry and had no future. He clearly misunderstands the Queensland environment. This is not Western Australia. It is not New South Wales. It is not Tasmania. We have a different forest-based industry where the communities play a vital role in terms of generating employment.

Each and every one of the millers is keen to value add. Each is keen to move into kiln drying and is keen to re-tool in order to sustain the business in the community. They are profitable and they want to sustain the industry. We do not have the woodchip industry. We do not have the volumes that we see in other places. Our mills can be very productive and provide a significant opportunity for us in hardwood timbers over the next 25 years as we transition towards plantations.

I am surprised at the Federal Minister's lack of knowledge. He made a comment with regard to certain species that we should be growing. One species he mentioned was Tasmanian bluegum. I am not sure whether he knows that Tasmanian bluegum is a temperate tree which will not grow in Queensland.

Mr CHAIRMAN: Mr Minister, because jobs are important, if you want to extend I would like to hear what you have to say on behalf of those communities.

Mr ELDER: I appreciate your interest, Mr Chairman. Tasmanian bluegum will not grow in Queensland. It is the Gympie messmates and those types of trees which can be grown within the lifespans that we anticipate. The Federal Minister got it wrong. Tasmanian bluegum is essentially used for pulp. It is not a saw log tree. He got it wrong on a couple of occasions. As the Minister moves around the State I ask that he endeavours to play a proactive role and bring the Commonwealth into this RFA agreement. I ask that he plays a proactive role similar to that of his Prime Minister. I am afraid that this is one area where Mr Tuckey will end up with egg on his face.

We are not going to have an outcome in Queensland forests similar to that in Western Australia. If Western Australia was an example of his stewardship, then I tell him through this Committee that he has no prospect of delivering that outcome in Queensland. We will sit down and talk with the Federal Government. We will work through the issues that are important to us in terms of getting support for value adding in the industry.

The Commonwealth has said that it will support us with funding for value adding industries. That is all we ask. We are not asking the Commonwealth to work through the arrangement with Boral. We will cover that. We are not asking the Commonwealth to necessarily look at supporting us through plantations. We believe the private sector will pick that up. We would appreciate support from the Commonwealth, but we believe the

private sector will pick it up. We are asking the Commonwealth to support communities in those parts of Queensland which support value adding and job opportunities in their communities. I would have thought that these communities were pretty important to the Federal Liberal and National Party Government. Mr Chairman, you are someone who studies the maps, as I do, and you would realise that there is not a Labor seat in the district.

The CHAIRMAN: There is one other point that was constantly raised by the workers in the industry and the communities. They were concerned about resource security. Can you clarify what resource security your plan provides for these communities?

Mr ELDER: I can. I said earlier that it is 25 years. To date they have worked on smaller allocations. This is the first opportunity those mills have had to grow a resource over 25 years. To give them that resource and to give them the volumes of timber, two things must occur. Boral's operation was bought out, and we are in the process of finalising that. The second thing is that we spoke to Finlaysons at Yarraman—

The CHAIRMAN: A good firm, I might say.

Mr ELDER: A very good firm. It is a very forward-looking firm in terms of where its business will be in the future. Finlaysons was prepared to give up its hardwood allocation for a softwood allocation of hoop pine. The company saw the opportunities for their mills—particularly at Yarraman—in that industry. That firm would benefit by moving from a hardwood-based industry to a softwood-based industry. That move will create new jobs. It is not a matter of fewer jobs at Finlaysons. This plan delivers five—maybe more—new jobs to the Yarraman area, and 15 in Brisbane at Finlaysons timber business. This is an example of a Government being proactive. This has given us the ability to provide all the other mills with their current volumes of timber for 25 years. That is what they were looking for. They want to reinvest in the business and actually grow their own businesses and thus provide job security in the Bundabergs of this world and in the Wondais of this world.

I know a couple of comments have been made by Wilson Tuckey about one mill owner, but I have had mill owner after mill owner ringing and congratulating us on this outcome. They have thanked us for the security of the resource. They have thanked us for understanding that it is time to move into the transition stage. These firms need the time to

re-tool and reinvest. They will spend the money and they will reinvest because that will give them the opportunity to grow their businesses.

Ms BOYLE: I would like to ask a fairly general question that pertains fairly closely to the department's finances. An area that I am concerned about is the use of consultants. I know that in the past all the departments and various sections which have been rolled into the Department of State Development have made fairly liberal use of consultants. I would like to know the circumstances under which consultants are engaged, whether or not this practice has continued under this Government and, if so, the extent to which the department now depends on consultants and how this compares to what has gone on before?

Mr ELDER: Expertise in our department is generally in house, but sometimes we need to look outside. We need to look at how we engage consultants. I have directed the current director-general not to go overboard in terms of the use of consultants and to use them for particular performances. If we can do it in house, we do it in house. As I say, there are many times where we need to do it—where we need a second legal opinion or where we need to look at how we manage and develop projects and how we need to check and do due diligence on the work that the department does.

For the information of this Committee, in the table of expenditure on consultants engaged by the Department of State Development and its equivalents, there is a difference. I went back and I looked at it, because I am always concerned about how much we spend on consultants. I guess the focus is always placed on the money being spent. If you look back at the previous Government's last year and this year, we are spending just on \$4m—\$3.7m—with an estimate for \$4m next year. If you look at previous MPSs, you will find that the differential between our last year and the previous Government's was \$6m. This year, we have spent \$6m less on consultancies and we estimate to spend marginally more as we facilitate a number of projects next year.

But I did go back and I had a look at a number of them. There are a couple of curious ones—payments to the cruise line company was an interesting one and the Expo one was substantial; it was in the millions of dollars. The interesting one was in relation to SUDAW and how the previous Government managed the SUDAW project. I think the consultant is a reasonable consultant. I have no argument

with the consultant. If you can get in for your chop, you get in for your chop. If someone is prepared to pay for you to get in for your chop, go for it. But that consultancy was a \$12,000 a month consultancy with a \$2m success fee. It is something that I do not approach and it is an approach that I have not taken, but the \$2m success fee was on the basis of getting an outcome for an expression of interest. So you call for an expression of interest and you get a successful tenderer for that expression of interest. The company that facilitates this gets a \$2m success fee. You do not get a project—

Mr SLACK: Minister, are you correct?

Mr ELDER: Yes, I am correct.

Mr SLACK: I think that it was just over \$2m that we—

The CHAIRMAN: Order! The member for Burnett will have his chance in a minute.

Mr SLACK: Yes, but in relation to the question that the Minister is answering—

Mr ELDER: If someone else would like to ask me the question, I will provide the information. I am happy to do that.

Ms BOYLE: Could I have an extension of time? The Minister had not quite finished his answer to that question.

Mr ELDER: Fine. I appreciate that. It was \$12,000 a month for the consultancies. So there was a consultancy fee paid. There is nothing wrong with \$12,000 a month; it is a reasonable price for consultancies in this day and age. But I went looking for how the \$2m in success fee was paid, because it was not paid through the normal consultancy arrangements that we have within the department. I did manage to find out how it was paid. It was paid through the director-general's advance and the Treasurer's Advance is our best indication for the remainder of money. But it was a \$2m success fee.

At the time we had just the expression of interest to tender, just coming up with that one consortium with no dam, no railway line, no planning, no approvals—nothing—because that work has had to be done. That work is in the process of being worked through right now. It amazes me that someone could walk away with a \$2m consultancy success fee for actually facilitating an expression of interest process.

Mrs NITA CUNNINGHAM: As I understand it, the retail industry is one of the major employers within Queensland with nearly one in five private sector employees coming from this industry. The industry also has a very high proportion of small retailers, particularly within regional Queensland. Given the

industry's significance both in employment terms and also as a supplier of products and services to the community, it is important to ensure that the industry operates efficiently and effectively. Minister, I notice at the bottom of page 11 there is a reference to the review of the Retail Shop Leases Act. Can you tell us just what this review is hoping to achieve and what progress is being made on it?

Mr ELDER: The Queensland Retail Shop Leases Act has been acknowledged as probably the best in terms of best practice. The fair trading inquiry saw that as the best practice model. The Government is committed to ensuring that the quality of the Act is maintained.

Just recently, we worked through a process to review the Act. I have an obligation to review the Act by October this year. Recently, I tabled a policy review paper in Parliament that signalled the completion of the comprehensive review of the Act and which identified significant enhancements in terms of the Act. The public release in September now provides the retail community, the broader business community and the broader community to have a final opportunity to express their views as to the appropriateness of the preferred amendments to the Act.

After that consultation has been completed, I hope to introduce a new Act in the first half of next year. I think that the amendments proposed are important. The amendments proposed in the policy review paper have been developed and, in the release of that discussion paper, have been supported unanimously by the stakeholders. The proposed amendments include incorporating the unconscionable conduct provisions from the Commonwealth Trade Practices Act and signifying expanding disclosure requirements at the entry into the lease, both of which will serve to improve the retail leasing/business relationships and will enable better informed business decisions by those parties that are involved in terms of making that lease. Ultimately, the proposed amendments will improve the effectiveness and efficiency of the legislation and reduce both the number of disputes—at least that is our hope—and the length of time required to resolve those disputes and, in that case, improving the overall business environment. As you would appreciate, the business environment between lessees and lessors is important in all of the complexes, whether they be in Cairns, Bundaberg, Logan or around my area of Capalaba. If we can improve that relationship, then we have the best chance of

those businesses surviving, the best chance of a good productive relationship and a strong contribution from all of those players to the Queensland economy.

Within my department, we have established an industry-based working group to still facilitate the industry feedback and work through those issues. That group involves all the major players, the Retailers Association, the small shopkeepers—I am trying to think of the name; I have had a mental blank, but I think you know who I am talking about—the Property Council and other investors. Look at them all squirreling to find the name for me, but that is okay. I do know it is Ian Baldock's and QRTSA is its acronym.

Mr SLACK: You made reference to the consultancies that we had in relation to the development of the Surat/Dawson project. Could you explain to us where that project is at the moment? What are the time frames? Before you do that, I would also like you to recognise that we did go through a complete advertising process. It was a new process to get that project up and running. I understand that the previous Government, the Goss Government, had opted out of the development. You would have to acknowledge that the development is worth \$3 billion to this State. It was an expression of interest process and an assessment process where those people who were appointed were appointed on a very strict evaluation process. They performed the task. Before the Cabinet authorised that payment, it was very carefully evaluated as to the value of time and expertise that was contributed by those people. So I disagree with you in that there would be any implication or any inference of anything improper in the work that they did or the selection process. Where are we with the SUDAW process?

Mr ELDER: You miss my point. I did not say that there was anything improper.

Mr SLACK: You implied it.

Mr ELDER: I did not even imply that there was anything improper. I said that it was rather strange to have a \$2m success fee on coming up with a preferred tenderer for a project. You continually said that this was a \$3 billion—

Mr SLACK: It was not a tender process. You do not understand the process itself.

Mr ELDER: You can ask me supplementary questions. You continually said that this was a \$3 billion project. It is yet to deliver anything in relation to that. It was all rhetoric at the time and they are working through building opportunities in the dam. The

dam is not \$3 billion and the rail is not \$3 billion.

Mr SLACK: The Premier when in Opposition and the leader of the Parliament have said what a good project it is.

Mr ELDER: It is a fine project, but let us get the rhetoric right, at least when dealing with the consultancy. I do not recall at any time when we were in Government that we ever paid a success fee of \$2m to come up with a successful expression of interest tenderer, to have someone come up and develop the prospects of the dam, the rail—

Mr SLACK: How much was actually paid to the consultants?

Mr ELDER: \$2m in success fees.

Mr SLACK: How much in total for all the work that they did?

Mr ELDER: In consultancies?

Mr SLACK: Yes. How much was paid to the particular group that did the consultancy?

Mr ELDER: You tell me. It was during your time in Government.

Mr SLACK: No doubt you have researched this, if you are raising it.

Mr ELDER: It was 2.208, of which \$2m was the success fee.

Mr SLACK: For your information, if you did a careful evaluation of the time and expertise, and charged that out in relation to the work, when we did the analysis—

Mr ELDER: No, you paid a fee of \$12,000 a month. You paid a fee. Right at the end of resolving the issue of who would be the preferred tenderer—and as I said, there is no allegation of impropriety—you have paid the fee and gone through it. I know the company well. It is a very reputable firm and a good company. If I was the company, I would be laughing all the way to the bank if I received \$2m.

Mr SLACK: We carefully analysed it before we approved the payment.

Mr ELDER: I can tell you that I do not adopt the practice of paying success fees. If you had the dam and the dam was built and the railway line was built and you were pushing coal out, I could probably understand the \$2m success fee.

Mr SLACK: The question arises now as to why we do not have it.

Mr ELDER: The fact of the matter is that the project is still under way and we are still facilitating it. They are working through the issues now in relation to both the dam and the rail line. With the rail line, the emphasis has

been on facilitating a commercial agreement with Tarong. They have not wound it back, but their activities in relation to the export coal port and the export rail are taking second place in terms of the rail options. It is still there. They are still working through it but it is taking second place in terms of the rail option to Tarong. As I say, they are still working through those with both Tarong and the other proponent. The dam—

Mr SLACK: Is there a time frame?

Mr ELDER: Yes.

The CHAIRMAN: Do you want an extension?

Mr SLACK: Yes.

Mr ELDER: The dam project is still being facilitated and we are still working with them. Additional work is being done in relation to the impact assessment study, which is almost complete. The review of the impact assessment process is probably not far off public release, which means that I will move to the next stage, which is the environmental impact study that is required. They are happy with the time frames. They know when they need to close in terms of financial closure with their bankers. We believe that they will be able to do that within the time frames that they have set themselves. There has been no hold-up from our point of view. In fact, we have facilitated—

Mr SLACK: Did you meet all the requirements that SUDAW has as far as the—

Mr ELDER: Yes. We have facilitated every requirement to date. The review of the impact process is not far from public release, which will enable them to move to the next stage, which is the EIS stage. In terms of Tarong, I have not had discussions with them of late but I imagine that now they will probably reassess their rail movements, given Entergy's move out of their energy projects and out of Australia. They may not. It will depend on discussions they have with Tarong in terms of Tarong's expansion. All of those are still being facilitated. The last time I was out in that area was with the Mayor of Chinchilla, Ivan Middleton. We discussed that same project and talked with the flood plains people in relation to the project. We have been facilitating it. It has not been held up in any way, shape or form. It is within the time frame and we are meeting their financial closure obligations.

Mr SLACK: Why has a decision not been made on the Nathan dam?

Mr ELDER: There was a review of the impact process, which was a required review.

As soon as that review is finished in relation to the impact, they have to go to the EIS stage. Once they move to that stage, they complete the EIS and get the approval—

Mr SLACK: Couldn't the EIS have been done earlier?

Mr ELDER: No. It is the impact assessment first and the EIS straight after. That is the way it works, and that is the same way it has worked for as long as I can remember. We are following the same arrangements and processes that were in place when you were last in Government. We have not changed the processes and we have not changed the facilitation. In fact, we needed to work closer with them in terms of the Tarong line requirement. The environmental management plan is the next stage and the WAMP finalisation, which is not that far away.

Mr SLACK: The environmental impact study, you said before.

Mr ELDER: I may have inappropriately used the wrong one. The environmental management plan is the next process. I apologise.

Mr SLACK: I refer you to the \$5.2 billion budget for the Capital Works Program. As the Minister for State Development, are you satisfied with the situation in which your Government has cut spending outside Brisbane by 4% over the last two Budgets? I ask this in the context of the last coalition Budget. The May 1998 document allocated \$4.8 billion in total, 58% or \$2.8 billion of which was allocated outside Brisbane. If the relativity had been maintained, that would have resulted this time in an outside Brisbane investment of \$3 billion against your \$2.8 billion. There is no net gain in dollar terms.

Mr ELDER: Firstly, I am not going to accept as fact—

Mr SLACK: Those are the figures.

Mr ELDER: I do not accept as fact what you stated in relation to the global capital works budget. I refuse to accept what you said in relation—

Mr SLACK: Those are the Budget figures.

Mr ELDER: You say that and I disagree with you. Let us talk about my role and responsibilities within my MPS, because I am not responsible for the delivery of the Capital Works Program across the State.

All of our major capital works projects are spread across the State. For example, we are facilitating and bringing the Nelly Bay project in Townsville finally to a conclusion. Airlie Beach

and the Whitsundays are examples of funds being spent in regional Queensland. This Government through this Budget has facilitated that project, as we have facilitated the Stuart oil shale project in Gladstone and so on. If you look at our other capital expenditure projects, we have estates in Gladstone and Brisbane, and we are undertaking land studies in Townsville to look at the opportunities there. All capital works across the portfolio are spread across the entire State. We are playing our role in looking after and facilitating regional Queensland, as the Government is. We are committed to a regional development profile.

Mr SLACK: How can you say that the Government is when there is—

Mr ELDER: Because we are committed to a regional profile. Firstly, I do not accept your facts. Secondly, if you look through any of the budgets of the economic portfolios, including Transport and others, you will find that our portfolio has always had a focus on regional development. In terms of regional development and providing support and facilitating job opportunities in the regions, you only have to look at what we have done in setting up task forces in the meat industry to understand and appreciate what we have done to sustain businesses in regional Queensland. Given the dynamic of change within the meat industry, which you understand only too well, we have done much to intervene and sustain jobs in regional Queensland. You only have to look at what we are doing in terms of the redevelopment of the CDB in Cairns, the Townsville urban renewal project and the completion of the Strand project, and what we are doing in Airlie Beach, Gladstone and the Wide Bay areas. You only have to look at the Government buildings that are being built and the resources that are being spent to understand and appreciate that we are pumping work into the regional centres.

Beyond that, within my own budget we are funding regional development organisations again this year, as we will right throughout our Government. We are looking at expanding that program. This is about providing core funding for regional development organisations—funding that they have never had, which will give them the opportunity to actually link those development projects to industry opportunities that will flow from them. This Government is funding those particular organisations. I do not recall that passion for regional development the last time that you were in Government.

Mr SLACK: Given that the expenditure on grants and subsidies fell short by 72.8%, as

per the Budget papers, or nearly \$5m, can the Minister name the major programs which fell short of forecast expenditure and detail why the variation was so substantial?

Mr ELDER: We can do that and I will find that for you. You have to understand—and I hope that you do by now, having gone through both the Estimates for the Premier's and the Treasurer's Departments—that as we move to the accrual process we have to meet Australian accounting standards. That means that at a cut-off point we may have the money committed, as we did in our grants programs through a variety of grants activities. I will go through them in detail for you. In other words, the contract was signed as we committed the money. However, under the Australian accounting standards and Treasury policy, when you move to the accrual-based system there was a cut-off in June. If the money had not been spent and if the expenditure had not gone through, unlike a cash account, it had to be accrued; it had to be carried over. It is not an issue of whether or not there was less money.

Mr SLACK: So no major projects did not eventuate?

Mr ELDER: Nothing has been held up. It is purely in terms of the accounting process rolling from a cash accounting basis to an accrual basis and having to make that contingency. You may have had the contract and the liability, but you did not have the account. That is it in simple terms.

Mr SLACK: I refer to the 6% equity return. Some \$800,000 is nominated from your department to meet that commitment to Treasury this year. What will be the effect next year of the 6% and will the 6% stay at 6%? For instance, will the component from the department be paid in respect of overseas companies that are encouraged to invest here?

Mr ELDER: It is budget neutral this year.

Mr SLACK: Yes, this year, but what about next year?

Mr ELDER: The whole purpose behind it is to make you use your asset base. The CBRC will make that decision over the next 12 months. The whole point is that, as you move to accrual accounting, the first thing you have to do is manage your asset base. You understand and appreciate that. I have seen the documents. Your Cabinet understands and appreciates that. You have to manage your asset base. On this basis, if you can manage your asset base and get a return on it, there is an incentive to keep it. If they can manage and retain it, they get to keep the

differential next time around. The important point here is that a lot of Government assets are being wasted and do not produce a return on equity or investment for departments.

Mr SLACK: What about your department next year?

Mr ELDER: In my department, for instance, we have been doing this for some time. We have been proactive through the industrial estates program. We have been divesting ourselves of industrial estates that are not productive and we have been working with councils and a whole range of other people to do that. But we have land there. You will have noticed that in respect of the land beside the Gateway Bridge, which we consolidated by buying Borthwicks from the council and consolidating the block beside the Gateway, by investing now and developing it we can get a significant return on investment for the Government rather than letting it lay fallow. Metroplex is working exceptionally well. From talking to the private providers there, the take-up in Metroplex is substantial. We can develop the block beside it and take what was a reasonable asset of ours with no return at present and get a reasonable return on it. That is what we are doing. We are looking at the land we have now and at how we can maximise a return on that. I think that is appropriate. From managing businesses in a previous life, I know that it was all about maximising the return on the dollars you had invested in the business and how you could best do that. This is an opportunity for Government—and it is being done now at a Federal level and in other States—to do exactly the same thing.

Mr SLACK: In your position as Deputy Premier, in relation to the National Competition Policy and the money paid in from the Federal Government to the Queensland Government, what steps do you take within the Cabinet Budget Review Committee to ensure that that money goes to the regions that are directly affected by the National Competition Policy? For instance, the dairy industry will be suffering some effects. That impacts on the regions. Is there any decision by Government to ensure that that money is spent in the regions or does it go into general Treasury?

Mr ELDER: We are not dealing with matters within my MPS or within the portfolio—

Mr SLACK: You are the Deputy Premier.

Mr ELDER: It is not even that, but I am prepared to answer the question. As these issues are dealt with, you will see how strident we have been in terms of our position on water with the Commonwealth. We see that as being

detrimental in terms of the impact on regional Queensland. We argue that an appropriate public benefit test applied properly within this State would demonstrate that this State more than any other is disadvantaged, and the compensation—

Mr SLACK: The compensation payments?

Mr ELDER: Yes. At the CBRC we continually look at the impacts of Commonwealth decisions and continually articulate and argue the case with the Federal Government in relation to Queensland's position and have always had a focus on the impact on regional Queensland, because essentially that is where its impact is the largest and is going to be at its maximum. We have continually worked at that. It is a continual focus. Whether it is the dairy industry, water or the national electricity market—regardless of what it is—we continually look at Queensland's interests first, how it impacts on the regions second and how it impacts on our industries, and then we go out and fight the fight. You would fight the same fight, I suspect, in the same situation.

Mr SLACK: I turn to the education budget within your portfolio and in particular to the encouragement of students from overseas to study in Queensland. What resources have been allocated for this initiative, which we had, and will the targets of 20% of the national share of overseas students be met by the year 2000?

Mr ELDER: Yes, there is a focus within my department on the role that we play in education.

Mr SLACK: I understand it would be the same. We had a coordinating role.

Mr ELDER: Let us look at the impacts. In 1998 we have seen a change for the better in higher education. There have been increasing numbers coming through. But you are right; in terms of vocational education and particularly schools education there has been a significant impact. We are 27% down across all of our markets in vocational education and 10% down in school education. As I say, the only bright spot has been in higher education, where there has been a 10% increase. But there is a recognition that we need to be proactive in those particular markets. As you would appreciate, the earnings for the State are around \$476m. It is 15% of Australia's \$3 billion export industry. For us it is substantial. We will be looking at market activity, employment of specialist staff, production of brochures, support for incoming visits by education agents and funding the costs of

trade exhibitions. We have allocated \$300,000 in the 1999-2000 Budget for further promotion of Queensland as a preferred destination overseas. The initiatives that will be pursued will be targeting inbound and outbound missions, such as the one recently from Shanghai. The Shanghai Municipal Education Commission visited in July of this year. We will be further targeting our Study Queensland web site.

Mr SLACK: But is there an allocation of money for the overall promotion of education overseas?

Mr ELDER: No, this is education.

Mr SLACK: Are there staff within the department? If so, how many staff are involved in the program?

Mr ELDER: I am sure we can find out for you. Essentially, as I said before, the \$300,000 involves the employment of specialist staff for this and funding the costs of brochures and trade exhibitions. We will be funding staff out of this as a specialist activity. At the moment, there are people within the department conducting that activity. We will take it one step further and have a specialist who looks after the market for us.

Mr SLACK: Is there any provision within the budget for sponsorship or help for students from Queensland to study overseas at universities, for instance, through our sister-State arrangements?

Mr ELDER: The answer to that is that there is not a general allocation, but we would look at positions on a case-by-case basis as they arose. But we generally do not work on providing support for them to study overseas. Through our business cadetships we are playing a fairly proactive role in terms of helping—

Mr SLACK: But to be fair, that involves four people. If you look at the budget allocation for business cadets in relation to what you have explained to this Committee, the budget for your overseas students promotion, which brings in millions and possibly billions of dollars to Queensland, falls far short of what you are proposing to spend for your business cadets. This is why I asked the question.

Mr ELDER: Our business cadets—

Mr SLACK: \$1.7m I think is what you budget overall for business cadets. Per business cadet, what does it amount to? \$40,000 per business cadet?

Mr ELDER: With due respect, the fact of the matter is that those business cadetships themselves are a substantial commitment for

us. It is \$586,000 essentially on a yearly basis for business cadetships for us getting in there. You have to understand it is partly sponsored by the private sector as well. We have sponsoring organisations that get in there and provide an opportunity for young people to spend important time in those markets.

Mr SLACK: Do not misunderstand me. I am not questioning the benefits to the individual business cadet; there is no question about that. I am questioning the relativity of the amount of money spent on a very select few people relevant to the overall benefit of, say, some of that money being directed towards the encouragement of education of overseas students in Queensland or vice versa—the encouragement of Queensland students to study overseas.

Mr ELDER: Let us be blunt. Let us be frank about this. What we have to look at is maintaining our position in terms of education services in Queensland. In other words, we are looking at maximising opportunities in this State. We have a process there that is driven by the DG of Education and my DG, who are responsible for doing that. Within my budget we are putting funds especially aside. Knowing that there has been difficulty with the Asian economic crisis and the impact on this market, we are putting funds specifically aside to actually endeavour to address this issue—this one specific issue.

Mr SLACK: How much? That is the question I am asking you. How much funds?

Mr ELDER: I just told you before. We put \$300,000—

Mr SLACK: Which is not a lot. How much have you put aside for the business cadets?

Mr ELDER: Considering that this is a specialist in a trade position on top of what we already provide in general services—if someone with an educational service comes through our door right now, they go to any one of our staff across the department. You do not ignore them now because we do not have a specialist person. But we are putting an additional \$300,000 in, knowing full well that we have a role to play here. We are providing these services, just as you did when you were in Government, out of the broad operational budget of the Trade Division with all those officers having responsibility facilitated and accommodated.

We have taken it one step further because of the Asian economic crisis. Because of the problems we had with Hanson, because of a whole range of impacts, we are spending more money in this area endeavouring to actually address the concerns

that have arisen from the industry sector, particularly the private industry sector, in terms of the fall-off. In fact, we are doing more this year than what we did last year and what was done the year before, because we recognise there is a problem there and we recognise we have to address it. In fact, we have gone so far as to have the DG of Education and my DG focus on doing just that: focus the attention on actually maximising the opportunities that are there, limited as they are because of the Asian economic crisis, and benefiting the State in the long term.

How we support students going back to study overseas is a different question entirely. If some wish to be facilitated, they can come through Education and they can come through me. If it is a sister-State relationship, there may be benefits in us doing that and there may be some opportunity for us to maximise the benefit, and we would look at it. I am about maximising our export potential, and that means spending the money.

Mr SLACK: So am I. Can we turn to the Chevron gas pipeline. Is there any Budget provision for the underwriting of the gas pipeline?

Mr ELDER: There is no Budget provision in there at the moment. There is no change in the project.

Mr SLACK: What commitment has been made?

Mr ELDER: What we do through our major projects division, which has a Budget allocation, is facilitate that budget, as it does SUDAW, as it does a whole range of other projects. We are in the process of doing that, as we are doing with all the others. They have gone through some significant milestones. We are still working with them in terms of some of the gas customer opportunities for them down here. We are still working with them and the PNG Government in terms of some of the integration and sovereign risk issues in PNG. Those are being resolved by the PNG Government and we have just completed them, and you would have seen comment from the PNG Government in relation to their view on both integration and sovereign risk. The fact that there is now a full integration of the gas fields was a significant milestone.

They have agreements in terms of resources. They are now putting together gas contracts with foundation customers through Ergon and through Energex. They have become, I guess, the aggregators—the facilitators—to actually run back-to-back contracts to get the underpinning gas foundation. The project itself is still moving

through to financial close. They have another year or so of working through all the contract agreements in terms of integration, in terms of pipeline, in terms of gas contracts, in terms of the market, in terms of finalising in particular their support from the PNG Government. They have to still work through that. The fact of the matter is that, once they have done that, then they get to the stage of financial close.

The thing with the PNG gas pipeline is that it is basically six projects in one. You have the pipeline that is 2,500 kilometres. That is about \$2 billion worth. The opportunities that then arise from that would be the Stanwell power project in Townsville, which is a 350 megawatt gas turbine project which would fall off it. You have then an opportunity for Swanbank here to move towards a combined cycle plant that is both coal and gas. That is 380 megawatts. Tarong is also looking at gas options as they are starting to work up their options for their shareholding Ministers. Sithe themselves are looking at a gas option. They are not all going to get up. Some of them will; some of them will not. Importantly, there is the Comalco alumina refinery.

So you are talking about probably \$7.2 billion of potential. I am not saying it in the same way as you might say \$3 billion of potential in SUDAW. They are the projects that might fall off it. The realistic outcome would be the pipeline, Stanwell, Comalco, contracts here with one or two gas-fired opportunities. But they are still moving towards financial close. Nothing has changed.

Mr BORBIDGE: Can I ask if you could brief the Committee on the current status of negotiations with Comalco. A little earlier this year you demonstrated some impatience and, I think, suggested that what was on offer may not be on offer forever and may be offered to others if Comalco were not inclined to make a commitment. I would like the current status of the negotiations. Also, have Comalco been advised of any deadline in respect of the assistance package that this Government, along with the previous Government, had on offer to them?

Mr ELDER: You will be pleased to know that there is ongoing discussion between ourselves and Comalco, and that discussion is in relation to the package. We said that the previous package, although on the table, had passed its deadline and needed to be renegotiated. We are in the process of renegotiating that package with Comalco. They themselves have set a deadline for the end of this year in terms of finishing two feasibilities on their two sites. They are still

conducting one on the site in Malaysia and they are conducting the feasibilities on Gladstone.

They have set themselves a deadline for decision by December this year. I have every expectation that they will meet it. We will meet our obligation in terms of negotiating another package with them—a support package—which will be based and tailored towards achieving the aim of having Comalco deliver its refinery project here in Queensland, in Gladstone. The Commonwealth are also a little impatient. They have accepted Comalco's position that it will be the end of this year that they will finish that feasibility work. Their package of \$100m roughly still sits on the table. So we are back in very fruitful and productive discussions with Comalco.

Mr BORBIDGE: Do you see any concerns about the fact that Comalco apparently entered into some initial understanding with a gas supplier in Sarawak in respect of the Malaysian operation?

Mr ELDER: That is true. They were always going to do that. If they are looking at two feasibilities, they are endeavouring to play one card off another, as has been the case, and I understand the commercial principle behind that. They were always going to try to have an energy arrangement in place here and an energy arrangement in place there, and they have both. I still think on balance that Gladstone offers them far better prospects in the longer term, both in terms of Federal Government and State Government support, but it will be a commercial decision on their part. I think probably more than anything they will be looking over their shoulder, because there have been significant movements in the global aluminium industry in the last six weeks. There have been a number of major takeovers and amalgamations of major players, which leaves Comalco, in my view, in a position of having to make a decision in the not-too-distant future. Someone might be talking about return on investment from their perspective.

Mr SLACK: I refer to the business licence package being specifically developed for 15 target business sectors. What are those targeted business sectors? How have they been identified? What criteria was used to identify them?

Mr ELDER: Essentially, basically talking to the industry sectors themselves about the opportunities and working through with us and with SmartLicence how we might best access them. One of the things we need to do continually is refine the business. We need to

be able to provide maximum opportunities for various business sectors to have a single approach into Government—a straight approach into Government.

We have been working with a number of industry sectors across construction, food, information technology and retail—and I can give you the others. I just do not have the information on hand. We have been targeting businesses and looking at how we can maximise what has been a very successful project over a number of Governments. There has been a successful implementation of actually reducing licence and regulation impacts on business. But essentially it is looking at all the elements that you are aware of—that is, business naming, workplace registration, WorkCover, tax file, group employer registration and superannuation impacts across those industry sectors. I thought offhand of about five. I can give you the list if you want.

Mr SLACK: On page 12 of the Ministerial Portfolio Statement, dot point 11 refers to the fact that the Red Tape Reduction Task Force was renewed and enhanced. On page 13 of the MPS, dot point 14 refers to the fact that red tape initiatives in 1999-2000 will be a saving for business of around \$20m. How is this figure calculated? This saving figure is down from the \$33.2m actual in 1998-99 and down from the \$30m estimate in 1998-99. The reason you give in note 5 at the bottom of page 14 of the MPS is that red tape reduction initiatives are more complex in nature and have a lower rate of return than those implemented in prior years. Wouldn't the enhancement of the Red Tape Reduction Task Force therefore result in greater savings for business, not smaller savings?

Mr ELDER: No, because it is getting tougher. The reality of life is that when you start out on red tape reduction, when you start out on business licences, as is always the case you go for the easy ones first. When you knock the easy ones over, you start looking at the tougher issues that you need to address. So you need to provide the resources and enhance the service, but in terms of delivery for business the longer you move into a regulation impact regime it will always get tougher because you are going to be dealing with the more difficult issues.

In 1998-99, as you say, the savings were \$33.2m. They included business licence rationalisation of \$3.125m; tourism road signage improvements of \$4.64m; transport operation or accreditation improvements of \$225,000; implementation of a flexible fee

payments option of \$3.75m; red tape reduction identified through stocktake processes of \$9m; and regulatory reform projects including the introduction of a new regulatory impact, that is RIS, software and direct involvement and 17 interdepartmental working groups undertaking reforms. So we actually put in the software, which created a saving of \$12.5m. That was the \$33.2m in 1998-99.

To explain the \$20m to you, which is the ongoing work, because it is getting tougher we expect that there will be further improvements in the implementation of the RIS process, around \$7.5m; introduction of a customer service standard for regulatory agencies, around \$1.25m; improvement of the regulatory environment in key business sectors, including food, construction, aquaculture and boat building, of \$1.25m; working with local government on regulatory reform, which is important and from which we expect \$1.25m; continuation of business licence rationalisation, which is the blunt end, looking at regulation and removing regulation, of \$3.125m; and regulatory reform projects, including the introduction of guidelines on alternatives to regulation, improvements in regulation appeal processes and improving the sunset provisions of regulation, of about \$5.625m. They are all harder tasks to conduct because essentially a lot of the work is done and the continuing work is being done.

Mr SLACK: You are saying that it is additional to what was achieved in previous years?

Mr ELDER: No. It is a continuing—

Mr SLACK: If you are saying that \$30m, in round figures, was achieved in the first year, you are going to achieve an additional \$20m in the following year because of—

Mr ELDER: Because of the intensity. Because we have enhanced it.

Mr SLACK: But when it started you were achieving a \$50m reduction.

Mr ELDER: Sure. But, as you would appreciate, it is getting tougher, harder and more intensive in terms of the issues that you address and the resources that you need to apply to it and the rigorous work that you need to do across Government.

Mr SLACK: I refer to the regional development output, at page 21 of Ministerial Portfolio Statement, and specifically to references to the Queensland Meat Processing Development Initiative Assistance program. You referred to this earlier. Among this output's reported recent achievements is

the provision of \$1.8m performance based financial assistance to Darling Downs Bacon for the upgrade of its pig processing facilities in Toowoomba to export standard, an initiative supported by the coalition. There is also reference to the Meat Processing Task Force, facilitation of projects and assistance packages to support substantial investment by major businesses in the meat processing industry and its negotiation of significant project opportunities with several major players. That is referred to at the bottom of page 22. Given the declaration of assistance to Darling Downs Bacon, will you now provide some detail of which companies have been provided with or offered assistance, the value of that assistance and the purpose of that assistance?

Mr ELDER: We are working through in particular the three QAC sites—those in Toowoomba and Ipswich, and you are aware of the opportunities with QAC at Cannon Hill. We have also been involved in support for Southern Queensland Exporters, which we have already announced, to assist with the cost of establishing a sheepskin fellmongering plant, to be integrated into the Country Fresh Australasia abattoir at Worongary. We have announced that. We have also announced the Western Exporters assistance at Charleville.

In relation to the three sites that we are still working on, at Cannon Hill, Toowoomba and Ipswich, we are still dealing with major players—Australian Country Choice at Cannon Hill, Halls at Ipswich and Listyards in Toowoomba. We are still working with them and we are still working through the final appraisals on their projects. We are still doing the due diligence. When we finish due diligence on all three we will be in a position to announce the type of support and where the support was targeted.

I have seen some comment made in the media that we were providing free land or free resources. I can tell the Committee that that is not the case, but discussions with them are still at a commercial-in-confidence stage from a Government but, more importantly, from the private sector's position, because they have their own obligations that they must meet. When we have resolved all of those issues I can inform the Committee through the Parliament that those sums will be public knowledge, available for the scrutiny of the Parliament.

Mr SLACK: Mr Chairman, I recognise that you and the Government members have been very lenient in relation to the questions that the Opposition within this Committee have been

permitted to put to the Minister and his staff. I record that appreciation.

The CHAIRMAN: Just to show you how appreciative I am of your comments, you can have one more question.

Mr SLACK: I was not looking for another question, actually. I also appreciate the work the department has put into preparation for the Estimates. To ask another question, does the department have an estimate of the cost of preparation for Estimates?

Mr ELDER: We will have to take that on notice. I am not sure whether we are in a position—over the past week—to put a cost on it. But I would probably say to you that, with the people we have on board here, the cost and the impact of preparing the Estimates probably is insignificant in comparison to some other portfolios. There would be some other portfolios, I think, that would be spending a lot more time and energy on them. It is not that we do not appreciate—or that we underestimate—the importance of the Estimates process; we have had a bit of practice.

Mrs NITA CUNNINGHAM: Minister, the establishment of the Department of State Development in the Beattie Government is now just over one year old. Will the Minister give details of the achievements of this department in respect of project attraction and in terms of tangible achievement, such as total dollar investment, companies attracted to the State and job numbers?

Mr ELDER: I will just touch on the key job indicators through the Investment Division activity. And with a bit of opportunity, I might talk across-the-board about trade, as well. There has been an opportunity for us to be involved, particularly through the Investment Division, with a raft of companies. It is important to understand the impact that this has had in terms of job creation.

In terms of new international companies—ATCO Structures, which is a Canadian company, has an opportunity here—small at this stage but growing—for 10 jobs. Citibank Asia-Pacific Call Centre—60 jobs. The IBM Asia-Pacific Call Centre—at this stage 70 new jobs with more to come. Indus—their regional headquarters—50 jobs. Mills Tui, from New Zealand, which is a specialty vehicle manufacturer—66 jobs. Parmalat have now established their regional headquarters here, and they have invested more. From that investment we have seen 25 new jobs. Saville Systems have established a regional headquarters—an R & D centre—100 new jobs. Stellar Asia-Pacific call centre—200 jobs.

Just in those areas alone, with new international companies, there are around 581 new jobs.

As to Australian companies—we have been working with CSN at Dalby. We are still working through some arrangements with them, but the opportunity there is for 150 jobs. Mediherb at Warwick—136 jobs. Tropico Fruits on the Sunshine Coast—we have been involved there to actually sustain and maintain a new opportunity there—112 jobs. So 399 jobs in those Australian company investments.

As to business migration—we have estimated that, based on a raft of confidential information that we have, around 800 new opportunities have come in business investment from a number of ports around the globe. There are some 395 jobs in new job creation by companies that we have previously attracted here. So we are not only working with new companies, we are working with those that have been previously stationed in the State and developing further opportunities. Asia Pacific Electric Cables—another 10 new jobs. Australian Meat Holdings—18. Canterbury International—seven. CSR—18. Fabriccorp—16. Filtronic Comtek—it was not more than a few days ago that I opened the new headquarters for Filtronics on the Gateway at the Metroplex, which is a significant investment. It is a great opportunity for that company and for us to actually hub in that particular region companies of a like ilk—information-based companies, technology knowledge-based companies. Lucent Technologies—three. Qantas Airways—67. Sealright Packaging—21. Boeing—additional jobs of some 200. We are taking the opportunities with Boeing even further. I acknowledge the role of the previous Government with Boeing being established here, but we have taken it further now with the AEWACS contract and the ability to actually provide facilities and opportunities to spin off what was a significant contract for them. In all, that means around 2,175 jobs through the Investment Division. I did not get to talk to you about a range of others.

Ms BOYLE: There is a matter of some great concern to small business in Cairns, Minister, and, I dare say, to small business elsewhere. I refer you to an item on page 13, near the bottom of the page, about an education program for small business about the GST. There is a lot of confusion, I think, for small business about the GST and, in fact, I put to you, a growing disillusionment. Heaven knows, it is not our Government's fault. But nonetheless, can you tell me what the State Government can do to help in this area? And

do you have any reaction you would be able to provide on behalf of small business to the GST?

Mr ELDER: I think that this is an important question, because you are right; there is a significant impact from the implementation of the GST on small business. You read in the financial papers—whether it is the Fin. Review or the Australian—of the impact now. The concerns that I and others have raised about the impact on small business are now coming to fruition. Many people see significant impacts, particularly in small business, and most of it is in compliance. Most of it is in terms of meeting the commitment to move to new technologies, to improve their technologies, and to actually deal with the implementation of the GST.

A number of Federal Government entities, particularly the tax office, are now working on new public education programs to actually help them with compliance obligations, because they are now only too acutely aware of what those obligations mean, and the fact that small business itself has not really focused on the impacts of compliance and the costs of that compliance.

My department—aware that we do not support a GST, but keeping the politics aside from this, we need to do what we can as a department to focus on understanding that it is coming and what we can do and how we can deal with those impacts. We are going to base a number of our interventions on a consultants' report that basically focused on the day-to-day operation—helping small business—and worked with small business with their cash keeping, cash flow, their cash versus accrual systems, and whether they need to run dual or whether they only really need to run a cash-based system—even though GST is based on an accrual basis system—and how we can manage that for them, how we actually improve their training communication and develop communication strategies for those particular businesses. We are actually going to do that through the State Development Centres or through SmartLicence. We will be providing publications, as we did with Y2K, to improve the knowledge base—improve from their perspective a better opportunity for them to respond. Again, those publications will be available through State Development Centres and SmartLicences.

We will start a round of conferences—or at least seminars—in mid November after the ATO's first round of general awareness. We are going to let the Australian tax office get in and run its program, so the awareness is

there. Then we will get in, and we will start conducting our own awareness programs in mid November. We will actually work with the ATO in respect to those particular seminars and the issues that they want to raise, and we will continue to do that. We will try to co-host around 130 seminars in the short space of time from the time the ATO goes with its major advertising program, and then we will back it up with as much information or support through the seminars as we can.

Mrs NITA CUNNINGHAM: I will continue on the trade theme, if I might.

Mr ELDER: Could I just raise one other point? It is important for the Committee. Like with education, we have actually allocated additional funds—some \$300,000—to actually do that in that short period.

Mrs NITA CUNNINGHAM: Minister, I am going to continue on the trade theme, if I might. As you are aware, I have a keen interest in regional development, particularly in Bundaberg. One of the great strengths of the Beattie Government is its commitment to the regions—a commitment that would have stood the former Victorian Government well in its recent election had it shared it. So it was with interest that I read on page 6 of the MPS that—

"Export awareness in regional Queensland was increased through activities undertaken by State Development Centres."

As the Bundaberg State Development Centre was the first to be opened in Queensland, I am sure that it will actively have engaged in the activities referred to in the MPS. Minister, would you please outline for the Committee what such initiatives entail?

Mr ELDER: With the regions we need to look at industry development and, more importantly, the export strengths that are evident. We looked at what we could do to develop a regional trade action plan. Our focus has been on supporting the regions through the regional development elements. Following on that, what we needed to do was develop a trade action plan. Across the State—and particularly in your area—we have been looking at the supply capabilities of export-oriented and almost export-ready firms to meet international market demand. We look at what we can do to get them exporting overseas.

We have completed plans for Bundaberg, Mackay, Townsville, far-north Queensland,

central Queensland, the Darling Downs and south-west Queensland. In most of those cases I believe the plans are complete. We have additional plans for some of the remaining regions. The plans have been commenced but we have not finished them. Industry consultations are being held in each of the regions to identify one target product or service on which we can base a trade action plan. We look at the strength and the capabilities of the individual businesses in the regions. Once we have done that, we then identify any impediments that they might have in relation to particular markets and market opportunities. From that we work out an action plan to help them move into those markets. There is a lot of work involved in this. Once the plans are prepared, we go to the companies and start work with the companies to develop export opportunities.

To date, we have export advisers in the regions. What we have determined to do as a department is to enhance the capacity and the capabilities of all those regional State development centres. The regions are extremely important to us. I am sure if I was asked a question about staff numbers within the Office of Regional Development in Brisbane as against the numbers in regional Queensland, members of the Committee would find that there has been a reduction in staff numbers in head office in Brisbane. We are currently working with all of our State development centres—not just in relation to the action plans but looking at resources—in an attempt to actually deliver services. The Committee would find that we will be shrinking the size of the Office of State Development in George Street. Staff and resources will be sent to the regions. Our export advisers are working on implementation plans with the companies and are running pilot projects. I could go on and talk about e-commerce pilot projects and a whole range of other things with which we have been involved in order to maximise trade opportunities. It is an exciting project.

The CHAIRMAN: There being no further questions, that concludes the examination of the Estimates of expenditure of the Department of State Development. I thank the Minister for his enthusiasm, and I thank his officers for their attendance. This concludes the Committee's consideration of matters referred to it by the Parliament on 27 August 1999. I declare the public hearing closed.

The Committee adjourned at 7.14 p.m.