

## TUESDAY, 5 JULY 2005

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### ESTIMATES COMMITTEE A—LEGISLATIVE ASSEMBLY

#### Estimates Committee A Members

Mr PG Reeves (Chair)  
Mr AP Fraser  
Mr RG Hopper  
Ms CT Male  
Ms RG Nolan  
Mr BJ Quinn  
Mr LJ Springborg

#### In Attendance

Hon. J Fouras, Acting Speaker  
Mr N Laurie, The Clerk of Parliament  
Mr M Hickey, Director, Corporate and House Services  
Ms S Davies, Deputy Clerk  
Mr C Atkinson, Manager, Financial and Administrative Services

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#### Committee commenced at 8.30 am

**CHAIR:** I declare this meeting of Estimates Committee A open. The committee will examine the proposed expenditure contained in the Appropriation (Parliament) Bill 2005 and the Appropriation Bill 2005 for the portfolios assigned to it by the order of appointment. Proceedings for today will commence with the Acting Speaker of the Legislative Assembly. From 9.15 am to 1 pm, the committee will examine the portfolio of the Premier and the Minister for Trade. There will be a 15-minute break at 11 am and a lunch adjournment from 1 pm to 2 pm. The portfolio of the Deputy Premier, Treasurer and Minister for Sport will be examined from 2 pm to 4.30 pm. The portfolio of the Minister for Public Works, Housing and Racing will be examined from 4.45 pm to 7 pm.

The proceedings today are similar to parliament to the extent that members of the public cannot ask questions. In that regard I remind visitors that in accordance with standing order 286 any person admitted to the public hearing of the committee may be excluded by order of the committee. In relation to media coverage of the hearing, the committee has resolved that television and film coverage and photography will be allowed during the chair's opening comments and the introductory statements of the Acting Speaker and each minister, as well as for short periods during each changeover of ministerial advisers. I also ask that all mobile phones be switched off.

The first item for consideration is the estimates of expenditure for the Legislative Assembly. I welcome Mr Acting Speaker and his departmental officers. The time limit for questions is one minute and answers are to be no longer than three minutes. A 15-second warning will be given prior to the expiration of these time limits. An extension of time may be given with the consent of the questioner. The standing orders require that at least half the time is to be allocated to non-government members.

I declare the proposed expenditure for the Legislative Assembly open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

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

**Mr ACTING SPEAKER:** I will make an introductory statement. I am pleased to appear before the committee today in my capacity as Acting Speaker. As committee members would be aware, the Appropriation (Parliament) Bill seeks to provide funding for salaries 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 total appropriation sought for the parliament in 2005-06 is \$56.03 million, which in real terms is an increase of approximately 3.8 per cent over last year's appropriation. The increase is required primarily to meet salary and allowance increases for members in addition to enterprise bargaining salary increases for staff. This budget will deliver a number of infrastructure improvements within the parliamentary precinct, including a project to replace the audiovisual distribution system and ongoing upgrades to major airconditioning infrastructure. The budget will also provide for the replacement of existing computer equipment in members' electorate offices.

In 2005-06 the Parliamentary Service will also play a lead role in hosting a regional sitting of parliament in central Queensland. The central Queensland sitting, to be funded by the Department of the Premier and Cabinet, will be held in Rockhampton in October 2005. The central Queensland sitting demonstrates the Queensland parliament's commitment to ensuring that all Queenslanders have the opportunity to be part of the state's decision-making and democratic process.

A comprehensive community engagement program has been developed by the Queensland parliament to encourage the community, especially primary and secondary students, to come and see the Queensland parliament in action and to increase their knowledge of the history of the Queensland parliament and its representatives, especially those from the central Queensland region. As a significant component of the overall community engagement activities, several parliamentary education programs will be implemented in central Queensland prior to and during the sitting of the parliament in Rockhampton. The program will consist of a series of parliamentary education activities designed to enhance educators', students', teachers', public sector employees' and the public's knowledge and understanding of the process of parliament and government in Queensland.

While I was not involved in the initial development of the 2005-06 budget, I received briefings on the budget and I will make every effort to answer the committee's questions. Should I not be fully familiar with a matter, I will be happy to take questions on notice. I wish the committee well in its deliberations and look forward to any constructive comments it may have.

**CHAIR:** Before we commence questioning I remind members that standing order 115 has application to this proceeding and I will not allow questions that in any way reflect on the character and conduct of the Speaker.

**Mr SPRINGBORG:** Mr Acting Speaker, I commend you on the job you have been doing in the last month or two since you have held the role. My first question relates to page 4 of the SPS. I refer to the total expenditure of \$58.623 million estimated for the 2004-05 year. Could you please advise how much of this expenditure represents expenditure on alcohol by the Speaker for himself and his guests? How does this expenditure compare with expenditure by the Speaker on this item for each year that he has been Speaker? Finally, given investigations in recent times, has the CMC had any difficulty in uncovering those particular accounts to assist it in its deliberation?

**Mr ACTING SPEAKER:** We will take the first part of the question on notice. We have had no difficulty in providing information to the CMC in relation to the accounts. We cannot comment on the CMC's investigation, but we will take the first part of the question on notice.

**Mr SPRINGBORG:** On a point of clarification, whilst you have had no difficulty in providing information you are unable to indicate to us today the amount that has been expended by the Speaker on alcohol for himself and his guests and how that compares to other years?

**Mr ACTING SPEAKER:** This year compared to other years?

**Mr SPRINGBORG:** Yes. Have you got the details for the 2004-05 financial year?

**Mr ACTING SPEAKER:** I have details of the Speaker's expenditure in 2004-05 with me at the moment but I do not have a comparison. That is why I was going to take the question on notice. With regard to the total expenditure assigned personally to the Speaker in 2004-05, it was \$8,892.50. Of this total, \$6,785 was related to 26 official functions hosted during 2004-05. A further \$506 related to gifts provided to official visitors to the parliament or to persons visited while travelling overseas. The remainder, that is \$2,108, relates to minor entertainment for the Speaker and Acting Speaker—my expenditure has been less than \$100 in the two months I have been Acting Speaker. The expenditure does not include the end of session celebration held in November. That is the hospitality expenses for the Speaker for 2004-05. I cannot give you a comparison. I have just given you the 2004-05 expenditure.

**Mr SPRINGBORG:** Can I just ask for further clarification with regard to this. Obviously the Speaker has a component which he uses for entertainment of guests that come into this place. Is there also a personal component within that? Is there a personal alcohol component?

**Mr ACTING SPEAKER:** There are official hospitality expenses for the Speaker provided within the guidelines. There is no distinction between one and the other. This is the problem you are going to have with that question. You cannot split them apart.

**Mr SPRINGBORG:** Just on the last part of the question I asked a moment ago, I seek further clarification regarding the Crime and Misconduct Commission. I am not expecting you to comment on the details of any of its investigations—I understand that—but, with regard to the internal audit undertaken by the Auditor-General of the financial transactions pertaining to the Office of the Speaker, did the CMC experience any difficulty in obtaining accounts for this expenditure?

**Mr ACTING SPEAKER:** Not at all. You have to accept that I was not Acting Speaker at that stage. The Clerk has just advised me that there were no difficulties at all, not from our end of town.

**Mr SPRINGBORG:** Not from any end of town? Mr Acting Speaker, my second question relates to your answer to question on notice No. 5 by non-government members. I thank you for your broad response. I understand and appreciate also that you have been Acting Speaker for only a certain amount of time and you can know only so much. You made a general reference in your answer to my previous correspondence relating to the potential destruction of crucial documents in this place. Have you been able to get to the bottom of those concerns that I have raised?

**Mr ACTING SPEAKER:** No. I did reply to you with regard to your concerns about the destruction of material. I had assurance given to me by the executive officer in the Speaker's office that there was no destruction of material that should not have been destroyed. I relayed that to you in the letter. All I can do is pass that on. I did send you a response stating in writing what Staice Johns, the Speaker's executive officer, said to me in response to that because I was not in a position to answer that question. At the time you sent me that letter I was not even Acting Speaker, but I did respond to it. I asked the Clerk to seek assurances from the executive officer and she assured me that there was not any destruction.

**Mr SPRINGBORG:** Just further on the first question that I asked about the potential separation of official and personal alcohol use, I understand that one of the issues regarding the Speaker was the matter of the personal use or personal bars which were apparently restocked at the request of the Speaker. It is not necessarily considered expenditure within the broad way that things operate. Is there any idea of the extent of what happened to that particular alcohol? I also understand that there was an issue with the CMC because it was concerned that those particular records did not exist. Is that right or is there an element of hearsay in that?

**Mr ACTING SPEAKER:** I have not seen the internal audit report commissioned by the Clerk. I do not have a copy of it, nor am I aware of its contents. I can advise the committee, though, that the action taken by the Clerk in respect of the internal audit report is a matter of public record. The Clerk of the Parliament referred the internal audit report to the Crime and Misconduct Commission and the Auditor-General. The Clerk also forwarded a copy of the internal audit report to the Premier. Section 80 of the Financial Management Standard issued pursuant to the Financial Administration and Audit Act requires the Clerk as the accountable officer to do a number of things: consider the contents of internal audit reports, including actions required because of a report, and ensure follow-up action is performed by reviewing the outcome of directions or recommendations made.

In this case, the Clerk believed that the most appropriate way to action the content of the internal report was to refer it to the appropriate minister. Section 35 of the Financial Administration and Audit Act provides that the Premier is the responsible minister for the Legislative Assembly and the Parliamentary Service. In view of the fact that the Clerk has referred this report to the Premier, I believe it is appropriate that any questions you may have in relation to that report be directed to the Premier.

**Mr SPRINGBORG:** So it is not possible to say whether personal bars were stocked and that there was no record of expenditure or record of—

**Mr ACTING SPEAKER:** I have just indicated to you that I have not seen that report and that, under the Financial Administration and Audit Act, although the Clerk is the accountable officer the minister has a responsibility for that. The Premier is the responsible minister and he has the report. I have not seen the report and therefore I cannot possibly comment on a report I have not seen.

**Mr SPRINGBORG:** So it is not possible for the Clerk to confirm whether that was an issue or not?

**Mr ACTING SPEAKER:** The Clerk says to me that any expenditure here would be on an account, so there has to be a record of the expenditure that has been made. But, with regard to this matter, as I suggested before, I think that these questions should be directed to the Premier as the responsible minister in this situation.

**Mr SPRINGBORG:** On the issue of alcohol consumption, as I understand it the parliamentary precinct does a stocktake of all the goods and chattels and stock on hand, as most operations do. Has there been an audit of alcohol? How much of that has been retailed? Is there any amount that has been unaccounted for? Is there anything like that?

**Mr ACTING SPEAKER:** I will ask Mr Hickey to answer that.

**Mr Hickey:** There are regular stocktakes done of alcohol stores, that is true. Each month a stocktake is done. There has been no significant loss of alcohol that has been exposed as a part of one of those stocktakes. Is that essentially the question?

**Mr SPRINGBORG:** Yes. What is the definition of 'significant'?

**Mr Hickey:** I do not have the records here, but I guess it is a matter of process. It would depend on the nature of the alcohol, too. For example, if cartons of beer or bottles of scotch had gone missing and could not be accounted for in a stocktake there would be an investigation. I think it is reasonable to assume that there may be minor losses at a stocktake but nothing significant.

**Mr SPRINGBORG:** So nothing that is extraordinary?

**Mr Hickey:** I do not have the details of those periodic stocktakes in front of me so it is difficult for me to comment. It is nothing that causes concern and nothing to cause audit concern.

**Mr SPRINGBORG:** Is it possible to get details of what that stocktake may have revealed at all?

**Mr Hickey:** It is up to the Speaker, I guess.

**Mr ACTING SPEAKER:** We can take that on notice. I have no problems with that at all.

**Mr SPRINGBORG:** I am more than happy with that. With reference to page 13 of the SPS, with reference to the revenue of \$59.395 million for 2005-06, does this include the sum of \$57,830.28, representing the repayment by Speaker Hollis of the cost of overseas trips taken without relevant approval being granted? If it does not, why not? Why has this not been budgeted for? Is it intended that there be any legal action or any recovery of that money, or is it considered to be an extraordinary proposition?

**Mr ACTING SPEAKER:** Well, it doesn't—I can assure you of that—but I think it may be better that I ask the Clerk to answer that question.

**Mr Laurie:** The short answer is, no, there is no amount for any possible reimbursement included in there at all. I think those issues really are issues that have to await other outcomes for consideration, and I think the Premier has already indicated that in the House as well.

**Mr SPRINGBORG:** So you basically consider that as an unbudgeted item? If it happens, it is awaiting that; it is an extraordinary revenue inflow?

**Mr ACTING SPEAKER:** It certainly has not been budgeted for and therefore it would have to be called extraordinary if it happened. But, as the Clerk said, there are decisions to be made down the road on this. The Premier has indicated in the House a number of times that he is awaiting the DPP findings before he considers the submission from the Speaker with regard to these matters.

**Mr SPRINGBORG:** Further regarding page 13 of the SPS, do employee expenses of \$41.409 million for 2005-06 include the cost of paying for two Speakers of the Queensland parliament even though the Speaker has really demonstrated at this stage a lack of illness?

**CHAIR:** I rule that under standing order 115 you are not allowed to question in any way that reflects on the character or the conduct of the Speaker, and that is a deliberate reflection on that so I ask you to rephrase that.

**Mr SPRINGBORG:** I will drop that last bit off, then, and just ask: does it cover the cost of the payment for two Speakers?

**Mr ACTING SPEAKER:** Yes. I am happy to answer that.

**Mr SPRINGBORG:** And for what period of time do you envisage it covering the payment of two Speakers?

**Mr ACTING SPEAKER:** I do not think I can answer in relation to the payment of two Speakers, Mr Springborg, but can I just take you through the entitlements of the Speaker and what is happening with regard to me as Acting Speaker. Of course everybody in this place gets a base salary. The Parliament of Queensland Act does not provide that the additional salary to the Speaker, Mr Hollis, be withdrawn when he is stood down, but it does provide for the Acting Speaker to be paid additional salary, and I will quote the section. It states—

If the Chairperson of Committees acts as the Speaker for a continuous period of 30 days or more, for the whole of the period the Chairperson of Committees acts, the Chairperson of Committees is to be paid an additional salary at the rate for the time being applicable to the office of the Speaker ...

Of course, I also get an additional salary as Chairperson of Committees so I get the difference of that. So that is the additional cost at the moment.

Can I say that with regard to the expense of office allowance—this is another benefit that the Speaker gets—again, the Parliament of Queensland Act does not state that in this situation he not be paid that allowance, but that allowance has not been provided to me. So there is no additional cost in that situation. So I am not receiving that extra allowance.

With regard to entitlements pursuant to the guidelines, again there is no provision for them to be withdrawn from the Speaker. Can I say that with regard to hospitality and with regard to travel et cetera, Speaker Hollis has not availed himself of that, but there is the situation of the vehicle and the driver which is also part of the entitlements the Speaker has. At the moment those resources are with the Speaker. So in a budget of \$56 million there is really a very minute amount that I am receiving—in terms of that budget, I mean; it is not a minute amount. I can assure you it is not—

**Mr SPRINGBORG:** Can you indicate the minuteness of that amount?

**Mr ACTING SPEAKER:** Yes. It is an extra few hundred dollars or whatever it may be that I am getting in salary, but it is not a very big item. There is no second car and driver, and there is no expense of office allowance that has been given to me. The additional cost in the budget at the moment is the fact that I am getting paid a Speaker's salary. It is in the parliamentary act. I have decided that I would—

**CHAIR:** Mr Acting Speaker, your time has expired.

**Mr SPRINGBORG:** In further pursuit of that issue, you indicated that it is a minute amount in the overall context of the parliament employees expenses budget. Can you indicate the gross amount of that additional moneys per month?

**Mr ACTING SPEAKER:** It is \$1,890 gross. That is the additional salary of the Speaker, but from that you have to take away the amount of money that I would be receiving as Chairman of Committees. So it would be approximately half that, I would think, as a guess, per fortnight. So it is \$1,890 per fortnight gross. That is the extra allowance being given to the Speaker. With regard to what is being paid to me, you would have to subtract from that that which I would be getting anyway as Chairman of Committees, because I am getting an increase in my salary due to that. So I do not know the exact amount but the gross amount is that amount. Does that answer your question?

**Mr SPRINGBORG:** So the gross amount is somewhere in the vicinity of \$1,000 or thereabouts?

**Mr ACTING SPEAKER:** That is right. I would suggest that is a pretty good guess. It is not exact but thereabouts.

**Mr SPRINGBORG:** So that is per fortnight, which is in the vicinity of around \$20,000 a year.

**Mr ACTING SPEAKER:** That is gross and if you work for a year.

**Mr SPRINGBORG:** Yes, it would depend upon the time but in an annualised context—

**Mr ACTING SPEAKER:** Yes.

**CHAIR:** The time for questions from non-government members has expired. I now turn to government questions. Before doing so, we should welcome Siwan Davies, the new Deputy Clerk of the Parliament to the Queensland parliament.

**Ms NOLAN:** I note in an answer to a question on notice in relation to electorate officer training that a pilot course was undertaken in June 2005 attended by eight electorate office staff. Can you advise the committee which electorates were represented in the pilot course, the success of the pilot course and when we might expect to see the roll-out of the training program for the remainder of the electorate office staff?

**Mr ACTING SPEAKER:** I thank the honourable member for her question. I can advise the committee that a pilot training course for electorate office staff was conducted on 29 June at Parliament House. It is my understanding from feedback I got from the Clerk that the course went very well and the staff attending it said that it was quite beneficial. The course was delivered by Ms Leonie Horrigan of Assure Programs, which is a company that provides employee assistance services to the parliament. Eight electorate officers were chosen at random across the state. The officers who turned up were Dana Stevens from Lockyer, Vicki O'Flynn from Nicklin, Janet Hughes from Cook, Sharyn Masters from Southport, David Forde from Stretton, Bronwyn Stewart from Burnett, Mo Barnes from Caloundra and Steve Axe from Bundamba. A range of topics was covered during this pilot program including dealing with difficult clients, managing emotional situations and communication strategies for difficult situations.

I would mention also that in preparing the course content considerable consultation was undertaken with current electorate office staff and the trainer so that the course was relevant to electorate office staff. This is not a course that has been purchased off the shelf so it has been specifically targeted to the needs of the electorate officers. As mentioned, the course was very well received and I would like to record my thanks to the staff who attended the course, to their members for allowing them to attend, to Leonie Horrigan for her excellent work on the day and to Steve Axe from the Bundamba office. He is quite a spokesperson for electorate officers and was heavily involved in the development of the course content.

The next stage of this program is to develop a plan for the course to be made available to other electorate office staff who may be interested in attending. This obviously presents the Parliamentary Service with some logistical and resource difficulties, but I am confident that a workable proposal will be developed and that more staff will be able to attend and get the benefits from the course.

I think there is an eagerness from electorate office staff to have more training and to remain more available. I think that in the future we will again consult with our staff to see if we can tack on whatever elements they may wish to be put as part of the training. In the days of the Keating government, when there was a training levy guarantee, we had extensive training programs. I can assure the House that the benefits that I received from my secretary's increased training were immense—what it did to her capacity to do her job. It is a shame in some ways that that compulsory levy is not still in place, because I think members who were here then would say that there was no doubt they got great benefits from the training of their staff.

**Ms MALE:** The provision of a timely, accurate and accessible *Hansard* is a service that is highly regarded by all members of parliament and the public at large. Could you please outline the current service standards for the provision of *Hansard* and the strategies that the Parliamentary Service has undertaken to ensure that this service is continued?

**Mr ACTING SPEAKER:** The current service standards for the delivery of *Hansard* are as follows—I presume members know this but I will put it on the record. Members' greens are delivered to members within two or three hours of their speech. The record of the proceedings of the House until the end of question time is available electronically on the Hansard web site at 2 pm each sitting day. The record of the proceedings of the House until lunchtime is available electronically on the Hansard web site at 4 pm each sitting day. The remainder of the record of proceedings is available electronically within two hours of the rising of the House. A hard copy *Daily Hansard* is delivered to members at 8.30 am on the following sitting day. The final proof record of proceedings, the *Weekly Hansard*, is available electronically within four days of the rising of House and in hard copy format within 10 days of the rising of the House.

Currently the *Hansard* record is produced by six computer aided transcription reporters—CAT reporters—three editors and a publisher. Two CAT reporter trainees and casual CAT reporters also assist in the production process. The CAT system has been in place for some years. We removed the pen writers, which is a shame when we go back in history. People who could write 250 words a minute in pen shorthand were very highly skilled. But they required a typist so we went down the road of cost saving when I was Speaker.

An internal review of the Parliamentary Reporting Service was conducted from September to December 2002. There was extensive consultation with staff during this review. The review looked at other production systems. Benchmarking with other states demonstrated that, whilst other productions systems were capable of meeting Queensland's service standards, utilising six competent and experienced CAT Hansard reporters, three editors and a publisher was the most effective and efficient production system. We have the best system here at the moment. Therefore, the review recommended that the current CAT system be retained.

It also became evident—and this is of concern to the Parliamentary Service—during the review process that recruiting appropriately qualified CAT reporters is a major threat to the viability of this production system and that eventually contingency planning for the possible unavailability of appropriately qualified CAT reporters was likely to be required. Unfortunately, there are now fewer CAT reporters in the market than in previous years due to the closure of training schools and the migration of many reporting environments to other capture systems. It is simply becoming difficult to obtain appropriately trained CAT reporters. So there has been contingency planning. Two CAT Hansard reporter trainees commenced in July 2004. That is why we have the original system.

**Mr FRASER:** In recent times there have been a number of emergency evacuations from the parliamentary complex. Can you provide the committee with advice on the effectiveness of the current evacuation system?

**Mr ACTING SPEAKER:** Until fairly recently the Parliamentary Service conducted evacuation drills infrequently—once or twice per year. Often these occurred on weekends, when there were few members or staff in the building. Over the last three years, however, there has been a concerted effort to improve emergency response within the parliamentary precinct. Each Monday morning—you get a fright if you are here at that time—a standard test of emergency systems is conducted.

These tests ensure that equipment is functioning correctly, that there is increased staff awareness of the emergency systems, tones and instructions and that the various nominated fire wardens within the precinct remain conversant with the operations of emergency communication equipment. A periodic evacuation drill covering all or some of the precinct is conducted. During 2004-05 there were eight evacuation drills conducted. While these tests and drills may result in minor inconvenience to members, staff and visitors to parliament, they are absolutely critical to ensure our readiness to deal with a real emergency.

During the past year there has been a need to evacuate the buildings on a further eight occasions as a result of alarm activation. While these evacuations were inconvenient, they demonstrated the effectiveness of parliament's fire and smoke detection systems. These systems detect even the most minor instances of smoke or gas. Once something is detected, alarms and evacuation procedures are automatically triggered. While some may argue that the systems are oversensitive and disruptive, they are in fact what might be expected to be the minimum standard for buildings of the type found in this precinct.

**CHAIR:** I note from page 9 of the Speaker's Portfolio Statement that the Parliamentary Library receives a significant number of information requests relating to accessing the library databases. Can you advise the committee what the library has been doing in relation to anywhere, any time access for members and their staff to the library's electronic information resources?

**Mr ACTING SPEAKER:** I thank the chair for his question. In recent years the library has continued its commitment and strategic direction to deliver to parliamentarians, their staff anywhere, any time desktop delivery of specialised electronic information resources. The library's electronic research databases are comprehensive and rich. They have indexed and researchable electronic records, including news and TV stories going back as far as the mid-1970s. This is a unique and rich record of Queensland's parliamentary and political history.

There is an emphasis on news monitoring. News items from the major Queensland newspapers, some regional newspapers and major TV and radio programs are made available to members and electorate officers each day via the daily alert email service. The library intends this year to endeavour to increase its regional coverage of news stories, especially from the print media, and tailor its information services to better meet non-metropolitan member and electorate information needs.

The library adds about 85,000 records per year to the research databases. Experienced staff select these items on the basis of their relevance to current Queensland issues, Queensland political history and the needs of Queensland parliamentarians, whether in their legislative or representative role. Now close to 95 per cent of the material added to the research database's records has an electronic file attached.

The databases also give clients access to a significant number of subscription databases such as legal databases, electronic international journals and Australian journals. The library's physical hard copy collection, while still most important, is gradually being scaled back. These databases are available, in a password protected environment, to all members of parliament and their staff over the web at any time anywhere in the world where a web connection can be established.

The result is a specialised and tailored digital library, purpose built for Queensland legislators and available 24 hours a day. The usage of these research databases increases every year. There has been a 40 per cent increase since 2001. It demonstrates that these databases are one of the most important information sources for Queensland parliamentarians. Inquiry satisfaction is running at about 150,000 per year. Of course, the databases also support the personalised research and information services offered by the library to members and their staff.

A further strategy of the library is to combat information overload for MPs by creating databases which not only are tailored to the information needs of parliamentarians but also deliver specialised services for these databases. I think the library will continue to respond to the changing information needs of members and their staff, wherever they may be located.

**Ms NOLAN:** In recent years the parliamentary precinct has increasingly been opened up to visitors. I am pleased to see that we have so many children come through the parliament. What measures do we have in place or planned to ensure the safety of visitors, particularly children, when they come to visit the parliament?

**Mr ACTING SPEAKER:** I thank the honourable member for Ipswich for her question. There has been a very active program of visitor and school tours of Parliament House. This seems to be growing every year. These increased visitor numbers have resulted in a closer examination of the tour paths and the areas that most guests of the complex would visit.

As a result of that examination there have been two areas identified where improvements can be achieved within the precinct for visitor and child safety. The first is the Parliament House veranda balcony overlooking the Speaker's lawn. The veranda is where attendants explain to visitors and children the operations of the Annexe and the types of ceremonial functions that are held on the Speaker's lawn. Unfortunately, the handrail of the balcony, although very ornate, does cause concern. The large open circular features are considered dangerous for small children. After consultation with the Department of Public Works it was found that there was an avenue to alter the existing balustrade by adding additional ornate features to reduce the existing openings.

The second area of concern is the recreation area on level 7 of the Annexe. As committee members would be aware, there are many visitors to this level. They attend barbecues and quite often view activities at South Bank. Although there is a quite substantial parapet wall on the perimeter of the area, there have been occasions when small children or adults have been found sitting on top of the parapet wall, placing them in severe danger. I am sure most of us have seen that. That sends a chill up your spine when you see that. That is quite dangerous. It is therefore proposed to install a stainless steel handrail on top of the wall to provide a safer environment for visitors without impacting on the view that you get of the river and South Bank.

**Ms MALE:** I am aware that in recent years the Parliamentary Service had held an open day as part of the Queensland Week celebrations. Members of the public can take a self-guided tour of the old Parliament House building and enjoy entertainment and stalls on the Speaker's Green provided by various ethnic community groups. Every year I have let many people in my electorate know that this is on so that they can come and enjoy the history of this place. Could you please advise the committee why the open day was not held during Queensland Week this year?

**Mr ACTING SPEAKER:** I thank the member for Glass House for her question. Can I state how pleased I have been with the role she has played as Acting Deputy Speaker. She is doing my job possibly better than I was. I congratulate her for that.

I think this is a question that needs to be answered. As the member has indicated, for some years now the open day has been held on the Queen's birthday long weekend and tied to the picnic in the park which is traditionally held in the botanic gardens. As the picnic in the park is well sponsored and heavily advertised, it does attract many thousands of visitors. The parliament has benefited from its close proximity because people are here in their droves and come in to the open day.

When planning this year's open day the Parliamentary Service considered a range of issues with the timing of the event over the last few years, including the availability of staff and community groups on a long weekend and whether we should consider a theme for the open day, perhaps tying it to another suitable event such as Heritage Week. During this planning stage we were advised by the Premier's department's events coordination unit that the picnic in the park would not be held at the botanic gardens but would be held at Roma Street Parkland. I am sure members would agree that is quite a long way away and hard to tie into the open day at Parliament House.

In these circumstances Speaker Hollis decided not to hold the event on the Queen's birthday long weekend. It is still the intention to hold an open day later in the calendar year. The Parliamentary Service is committed to ensuring that the parliament is open to the people of Queensland and that they have an opportunity to visit the people's parliament.

I would also like to mention that Parliament House is open every weekday and every Sunday from 10 am until 4 pm for public tours. Also, many thousands of schoolchildren visit the parliament throughout the year. Many come on sitting days to watch the parliament in action. The parliamentary education service, in conjunction with Chamber and Security Services, provides opportunities for young people to get involved in youth parliaments throughout the year. We have had so many youth parliaments that I am getting dizzy coming to them. It has been wonderful. We had the CPA here. That was the first time it was held outside the United Kingdom. Last week we had a very successful YMCA youth parliament. I was so impressed by the calibre of the delegates to that. We are continuing to explore further opportunities to engage the community in the parliamentary process, and the parliament's open day is just one of many ways that we can achieve this.

**Mr FRASER:** In the brief amount of time that is left, I note in the questions on notice that there is an explanation of some of the community engagement activities with the regional sitting coming up in Rockhampton. I was wondering if in the brief amount of time left you might be able to update the committee on the logistics planning for the regional sitting, which is obviously a massive effort.

**Mr ACTING SPEAKER:** I thank the member for Mount Coot-tha for that. There are going to be activities both prior to the sitting and during the sitting. Prior to the sitting there is going to be a legal educators' conference on 4 July. We will introduce the regional sitting program to teachers and explain the activities to be presented by the parliament. There is a conference for public sector officers. I think that is on 2 August. We do have them here. You see them in the public gallery when they come in during question time. This has been oversubscribed, so that is going to be available to the public servants up there. There are also going to be art competitions for six- and seven-year-olds and eight- and 10-year-olds in July and August.

**CHAIR:** Order! The time allocated for the consideration of expenditure estimates for the Legislative Assembly has expired. I thank Mr Acting Speaker and his advisers for their attendance.

**Mr ACTING SPEAKER:** Thank you.



**ESTIMATES COMMITTEE A—PREMIER AND CABINET, AND AGENCIES****In Attendance**

Hon. PD Beattie, Premier and Minister for Trade

**Queensland Audit Office**

Mr G Poole, Auditor-General

**Ombudsman**

Mr D Bevan, Ombudsman

**Crime and Misconduct Commission**

Mr R Needham, Chairperson

**Department of the Premier and Cabinet**

Dr L Keliher, Director-General

Mr N Elliott, Director, Financial Management

Ms F Parker, Principal Project Officer, Planning and Performance

**Office of the Public Service Commissioner**

Mr G O'Farrell, Public Service Commissioner

**Commission for Children and Young People and Child Guardian**

Ms E Fraser, Commissioner

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**CHAIR:** The next portfolio to be examined relates to the Premier and Minister for Trade. The committee will commence by examining the proposed expenditure for the Office of the Governor, the Queensland Audit Office, the Ombudsman and the Crime and Misconduct Commission. I welcome the Premier and his advisers and public officials. The time limit for questions is one minute and answers are to be no longer than three minutes. A 15-second warning will be given prior to the expiration of these time limits. An extension of time may be given at the consent of the questioner. The standing orders require that at least half of the time is allocated to non-government members. For the benefit of Hansard, I ask agency officers and advisers to identify themselves if the Premier refers a question to them to answer. I declare the proposed expenditure for the portfolio of Premier and Minister for Trade to be open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Premier, would you like to make an introductory statement, or do you wish to proceed to questioning?

**Mr BEATTIE:** Mr Chairman, I am happy to make an introductory statement. That will surprise you.

**CHAIR:** I thought so.

**Mr BEATTIE:** Mr Chairman and members of the committee, I thank you for the courtesy of today. There are a number of things that I wish to address. Generally, the budget provides for the funding for the building of a new Queensland. In there you will notice that we have allocated \$470 million over the next four years for the Smart State Strategy stage 2, which is called Smart Queensland. In that there are significant funds for innovation, Smart Classrooms, the Smart Exploration initiative, ethanol initiatives, new water initiatives, and vocational education and training. You will also be aware that the South East Queensland Infrastructure Plan—the program for the next 20 years—sets out the expenditure of \$55 billion. Not all of that is state government money. Some is council and some is federal but largely state government. You will also notice that we have major programs for fast-tracking \$1 billion in export infrastructure development to keep up with demand. You will also be aware that we have finalised the South East Queensland plan.

So I wonder, Mr Chairman, if I can table for the information of the committee the Smart Queensland: *Smart State Strategy 2005-2015*; the *Biotechnology—Setting New Horizons* document; the *Queensland Ethanol Industry Action Plan 2005-2007*; the *South East Queensland Regional Plan 2005-2006*; the *South East Queensland Infrastructure Plan*; a detailed report into *Electricity Distribution and Service Delivery for the 21st Century*; the Queensland research paper called *Skills for Jobs and Growth*; and another document *Queensland's proposed responses to the challenges of skills for jobs and growth*. I also in the interests of time table for the information of the committee the details of my opening statement.

Leave granted.

**Mr BEATTIE:** In doing so, I just want to highlight one particular area. As you know, I am the Minister responsible for South Bank. We are supporting the creation of a fisherman's wharf waterfront precinct on the southern end of the boardwalk at South Bank. The cafe and dining precinct will double the amount of public open space in the area, and that will improve access to the river and the Maritime Museum. It will also provide safer connections to adjoining areas. We are doing that because the government over the last seven years has been committed to building a new heart for the city, and this is part of that plan. It also includes the new Art Gallery, the new library, Roma Street Parklands, the Goodwill Bridge, North Bank, you name it.

But coming back to South Bank, it will also enable the boardwalk to be extended along the waterfront, eventually linking South Bank and Kangaroo Point. This will provide the missing link in the seven-kilometre riverfront walkway from Kangaroo Point to Orleigh Park in West End, which again will provide better access to the river for the people of Brisbane as well as our tourists and visitors. The development concept recognises that Brisbane residents and visitors to the city gravitate to the river and want to be near it to dine, socialise, celebrate, exercise, relax and unwind. I should remind the committee, if I could, that the South Bank Corporation originally proposed a boutique hotel on the site. However, we learnt that, as a result of community consultation, that is not what the public wanted. So I am confirming today that that is not going to happen. So the boutique hotel is not going ahead but the precinct as I have spelt out will.

Coming back to other matters, I do want to highlight to the committee that our capital works spending in this budget is 32 per cent larger than last year's, which was a record \$6 billion. This \$8 billion budget includes \$2.83 billion in 2005-06 for road, rail, busways and port infrastructure and \$2.27 billion for energy projects. Almost 60 per cent of these capital works are outside of Brisbane, with almost \$360 million for rural and regional roads. I table that document as approved before.

Can I sum up by saying this: what the government is seeking to do in this budget is to provide the bricks and mortar—that is, the infrastructure—to build a new Queensland. You see that in the Capital Works Program. We are also seeking to build the intellectual firepower—that is, the brain power necessary to build a new Queensland as well. That is what Smart State stage 2 is all about. That is what the major reforms in education are all about. That is what the extra year of preschool or the prep year is all about, and that will become available to all Queenslanders at the beginning of 2007. A lot of work has already been done on that. So this is about building bricks and mortar and intellectual capacity.

Part of that of course is our keen drive to improve training. We all know that Australia has a skills shortage. Frankly, in the growth state of Australia, which is Queensland, we have not only the highest growth in Australia and the lowest level of unemployment in Australia but also a skills shortage. We are seeking to address that, and that is why the green paper has been released. We are determined to work with the private sector to ensure that we can deliver on those skills. That will not happen overnight, but we are determined to do it. In terms of the independent agencies that are with me this morning, the government is supportive not only of their independence but also of the constructive role that they have played. I have no concerns about the role that they are playing.

**CHAIR:** Thank you, Premier. I call the Deputy Chair and member for Southern Downs to commence the questions by non-government members.

**Mr SPRINGBORG:** Thank you very much, Mr Chairman. Premier, you may have heard the Acting Speaker indicate that a certain internal audit report into the operation of the Speaker's expenditure is a matter for yourself. This is a question—

**Mr BEATTIE:** I did not hear that, but I am aware of that.

**Mr SPRINGBORG:** This question relates to you in your capacity as minister responsible for the CMC. I understand that one of the concerns which the CMC did have was the stocking of the Speaker's personal bars at his request and what had basically happened with that alcohol and the fact that there was no particular paper trail as is required by other government agencies, ministers and anyone who generally has an alcohol allowance. Can you confirm the existence of such concerns on the part of the Crime and Misconduct Commission?

**Mr BEATTIE:** There were issues raised in relation to the accountability mechanisms involving the consumption of alcohol; that is true. Those issues were referred as a result of an audit to the CMC. The CMC considered those matters and, as you know, has referred certain issues relating to those to the DPP for consideration. I have made it clear that I believe that those issues relating to the appropriate keeping of records need to be improved. I continue to support that. As far as I am aware, a number of actions are now in the process of being taken to achieve that. I do not know what questions were asked in relation to these matters before, but in terms of the disciplinary issues that you have referred to, they have now been considered and they are being assessed by the DPP.

But let me go through some more of the detail of this. With regard to the review of the financial management guidelines for the Office of the Speaker, the CMC investigated allegations concerning the Speaker's travel and hospitality expenses, and, yes, that did include alcohol. In relation to overseas travel expenses, the CMC found that the Speaker's actions did not involve official misconduct, but

matters relating to hospitality expenses have been referred to the Director of Public Prosecutions for consideration. I requested that the CMC review revised draft guidelines for the management of the Speaker's expenses. The CMC assessed those draft guidelines and recently delivered a report containing recommendations to strengthen the draft rules governing the Speaker's expenses.

You would be aware that I have subsequently made a detailed statement to the parliament in relation to those guidelines and indicated the appropriate responses to the CMC's document. I have indicated to the parliament that we will finalise those. I have recently received a letter from the Clerk in relation to his view on the implementation of what I have decided. That is currently being considered by my department. So the guidelines controlling the expenditure relating to the Speaker will be finalised in the near future and they will obviously be drawn to the attention of the parliament and implemented. So the inadequacies that did exist in relation to paperwork will be improved. I am not prepared to allow inadequacies in these areas to continue.

In terms of the issues before the DPP—and I think you would agree with me on this, Lawrence—it would be inappropriate for me to say anything further while the DPP is making those determinations. But I think I have given you a very frank answer to your question.

**Mr SPRINGBORG:** Further to that, I understand that there are seven references to the DPP. I do not expect your comment on those. The issue that I raised was—

**Mr BEATTIE:** I understand that is true, but you would need to—

**Mr SPRINGBORG:** Yes, because that is a matter of public record. So I am not intending to go there. One of the concerns that the CMC actually had was that paperwork did not exist with regard to the consumption or the usage of alcohol which had been put in the Speaker's bars at his request. My understanding was that it was the lack of that paperwork or that paper trail which actually curtailed the possibility of that being a reference as well. Is it true that the CMC raised concerns in relation to lack of paperwork or the lack of accounting for the alcohol which was in the Speaker's personal bars?

**Mr BEATTIE:** I need to be clear about my recollection of these things. I do not recall every aspect of the detail of the CMC's report, but I will give you a frank answer to your question. There were not sufficient guidelines in place in relation to this expenditure and that did include issues relating to paperwork. That is one of the reasons the guidelines are being improved: to ensure that there are appropriate guidelines in place. Might I just say, and I do not do this by way of deflection but by way of fact and reality: these guidelines have been around for a long, long time—or the lack or inadequacy of guidelines has been around for a long, long time—covering Speakers of all political persuasions.

Frankly, while we all respect the independence of the Speaker, those guidelines were inadequate. The CMC, therefore, can only examine these issues in relation to the guidelines that exist. The fact is that the guidelines were inadequate. It is therefore very difficult to find that anyone has breached guidelines if the guidelines are, in fact, inadequate. That has been the heart of this problem. I cannot be more frank with you than that. The other point I want to make is: I am determined to ensure that those guidelines are improved. Frankly, if the lack of guidelines that existed meant that the paperwork that should have been in place was not in place then that will be improved.

I think the other side of this needs to be very well understood. That is, the Speaker does play an important role in representing this parliament and, indeed, hosting people. There are two types of expenditure here. One relates to official functions, where the Speaker will host a large number of people. The other relates to informal entertainment. Members of the committee will notice that in the recommended guidelines that I have put before the parliament I am recommending that for informal entertainment the Speaker be paid an allowance similar to what is paid to the Deputy Speaker and, I think, the whips, if I am correct. If my memory serves me correctly, I have recommended an amount of \$2,500. What we are talking about here in terms of paperwork relates to the lack of guidelines that applied in relation to that informal expenditure. That is the heart of this issue, not the formal entertainment where the Speaker may host a number of people.

I want to emphasise that I am a strong believer that the Speaker, regardless of where they come from, has a role to play in representing this parliament in hosting interstate, overseas and international guests. The point I am trying to make is that the guidelines that I have proposed, of providing an entertainment allowance of \$2,500, will avoid this problem occurring again. In terms of the seven matters that have been referred to the DPP, as the Leader of the Opposition has acknowledged it would be inappropriate to comment on those. These guidelines, or lack of guidelines, have existed for some time and it is about time that they are fixed. Out of this sorry saga, they will be and are being fixed.

**Mr SPRINGBORG:** Premier, do you have an issue with my asking the chairman of the CMC—you said you were working on your recollection—about matters that the CMC may have raised with regard to this and its concerns about the lack of paperwork?

**Mr BEATTIE:** No, I do not. But I make this point at the beginning, and I think the Leader of the Opposition would accept this as a fair point: I think it is fair for these issues to be raised here—that is what the estimates committees are all about—and it is quite legitimate and appropriate for the Leader of the Opposition to raise these things. The only thing that I ask for here, and I direct my comments

generally to everybody, is that we do need to remember that as a civilised society we do believe in natural justice. The Director of Public Prosecutions, who has had her fair share of criticism in recent days, is trying to make a determination about a matter that bridges this difficult link between those involved in public life—that is, politics—and public accountability. Therefore, I think it is absolutely imperative that whatever questions are asked or whatever answers are given do not impinge in any way on her ability to make that decision, because questions raised here or answers given can be seen by some to have interfered in the independent role of the DPP. I know that is not the intention of the Leader of the Opposition, but I need to be cautious about this because from time to time as Premier I am given advice and I need to be very careful what I say because what I say and what you say and what, indeed, the head of the CMC says can and may be used in another place at another time—that is, in court. Therefore, I do not want to say anything or see anything said here that could abort a court process. I am talking more generally, but I am prepared to refer the question that the Leader of the Opposition has asked to the head of the CMC.

**Mr SPRINGBORG:** Mr Chairman, I can assure the Premier that I will not be referring to any of the matters currently before the DPP. As I indicated, it is my information that one of the concerns that the CMC had in being able to finalise certain matters relating to the Speaker's expenses was the lack of an effective paper trail or accountability insofar as the Speaker accounting for the use of alcohol from his personal bars, whether it be in his unit or in his office. Would you confirm that this is a matter which the CMC did raise some concerns in relation to and did feel may have impeded the capacity of the CMC to further investigate that matter and pursue it in other jurisdictions?

**Mr Needham:** That was not a matter that was ever formally raised with the Premier or anyone else. I cannot say whether perhaps one of my investigators might have made some comment along those lines, perhaps to some witness while investigations were under way. I can confirm that it is exactly as the Premier said—that the guidelines that were in place and still are in place at the moment were not as expansive as they could have been on the keeping of records with respect to that particular issue. That is why in the report that we made with respect to the draft guidelines the suggestion was accepted that a particular amount, which from memory was \$2,250 per annum, be accepted as a more appropriate way of covering the expenses for minor entertainment such as the personal bar in the Speaker's office and in the Speaker's flat. But to answer the question directly, there was never at any stage formally raised by me or, to my knowledge, by any of my officers any difficulty in the investigation because of the matters that you refer to.

**Mr SPRINGBORG:** So, nobody within the CMC had expressed concern about the lack of that paper trail or accountability with regard to the use of alcohol which had been stocked in the Speaker's private bars?

**Mr Needham:** There was a lack of a paper trail, and I dare say one could say that that concern was raised but, quite frankly, it was not a paper trail that one would normally expect to see. One would not expect to see the Speaker writing down in, say, an exercise book or something every drink he hands out to a visitor to his office. That is the sort of thing that really is a little bit unrealistic to expect any official such as the Speaker to do. That is why the suggested change in the new guidelines, of replacing any need for any such accounting by a set figure of \$2,250 per year, was accepted as a more realistic way of ensuring that proper accountability is kept for those expenses.

**Mr SPRINGBORG:** It is not true to suggest, as information may have been relayed to me, that the lack of that detail may have impeded the CMC in deliberating those conclusions towards a just outcome or referral to a different jurisdiction?

**Mr Needham:** It did mean that it was difficult to work out whether the amount of expenses actually incurred was realistic or not because there were no sufficient guidelines in place as to what expenses should be incurred. In that way there was a difficulty, but that is not to say that we were able to form any opinion as to whether the Speaker's expenses were too great in that area.

**Mr SPRINGBORG:** The long and short of it is that it may have impacted upon the capacity of the CMC to make a reference to a higher investigative authority?

**Mr Needham:** It does mean that we were not able to properly assess whether the expenses as incurred by the Speaker were realistic or not, yes.

**Mr SPRINGBORG:** Mr Chairman, I would like to go to the issue of the cocaine market now. I note that the MPS indicates that one of the research projects is to identify the size of the cocaine market in Queensland, its growth over the last five years and its expected growth over each of the next five years. Have you any indication at this stage what that is likely to reveal, or is it extremely formative?

**Mr BEATTIE:** I might start and then hand to the head of the CMC. I think it is fair to say that the CMC worked to combat Queensland's drug trade last year by successfully completing a number of major investigations and producing the results of drug related research and intelligence. Three major joint CMC, Queensland Police Service and Australian Crime Commission operations resulted in considerable disruption to the illicit amphetamine market in Queensland—I want to deal with that, if I can, because we are, unfortunately, the amphetamine capital of Australia—with the dismantling of well-established drug networks and interstate connections.

Operation Charlie Yield targeted two offenders believed to be engaged in the importation and trafficking of ecstasy. Three people were subsequently intercepted and extradited to Queensland and a property in Sydney was also searched. The operation resulted in six people being charged with 11 offences including trafficking and possession of a dangerous drug, as well as smuggling and unlawful importation and exportation. Drugs with an estimated value of \$15.6 million were seized during the operation, and almost half a million dollars worth of assets, including two houses, motor vehicles and several bank accounts, were restrained.

Operation Mexico, which began in October 2004, targeted a well-established organised crime network involving the production, supply and trafficking of a range of dangerous drugs, including amphetamine, ice, heroin, marijuana and cocaine. Investigators found a buried amphetamine laboratory near Rockhampton and further investigations led to the discovery of a fully operational clandestine drug laboratory on Bribie Island. The operation resulted in 15 people being charged with 49 offences, including trafficking, supplying, producing and possessing a dangerous drug. A net total of \$1.34 million worth of assets, including two houses, motor vehicles and several bank accounts and shares, have been restrained. Perhaps I could hand over now to the chairman, if he wishes to take that further.

**Mr Needham:** There has been quite a deal of research conducted over the last few years into various drug markets in Queensland and throughout Australia. A lot is known about the heroin market and about the amphetamine market—which is, of course, the most serious threat at the moment in Queensland—but very little is known about the cocaine market. The cocaine market is different from the amphetamine market; it is a market that is generally considered to be consumed by a higher socioeconomic class of people. It is consumed in more private circumstances. It is not really known how much is consumed at all or indeed whether, in fact, it is much of a problem. Perhaps there is not much use at all. We just do not know. All that is known is a few anecdotal comments that are made from time to time.

**Mr SPRINGBORG:** Can I ask a question directly to the Chairman of the CMC, who seems to have the figures relating to the size of the drug market?

**Mr BEATTIE:** Of course.

**Mr SPRINGBORG:** I understand the reason that you are looking at that. The Premier mentioned that Queensland is unfortunately now known as the amphetamine capital of Australia and that there are a range of other illicit drugs. Can you give any sort of indication, based on your latest research, of the size of those particular drug markets, particularly in those other illicit drug areas? If that research has not been done will it be done? The reality is that these sorts of figures are the things that you need. Frankly, they alarm people and probably shock people into action. I do not think people realise the context of what we are dealing with, which could be hundreds of millions or billions of dollars.

**Mr Needham:** Just continuing on in relation to cocaine, I was indicating that the size of that market is not really known. There are only anecdotal reports. The CMC does propose in this coming financial year to attempt to do a strategic intelligence assessment, to try to find out better ideas on the exact size of the market within Queensland. With respect to amphetamines, I note that you say that Queensland is the amphetamine capital of Australia. That is a statement that is made from time to time and it is certainly true that there are more clandestine amphetamine laboratories found in Queensland than in other states. But the way I have heard it stated by a number of people who know what they are talking about, those amphetamine laboratories are in fact smaller than the ones you would see down south.

It is considered that our market really is not any greater up here in Queensland than it is in, say, New South Wales or Sydney. It is just that Sydney and Melbourne have such a greater demographic within those capital cities that they keep most of the markets within those particular cities, whereas in Queensland we are, of course, a regionalised state and there are amphetamine laboratories spread throughout Queensland but of a smaller size. There was mention by the Premier of one that was found on Bribie Island. There was another one found at Miles. The police have been finding them throughout north Queensland, but these are overall much smaller in size than the fewer but much larger amphetamine laboratories that are found in the southern markets. That is not to say there are not some big ones found in Brisbane, but overall, as I understand it from my experts, it is not really thought that the market is so much greater in Queensland than it is down south.

**Mr SPRINGBORG:** Have you been able to put any sort of dollar value on the likely size of, say, the amphetamines, the heroin, the ecstasy market in Queensland? I understand that there is a formative stage of research with regard to cocaine, but are there any dollar figures that you can actually put on that? This stuff, I know, involves fairly significant research and probably best guess in some ways.

**Mr Needham:** Yes. I am sorry, I could not give those figures off the top of my head. I am not even sure whether we could do any more than a general overall estimate. If you desired, I could take that on notice and perhaps attempt to get something through to the Premier.

**Mr SPRINGBORG:** Sure—to the Premier. Are you likely to be researching that area after cocaine or—

**Mr BEATTIE:** I think the most useful way to give you some assessment of that is to actually look at what the raids are producing in terms of results. I mentioned Operation Charlie Yield. The drugs were of an estimated value of \$15.6 million that were seized during that operation. Then, if you have a look at the value in terms of the property seized, you can see what they are worth. Drugs and precursor materials with an estimated value of over \$1 million were also seized during the Rockhampton operation—that was Operation Mexico, if I have got it right. It is very difficult to assess exactly what the full value is but, as the Chairman said, the CMC will be conducting a strategic assessment of the Queensland cocaine market and will continue to produce crime bulletins and law enforcement in-confidence intelligence digests to assist in the fight against crime.

If the Chairman is happy to try to get some assessment, then I would support that, but I think, Leader of the Opposition, the most effective way to look at how much drug trafficking is going on is actually to look at the amount of drugs seized in operations. Perhaps that would be the most useful summary that we could proceed with. Mr Chairman, to answer the Leader of the Opposition's question, could I suggest that the Chairman of the CMC provide to the committee a list of people—both police and CMC, if he would not mind—who have been charged with offences relating to drugs, both amphetamines and cocaine or any other drugs, in, say, the last 12 months. Are you happy with that? That will give you some idea of what is being tracked down and it would mean that we actually have the real figure rather than some hype about it. Are you happy about that?

**Mr Needham:** Yes.

**CHAIR:** The first batch of non-government member questions is finished. It is now on to government questions. I call the member for Ipswich.

**Ms NOLAN:** Premier, the Ombudsman, the QAO and the CMC are all part of the government's commitment to accountability. Regarding the Palmer inquiry into the Cornelia Rau matter, you have consistently called for openness to ensure that departments with a role in Ms Rau's detention are held accountable.

**Mr BEATTIE:** Yes.

**Ms NOLAN:** It has been reported that state agencies involved in Ms Rau's detention were last month sent sections of Mr Palmer's draft that relate to them. Will you be consistent in your insistence on accountability and transparency and provide the committee with details of this information?

**Mr BEATTIE:** Yes, I will. Obviously, we were provided with a draft report of Mr Palmer's findings and we were asked to keep that confidential, which we were happy to do, until of course we found it was on the front page of the *Australian* newspaper around the nation. So, bearing in mind that the material has been leaked, I feel that we are in a position where I do need to be accountable to this committee and the parliament.

With a covering letter dated 10 June 2005, Mick Palmer sent the government 21 pages of draft excerpts of his report into the Cornelia Rau matter and invited our comments on these sections which are of interest to the Queensland government. Cabinet considered this draft and responses have been sent to Mr Palmer.

I wrote to the Minister for Immigration, Senator Vanstone, on 30 June urging the public release of the final report in the public interest to ensure scrutiny of Mr Palmer's findings. I reiterated Queensland's commitment to fixing systemic problems identified by Mr Palmer. This shows a stark contrast between the Commonwealth's handling of this matter and our response to the Bundaberg Hospital experience. I want to thank Mr Palmer for doing this job despite the difficulties created by the inquiry's lack of judicial status. He seems to have conducted a thorough and thoughtful inquiry, and made recommendations that will improve the administration of the immigration detention system. He has compiled a sorry tale of lack of appropriate systems and standards, the Department of Immigration's failure to accept responsibility and poor communication between levels of bureaucracy. All this added to the distressing experience of a mentally ill Australian woman held for 10 months in immigration detention.

Mr Palmer is not critical of any Queensland government employee. However, no agency comes out of this smelling like roses. He comments on Ms Rau's time in the Brisbane Women's Correctional Centre and the assessment that she received at the Princess Alexandra Hospital. Crucially, Mr Palmer makes it crystal clear that the Commonwealth had responsibility for Ms Rau at all times when she was in the Queensland prison system. He says that the DIMIA, a Commonwealth department, undeniably retains overall responsibility and accountability for the health, welfare and standard of care of detainees, whether the detainee is in an immigration detention facility or corrections facility. This clear responsibility does not seem to be well understood. It is so poorly understood that a Department of Immigration executive, with direct responsibility in this area, told the Inquiry that Queensland had total responsibility for the care and management of detainees in its custody.

A key finding, which we wholeheartedly endorse, is the need for a new agreement with the Commonwealth on the management of immigration detainees. Despite efforts by Corrective Services, there has been no signed agreement between the departments of Immigration and Corrective Services since 1995. Mr Palmer says that this is totally unsatisfactory. Unfortunately, it is too late for Ms Rau, but the recommendations will improve the management of immigration detainees in Queensland. The Queensland government agrees with all but one recommendation of the nine that potentially involve our agencies.

Could I table a letter from the Prime Minister, dated 27 June, which repeats his refusal to give the public inquiry a legislative basis? Could I also table letters that I have written to Amanda Vanstone, the Queensland response, imprisonment in BWCC, the draft response as well, for the information of committee members.

Leave granted.

**Mr BEATTIE:** Could I just mention a couple of other things? Could I have a short extension?

**CHAIR:** Yes.

**Mr BEATTIE:** As I have mentioned, there are nine recommendations. Four of these nine relate to corrections and five are about mental health treatment. The recommendation about which we have some reservation relates to mental health and is in two parts. We support one part in full and have made a suggestion to improve the other part. We support virtually all of the recommendations that affect us. However, the government has corrected an assertion from an unnamed source that Ms Rau was transferred to the Princess Alexandra Hospital because the forensic unit at The Park-centre for mental health was full. In fact, no attempt was made to place her in the high security forensic unit in this instance, because an assessment indicated that this was not warranted.

**Ms NOLAN:** MPS 7-1 states that the mission of the Office of the Ombudsman is to promote high standards of administrative practice and decision-making for the benefit of the community. Given the role of Corrective Services in Cornelia Rau's detention, what is the government doing to raise the standards of management of immigration detainees in Queensland prisons?

**Mr BEATTIE:** I thank the member for Ipswich for the question. The government totally endorses Mr Palmer's four recommendations relevant to our corrections system. Implementation of these will certainly improve the management of immigration detainees in Queensland. With no immigration detention centre here, detainees are held under an agreement with the Immigration Department. Hopefully we will finalise that agreement shortly in terms of the future.

At the core of the failures that Palmer identifies is a lack of a formal agreement since 1995 between Immigration and Corrective Services. Mr Palmer says that this is totally unsatisfactory. He adds that the clarity and certainty of the current arrangements which govern the relationship between the DIMIA and Queensland's Department of Corrective Services are fundamentally defective and in need of immediate rectification and improvement.

The Minister for Corrective Services, Judy Spence, has written to Senator Vanstone, urging the settlement of a formal agreement between Immigration and Corrective Services. Mr Palmer's recommendations about this are directed to the Immigration Department. In summary, they are that Immigration takes all necessary action to formalise the arrangements for the detention of immigration detainees with the Department of Corrective Services—the recommendation upon which Minister Spence has acted; that it adopt and confirm the principle that unless there are exceptional circumstances, that detainees will be held in correctional facilities only as a last resort; that it take all necessary action to minimise the time that immigration detainees are held in correctional facilities; and that it settle arrangements with governments or correctional facilities to place Immigration officers in facilities housing immigration detainees.

Mr Palmer finds, despite an Immigration Department instruction, that state prisons should be used only as a last resort. There is no evidence that this was taken into consideration before Immigration placed Ms Rau in the Brisbane women's prison. He stresses that Ms Rau was not like other prisoners, and although there is little to suggest that Anna was not treated appropriately as a prisoner, it is difficult to accept that her treatment was appropriate for an immigration detainee. The fact that she could not be separated from other inmates meant that she should have been carefully monitored and assessed by Immigration. Mr Palmer is clear that this did not occur.

Ms Rau was held with other prisoners because the number of female immigration detainees in Queensland does not justify a separate section. There has been no female detainee since February. We have strong reservations, I have to say to the member for Ipswich, about whether we should be holding female immigration detainees in our prisons at all.

With no written agreement between the departments of Immigration and Corrective Services, Mr Palmer finds a clear statement on duty of care in a contract with Global Solutions Ltd, the company that runs the Baxter Detention Centre. It emphasises that immigration detention is for administrative, not correctional purposes. And says that this imposes particular responsibilities on the Commonwealth with regard to duty of care for each and every person in immigration detention.

The Queensland government is not going to duck responsibility for our share of the litany of deficiencies in the treatment of Cornelia Rau. But we do urge the Commonwealth to urgently work with us to add more fairness and humanity to the way that we treat current and future immigration detainees.

**Ms NOLAN:** I have a third question, in the context of your commitment to accountability, about the sad plight of Ms Rau. The excerpts which you have tabled for the benefit of the committee from the Palmer draft report include scathing criticisms of Ms Rau's health care while she was in detention. Given that most of that detention was served in Queensland, what is being done to raise the standard of practice and decision making for the health care of immigration detainees in Queensland?

**Mr BEATTIE:** Again, I thank the member for Ipswich for her question. I know that she has an interest in this matter and she has raised it with me privately.

Mr Palmer says this: the overwhelming finding by the inquiry is that the standard of health care provided to Anna over the 10 months during which she was held in immigration detention was inadequate and did not meet her needs. It was even more lacking for Cornelia Rau, who had a pre-existing mental illness.

While he does not criticise the failure of Princess Alexandra Hospital clinicians to diagnose Ms Rau with a mental illness, he has found that the psychiatric assessment carried out at PAH was inadequate. Among other things he says that the assessment was hampered by the continuous presence of the two guards, which had the effect of changing the assessment setting.

The government supports virtually all of the recommendations from Mr Palmer, including that clinicians are encouraged to be more clinically assertive in creating the optimum conditions in which to assess patients. We acknowledge that a more assertive approach would have been more likely if the Mental Health Act 2000 was better understood. Queensland Health is now running educative initiatives regarding the Mental Health Act 2000, with a view to improving understanding of the act.

The government also supports recommendations, which say in summary, that the Department of Immigration ensure that when a detainee is placed in the care of a hospital or other medical facility, clinicians be asked to pay close attention to 'odd' behaviour and history, and try to find out more of the person's history from officers, detainees and others; that Immigration establish ways of keeping cumulative information on detainee activity and ensure that this is provided, along with health information, to clinicians making mental health assessments.

The inquiry also recommends that the Commonwealth discuss with us ways of improving mental health care pathways between prison and in-patient units to improve follow-up when patients return from outside care. We support that. We also support a recommendation that Immigration works closely with the Brisbane Women's Correctional Centre to improve reporting and consultation so that Immigration can discharge its overarching responsibility for detainees' care and safety.

We have a small reservation about one of Mr Palmer's mental health recommendations. He suggested that Immigration should work closely with the Brisbane women's prison to align forensic assessment in the prison with forensic in-patient assessment, treatment and follow-up. While we are in favour of continuity of care, we suggest that Mr Palmer amend this recommendation so that Immigration works closely with the Department of Corrective Services rather than just with the women's prison.

In an earlier answer I touched on why Ms Rau was not admitted to the high security forensic unit at The Park. This unit is mainly for people who have committed or who are at risk of committing serious violent offences. Clearly it would be wrong to place someone like Ms Rau in such a setting.

There are a couple of other issues raised by Mr Palmer that need clarification. He says that a psychologist recommended that Ms Rau be psychiatrically assessed following concerns by prisoners, whereas Queensland Health believes that the referral followed a discussion between prison mental health staff. Regarding the rescheduling of Ms Rau's appointment with the prison mental health team, when she returned to jail, it is questionable whether this appointment would be an essential medical service as described in the draft. So, while there were clearly problems on the part of Queensland agencies, we will work to improve the care of mentally ill people in immigration detention in Queensland.

In summary, this is not a matter that we will seek to hide. We will be transparent in dealing with Amanda Vanstone and Mr Palmer. We find his report to be helpful and we hope the final report takes on board what we have said.

**Mr FRASER:** Premier, I would like to turn your attention to the Queensland Audit Office. On page 9-2 of the MPS there is a reference to a \$600,000 equity injection into the Queensland Audit Office over the next two years to replace the Audit Office's risk based audit methodology toolset. Premier, can you provide the committee with background to this project and advise that the Queensland Audit Office is embracing a Smart State methodology in its future IT investment plans?

**Mr BEATTIE:** I can. I have been asked in previous years about this, and I have taken a particular interest in it. The Queensland Audit Office currently uses the TeamAsset audit methodology originally supplied by PricewaterhouseCoopers in 1999 to support the conduct of audits and electronically record audit working papers and findings. PricewaterhouseCoopers indicated in July 2002 that no further



updates or upgrades to TeamAsset would be provided as it had moved to a new web based audit toolset. The original licence to use TeamAsset expired on 30 June 2004. Although the QAO had negotiated continued use of TeamAsset to 30 June 2007, technical impediments were considered to be significant operational risks for the QAO.

TeamAsset is a business critical system to the Queensland Audit Office. As this product was no longer being supported by PricewaterhouseCoopers, the Queensland Audit Office had no alternative but to investigate options to replace this software, which it has done. Alternatives to TeamAsset were researched and examined but no commercial product with comparable functionality and cost effectiveness was identified that was appropriate for QAO's needs. As such, the feasibility of developing a methodology in collaboration with one or more other audit offices or an in-house development by the Queensland Audit Office were examined as alternative options.

Following a detailed examination of the options and extensive liaison with other audit offices in Australia, the project commenced in November 2004 for the in-house development of an audit toolset in conjunction with the Victorian Auditor-General's office. Appropriate legal arrangements binding the two offices were executed in December 2004. Both the QAO and the Victorian Auditor-General's office have dedicated full-time project resources which report through internal project managers to a joint project steering committee comprised of senior executives from both offices. An independent project assurance manager has also been appointed to monitor progress and provide an independent view to the joint project steering committee.

The design specification of the software has now been completed. The proposed modular design of the software will provide a consistent platform and approach to the conduct of audits and will enhance the integration of existing and new peripheral information systems from both audit offices. The project is progressing well, with both offices benefiting from sharing common issues and ideas in the development of the new toolset. The ACT audit office has also expressed a formal interest in the project and is assisting the QAO and the Victorian Auditor-General's office with independent quality assurance processes. The expected project implementation date is 1 November 2005.

The amount of \$600,000, comprising \$350,000 in 2004-05 and \$250,000 in 2005-06, was approved for this project by the Cabinet Budget Review Committee, which I chair, as part of the mid-year budget review process for 2004-05. All project costs are shared equally between the QAO and the Victorian Auditor-General's office. I might just table a couple of other notes that may assist you in the full answer of that question.

Leave granted.

**Mr FRASER:** Premier, on page 9-5 of the MPS there is a reference to the Queensland Audit Office's advice and assistance that it provided to Aboriginal councils and local governments during the course of the last financial year. I was hoping that you could provide to the committee some detail on the work of the Queensland Audit Office in this regard and the purpose of this particular activity.

**Mr BEATTIE:** I can, and I thank the member for Mount Coot-tha. This is a matter of some importance. It has been reported on here by successive auditors-general. While a large portion of the audits are contracted to regional Queensland accounting firms with a view to reducing travelling costs and supporting regional economies, QAO internally resources a number of council audits each year on a rotational basis to maintain an understanding of current issues in the sector and ensure that significant issues are being identified.

The quality control process is in place for all internally resourced and contracted audits to ensure that audits are performed to an acceptable and equitable standard. Auditors are prevented from auditing a council for more than five consecutive years to ensure independence of the audit process. Audit time generally ranges from 150 hours to 300 hours depending on the size and circumstances of the council. Audits are performed by an appropriate mix of staff levels. An assistant auditor-general has been appointed as QAO's lead agent for the sector and is responsible for ensuring that QAO's audit activities are appropriately coordinated and performed at a high and equitable standard.

QAO provides advice at a sector-wide level through the following: each year the Auditor-General presents a comprehensive report to parliament on the results of Aboriginal shire councils and island councils; the report has as a principal objective the identification of themes and trends to assist councils to improve accountability in financial management processes. The report also includes the results of special sector-wide reviews, such as the GST. In 2004-05, QAO also reviewed the operation of internal audits and the management of consultants and contractors by councils. The Auditor-General comments on the audit implications of proposed changes to legislation, the content and format of financial statement templates and other proposed initiatives in the sector. QAO makes presentations to council representative groups, such as the Island Coordinating Council. Information sessions are delivered to groups, such as finance officers on current audit and financial issues.

QAO provides advice and assistance to contract auditors, which includes tailoring of audit programs and forms that address specific circumstances of Aboriginal shire councils and island councils; conducting a workshop for contract auditors to discuss current issues and identifying ways of

improving processes; and coordinating the engagement and rotation of contract auditors. A number of referrals from the public and the CMC are received in respect of Aboriginal shire councils and island councils. QAO staff and contract auditors are required to carry out specific audit procedures in these circumstances and to prepare reports on the findings. Resources are also directed to liaising with the CMC on matters as they arise and are resolved.

In addressing issues that confront councils in the current transitional process, the Queensland government has introduced a community governance improvement strategy, CGIS, designed to assist Aboriginal shire councils with the adoption of contemporary governance principles. QAO is supportive of CGIS initiatives and has discussed ways in which QAO might work with the Department of Local Government, Planning, Sport and Recreation to assist in achieving the CGIS goals and objectives. In this regard, QAO staff have visited Aboriginal shire councils with officers of the Department of Local Government, Planning, Sport and Recreation and contract auditors to discuss financial issues, audit approaches and matters raised in recent audits.

In recent years, QAO has also provided tools to councils to directly assist in the improvement of their financial management. They have included accountability control check lists, guidance on the effective management of debtors and guidance on the preparation of council meeting minutes. This is a big issue and I think the Audit Office is handling it as well as it possibly can. This will be a matter that will come up every year, but I think the Auditor-General is doing the best he can to make sure the appropriate audits are done.

**Mr SPRINGBORG:** Premier, I would like to take you back to an earlier matter that we discussed which related to an issue of the Speaker's use of alcohol in his personal bars. We have had an indication from both you and the chairman of the CMC that there were some difficulties in actually tracking the paper trail of these particular matters of consumption. Premier, have you any idea of the actual cost of that alcohol 'privately consumed' or stocked in the Speaker's 'private bars' compared to—

**CHAIR:** Order! I remind the member of the application of standing order 115 to these proceedings. I will not allow questions that reflect on the character and the conduct of the Speaker. I think that was the inference that you were making. That is your second warning on that, so please refer your questions to the Premier.

**Mr SPRINGBORG:** My question is to the Premier. There has not been able to be established any firm paper trail for the consumption of alcohol. Have you got an idea of the value of the alcohol consumed?

**Mr BEATTIE:** Let me correct one thing before we start. I indicated that when I had drawn up the guidelines for the Speaker I had proposed an amount of \$2,500 for a minor hospitality allowance. The chairman of the CMC quite correctly indicated to the committee that it was in fact \$2,250, not \$2,500. So I thank the chairman of the CMC for that. Officers have checked for me.

I say to the Leader of the Opposition that there was an audit report done which was organised by the Clerk and which I had supported. In that report there was some assessment of the consumption. That report was provided to the CMC. I do not recall, to be perfectly frank, whether or not there was an amount allocated in that document. My memory does not help me. I do not recall whether or not there was an amount. There was some reference to the volume of consumption. But all that material was provided to the CMC. While both the head of the CMC and I have indicated that the lack of a paper trail, if you like, was and should have been addressed in the guidelines, it is now being addressed in the guidelines.

I just make the point that two things need to arise out of this. One is that the Speaker is quite entitled to entertain and should entertain, in the same way that you and I do.

**Mr SPRINGBORG:** I agree—no argument.

**Mr BEATTIE:** You and I agree on that. This is about minor expenditure. This is not where you have 100 people at a function, which will happen from time to time. I regularly do that. There is a list kept of everyone there and there is full accountability, and you can have that. I think I have provided, in answer to a question on notice, right down to the amount of tea and coffee that my office provides, which I am quite happy to do. I think the question that was asked—I think you asked it—was a fair question. I have no problem with that.

The audit that was done—and I think 'audit' is probably not quite the right word—by an outside group was referred and considered. Let us take this issue head on. The reality here is that the guidelines that existed were inadequate to ensure that the appropriate paperwork was kept—not every single bit, as the chairman of the CMC said. The paperwork was inadequate. The rule changes are now being put in place to ensure that it is adequate. I do not recall, outside that audit document, any reference to the amount; it was simply the amount that was consumed on a monthly basis. I do not think there was an amount attached to it.

**Mr SPRINGBORG:** Further to the Premier or to the chairman of the CMC, as the Premier has indicated that the CMC had certain documents—

**Mr BEATTIE:** By the way, I think I have actually said to the parliament and elsewhere that there was an audit done. I do not think there is anything new in this audit report. I have referred to it previously and that was the basis of the matter being referred. The Clerk did that. He did it with my support. He referred the findings to me. The Clerk then referred them to the CMC and I referred the same document to the CMC. I do not think there is anything new in the document. I did not want to mislead you.

**Mr SPRINGBORG:** You mentioned—and it might be easier if I go to the chairman of the CMC, with your leave, Premier—

**Mr BEATTIE:** Perhaps if you ask the question and then I can determine that.

**Mr SPRINGBORG:** You indicated that it is minor in the overall context, and it may be. You said that there may not have been a dollar amount but there may have been certain volumes consumed on a monthly basis. Would you or the chairman of the CMC have that material here and would you provide that material to the committee?

**Mr BEATTIE:** No, I do not have it here, and I think it would be inappropriate for any of that material to be provided prior to the DPP making its determination because—

**Mr SPRINGBORG:** This is not related to a matter before the DPP.

**Mr BEATTIE:** Well, you do not know that. You have to wait until the DPP makes a determination. As I indicated before when I went through and read out what was referred, in relation to the overseas travel expenses the CMC found that the Speaker's action did not involve official misconduct, but matters relating to hospitality expenses had been referred to the Director of Public Prosecutions for consideration. Now they may or may not be involved, but I do not think it is appropriate that we do anything that might interfere with the Director of Public Prosecutions' determinations.

I understand the politics here. Lawrence, you and I are old enough to understand the politics of this, and I understand what you are doing and you have a right to do that but I think it would be wrong for us to interfere. There will be time enough for all of these things to be determined and questions to be asked when the DPP has made its determination, but understand this: this report that was done was referred to the CMC. The CMC has considered matters and produced a report. The CMC has referred certain matters to the DPP. The DPP will have full access to all material, I assume, that the CMC has, including this report. So, if the DPP wants to examine and pursue any matter that is in that audit report that I referred to, she will have unlimited access to it.

No-one has hidden this material. This material in this audit report, which I previously referred to in statements that I have made on this—and I believe I have done it in the House; I am relying on memory but I would be surprised if I had not—about amounts has all gone to the CMC and by virtue of that will go to the DPP. I am simply saying to the Leader of the Opposition that I think it is important that we let the DPP do its work. I am genuinely concerned that this matter in relation to the Speaker is handled in accordance with the principles of natural justice. If the DPP makes a determination, you have to be acutely aware, as I know you are, that whatever we say can and will be used. I have to be careful about these things. Let us talk hypothetically. Say the DPP made a determination that X was to be charged. X's lawyers are going to take on board what is in the public domain and determine whether someone can be given a fair trial. I cannot say anything, nor can anyone around here, that could jeopardise that.

I think we need to wait until the DPP does its work. I have tried to answer every one of your questions fulsomely today. I have not hidden anything. I have acknowledged this report, I have acknowledged what is in it, but I think if I go beyond that I will possibly abuse the DPP process. Lawrence, I have tried to be as generous as I can in answering your questions, and I do not think you can say I have held anything back—I have not—but I think it would be wrong for me to provide that at this point.

**Mr SPRINGBORG:** I do not want in any way to impede natural justice or anything that may come out of it, but I am also concerned about accountability. My understanding, Premier, is that we are dealing here with a matter which has not been referred to the DPP perhaps because of a lack of information or a lack of paperwork necessary to refer it there. So I cannot understand how that in some way is going to impede any of the seven matters which are before the DPP. It appears to me that it is more about containing some form of embarrassment about the particular volume or the value of that alcohol that may have been consumed, and that is what I am asking—

**CHAIR:** I would ask the member to get to the question. It is not the role of the committee members to make statements.

**Mr BEATTIE:** Can I answer this question by saying this, Mr Chairman, because the question—

**Mr SPRINGBORG:** Well, I may not have been finished.

**Mr BEATTIE:** Let me try to answer the question to help the Leader of the Opposition. The bottom line is this, Lawrence: I do not know the detail of the seven matters that have been referred to the DPP. The only people who know the full detail of all that—this is the full detail—are the CMC, the DPP and presumably the Speaker. Therefore, I do not know the full magnitude of what the DPP will look at. I am not prepared to take the risk of in any way breaching—

**Mr SPRINGBORG:** I thought the chairman of the CMC had said that there was not enough on that particular matter to actually refer it.

**Mr BEATTIE:** I have just checked. One of my staff has just helped me. The audit report by Robertson's indicates some specifics about individual transactions but not an overall amount. So there you go. That I think answers your question. There is not an overall amount in there. So that answers your question. I knew that there was some detail and, in trying to help you, I gave you that answer but I have now checked and I think that effectively answers your question.

**Mr QUINN:** Premier, how many complaints about Queensland Health has the CMC received in the past 12 months?

**Mr BEATTIE:** How many complaints has the CMC received about Queensland Health in the last few months? Let me just see if we can provide any detail. I do not know whether the chairman of the CMC would know that. I do not think you would expect me to be across all the complaints received by the CMC. If I were, then there should be an investigation into me. I wonder if I could refer that to the chairman of the CMC.

**Mr Needham:** I cannot answer that question directly; I do not know. I do know, of course, that we revisited and checked all the complaints that had been received when this matter arose. I can certainly think of about four or five off the top of my head. I would be surprised if it was more than 10.

**Mr QUINN:** Were any of those complaints regarding the Bundaberg Base Hospital?

**Mr Needham:** There were two that I can think of that arose out of Bundaberg.

**Mr QUINN:** Were they received prior to launching the Morris inquiry?

**Mr Needham:** They were.

**Mr QUINN:** What action did the CMC take?

**Mr Needham:** One of them related to a doctor who has been mentioned in the press vis-a-vis some inappropriate actions with patients. That was referred to the Queensland Police Service for appropriate investigation. That particular doctor, I understand, has departed during the investigation for overseas. This was some time last year—in the earlier part of last year, from memory. The other one related to I think a matter that Mr Springborg might be familiar with. It related to a mental health aspect—an admittal over the weekend, from memory—at the Bundaberg Hospital and some questions about whether appropriate forms had been filled out at the required time.

**Mr QUINN:** Both those complaints have been finalised?

**Mr Needham:** The one where the person has gone overseas is certainly finalised unless the police are taking any extradition action. I am not sure on that, Mr Quinn. The other one, from memory, has been finalised and I think we sent a letter back just recently on that one.

**Mr BEATTIE:** Just on this point—and the CMC chair may help me with this—the CMC did indicate that it was looking at some issues about alleged bullying, I think. Bearing in mind the commission of inquiry was proceeding, I think the CMC indicated that it had suspended its involvement in that at that point?

**Mr Needham:** That is true in that there was the complaint—I am sorry; I did not refer to it—we received from the Queensland Nurses Union which of course was after the matter came to a public head in the press earlier this year. That involved the sorts of complaints that have been ventilated before the Morris inquiry, including an allegation of harassment or bullying along the lines that have been ventilated in the Morris inquiry again. The CMC is assisting the Morris inquiry in that regard at this stage and any information we have is being passed on and in fact is generally being led in the Morris inquiry at the moment.

**Mr QUINN:** But, prior to the complaint by the Nurses Union which was received by the CMC after the inquiry commenced, there was no other complaint regarding bullying or intimidation—

**Mr BEATTIE:** I think that the nurses complaint—was that afterwards?

**Mr Needham:** It was before the Morris inquiry started but it was after it was in the press. So from memory it was late March.

**Mr BEATTIE:** I think that is right. We did not set the inquiry up until April.

**Mr QUINN:** So, just to be clear, there has been only one complaint regarding bullying at Bundaberg Hospital and that was received from the Nurses Union just prior to the inquiry being launched?

**Mr Needham:** That is certainly the case to my knowledge unless there was one quite some considerable time ago.

**Mr QUINN:** Right. Presumably some short time after that complaint was received the inquiry was launched and you therefore subsumed that investigation into the inquiry; is that right?

**Mr Needham:** Yes.

**Mr BEATTIE:** I think the CMC chairman put out a statement to that effect at that time.

**Mr QUINN:** But no other complaint?

**Mr Needham:** No.

**Mr BEATTIE:** I think what you would find in these circumstances, Bob, is that bearing in mind once the Morris commission of inquiry had been established most people who had allegations about bullying would then go to the Morris royal commission. As you know, he has now released six discussion papers and one of them relates to this area, and he is seeking submissions at the moment. I reported to cabinet on Monday on the last three issues papers that he has put out. So I would imagine that anyone who has any issues about complaints would then go to the Morris royal commission.

**Mr QUINN:** I was more interested in prior to the inquiry being launched.

**Mr BEATTIE:** I think we have the time on that right. I think most of this was followed on a day-to-day basis in the press. I do not think there is anything different to what we have said previously.

**Mr Needham:** I took your questions to relate to before. Subsequent to that time, of course, we have interviewed many people.

**Mr QUINN:** Exactly right. The question I have is: do you investigate or take on board informal complaints or do they have to be actual formal complaints to you?

**Mr Needham:** We have no requirement for a complaint to be lodged with us in any particular form. It can be over the phone—just someone ringing up and making a complaint. The details of the complaint will be noted down by the officer answering the phone call and that will be taken as a complaint. There is no requirement that a complaint be lodged in any formal way at all.

**Mr BEATTIE:** That includes complaints from you, too, Bob. There is no limit to it.

**Mr SPRINGBORG:** On the matter of formal or informal complaints, can you indicate to the committee today if there have indeed been people who have gone before the CMC or gone to the CMC with serious allegations about the conduct of Queensland Health, but once they have engaged and talked to an officer about the process and the fact that some of the information would need to be relayed back to the department of health to get information they have then gone away and have not had confidence in the process?

**Mr Needham:** In other words, once they find out that we have to go to the department they want to withdraw their complaint?

**Mr SPRINGBORG:** Yes.

**Mr Needham:** I cannot think of any situation like that, Mr Springborg, but I could not say that it has not happened. I would have to check with my officers, but certainly an instance like that has never been brought to my attention.

**Mr QUINN:** Does the Auditor-General have an opinion about the need for performance auditing of government departments?

**Mr BEATTIE:** Yes, he does. Both the previous Auditor-General and the current Auditor-General have supported performance auditing, and I do not think there is any secret about that. It is not a view that I have previously shared, as you well know, which is why you have asked me that question. But I have indicated to the Auditor-General when he raised it with me that I am prepared to take on board some of the things that he has been saying to me.

Roughly, the position at the moment is that the Auditor-General has a statutory responsibility to audit the public accounts. I can go through all this, but I simply will answer your question by saying that this is a matter of ongoing discussion between the Auditor-General and me. Bearing in mind the experience in Queensland Health, I am now seriously considering performance auditing. The Auditor-General has not yet persuaded me, but the case is slightly tilted towards him in the ledger. So my previous opposition to performance auditing is reducing significantly. Previously the scale was like that, Bob, and you have no need to work out who was sitting there; it is more like that. I am prepared to talk with the Auditor-General further about it and I suggest, God willing we are both here next year, you might ask me that question. You may get a different answer next year.

**Mr SPRINGBORG:** We have actually got the legislation for you, so it will be easy.

**Mr BEATTIE:** Well thank you for being helpful, Lawrence. You are always helpful and I am grateful for that.

**Mr SPRINGBORG:** You have already voted against it once.

**Mr BEATTIE:** We all live and learn, Lawrence. Just because you have a good idea does not mean I will not pinch it.

**Mr SPRINGBORG:** You have already done that.

**Mr BEATTIE:** They are so rare but I am happy to do it.

**Mr QUINN:** Will the Auditor-General be investigating Queensland Health, particularly Bundaberg Hospital, over claims that Dr Patel was making money for the hospital which may have been in breach of the Commonwealth-State Health Care Agreement? I also note on the front page of the *Townsville Bulletin* on Saturday, I think, that similar claims are being made by doctors there.

**Mr BEATTIE:** Well, that is a matter for his independent assessment. I would refer the matter to the Auditor-General.

**Mr Poole:** In terms of our audits, we continually review what is happening throughout the state. We have an ongoing audit program within Queensland Health. We take on board the issues that are raised in the public arena as well as elsewhere. We would be looking at that as part of the normal audit program. If there are any particular issues that I see are of significance we would include those in a report to parliament in due course.

**Mr SPRINGBORG:** My question relates to issues we were pursuing before the last break—that is, drugs and how we can deal with that. In the Project Crystal report, which I understand was a joint report of the former CJC and the Police Service in 1999, there was a warning by the CJC that unless telephone-tapping powers were introduced Queensland could become and would become the amphetamines capital of Australia. Would you indicate whether you have been having discussions with the CMC regarding the introduction of police telephone-tapping powers? I would like to ask the chairman this directly, but has the view of the CMC remained the same—that is, it very strongly supports state based telephone-tapping powers?

**Mr BEATTIE:** Lawrence, you know as well as I do that the CMC does support state based telephone-tapping powers. The government does not share that view. We have indicated our concern about it. But very similar to performance auditing, I have indicated that, through a departmental working group, we are working through advice from both the CMC and the police commissioner, if I remember correctly.

My concern is about protecting basic rights. As you know, drug operators do not stop at the borders. There are opportunities for interstate powers for bugging to be used if it is a national operation with the Federal Police. We have sought to get the Commonwealth to make some arrangements so that we can bring in phone-tapping powers in certain areas. Unfortunately, the federal legislation makes that very difficult.

What I mean by that is very simply this. We would be prepared to consider state based phone-tapping powers in certain areas. Unfortunately, under the Commonwealth legislation either you bring in phone tapping in an unlimited way to apply broadly across the spectrum in the same way that the federal legislation does or you do not bring it in at all. I have taken legal advice on this. I would much prefer to bring it in covering drugs and organised crime, for example, and maybe terrorism. But there are some other areas where I have reservations. Unfortunately, the advice I have been given is that it is all or nothing.

We have tried to get the federal minister—and maybe you can help us with this—to make certain changes to the legislation to enable us to do that. To sum up the position, while it remains as is—that is, a blanket broad power—I still have some reservations. Had we been in a position where we could have brought it in for some of the areas that I have indicated, we would be doing that now.

In my view, the Public Interest Monitor—and this is why we did not support your draft bill—has to be there to protect the public. I do not believe that your draft bill provided that to the extent that I thought was necessary. Until I can safeguard people's individual rights then we are going to have to continue to try to pressure the Commonwealth to give us some more flexibility. In a nutshell—this is the first time I have put this on the public record—we are prepared to bring in some state based phone-tapping powers, provided they are limited to the areas that I referred to—that is, drugs, organised crime and terrorism.

**Mr SPRINGBORG:** Does the CMC remain of the view that its capacity to attack organised crime at its core is impeded by the lack of a regime in Queensland?

**Mr BEATTIE:** The CMC has a view—and I think I represent the chairman's view accurately when I say this—that it would enhance its work. I do not think there is any doubt that it has that view. As an organisation with its responsibility I would expect it to have that view. As the government we have to take into account that position but we also need to take into account the broader issues. As I have said to you, Lawrence, if you can get the federal minister to amend the act to allow us to bring in state based phone-tapping powers that cover the three areas that I have referred to—drugs, organised crime and terrorism—then the government is likely to change its position.

**CHAIR:** The time for non-government members' questions has expired.

**Mr FRASER:** On page 9-4 of the MPS there is reference to a report to parliament on government advertising expenses as a recent achievement of the Queensland Audit Office. I was hopeful that you could remind the committee of the major conclusions of this report and advise whether you are aware of any attempts to expend taxpayers' funds on promotional material of a political nature.

**Mr BEATTIE:** The Auditor-General tabled audit report No. 6 in parliament in early 2004. In that report the Auditor-General reviewed advertising. He found that both the supervision process by my department and all the advertisements reviewed complied with the requirements. The Auditor-General also reviewed the level of advertising expenditure by my department. A subsequent random audit of advertising activity carried out by the Auditor-General in late 2004 confirmed ongoing compliance. It talks about the advertising code.

I am pleased to report that my government's high level of accountability for advertising activities has been given a clean bill of health. As I have said before and I will say again, I will take any sensible measure to uphold accountability. However, twice during 2004-05 I was asked to consider matters relating to expenditure by the office of the Leader of the Opposition on shadow cabinet. I understand that on both occasions it was with the full knowledge of the leader's office. These requests were because the leader had spent substantial sums of money on shadow cabinet and was asking for the costs to be met from public money.

The first time it was because \$6,116 had been spent on a consultant for planning shadow cabinet. Last month it was because \$16,733 was spent on advertising and brochures relating to a shadow cabinet meeting in Bundaberg. The Leader of the Opposition argues that he spent the money because the government spends money on its regional cabinet meetings. He argues parity but there is no parity here. We are talking about the difference between progressive and legitimate government business by the elected government and wasting taxpayers' money by trying to spend it on political advertising.

I am advised that on both occasions there was no attempt to clarify that expenses were payable prior to incurring them. On both occasions, from the moment they were presented for payment by Ministerial Services questions were asked about their validity. In other words, there was an attempt to get retrospective approval. We seem to get that request in a number of areas these days.

It was very correct that they should be questioned, because it was not appropriate and should not be paid from public funds. On 30 November I wrote to the Leader of the Opposition advising him that I believed it was appropriate that shadow cabinet ministers should use their parliamentary allowance for paying the costs. I table for the information of the committee some of the material suggested by the Leader of the Opposition and his office. I compare that to *Community Cabinet News*.

Leave granted.

**Mr BEATTIE:** You can see the very high political nature of the material suggested by the Leader of the Opposition. I think it is appropriate that these matters be dealt with. As I have said, I am advised that on both occasions there was no prior approval. I also acknowledged in that letter that as Leader of the Opposition there will be official duties to undertake with shadow cabinet and as such his costs and the costs of his staff may be met from the official budget but the rest should be paid for. The leader will still get a budget in 2005-06 of \$2.001 million which, comparatively speaking, is very high.

**Ms MALE:** Page 1-17 of the MPS refers to the protocol services for the state funerals of Ted Smout, Sir Walter Campbell and Sir Joh Bjelke-Petersen. It is widely known that the government covered the costs of the state funerals. You have also disclosed the payment of a modest grant to Sir Joh's widow, Lady Florence Bjelke-Petersen, to help her with postage associated with Sir Joh's death and the provision of car transport for Lady Flo following the funeral. Are there any other expenses connected to the state funeral of Sir Joh which have been met from the public purse and should be dealt with openly?

**Mr BEATTIE:** Firstly, I table for the information of the committee appropriate letters, correspondence and briefings in relation to the expenditure in order to provide all detail.

Leave granted.

**Mr BEATTIE:** Former Premier Sir Joh Bjelke-Petersen passed away on Saturday, 30 April 2005. The committee would be aware that I have great respect for Sir Joh and some of the contributions he made. We did not agree on everything. As a result, I made the decision that there would be a state funeral in his honour. In May I paid a verbal tribute to Sir Joh in parliament. I spoke at his funeral, as did the Leader of the Opposition and the Prime Minister.

When I made that statement to parliament I tabled information about the state funeral, which was attended by between 2½ thousand and 3,000 people—maybe even more. The costs associated with the funeral were approximately \$43,000 and included a range of things. These costs were met by the Department of the Premier and Cabinet.

The public response to the passing of Sir Joh Bjelke-Petersen, while undoubtedly a source of solace to his family, imposed an additional burden on Lady Flo Bjelke-Petersen in responding to the considerable number of letters of condolence. Accordingly, I approved the payment of a small grant of \$2,000 to Lady Flo to assist with the postage costs associated with this correspondence and provided transportation from Kingaroy following the state funeral.

Similar support has been provided in other states to spouses of former premiers who have died. This support recognises that the status of a former premier has flow-on impacts for their family following their death. In addition, I have recently agreed that costs totalling approximately \$20,000 for a tribute for Sir Joh by the Leader of the Opposition be met from the leader's budget.

I was a little surprised that the Leader of the Opposition chose to produce a tribute himself without consulting the government. My preference would have been for him to consult with me with a view to producing a tribute that would have come from all sides of politics and probably been more cost effective. As he had already printed and sent out his 94,000 tributes widely throughout Queensland, it was a little too late to start a consultation process at that point.

In the interests of honouring Sir Joh, I hope that the leader's tribute adds another dimension to Queensland's remembrance of Sir Joh, our longest-serving premier. I gave retrospective approval to the expenditure of \$20,000 because I simply did not want there to be some unsightly argument about this expenditure. Similar to what applies in terms of the Speaker's travel, if I believe it is appropriate to give retrospective approval then I am prepared to do that. What you have to do when you are in this job is use a commonsense approach. I mean, it was \$20,000. I think it was important that I showed some bipartisanship and, therefore, I gave retrospective approval.

**Ms MALE:** I note that on page 9-4 of the MPS the Queensland Audit Office states that it completed all audits for the 2003-04 financial year. I also note that the Audit Office audits ministerial and opposition expenses on a quarterly basis. As reported on page 1-27, the high standard of accountability was maintained. Could you please detail the resources you provide non-government parties and how these have altered since you were in opposition?

**Mr BEATTIE:** Thank you for the question. In March 2004, when the coalition split, I approved new resourcing packages for both the opposition and the Liberal Party. The opposition was provided with the level of funds it had received prior to April 2003, when there was a single-party opposition. The level of resources provided in March 2004 to the opposition was \$1.910 million and 16 staff. This has now been increased to \$2.001 million due to enterprise bargaining increases.

The Leader of the Liberal Party was originally allocated a budget of \$330,000 plus an amount of \$60,000 over three years for contractors and consultancy costs. This provided for a staffing complement of three staff. The Leader of the Liberal Party requested that the \$60,000 allocation be substituted for an increase in staff from three to four. I approved this on 3 March 2004.

Enterprise bargaining has now pushed this up to \$370,000 for the coming year. The total resources to the leaders of the opposition and the Liberal Party are now \$2.371 million and 20 staff. In comparison, in Labor's last year in opposition—1998—we spent \$1.684 million and had 19 staff. At that time we had representation in parliament of 44 members. The increase in resourcing has been far in excess of the CPI and generous considering the opposition and the Liberal Party have now only 20 members between them in the House. I table a table with your approval.

Leave granted.

**Mr BEATTIE:** It shows budget and expenditure each year since 1998 for non-government parties. The 2004-05 actual figures are different from those shown in the MPS as they have been updated at the end of the financial year. So if you have a look at it we have the year, the budget and the actual expenditure. You can see that the government's commitment to fairness and giving the opposition a fair go is demonstrated in the figures. I think any fair-minded Queenslanders would think that they are getting a fair go.

**Ms MALE:** Premier, there was a lot of media coverage about vehicles in the past year. The QAO is responsible for auditing public sector entities as stated on page 9-1. I assume that the Queensland Audit Office audits vehicle systems in Ministerial Services. Details about ministerial vehicle accidents were well documented. What about opposition vehicle accidents? How do they compare? Are you able to provide details to the committee?

**Mr BEATTIE:** The Office of the Leader of the Opposition has five vehicles. The leader has a chauffeur-driven four-wheel drive, the deputy leader has a self-drive vehicle and three staff have vehicles. Since January 2000 the opposition has made 10 insurance claims. During the same period the Liberal Party has had one accident. The excess in all instances has been met from the office budget. This amounts to an average accident rate of 36 per cent. This is slightly above the industry average of 33 per cent and the average accident rate for ministerial vehicles of 35 per cent. So there is not a lot of difference. They are one per cent more accident prone than ministerial vehicles but—

**Mr Springborg** interjected.

**Mr BEATTIE:** Well, they actually try to avoid them. I am not trying to talk about your bad driving habits. During the 2004-05—

**Mr SPRINGBORG:** Have you ever seen a kangaroo? Have you ever seen one?



**Mr BEATTIE:** If you really want me to talk about your bad driving habits, I will. This is about accountability, Lawrence. You do not want me to hide this, do you? The people of Queensland have a right to know. I am just being open and transparent. You fit within my portfolio. It is important I share this with people, Lawrence. During 2004-05 two insurance claims have been made by the Office of the Leader of the Opposition. This is a 40 per cent accident rate. In comparison, the accident rate in 2004-05 for ministerial vehicles was much lower at 22 per cent.

The reality is that there will be accidents. I expect that from time to time the ministerial vehicle fleet, which is very busy—the ministers work very hard—will have accidents, as will from time to time the Leader of the Opposition. Because he has a rural seat, we have approved a four-wheel drive to try to ensure his safety. Of course he will run into kangaroos, but that is one of the reasons I approved that four-wheel drive. I hope no-one else is going to ask me for the same generosity. Bob, don't you ask for a four-wheel drive because you will not get one. I agreed to provide the Leader of the Opposition with a four-wheel drive because I want him to be around. I do not want anything to happen to him, and he does run into kangaroos from time to time, which is understandable.

**Mr SPRINGBORG:** They run into me.

**Mr BEATTIE:** You cannot get them out of the road, Lawrence. I am not complaining about it; I am just trying to be open and accountable, which you insist I am.

One of the other things I should have mentioned earlier about the budget for the various parties is that in 2001 funding was reduced due to the coalition being dissolved. Funding was reinstated to \$2.410 million in April 2003 when the coalition reformed at that time. It was divided up again in March 2004 when the coalition split again. So if the National and Liberal parties form a coalition again, then we are happy to make sure that they get treated fairly and properly. We would not do it any other way.

**CHAIR:** Premier, the Queensland Audit Office is responsible for auditing accounts, as stated on page 9-1 of the MPS. I am aware that both you and the opposition leader table expenses on a six-monthly basis in parliament.

**Mr BEATTIE:** Yes, we do.

**CHAIR:** But that only commenced when you became Premier. Can you please provide the committee with a comparison of expenses between the opposition leader now and when you were opposition leader?

**Mr BEATTIE:** I am happy to do that. Expenditure for the opposition in 2004-05 is \$1.954 million, which is in line with its budget. This was a lot more than was anticipated when the MPS was finalised in early May. The Office of the Leader of the Opposition seems to have tried very hard to spend every last cent of its money in the last six to eight weeks, but it is entitled to do that. I am not complaining about it. If it was not for my ruling out expenses for shadow cabinet, it would have been over budget by approximately \$16,000. The leader was on track for a substantial saving on budget due to staff vacancies throughout the year and telecommunications savings. However, he has chosen to spend this saving predominantly in advertising and publications. I am aware that Ministerial Services has been trying to establish a guideline for advertising by the Office of the Leader of the Opposition.

A comparison of expenditure by the opposition and my expenditure when I was last in opposition shows that expenses overall are up by 16 per cent. However, the opposition does not have any rent or utilities to pay. So if you exclude them—because our office was located elsewhere, as you know, or at least in part it was—and depreciation, which was not charged when I was in opposition, overall the expenses are up by 25 per cent. If you count the Liberal Party in the equation, then overall costs are up by 46 per cent. This is when they have only 20 members between them. We had 44 in 1997-98. I table for the benefit of the committee comparisons of summary expenditures between 2004-05 and 1997-98. I have already done that.

On a line-by-line analysis, the big differences between now and 1997-98 are that salaries are up by \$209,000 or 20 per cent. If you count the Liberals, they are up by \$482,000 or 45 per cent. Travel costs are up by \$66,000 or 70 per cent. If you count the Liberals, they are up by \$74,000 or 79 per cent. They are making good savings in telecommunications these days, and I applaud that. They have saved \$66,000 or 57 per cent if you count the Liberals' expenditure. With regard to marketing and public relations, including media monitors as well as advertising and publications, this is up by \$128,000 or 319 per cent for the opposition alone.

The opposition is getting the highest ever level of funding for a single-party opposition in 2005-06. It is getting \$2.001 million and the Liberal Party is getting \$370,000, as I said before. I understand that the opposition has used its budget to ask 163 FOIs last year at a cost of \$21,000. I understand the opposition has used its budget to produce \$111,000 worth of advertising and publications and there was a \$6,000 bill for planning shadow cabinet. I ruled that that should be paid back. The response from the leader was a blunt refusal, even though he knew the expense was being questioned from the start. My director-general let the debt be cancelled, but the money is being recouped by a budget reduction in 2005-06. All I can say to the leader is that he is entrusted with his budget to undertake his official role, and we are happy to continue to work with him on his budget arrangements. So that is basically where the budgets are. I think, frankly, we are funding the opposition appropriately.

**CHAIR:** Premier, the fight against paedophilia is an important focus of the government and in the work of the CMC. Pages 3-2 and 3-3 of the MPS make reference to significant progress made by the CMC in the fight against this despicable activity. Can the Premier provide the committee with more insights into these positive developments?

**Mr BEATTIE:** The CMC furthered its fight against paedophilia by becoming a national leader in detecting internet based offenders. The CMC's internet based operations were particularly successful this year due to its innovative methods in identifying online paedophiles. CMC internet investigations resulted in 14 people being charged with a total of 64 offences, including 16 of using the internet to procure a child under 16 to commit a sexual act and 34 of using the internet to expose a child under 16 to indecent material.

Sexual crimes against children can be difficult to detect because paedophiles seek out places and situations where they can meet children away from parental supervision such as internet chat rooms. The CMC thwarts this insidious activity by keeping abreast of the increasingly sophisticated information technology environment in which paedophiles operate. CMC police officers, through approved controlled operations, pose as children on the internet in order to obtain evidence against people who are bent on procuring a child to engage in a sexual act or expose a child to indecent behaviour. This way offenders are identified and charged before any actual child is contacted and harmed.

With regard to Chat Trak software, other methods CMC officers adopt include using pioneering computer software called Chat Trak to identify the geographic location of predatory paedophiles contacted on the internet. Developing the software won the CMC's paedophile investigative team Egret the Queensland Police Service state gold award for excellence in policing operations in November 2004. With regard to expert advice, the CMC is also in demand to provide expert advice to other police jurisdictions in Australia looking for knowledge concerning online paedophilia crime. Computer software and training was given to such police agencies as the Australian High Tech Crime Centre in Canberra and the South Australian police.

Focus on child sexual abuse in Indigenous communities is also important. The CMC also furthered its work on preventing serial and network paedophilia during the year. Putting a stop to child sex offences in Indigenous communities was a particular focus. Accordingly, the CMC conducted an investigation into alleged child sex offenders on Thursday Island. Investigative hearings were held in Brisbane and Cairns resulting in a person being charged with a total of 17 child sex offences concerning seven complainants. With regard to cooperation with other government agencies, the CMC is also currently developing an evidence based research project to identify and implement ways to prevent child sexual abuse in Indigenous communities and safeguard the victims of such abuse.

With regard to legislative changes, during the year the CMC adapted its investigative methods to allow for a number of legislative changes at both state and federal levels. These included Commonwealth legislation coming into effect from March 2005 creating new offences relating to paedophilia and child abuse. In April the Queensland Criminal Code was amended to include several new sections relating to paedophilia which substantially increased the penalties for child pornography offences. With regard to an educative role, the CMC also educated the public on how to protect young people and students on the internet with the launch of a web page last April promoting online safety during National Youth Week 2005.

This is a pretty ugly part of the human race—that is, paedophilia and abuse of children. We have changed the laws to allow basically internet bugging, if you like. I do want to congratulate the CMC for the role it has played here. I say to Robert Needham as chairman that the CMC can be justly proud of the work that it has done here. It is not an area where you normally use the word 'proud', because we all should be frankly offended by the people who get involved in this activity. But we also need agencies to take this seriously, and the CMC has done that. I want to be very clear that I put on record today my support for what it has done, and I urge it to keep doing so. I would hope that when we get to estimates here every year we would actually get an update either from myself or from the CMC about how we are tracking paedophilia. One of the other areas of concern is access to pornography on the net. I make it very clear to public servants: anyone who accesses hard-core pornography on the net will be sacked. There are no excuses for it. When it comes to child pornography there is no excuse—absolutely none.

**CHAIR:** Premier, in relation to the future developments of the Queensland Audit Office noted on page 9-6 of the MPS, can you provide any information on the performance of the Queensland Audit Office to date?

**Mr BEATTIE:** Obviously national benchmarking is the way to do that. Over the past 10 years the Australasian Council of Auditors-General has conducted an annual macrobenchmarking project. I have to say, Auditor-General, only auditors would get excited about this, but I know it is important. The object of the project is to provide comparable information to audit offices around Australasia on quantitative and qualitative benchmarks of the operations of audit offices and specific characteristics of each jurisdiction. All state, territory and Commonwealth audit offices took part in the 2003-04 survey. The cost structure of the report is based on opinions and reports to parliament and includes some local government information to enable the calculation of more comparable benchmarks.

The format of the report focuses on two primary and five secondary benchmarks. Contextual information and supporting data were also provided. The review of the benchmarking report indicates the following key benchmarks at the QAO compared to other states and territories. Turnover within the QAO is around what might be considered organisationally acceptable at 11.5 per cent. It compares favourably with published data on New South Wales and Victoria, although care needs to be exercised in making direct comparisons because of the potential for different measurement definitions.

In comparison with the 2003 ACAG benchmarking results, the 2004 results indicated that the QAO's performance in terms of audit hours charged by operational staff against annual available hours has improved since the previous year's benchmarking reports. The results indicate that in 2004 the percentage of operational audit hours charged against annual available hours was 77.5 per cent, which compares favourably with 75.9 per cent, 74.4 per cent and 70 per cent respectively in 2003, 2002 and 2001. This represents an increase of 11 per cent for the QAO from the 2001 base year. The overall average was 74.4 per cent across all states and territories in 2004.

While the QAO has improved in terms of audit hours charged by operational staff against the annual available hours, the QAO remains the lowest in terms of average costs per audit hours charged to audit at \$77 for 2004 compared to the average of \$100 across all states and territories. Over the last four years audit charges per hour for the QAO had remained static from 2000 to 2004. So it is not a bad story. I think we can be justly proud of what we are doing.

**Ms NOLAN:** Premier, the CMC has an output called protecting witnesses that relates to the whole-of-government outcome of strengthening Queensland communities. With reference to information provided on pages 3-8 and 3-9 of the MPS, can you outline key performance outcomes over the last financial year and targets for the next financial year?

**Mr BEATTIE:** The CMC, as we all know, has the role of providing quality, timely and cost-effective witness protection to eligible persons under the Witness Protection Act 2000 and the Crime and Misconduct Act 2001. The CMC can provide both long term witness protection involving relocation and possible reidentification, as well as short term protection which can be used for court security purposes. This has proved to be useful for those witnesses who do not wish to be relocated and cut off from their previous life yet need to be protected at court or the like at times when they are most vulnerable. Along with physical witness protection, witness protection officers provide a welfare support service as well as facilitating professional assistance to protectees which has previously resulted in several drug-affected and/or dysfunctional persons being rehabilitated. Along with giving their evidence, the protectees ultimately become useful members of society. I have more detailed material here. Do we finish at 11?

**CHAIR:** Yes.

**Mr BEATTIE:** I wonder if I could assist the committee by providing that information, because the CMC has successfully protected 1,242 people since its inception, which represents a 100 per cent record in keeping witnesses safe; 224 of these people have been protected since 1 January 2003. The CMC has protected 115 people during 2004-05, including 48 people who were already receiving protection at the commencement of the year. It is expected that 39 people will be receiving protection at the commencement of the 2005-06 period. I might table that information for the committee, if I could.

Leave granted.

**Mr BEATTIE:** We actually have a couple of updated numbers on that. It is 1,255 people and 237. But we will correct that.

**CHAIR:** We have two minutes to go. Member for Mount Coot-tha?

**Mr FRASER:** Premier, on page 9-5 of the MPS there is reference to a review of risk management frameworks that were conducted last financial year for the Queensland Audit Office. Can you provide some insight into the outcomes of that review, please?

**Mr BEATTIE:** I can. Section 83 of the financial management standard requires an accountable officer to protect an agency from unacceptable costs. Risk management is a discipline that endeavours to highlight material areas. The Auditor-General is a strong advocate for agencies. In order to remain at the forefront of this issue the Auditor-General commissioned a review of the QAO's approach to risk management. The review focused on a number of issues, including reassessment of all risks facing QAO, achieving a tight alignment between the risk management process and developing future strategies, updating risk management policy. The Auditor-General has established an audit and risk management committee. The QAO's internal audit reference is for risk registers determining areas for review. I table more information on that to assist the committee.

Leave granted.

**Mr BEATTIE:** In conclusion, I thank the independent officers who have been with us today. They are within my portfolio. I think that they do a very good job and I want to thank them on behalf of the people of Queensland.

**CHAIR:** The committee thank them as well. The time allocated for consideration of the expenditure of estimates of the Office of Governor, the Queensland Audit Office, the Ombudsman and

the Crime and Misconduct Commission is now expired. The committee will adjourn for a short break and the hearing will resume at 11.15 to continue the examination of the portfolio of the Premier and Minister for Trade.

Proceedings suspended from 11.02 am to 11.17 am.

**CHAIR:** This session will examine the expenditure estimates for the Commissioner for Children and Young People, the Public Service Commissioner and the Department of the Premier and Cabinet. The question before the committee is—

that the proposed expenditure be agreed to.

For the benefit of *Hansard* I ask agency officers and advisors to identify themselves if the Premier refers a question to them to answer. I call the member for Southern Downs for non-government members to commence questioning.

**Mr SPRINGBORG:** Thank you very much, Mr Chairman. To the Premier—

**Mr BEATTIE:** Where are the other two members of the committee?

**Mr SPRINGBORG:** It is fine. I think we can bounce things around all right.

**Mr BEATTIE:** I was just thinking of you and all your friends, that is all.

**Mr SPRINGBORG:** My first question relates to your role as head of government, MPS 1-3, and holding the contracts of employment for your directors-general. Given the absolute shambles which your government finds itself embroiled in over the situation at Bundaberg and Queensland Health, do you still have confidence in the director-general of the health department, Steve Buckland, and what steps have you taken to make sure that the failings of the department at a ministerial and also departmental level have been dealt with?

**Mr BEATTIE:** Let us talk about this as a general question, which I am happy to answer. The directors-general are responsible to me. Their contract of employment was initially for five years and we had performance payments. We have now changed that, both in terms of the performance payments which we have either got rid of or are close to phasing out, and we have reduced the period from five years to three years with a two-year option. The two-year option is at the discretion of either the Premier or the director-general, and either one can walk away if they want. In terms of Health itself, Health is now going through a royal commission, or a commission of inquiry into what happened at Bundaberg Hospital. You all know that Health is a complicated animal. It is not just the department itself, but there are aspects which the department administers which involve a number of professionals. So, it is not that straightforward. But at the end of the day, when these inquiries are completed, particularly the Morris royal commission, then they will make recommendations in relation to the terms of reference they are given and they may make reference in relation to particular individuals. If they do then I will take those recommendations on board. I am not prepared to be critical of the director-general of the health department today because I think that he is entitled to present his case to the Morris royal commission, which he has not yet done. He is entitled to be heard, and he has not yet been heard, in the same way that anyone else is. That is the natural justice of this situation.

However, let me talk generally now. I repeat: let me talk generally, lest I be misunderstood. I do expect directors-general to be responsible for their department and I expect ministers to be responsible for their director-general and what happens within their department—within reason. To answer your question bluntly, any issues relating to personnel in Health will be considered when the inquiries are complete: when they have made recommendations, when they have made findings.

**Mr SPRINGBORG:** Premier, do you accept and acknowledge that Dr Buckland is just continuing the failed policies of your government as enunciated and introduced in the health sector by Dr Rob Stable and do you concede that that particular policy was consistent with meeting financial and managerial plans and it was far more important than actually meeting patient outcomes? Do you accept that there has been a continuity?

**Mr BEATTIE:** I do not accept the underlying basis for your question. Let me explain why. Why did we need an overseas trained doctor in Bundaberg? We needed an overseas trained doctor in Bundaberg because successive federal governments had not trained enough Australian doctors. Let us not hide from the core issue here. The core issue is the fact that we do not train enough Australian doctors.

**Mr SPRINGBORG:** What about retention?

**Mr BEATTIE:** Hang on, let me finish. I have three minutes to answer this and I am happy to take any follow-up questions. I am not going to let you get away with simply trying to smear what happened here with a broad brush. Bundaberg is a complicated problem. It came about because for the last 25, 30, 40 years we have not trained enough Australian doctors. Recently the government put a submission to the Morris royal commission where we set out exactly the problem with the shortage of doctors. The problem is getting worse. We are a decentralised state. The problem is getting worse. In fact, the number of doctors increasing in other parts of Australia is higher than what it is increasing here. That is

because we are not training enough doctors. That is why. It is because Queensland has had too few university places. We have not got our fair share. It is important that both sides of politics actually argue that we train more doctors. You would not have needed an overseas trained doctor at Bundaberg if there had been an Australian available. Why do we use so many overseas trained doctors? Because we cannot get enough of our own.

There is no preference given to overseas doctors; quite the contrary. If we had enough Australian trained doctors we would, in fact, be using them and that is why on Friday Gordon Nuttall and I, on a policy that was worked out with Steve Buckland, announced that the Queensland government would fund 235 university places at Griffith University and we would then subsequently bond those doctors to go into rural and regional Queensland, something I thought you would have applauded. The reason for that is because there are not enough Australian trained doctors. We are going to spend \$41.9 million over five years to do that. That will go up to \$60 million over about eight years. It is not our role; it is the federal government's role. But if we continue with this nonsense of the federal government not funding enough university places for our doctors the problem is going to continue. That is the first problem. Yes, there are other issues. For example, the medical board should never have registered Dr Patel. The administrative requirements were poorly handled. He should never have been registered here. Secondly, the response of the hospital was inadequate. Toni Hoffman should have been listened to a long time ago; no doubt about that at all. Therefore, we established this royal commission because we wanted to get to the bottom of what happened in Bundaberg. We have established Peter Forster's inquiry to ensure that we look at the structure of Health. Both of those did not come from the man on the moon; we established both those inquiries. When they are done we will be examining every one of those recommendations, seriously assessing what we do and we will have a plan to implement them.

**Mr SPRINGBORG:** Premier, do you understand that this is not just about training, that this is also about recruitment and retention of doctors. That has also been an enormous criticism of your government by the likes of the AMA and the Rural Doctors' Association. Do you have any understanding of the number of doctors that we are actually losing interstate and overseas because of the appalling work conditions and the attitude presided over from a policy perspective within Queensland Health by your government? Are you aware that that is one of the bigger issues why the rates of patients versus doctors in other states is actually improving and ours is decreasing? Are you also aware of the other problem—

**Mr BEATTIE:** No.

**Mr SPRINGBORG:** It is true. Go and check it out. Are you also aware of the other issue which has developed in Queensland Health under the auspices of your government where there is a preference for overseas trained doctors because they have their contract in one hand and the visa in the other hand and they can make them work unacceptable hours and unacceptable conditions compared to Australian trained doctors because they threaten them with visa revocation?

**Mr BEATTIE:** Can I just say that I do not know what planet you are on but it is not this one. The reality is that if we could get more Australian trained doctors we would not need to use overseas trained doctors. The facts are very simple: we cannot get enough specialists in particular out of Brisbane, out of Sydney, out of Melbourne. We do not train enough specialists. I am not talking about GPs here. I mean, yes, we need to have more of those as well, but if you are talking about specialists, whether it is ear, nose and throat, whether it is anaesthetists, it does not matter. Our difficulty is we do not have enough of them. That is the heart of the problem. They do not want to go and live in a number of areas. That is why my government, with Wendy Edmond, supported the establishment of the medical school in Townsville; that is why we have supported the Griffith Medical School; that is why we have supported Bond's medical school; that is why we are supporting aggressively the extra training of doctors.

We have submitted two documents to the Morris royal commission. We have released these publicly and if you are genuinely interested in this I would urge you to read them because they talk about why Queensland is different. You know this. We are the most decentralised state. Doctors are prepared to go to Sydney, Melbourne and Brisbane but they are not very keen to go to our regional centres. That is the heart of the problem. Queensland Health has endeavoured to use overseas doctors through the areas of need and has negotiated with the AMA to try to provide those medical services. The second thing that has happened is that we have provided medical services to communities in areas where they never had them. When I was a kid, if you got sick in north Queensland and you got cancer or heart disease you went to Brisbane. Now you can go to Cairns or Townsville or any of our major hospitals. We have decentralised the provision of health services.

I know, Lawrence, that there is a whole lot of political points that can be scored in relation to this and that is fine and you will, you are entitled to, that is what the opposition is all about and good luck to you, but the reality is that if you are serious about resolving these problems the answers are straightforward. They are about providing more Australian trained doctors. They are about ensuring that those overseas trained doctors, who are going to be here for some time because we cannot train enough of our own within the next 10 years to take up the slack, are properly trained, properly credentialed, and that the medical board does its job and Queensland Health does its job. Thirdly, we

need to look at things like nurse practitioners; we need to look at a broadening of their role which is happening all around Australia and overseas. Finally, we need to ensure that Queensland Health has a conducive, positive environment that actually encourages people like Toni Hoffman to come forward and not try to knock them off.

I accept that there are problems in how Queensland Health handled this. I am not making excuses for Queensland Health or for the Queensland government. We will accept our responsibility, but we will fix it in a way that needs to be done. We asked Peter Forster to look at the structure of Health. We did not go off and try to have some cover-up or some person in my department or my office do it. It is being done by Peter Forster, who is a very creditable and reputable person. You cannot complain about Tony Morris. I suspect Tony Morris has never voted Labor in his life. He has voted for Bob's lot and he may have even voted for yours, but he has never voted Labor in his life. We appointed him there because we wanted someone who would take the scalpel to this problem. We did not run away from it. Because it is about life and death. Yes, I am aware of the allegations, I am aware of the assertions that you and others have made, but I am only interested in the solutions. That is what we will operate on when those reports come down. You will have an opportunity to have a look at them, along with everyone else, and you will be able to see our solutions.

**Mr SPRINGBORG:** Further to the conduct and the oversight of Queensland Health by the government and by the Premier, who holds the director-general's contract in his hands—

**Mr BEATTIE:** Do not worry about the qualifications. You do not need to refer to the MPS. As Premier, I am happy to answer any question that you ask me. Do not worry about it. The chairman may be a problem, but I am not.

**Mr SPRINGBORG:** It depends who you talk to! In relation to the performance of the previous director-general—

**Mr BEATTIE:** Robert Stable.

**Mr SPRINGBORG:** Yes. What processes did you have in place to ensure that the criteria of patient care first was actually being met? What did you do to ensure that bonuses related to positive patient outcomes in Queensland and not positive managerial budget outcomes for the government? Given the failure of the Queensland health system under your government, what steps are you prepared to take to actually recover those bonuses, given that they were assessed under false pretences?

**Mr BEATTIE:** Robert Stable has gone on to become the vice-chancellor of Bond University. I have previously reported on this. In the past I had a criteria for the payment of bonuses, but the opposition undermined it and complained about it so much that I got rid of the scheme. I announced that some time ago.

In terms of the criteria, the criteria were met, there were performance requirements and they were all assessed. I have never released how much he was paid in terms of bonuses. He was paid bonuses, but I have never released the figure.

Let us not get too cute about Robert Stable. When I was the health minister the then director-general left. I called for applications and Robert Stable was the best applicant. We were not flooded or overwhelmed by people who wanted to be the Director-General of Health. It is not the most sought after position in any government in any part of Australia. We ended up with Robert Stable, who was by far the best applicant. Let us not leave the story there. He went through an independent selection process and he was chosen. He was chosen at the time of a certain event called the Mundingburra by-election. Bob Quinn will remember that very well. His lot won it and we disappeared out the door.

Robert Stable was there for 30 seconds of the time that I was the minister for health. He spent the next two years, four months and one week with a guy called Horan as the minister for health. He was one of your team, you might remember—your previous leader.

**Mr SPRINGBORG:** He was on a contract, but—

**Mr BEATTIE:** No. Do not rewrite this. Robert Stable will tell you that he stayed only on the basis that Mike Horan wanted him to.

**Mr Springborg** interjected.

**Mr BEATTIE:** No, no. Robert Stable will tell you this story. Robert Stable is actually a very decent person. We can argue about this and that, but Robert Stable was a fearless public servant who believed in the independence of his role and believed that politicians would respect that. Robert Stable was not a Labor mate or a National Party mate but, rather, someone who tried to do his job as director-general. He spent the next two years, four months and one week as a director-general under the National Party government of which Mr Springborg was a minister. I do not think, Lawrence, that we should continue a character assassination of Robert Stable. He continued as a director-general in my first two governments until he was appointed vice-chancellor at Bond University.

In reality, Robert Stable tried to manage the health system as best he possibly could. I know that he is not perfect, any more than you or I. However, I remind you that he served for almost 2½ years under a government of which you were a minister. We are attempting to address these problems. You

do not want to acknowledge the fact that we should have been training more Australian doctors 25 years ago. However, if you had asked Robert Stable he would have agreed with that.

**Mr SPRINGBORG:** Thanks for following the HECS payment scheme we announced a couple of weeks ago. We are serious about that. Premier, I refer to your discussions in recent days with the former chief magistrate in Queensland and the shambolic means of trying to come up with a compensation regime to get you out of a political pickle. Given that her case is not the only miscarriage of justice in Queensland in recent times—Pauline Hanson is another—are you also prepared to meet with Pauline Hanson to find a way to provide her some just closure for her unjust dealings within the Queensland court system at the hands of both the DPP and the superior courts during her trial?

**Mr BEATTIE:** Don't mind my mirth.

**Mr Springborg** interjected.

**CHAIR:** Order! The question has been asked.

**Mr BEATTIE:** Don't mind my mirth. I just find this interesting, you being an advocate for One Nation and Pauline Hanson.

**Mr SPRINGBORG:** An advocate for justice.

**Mr BEATTIE:** Oh, please. Many people wrap themselves in the cloak of justice next to the cloak of hypocrisy. They can be interchangeable. I have met with Di Fingleton on one occasion and I am prepared to meet with her again. Lawrence, you have made a number of statements about this. First off, if I recall correctly, you said that she was entitled to her job back and that she should have natural justice. Then you said that I should come up with some form of compensation to assist her. Today, you are reported in the paper as bagging her. I cannot follow where you are on this matter. Either you are in favour of her having natural justice or you are not.

Let us be specific. Di Fingleton won a High Court case 6-0. The High Court found that she should never have been charged. It has said that she should never have been charged. As the justice spokesman for your party, you know that we have to respect the courts. The highest court in this land has found that she should never have been charged. Under those circumstances, the Attorney-General and I have met with her and we will continue to negotiate with her.

I have said that the specifics are very simple. She cannot return to her position of chief magistrate because that position is currently occupied by Marshall Irwin, who is doing a good job. In my view, she is not entitled to some form of compensation, if I can use that term. In our discussions with her I have tried to take on board what the High Court has said—that is, that she should never have been charged. Hence, I have looked at a number of ways to try to provide natural justice.

We have reached no agreement with her. Cabinet has not approved any agreement with her. All that you have seen in the press and all that I have referred to are the matters that we are considering. The commitment that I make today to this committee is the commitment that I have made publicly. That is, if we reach an agreement with Di Fingleton, the full details will be released publicly. If parliament is sitting, they will be provided to the parliament; if not, they will be released publicly.

It is all very well to be critical of us trying to fix this, but the problem is that she won a High Court case 6-0. I believe in natural justice and I believe that she should be dealt with fairly. While I am not prepared to do the two things that I referred to earlier, I am prepared to try and find solutions. The other thing I know is that we will not resolve these sorts of negotiations through public debate. The reason is simple: people get into set political positions. You have done this, Lawrence, and I notice that Mr McArdle has done this on behalf of the Liberals.

It is very easy to get stuck into this woman, but the fact is that the High Court found 6-0 that she should never have been charged. You cannot expect us to do nothing. We will try and find a reasonable solution. I am hopeful that she will accept the position of magistrate. I think that is fair.

**Mr SPRINGBORG:** Mr Chairman, as a point of clarification for the Premier—and it should not be too difficult—from day one the Nationals' position was that she should get a job—

**CHAIR:** Order!

**Mr SPRINGBORG:** This is clarification.

**CHAIR:** No, it is not clarification. Ask a question.

**Mr SPRINGBORG:** To be very clear, she should always have got her job as magistrate and compensation—

**CHAIR:** Your question is?

**Mr SPRINGBORG:** And not the issue of chief magistrate.

**CHAIR:** Order! The question?

**Mr BEATTIE:** I thought you said at one point that she should have her old job back.

**Mr SPRINGBORG:** No way. Find it and tell me where I said that. Never, ever, ever.

**Mr BEATTIE:** You agree with me, in other words.

**CHAIR:** Order!

**Mr SPRINGBORG:** Actually, I was the first one to say it. I said that she should get her job back as a magistrate.

**CHAIR:** The member for Southern Downs, this is not a debate.

**Mr SPRINGBORG:** The Premier was misrepresenting our position. In Queensland, we have a justice system and a compensation entitlement regime, which the Premier presides over, which seems to pay compensation based on whether someone has connections with the Labor Party and with a campaign worker or whether someone is represented by a Labor Party lawyer, in the case of Kelvin Condren in the early 1990s.

**CHAIR:** Order! I remind the member for Southern Downs of the standing orders. You are not to make speeches; you are to ask questions. You continually make speeches instead of asking questions. You are not getting to the question.

**Mr SPRINGBORG:** If Kelvin Condren and Di Fingleton are entitled to compensation because they have been wronged by the Queensland justice system, then why isn't Pauline Hanson, who has been wronged by the Queensland justice system and won a Supreme Court appeal hands down?

**CHAIR:** Order! The time for non-government questions has expired, unless the Premier—

**Mr BEATTIE:** He can ask me that when it comes back to non-government time. I am happy to answer it.

**CHAIR:** It is now time for government members's questions. I call the member for Glass House.

**Ms MALE:** Page 1-7 of the MPS refers to Commonwealth-state relations and a range of areas in which you are working with the Prime Minister. I note that you described last month's COAG meeting as the most positive that you have attended. Pages 1-7 and 1-8 also contain examples of cooperation between you and the Lord Mayor of Brisbane. Firstly, could you summarise how this cooperation is benefiting the people of Queensland? Secondly, do you know of any shambolic failure by a leader in Queensland to forge a working partnership?

**Mr BEATTIE:** I think Queenslanders want their leaders to work together on vital issues such as education, health, the future of water, protection from international terrorism and, of course, the environment.

In recent years, COAG has shown that leaders of different political stripes can cooperate for the greater good. I acknowledge the role of the Prime Minister, John Howard, in that. Indeed, last month I took a plan to COAG to tackle the nation's skills shortage on a broad scale. I was delighted that the Prime Minister and the state and territory leaders agreed to it. At the same meeting, I was determined to find a meaningful way forward on health—and it has happened. I am now more optimistic that we will see progress towards a better supply of health professionals, particularly in the regions; hence, our announcement of 235 trainee spots for medical students at Griffith University.

In June 2004, I signed the National Water Initiative, which sets a clear direction for the future of water reform. In May 2005, the Prime Minister and I agreed on three projects to be funded under this initiative. The Reef Water Quality Protection Plan is another team effort with the federal government. We have also put aside our political differences to sort out tougher hand gun controls. We have presented a united front against terrorism and organised crime. I have also had positive dealings with the Brisbane Lord Mayor. We signed an MOU on the north-south bypass in February. He made glowing and, might I say, very fair comments on the South East Queensland Regional Plan, which was launched last week.

Some others may never see eye to eye, even though they both wear the conservative label. Bob Quinn made a timeless statement in December 2002 when he said that his policies on tree clearing, daylight saving, shopping centre trading hours and a whole range of issues are not negotiable. In 2005, he could add industrial relations to that list. Bob Quinn thinks that John Howard is right, whereas Lawrence says that the Nationals do not believe in centralisation of the industrial relations system. If Bob believes in something, that is a matter for Bob and I congratulate him on that. However, I think that the former partners of the coalition could benefit from examining how the Prime Minister works with the Labor states.

**CHAIR:** Southbank—on the greatest side of the Brisbane River—is now unquestionably one of the city's and the state's key visitor attractions. Page 5-3 of the MPS states that the corporation is consulting with the community about the potential development of the boardwalk area near the Goodwill Bridge. Can you provide more details on this?

**Mr BEATTIE:** I am announcing today that the government supports the creation of a Fisherman's Wharf waterfront precinct on the southern end of the boardwalk at Southbank. The cafe and precinct will double the amount of public open space in the area. That is very, very important. People love Southbank because it is public space and because they can access the river and the Maritime Museum, which is popular.



The other important thing is that it will provide a missing link. The seven-kilometre riverfront walkway goes all the way out to West End, Orleigh Park and Kangaroo Point. That is very important. There was some controversy when the Southbank Corporation originally proposed building a boutique hotel on the site. However, the public was opposed to that. I must admit that I share the public's view and I am pleased that that will not go ahead. I have announced that today.

The new precinct will be no more than two storeys high, with the upper level operated in certain areas to maximise views from adjoining properties, which goes to the heart of this problem. The public amenity in the boardwalk area is of paramount importance and, therefore, the Fisherman's Wharf development will be no higher than the existing buildings. The Fisherman's Wharf waterfront precinct will improve access to the river. There has been more than 12 months of community consultation surrounding the boardwalk enhancement, including two informal public consultation programs in August 2004 and April 2005, public forums, briefing sessions, meetings and ongoing correspondence with key stakeholders. The concept of a Fisherman's Wharf development evolved out of community feedback in August of last year, so this is actually a community idea. It is also what Brisbane people indicated they wanted when presented with three options during the recent round of informal consultation.

Further investigations are necessary before draft amendments to the approved development plan are made. The EPA is currently investigating a formal request to heritage list the boardwalk site. We have made a submission outlining that the boardwalk area was built as a temporary structure for Expo 88. It was to last six months and that was 17 years ago. We also need to give further consideration to hydrology issues, mangrove management as well as traffic and general amenity issues in this area.

Amendments to the ADP need to be submitted to the Brisbane City Council and approved by the state government before being advertised as part of a formal consultation and amendment process. Boardwalk enhancement was identified in the 1997 master plan, which has resulted in numerous improvements to the public amenity at South Bank.

Since the 1997 master plan redevelopment, the South Bank Corporation has added more than 1.2 hectares of parklands to Southbank, planted about 1,900 trees, provided more picnic and recreational facilities, shade and much more open space. I think it is a good story. I hope the community who had their 50 cents worth, some of whom were cynical about consultation, are not only delighted but also no longer cynical.

**Mr FRASER:** Premier, the MPS at pages 1-11 and 1-13 gives a sketch of Smart State trade strategies, as well as plans for the continued expansion of the Smart State's export horizons. Can you provide any updated independent data on the state's trade performance?

**Mr BEATTIE:** I can. As the Minister for Trade I take a lot of satisfaction in this. In comparison to the other Australian states and territories, Queensland's export performance continues to reinforce our competitive edge in what is a global challenging economy and provides positive reinforcement of my government's Smart State Strategy and, indeed, the trade strategy. The nominal value of Queensland overseas merchandise exports rose by 29.7 per cent in the 11 months to May 2005 compared with the same period a year earlier. Queensland recorded the largest growth in merchandise exports of any state, outperforming the Australian average of 16.6 per cent for the same period. As a further comparison, New South Wales and Victoria recorded rises of 23.4 per cent and 3.9 per cent respectively for the same period.

In terms of Queensland's industry performance, there are some notable outcomes over the 11 months to May 2005 when compared to the same period in 2003-04. Exported manufactures increased by 13.9 per cent, medium meat products by 23.4 per cent and cereal products by 48.1 per cent. My government has focused its trade strategy on growing services exports and forging new markets overseas. Queensland exports of services recorded an increase of \$A477 million or 8.5 per cent in value for the period 2000-01 to 2003-04, whereas Australia overall recorded an increase of 1.2 per cent over the same period. Queensland's growth and knowledge-intensive exports for the period 2000-01 to 2003-04 has outperformed New South Wales, Victoria and the Australian average. Queensland recorded an increase of \$A378 million or 16 per cent in the value of knowledge-intensive exports for the period 2000-01 to 2003-04, whereas Australia overall recorded a decrease of 2.4 per cent. So Australia overall went backwards over the same period.

Queensland's mining sector has continued to grow this year. The overall value of coal exports for the 11 months to May 2005 increased by \$A3 billion or 56.3 per cent when compared with the same period in 2003-04. Queensland's sugar industry has also continued to grow this year with the overall value of sugar exports to May 2005 increasing by six per cent. For the 11 months to May 2005 the value of Queensland's merchandise exports to China recorded a rise of \$A330 million or 26.6 per cent when compared to the same period in the previous financial year.

What that basically shows is that Smart State is working, the trade strategy is working, our new Queensland strategies of rebuilding and remodelling the whole economy are working. We have gone from just being rocks and crops, important as they are, to more sophistication, more Smart State, and the results are clear.

**Ms NOLAN:** Premier, as you know, I have an interest in our international education and training sector.

**Mr BEATTIE:** I would have thought 'passion' might have been more to the point, but I will accept 'interest'.

**Ms NOLAN:** Do you have any evidence that this industry is a Smart State success story in terms of export earnings, jobs and international relations?

**Mr BEATTIE:** As you would expect me to conclude, the answer is you bet. Indeed, in June 2001 my government adopted the Queensland education and training strategy with the aim of doubling the revenue from the export of education and training services over the next five years to \$1 billion per annum, and it has worked. There are a lot of cynics about Smart State and exporting education. Now they are eating their words. In December 2002 I told the House that in 2001 the education export sector was worth an estimated \$500 million. Now it is worth over \$926 million to Queensland's economy. As I said then and say now, the Smart State is working. Before the 2002 academic year ended, an estimated 27,500 international students were studying at Queensland's nine universities. They accounted for almost 18 per cent of our university student population. In 2004, over 53,000 international students studied in Queensland. I said in November 2001 that the number of international students in 2001 supported around 5,000 jobs and that we were determined to build on this achievement; we have. Now it is estimated that the 53,000 international students support approximately 9,000 direct jobs and make a significant contribution to the Queensland economy.

This did not just happen. We established the Queensland Education and Training Export Board and it provides strategic direction to Queensland Education and Training International, QETI, to implement the strategy. The board, which we established, currently comprises 16 members who were appointed in December 2004 for a second term and who are public and private representatives from all sectors of the industry. Strategies introduced by the board have led to collaborative initiatives between public and private providers and across-industry sectors including joint market research, market development activities and cooperative marketing.

As the Minister for Trade, at every opportunity I attend promotional functions for these universities. I did a number of those in the United States when I was there three weeks ago. We have done them for Griffith University and QUT, and we will do them at every occasion. QETI is building a strong platform for the growth of the Queensland international education and training industry, encompassing professional development, international student support services, community awareness campaigns and risk management strategies. QETI has continued to focus on increasing industry cohesion and export readiness in regional Queensland. Regional roundtables, professional development seminars and collaborative marketing has assisted regional providers to further expand and focus the education and training products and services they offer to the international market.

In partnership with industry, other government agencies and Queensland government trade and investment offices, QETI has implemented successful marketing and profiling activities in western Europe, Korea, Taiwan, Hong Kong, China, Japan, Singapore, Malaysia, Indonesia and Latin America. My government committed \$6.75 million in 2002 towards a strategy, with a considerable portion of those funds to be matched by industry to further the strategy implementation. I table some more information for the House.

Leave granted.

**CHAIR:** Premier, page 1-16 of the MPS shows that your department delivered communication services. Can you update us on the impact of your strategy for communicating to an international audience the scandal surrounding Dr Jayant Patel?

**Mr BEATTIE:** I am happy to do that. I notice that there was some cynicism about it. Let me table some of the material, including the *New York Times* and media reports about what had happened. With your permission, I table those reports.

Leave granted.

**Mr BEATTIE:** I was very clear that our strategy was to make it impossible for Dr Patel to work as a doctor anywhere until he returns to Queensland to account for his conduct in Bundaberg. Tony McGrady, Leo Keliher and I were competing for air time and column inches against some gripping, all-American yarns such as the Michael Jackson case. However, a sample of news clippings shows that we got the message out through the American media. It does not come much more in your face than page 1 of the *New York Times*, and that is where the Patel story landed on Sunday, 19 June. Audited Sunday circulation is 1.680 million, or 1,680,582. The *New York Times* said in a lengthy story that the case was reverberating in Australia and the United States, raising questions about how the medical profession regulates its doctors, especially those who evade their past by moving from state to state or country to country. It followed up with a 21 June story about a nurse telling the inquiry that Dr Patel did not wash his hands. Associated Press also published stories which were no doubt picked up by news outlets around the world.

Tony McGrady and Dr Keliher gained widespread TV and print coverage. For instance, on 15 June, Katu TV news, which calls itself the spirit of the north west, headlined a story 'Australian authorities come to Portland for Patel'. Another Portland outlet ran a story tag 'Aussies in Portland to plead for Dr Death's return'. A sample of news reports, which I table, shows that the Patel case was also covered in Texas and South Carolina. Indian media picked it up as well—the *Telegraph* in Calcutta on 14 June and the *Indian Express* on 16 June, on page 1. It also appeared in *7 Days* in the United Arab Emirates.

The letter to Dr Patel posted on the Queensland government web site on 21 May has been downloaded 1,760 times between 23 May and 9 am today. There were 20 visits from Portland, Oregon, to the government gateway home page during this period. There were 277 visits from India to the gateway home page, including one on 28 June from Gujarat where Patel lived and was educated. Mr Morris QC cited this open letter as contributing to the fact that Patel did not have the same rights to natural justice as ordinary people. He noted that the letter explicitly urged Patel to return to Queensland to explain himself. I have to say that I think it is important that we did everything we could to highlight these things.

By the way, for the record, the Leader of the Opposition said before that he had never said that Diane Fingleton should return to her position. The *Courier-Mail* on 24 June stated—

Opposition Leader Lawrence Springborg said Ms Fingleton was entitled to her previous job and should also receive compensation for her losses. "This certainly is a debacle," he said.

So I take it the *Courier-Mail* is wrong?

**Mr SPRINGBORG:** Yes.

**Mr BEATTIE:** Let the record show that the Leader of the Opposition said that the *Courier-Mail* stuffed it up.

**Mr SPRINGBORG:** On that issue, absolutely.

**Ms MALE:** Premier, you have said that an aim of the review of vocational education and training is to make sure that the population flooding into Queensland has the skills to maintain our economic growth. Are there any recent independent reports showing that the government's policies make Queensland a more attractive place to live, to invest and, importantly, to do business?

**Mr BEATTIE:** The answer is yes. Some recent press reports highlight the fact that the government has the right policies in place to make Queensland attractive for business to invest. The *Australian Financial Review* on 21 June said, 'Carr's taxes drive business interstate', sparking warnings for New South Wales that companies will migrate to Queensland. The *Daily Telegraph* on 27 June said, 'Companies flee high-taxing NSW.' The *Daily Telegraph* on 28 June said, 'Gestapo state—how tax drove a company north.' The *Daily Telegraph* on 1 July said, 'A life less taxing.' Remember that these companies could just as readily head south to Victoria; they do not have to come here. However, they made the smart choice and headed north.

One such business who moved its employees to Brisbane two years ago said, 'Within 12 months the cost of the move to Brisbane had been reimbursed by savings.' The article goes on to note a raft of companies from bus builders and airconditioning specialists to property developers who have either moved interstate or who are considering it. We welcome them. In 2005-06 the weighted average of other states' taxes of \$2,135 per capita will be 25 per cent higher than Queensland, estimated at \$1,708 per capita. Residents in New South Wales and Victoria are estimated to pay \$676 and \$330 respectively more per capita in state taxes than Queenslanders in 2005-06.

The 2005-06 budget announced a major initiative to provide land tax relief and simplify the land tax system. The package, at a cost of \$847 million over four years, makes the Queensland land tax system one of the most competitive in Australia; hence, our competitive tax position which will remain while I am Premier. This will benefit all land taxpayers and reduce the number of taxpayers by 21,000 in 2005-06. The 2005-06 budget also confirmed the progressive abolition of seven state taxes which will provide savings of \$3.5 billion to taxpayers over the next seven years. The taxes to be abolished are debits tax, which has been done from 1 July 2005; lease duty and credit business duty from 1 January 2006; higher duty and marketable securities duty from 1 January 2007; half the mortgage duty in 2008, with full abolition in 2009; half the transfer duty on core business assets in 2010, with full abolition in 2011. These initiatives build on Queensland's competitiveness with other state taxes. Queensland's payroll tax rate of 4.75 per cent is the lowest in Australia. Queensland's tax-free threshold of \$850,000 per annum is the highest of any mainland state. Queensland's base general insurance duty rate of 7.5 per cent will be the lowest in Australia in 2005-06.

Queensland businesses are also benefiting from the state's fuel subsidy scheme that provides an 8.35c per litre subsidy for eligible fuel purchases, and businesses are responding to the positive environment, creating more jobs for Queenslanders. Queensland's employment growth accounted for around one-third of the nation's employment growth over the 12 months to May 2005. I table copies of those newspaper articles for the information of the committee.

Leave granted.

**Mr BEATTIE:** We are a business magnet.

**CHAIR:** The time for government questions has expired.

**Mr SPRINGBORG:** I take the Premier back to the question I asked before the break in relation to compensation for Di Fingleton and Pauline Hanson. I indicated to the Premier that I felt it was terribly unjust that Kelvin Condren and Di Fingleton have been considered and not Pauline Hanson, even though she has won a Supreme Court appeal which quashed her conviction in Queensland. Premier, what is the difference between the Hanson case and the Fingleton case? Will you meet with Ms Hanson to try to ensure a just outcome for her? If not, why not? Why have we got two classes of citizens in Queensland—one you favour and one you do not?

**Mr BEATTIE:** Well, there is not. The position is very simple. Under Queensland law, people are not compensated, and that is the position the government supports. You have here, however, a different case. The Fingleton case is different and it is clearly different. It is a unanimous decision of the High Court which said that she should never have been charged. You also have to remember that this matter related, rightly or wrongly, to her carrying out of her responsibilities as the Chief Magistrate. It pertains specifically to her carrying out her responsibilities as Chief Magistrate.

People can argue if they like about how that was done and all the rest of it, but that was her responsibility. This was not the registration of a political party. This was not some private business transaction. This was not any form of political activity. Here was the Chief Magistrate carrying out her responsibility as a paid court official or judicial official, more to the point. She was carrying out her responsibility as a judicial official—in other words, if you want to take the broadest possible interpretation of it, as a public official.

The legislation under which she was caught, in my view—and my government drafted it—was never intended to catch people in those circumstances, and the High Court found accordingly. So, what is the difference? The difference is that she was carrying out her role as a judicial official as the Chief Magistrate. Secondly, the High Court found that she should never have been charged. If my memory serves me correctly, this amendment in the law came about—and I am going on memory here—because there was a service station employee who was working in the south of Brisbane who was being harassed by people who had, if I again recall correctly, either robbed her or attempted to rob her and she was a witness. They were attempting to harass her. The government took the view, which I strongly supported because I thought this was a particularly appalling case, that we should have the strongest possible penalties where witnesses are being intimidated by criminals or by people alleged to have committed an offence before the court.

She should never have been charged, in my view. Now that the court case is over I can give you my frank view. She should never have been charged. I agree with the High Court. So, is there a difference with Pauline Hanson? Yes, there is. You could drive a string of semitrailers through it. Even your four-wheel drive could make the gap. The facts of life are that there was a full High Court judgment and that she was a public court official carrying out her responsibility. There is no relationship with these other two cases.

Lawrence, you know me well enough: I do not care who anybody knows in the Labor Party or in the National Party. They have no interest in me. I will pursue what is right. There are enough people around in the Labor Party or former members of the Labor Party who know how truthful that is.

**Mr SPRINGBORG:** I take it that that is not a meeting offer for Pauline Hanson.

**Mr BEATTIE:** She can meet the Attorney if she wants. It is a matter for her to make the application. I do not have a request from Pauline Hanson. You are her advocate. I have no request from her for a meeting with the Attorney or anyone else.

**Mr SPRINGBORG:** If she made a request to you, would you consider it?

**Mr BEATTIE:** She should see the Attorney first, as did Di Fingleton. But, as I have said to you, the cases are like chalk and cheese. Anyway, sorry, I interrupted your question.

**Mr SPRINGBORG:** In the last non-government bracket, Premier, you made a couple of I thought fairly intemperate and probably unwise comments about the political background or alleged political background of Commissioner Tony Morris. Given that you are largely responsible for the establishment of that royal commission—being pushed into establishing it—and Commissioner Morris is doing a very good job, are you aware that an application has now been brought by two Queensland Health employees—Leck and Keating—in an attempt to close down the Morris commission this morning? What attempts will you be making, as the responsible person, to resist this application? Because it is my understanding that you, not the commission itself, have to brief counsel in order to resist this particular application to close down the inquiry.

**Mr BEATTIE:** There are two things: in terms of my comments in relation to Tony Morris, I do not think there was any intemperate nature to them. Tony Morris will tell you this: if you spend more than 15 seconds with him—and you have met him, Lawrence—he will tell you that he is a Tory. He said so publicly. I was sitting next to him and he said so, and he will say that to you and he will say that to anyone.

**Mr SPRINGBORG:** But at a time when we have applications of bias or whatever going around with Keating and Leck it does not help.

**Mr BEATTIE:** I am about to come to that. Don't get excited. I just want to make the point that what I said about Tony Morris is only what he said about himself. This will shock you: I have very good friends who are members of the Liberal Party and who are supporters of the Liberal Party, and there is absolutely nothing wrong with it. I have a good friend—and this will shock you even more—who is a member of the National Party. They are very good people. They just have impaired political judgment, but they are very good people and I am not going to have them condemned for that. I have a family full of Tories and I try to disassociate from them from time to time.

**Mr SPRINGBORG:** How do they feel? I suppose they do the same.

**Mr BEATTIE:** They vote for me because they can see good government.

**Mr SPRINGBORG:** I am not sure all of them do.

**Mr BEATTIE:** There may be some black sheep in my family—that is probably true—but most of them vote for my government because they can see good government regardless of politics.

Yes, I am aware of this move by Mr Leck and others. Let me make it very clear: I do not support the closing down of this inquiry, and within the realms of the law I will do everything I possibly can to resist it. The government supports the inquiry. I do not support the move by Mr Leck or anyone else to try to close it down, and the government's position as a whole will be clear, and that is the government's position.

Individual people who are appearing before the inquiry also have rights. If the people appearing before this inquiry want to exercise those rights, they can do so. Do they have my support? The answer is, no, they do not. But I cannot take away a person's individual right anymore than I can take away your individual rights, which I would never seek to do. If you are appearing before an inquiry, you have the right to pursue as aggressively as you would want your position both legally and factually. That is your legal right under our law, but do I agree with them? No, I do not. Will we support the closing down or limiting of this inquiry? No, we will not.

I cannot be any more specific and clear than that. We will not support any limiting of the Morris royal commission. Tony Morris was my personal choice as recommended to cabinet. This inquiry has my full support. I will not support any move under any circumstances by anybody to limit it or close it down.

**Mr SPRINGBORG:** I appreciate the aspirational desire of the Premier to preserve the Morris commission of inquiry, as I do as well because I think Tony Morris and his commission are doing a great job. However, there is a difference between your aspirational view—

**Mr BEATTIE:** You and I agree on something, Lawrence?

**Mr SPRINGBORG:** We agree on lots of things, and on about 20 per cent of things you are wrong, I suppose. So on about 80 per cent we agree and on 20 per cent you are wrong.

There is a difference between your aspirational view and the practical steps that you can take to preserve the Morris commission of inquiry. As I understand it, the responsibility for legally protecting the commission against any such application by disgruntled witnesses or whomever lies with the government of the day, which has to brief counsel to resist that in a higher jurisdiction, which is the Supreme Court. I understand that to be the case. Will you clarify that? And will you give an indication today that you are prepared to resist it legally in the Supreme Court?

**Mr BEATTIE:** The answer to that is yes, and I thought I had given an answer to do that. Let me make this point: as I understand it, lawyers representing Peter Leck and Dr Keating have asked Mr Morris to stand down for bias. If not, they will take the matter to the Supreme Court. They are entitled to do that. I do not think, Lawrence, you or anybody should take away their private rights. I do not agree with their doing this, and if it were up to me I would not allow them to do it. But as individuals they have the legal right to take a matter before the courts and that is the whole separation—

**Mr SPRINGBORG:** I did not say that you should take away their rights. All I said is that you should be prepared to stand legally—

**Mr BEATTIE:** I know what you said. Be careful: you will give me six minutes on one answer. I want to be really clear about this because this is not just a discussion between you and me; this is the record. I am a strong believer in the separation of powers and a strong believer in the judicial process. These individuals have a legal right to do what they are doing, and Tony Morris would support their legal right to do it. I do not agree with them.

**Mr SPRINGBORG:** Neither do I.

**Mr BEATTIE:** As I have said, they have asked Mr Morris to stand down or they will go to the Supreme Court. I understand that he has asked them to come back on Thursday morning with reasons why he would. If this matter goes before the Supreme Court, if we are given leave to appear, and if at

any other forum we have an opportunity to express our view, let me be even more clear than I was before: I and my government will not support the closing down or the limiting of the Morris inquiry in any manner, shape or form.

There is only one precedent for the closing down of an inquiry like this, and it was one that was done when your lot was in office last. You will remember the Shepherdson inquiry, you will remember the CMC inquiry and you will remember what happened there. I found that behaviour incredible and I have been a strong critic of it, as you know, in the parliament and elsewhere. I found it unacceptable what the Borbidge government did. My government will not be guilty of the same behaviour that took place when the National Party was in office last.

Let me be black and white about this: I support the Morris inquiry; I will not support it being closed down in any manner, shape or form. I have been briefed on this in the same way that you have been handed a note in the last hour or so. My view is very simple: people have private rights, but the public interest is more important than private rights and I am determined that we will get to the bottom of what happened in Bundaberg notwithstanding any obstructionist behaviour taken by any individual along the way. I cannot be clearer than that, Lawrence.

**Mr SPRINGBORG:** All I wanted you to be was clear.

**Mr BEATTIE:** It is as clear as day.

**Mr SPRINGBORG:** Don't get animated about it. I just wanted you to be clear.

**Mr BEATTIE:** Well, I would not like you to nod off.

**Mr SPRINGBORG:** That was not going to happen. My next question to the Premier is a slight change. It goes to his postulation on Smart State, which I think is not a bad concept but I think there are some deficiencies in it. I refer to the list of companies to which your government gave QIIS grants which you tabled in parliament in August 2004 when you changed the FOI Act and your undertaking at the time to update us on the progress of these grants. Curiously, I have not seen any updates. Is it not a fact that lucrative hand-outs awarded to Centrogen, National Jet Systems, Stellar Call Centres and Universal Communications Group have been terminated or suspended because of a failure to fully meet the objectives of these grants? Premier, how many jobs are we down here and have we got our money back or not? Are there any other grants that have failed or companies that have grants that have failed in recent times?

**Mr BEATTIE:** I am happy to be pretty generous about taking any question, which I have done, but, as you understand, the details of those are with the minister for state development. You, or one of your people, will have an opportunity to ask him. I do not administer the QIIS scheme on a day-to-day basis, as you would be aware, but let me give you some general principles about it. When I spelt out in parliament the disclosure of measures under the new approach to the incentive program, I spelt out that it would be done on an eight-year basis after the program had been admitted. So, once those eight years are up—and there will be some in the former government involving your own government and then there will be ours—we will release those.

In terms of how these things work, I point out that most of these are backed by the government guarantee and are linked to jobs. Yesterday, for example, we announced a major IBM Smart State initiative that could create up to 1,000 jobs in the next 10 years. That was a payroll tax incentive. All those are directly related to jobs. Unless they meet the jobs target they do not get them.

Virgin Blue which has been a roaring success—and even you would acknowledge that—all related to jobs. National Jet Systems and the others you mentioned are all linked to jobs performance. In most cases—it depends on the particular deal—there are financial guarantees given to the government. In other words, if they do not perform we get the money back. That is normally what happens. You will recall that there was a call centre sometime ago—and I do not know whether it was covered in the list you read out—that moved from here to the Philippines.

**Mr SPRINGBORG:** It was Citibank, I think.

**Mr BEATTIE:** That is right, it was Citibank. We did not lose any money on Citibank because we had a bank guarantee. At the end of all this, we have measures in place to safeguard the taxpayers' position. I think we have to be realistic that this is a global economy. From time to time companies will go elsewhere. That is what will happen. Some companies will—because of the nature of the global economy—go through ups and downs.

But has this been an overwhelming success? You bet it has. Just look at the aviation industry. It employs 5,000 people who were not here a few years ago. As I mentioned before, export education employs over 9,000 people. If we look at the others like biotechnology we find that they are working. Of course you are going to get hiccups along the way. Of course you will be able to pick on those. That is fine; you should. But does the general thrust of this strategy work? The answer is yes.

**Mr QUINN:** Both the Morris and Forster inquiries have heard evidence of systemic intimidation and bullying within Queensland Health. How many complaints of this type has the office of the Public Service Commissioner received prior to the commencement of these inquiries?

**Mr BEATTIE:** We will check through our file as we go. I will give you an answer while people are checking the record. Let me say a couple of things about bullying. I do not support bullying. I do not support a culture of bullying. The reality is—and you know this—we have our verbal exchanges in the political arena, but I do not bully you, I do not bully Lawrence, you do not bully me. We have some degree of dignity. We have a bit of fun here and there and there is a bit of light-heartedness about it, but we normally carry on our business with a degree of goodwill.

I expect that same robust culture within government and within Health. There are a lot of challenges in Health, but I do not expect there to be bullying by anyone in Health or any other government department. We have brought in programs to educate everyone about bullying. We will continue to do that.

Let us talk about workplace bullying. The 2003-04 financial year was the first year reporting was required. We brought this in. It had never been done before, Bob. The figures for 2003-04 show that of the 513 grievances reported 182 related wholly or partially to allegations of workplace harassment and 15 to allegations of sexual harassment. The Office of Public Service Merit and Equity continues to work with individual agencies to address issues relating to grievance resolution. The office, in partnership with the Department of Industrial Relations, convenes a whole-of-government network. Education and prevention strategies have been put in place.

That is the number of grievances. As the commissioner has just indicated, they are the grievances across the whole of government and not just in Health. We are developing a culture where we encourage people to come forward with grievances. We will continue to do that. That is the figure since this system was established.

With the child abuse area, where we have lifted the lid on the issue, we have had a whole lot of people who have come out of the woodwork with old complaints or who now feel that they can, for the first time, put in a grievance. I am sure those figures—and I certainly hope this is the case—reflect that people can, for the first time, come forward with a grievance. I would hope to see that those figures reduce. Time will tell whether I am right or wrong, but they are the figures.

**Mr QUINN:** How many of those figures pertain particularly to Queensland Health?

**Mr BEATTIE:** We do not have a breakdown with us. I think that is a fair question. I think that we should take that on notice and provide you with an answer. We do not have the figure here, but we will provide the committee with the answer. That is a fair question.

**CHAIR:** The time for non-government questions has expired. We now move to government questions.

**Ms NOLAN:** Page 1-17 of the MPS highlights the extraordinary work of the Government Air Wing which has undertaken 24 organ retrieval flights up until the end of April 2005. This life-giving work is the continued smart use of government aircraft. Will it continue?

**Mr BEATTIE:** Since the inception of the Government Air Wing it has undertaken 524 organ retrieval flights. Until April it undertook 26 organ retrieval flights this year. The Government Air Wing comprises a Hawker 800 XP jet and Beachcraft King Air 350 turbo prop, both of which are leased using finance sourced from the Queensland Treasury Corporation. That was done by the Borbidge government. I met with the then Premier and I supported what he did.

The two aircraft complement each other allowing the Government Air Wing to match aircraft against the various tasks required. The King Air is well suited to multistage operations out of unpaved airstrips in rural and regional Queensland and western Queensland. The jet is primarily used for urgent organ retrieval flights along with interstate and long haul flights throughout Queensland.

The overriding principle in the utilisation of the aircraft is that first priority will always be given to emergency tasks. The Government Air Wing chief pilot and chief engineer have determined that the optimal time to replace both aircraft will be the 2005-06 financial year. I have accepted their advice. That decision is consistent with established air fleet renewal plans. The optimum sale time is now. To buy the two replacements at one time carries a \$US500,000 benefit.

The jet is eight years old and nearing a major overhaul. To have it replaced now while it is in ideal sale condition makes sense. The King Air is nine years old and in a similar condition. Both can be sold at a premium now. But given their age, they will begin losing value and their maintenance costs, given they are out of warranty, will rise.

We are not getting more or bigger aircraft. We are simply replacing the existing aircraft with the latest model. The purchase price of the two new aircraft is expected to be approximately \$US19.25 million, with a trade-in value of the current aircraft presently estimated at \$US9.5 million.

The current aircraft were purchased by the then Premier Borbidge in 1996-97 at a combined cost of \$22.361 million through a lease arrangement with the Queensland Treasurer Corporation. At the moment it will cost \$25.7 million to replace the aircraft. That compares with the cost of \$22.361 in 1996-97. It is only \$3.39 million more than eight years ago.

The department will be entering into loan arrangements with the Queensland Treasurer Corporation. All costs associated with the replacement of the aircraft will be funded within the department's existing budget. A loan arrangement is preferred over a finance lease as the aircraft will be registered in my department's name, streamlining administrative processes with aviation regulators.

In my term as Premier I have accrued 940.8 hours of flying in the Government Air Wing aircraft. This is an average of 134.4 hours per year. During Mr Borbidge's term as premier from 18 February 1996 to 25 June 1998 he accrued 618.95 hours or an average 265.2 hours per year in the aircraft.

The Queensland government has owned and operated its own aircraft since 1971 when a Piper Navajo was purchased by the then Premier Sir Joh Bjelke-Petersen. Since that time replacement aircraft have been regularly purchased with the Beachcraft King Air the most commonly used. In late 1984 the Bjelke-Petersen government purchased its first jet, a Hawker Siddeley 125. It commenced services in 1985. The original Hawker has been replaced with a Hawker West Wing when the Hon. Wayne Goss became Premier. Premier Borbidge subsequently replaced the Hawker West Wing with the current Hawker 800 XP in 1997.

It actually makes good sense financially. It also makes safety sense. I hope that there would be bipartisan support for this. It is based on a recommendation. I think it makes good sense.

**Mr FRASER:** Seven years ago Queensland's unemployment rate was 8.4 per cent which was the highest in mainland Australia. When it hit a high of 9.5 per cent in February 1997 there were those who wanted to throw in the towel against unemployment and those who mocked your goal of five per cent unemployment. Can you inform the committee how Queensland has been transformed from a jobs waste land into a jobs factory?

**Mr BEATTIE:** I thank the member for Mount Coot-tha for the question. Creating jobs and reducing unemployment continues to be a top priority for my government. Over the past six months unemployment has been at levels last experienced in 1975-76. In May 2005, the trend unemployment rate for Queensland was 4.9 per cent compared with 5.9 per cent at the same time last year and 8.4 per cent in June 1998 when we came to office.

Over the year the unemployment rate in Queensland has fallen by one per cent, down from 5.9 per cent. In comparison with the national unemployment rate of 5.1 per cent in May 2004 we had the lowest unemployment rate in Australia. My government has overseen strong economic and employment growth in Queensland. Queensland recorded the highest employment growth of any state or territory in the past year with 112,600 new jobs created over the 12 months to May 2005. Queensland employment growth accounted for around one-third of the national employment growth.

Queensland's labour force participation rate continues to be above the national average. At 66.6 per cent in May this year it was the highest on record in Queensland. In other words, the number of people looking for work is up but the number of people finding work is up and the level of unemployment is down.

My government is also overseeing falling youth unemployment rates. The current average youth unemployment rate in Queensland is 17.4 per cent, which is still too high, and the lowest level since June 1990. The national rate was 20.2 per cent. In May 2005 the number of unemployed persons aged 15 to 19 years seeking full-time work in Queensland was 12,700 persons. This is the lowest number since the inception of the series.

In the 82 months since the government first came to office, 382,300 new jobs have been created. Of these, almost two-thirds were full time. My government is committed to creating jobs and reducing unemployment through a broad range of strategies. These include maintaining strong economic growth and a favourable business environment, improving work force skills through education and training, facilitating a fairer industrial relations system, improving labour market programs to assist disadvantaged jobseekers and promoting innovation and an entrepreneurial culture.

I do reiterate what I said earlier, however. That is that I am very concerned about the skilling issue. I know we are tackling this, but the mantra of my government when it first came to office was jobs, jobs, jobs. That mantra has changed to skills, skills, skills because that is the demand. As we become more global and more competitive this has to happen. The reality of our economic strategy is simple. We have a sensible tax base and a competitive tax position to encourage investment, we have Smart State initiatives to develop the knowledge based industries and become globally competitive, we are encouraging an export culture as aggressively as we possibly can and we are focusing on education and training. We are focusing on the things that will continue to make us global and competitive. That is what the Queensland we are trying to build is all about. It is working.

**Ms NOLAN:** The international trade development output states that the special representative for Vietnam led the Vietnam agribusiness project which has resulted in \$19 million in sales since its commencement in 2002. Can you outline for us further outcomes of the Hon. Tom Burns's work in both Vietnam and China?



**Mr BEATTIE:** I would love to do that and so would he. Tom Burns was appointed in February 2000 on a part-time basis, with a minimum work requirement of 130 days per year as a consultant to the Queensland government for the China market. In February 2001 he was appointed special representative to Vietnam. Mr Burns is also the chairman of the Queensland China Council and operates through his company Moreton Bay Productions Pty Ltd. He has been instrumental in expanding and broadening Queensland's exports to China and Hong Kong.

A long list of successes are here. I will table that for the information of the committee. I also table details of Tom Burns's cash expenditures for the period March 2000 to November 2004 as well as information I have previously tabled in House in relation to Mr Burns's salary and credit card expenditure.

Leave granted.

**Mr BEATTIE:** But let me talk about his successes, because Tom Burns along with Mike Ahern has done an absolutely fantastic job, as have Sallyanne Atkinson, Bob Gibbs and all of our trade representatives. They have really been very effective. I do not think we should lose sight of the fact that experienced politicians can walk into a room, talk to people and sell Queensland and get results. I have to say that I am very impressed with our trade representatives. While I am talking about Tom Burns today, I do not want to lose sight of people like Mike Ahern. He is a former Premier. He has done an extraordinarily good job, and I want to thank him and the others I mentioned before.

There is a long list of successes. It includes helping HOK win the Nanjing Sports Complex project, and I participated in that. TAFE Queensland and QUT have established joint ventures with the institute of technology at Nanjing. Registration fees are \$2,500 per student to pay the TAFE for access to the study curriculum, and an additional 30 Chinese students attended TAFE Queensland for further study, generating approximately \$300,000 per year for the Queensland economy. Tom Burns was involved in various negotiations and meetings in the lead-up to an MOU signed between Maroochy Waters Alliance and Argyle Holdings on the engineering, design and construction of five waste water treatment plants in southern China in July 2004. The list goes on.

I know, Lawrence, you have asked me a number of questions about Tom's expenditure. If you have a look at this, I have tabled not just all of his credit card expenditure but all of his cash expenditure as well. If you have any further questions you want to raise about this, I am happy to provide answers to you. But I doubt that there is anyone in Australia who could have opened as many government and business doors in China and Vietnam as Tom Burns. He has met every Chinese leader in the last 30 years and is greatly respected and admired in China. While I cannot say he has aged gracefully, he has aged with style. I think in China he is revered. I received a publication from one of the various Chinese organisations yesterday. Just flicking through it, it had every man and his dog from Malcolm Fraser to John Howard to Bob Hawke. And guess who was there? Tom Burns! He has a very impeccable reputation. All of the information that you want, honourable member, I have tabled and it is all in there.

**CHAIR:** Premier, the MPS at page 1-7 refers to negotiations with industry and the conservation movement on the future of the native forests in the western hardwoods region. Can you update the committee on this complex issue, including mills' responses to the government's invitation for expressions of interest in the sale of businesses or the sale of all or part of the Crown allocation?

**Mr BEATTIE:** I can and I will and I thank you. The government is committed to protecting the conservation values of the western hardwoods forest and facilitating a transition to plantation resources for the timber industry. This is a difficult and challenging agenda, but we have no choice because the forests of the region are currently being logged at more than five times their sustainable yield. As was the case for the forests of south-east Queensland, we have approached this task with the full cooperation and involvement of the timber industry and the conservation movement. The level of support for this task from the timber industry represented by Mr Rod McInnes, Chief Executive Officer of Timber Queensland, and the conservation movement represented by Dr Aila Keto, President of the Australian Rainforest Conservation Society, has been outstanding. I thank them and their respective organisations for their commitment and dedication to resolving this important matter.

The key features of the plan currently being discussed with stakeholders are an industry transition to plantations over a 20-year period and immediate protection from logging of all state forests and leasehold land identified as having high conservation values, which is around one million hectares. My government is offering to allocate more than \$52 million in industry, worker and community support to make this plan work. This figure includes \$28 million over the next four years for management of the new conservation reserve system, including the creation of 50 jobs for displaced timberworkers; \$6.5 million to reduce pressure on native forests through voluntary government purchase of sawmills or Crown timber allocations; \$5 million for a displaced workers assistance program; \$5 million for a program to facilitate community and business development across the sector; \$5 million to assist remaining mill owners to retool to increase log use efficiency, minimise timber wastage and prepare for future plantation log use; \$1.9 million for assistance to harvesting and other contractors directly affected by the wind back in production; and \$1 million to identify and secure additional sources of native forest timber on private lands.

On 22 March 2005 I advised parliament that the government would contact mill businesses regarding the purchase of mills or Crown timber allocations in order to reduce pressure on western hardwood forests. Mill owners holding more than 25 per cent of the Crown allocation have responded positively to this approach, and I commend and thank them for their willingness to work with government on this important issue. So it is going as well as can be expected. These things are never easy, but it is being progressed and I am pleased with the take-up.

**Ms MALE:** Premier, page 4-4 of the MPS provides a report on the major events securement and support output. In relation to international events that have been secured for Queensland and as a regional member of the government, can you tell me how regional Queensland has benefited from this?

**Mr BEATTIE:** I can and thank you. I know you are interested in these regional events because they do mean jobs. One benefit of events is the economic impact from spending by visitors to an event and may include competitors, teams, officials, spectators, volunteers, family and accompanying persons and so on. The expenditure by visitors to a region includes spending on travel and accommodation, food and beverage, and other leisure activities prior to, during and after the event. Other economic benefits from events include business opportunities, television broadcasts and the imaging of Queensland interstate and overseas. The legacy benefits of events are also environmental and assist communities and include improved facilities and venues, local sports programs, ability and confidence to provide services to and the capacity to conduct events in the future, positive community feeling and a source of community pride which enhances the lifestyle enjoyed by Queenslanders.

Events are the means by which people are brought together regardless of colour, creed, nationality or origin. They also promote the Smart State. As important as events are in helping to create jobs and boost the economy, events also enhance the quality of life. This is shown through people continuing to participate in and attend and enjoy major and regional events that were supported by Queensland Events such as the World Sheep Shearing and Wool Handling titles and the 2007 Polocrosse World Cup, which, Lawrence, you know all about. With regard to the Queensland Events Regional Development Program, an overwhelming number of events are reporting record growth in visitor numbers and increased profile in their regions. This is good news not just for our local economies but also for tourism and for the social fabric and lifestyle of our communities. Healthy and positive communities build strong, livable communities, as I said.

Some of Queensland's major events and destinations have long been on the radar around the country and also around the globe, but more and more of our visitors and locals are getting their kicks out of regional events, and I do not blame them. Just finished last month on 12 June, the 2005 World Sheep Shearing and Wool Handling titles brought 15,000 spectators and 640 participants from 17 countries to the city of Toowoomba. It would be impossible to put a price on the value of the international media exposure, employment and tourism dollars that this event brought to the city, which incidentally lies less than 100 kilometres from where Queensland's wool and sheep industry began back in 1840. It is a pleasure to invest in international events like this. They echo the rural spirit of our state and the fact that it was built upon them and are a part of our vibrant event offering.

Warwick has been attracting more than its fair share of attention on the events stage. Excitement is already building for the 2007 Polocrosse World Cup. This is the second for Warwick and an incredible coup for Queensland, bringing the event back to Queensland just four years after the highly successful 2003 event which delivered an estimated economic injection of \$1.4 million and around 25 full-time jobs in the Warwick regional community. It is one of the major success stories arising out of my government's Queensland Events Regional Development Program. The 2007 event returns to Warwick, this time elevated to a major events status in the Queensland Events portfolio based on the inaugural event's outstanding success in Warwick. How about that?

**CHAIR:** That is pretty good. I should say that the member for Ipswich is still trying to recover from the Gold Coast marathon on Sunday.

**Mr BEATTIE:** Really?

**Ms NOLAN:** Yes, it was terrible.

**Mr BEATTIE:** Are you going in the Bridge to City on the seventh?

**Ms NOLAN:** Right now I do not think that I will ever walk again.

**Mr BEATTIE:** I have faith. That is just a folly of youth. I have faith.

**Mr FRASER:** Premier, on pages 2-3 and 2-5 of the MPS there is reference to the government's blue card employment screening initiative. Can you provide an update on the plans for this initiative and other employment screening activities?

**Mr BEATTIE:** I can, and we have the Commissioner for Young People and Children here. My government is committed to making the state a safer place for children. We have put in place a range of preventative measures to reduce the risk of harm to children, including appropriate screening through the Working with Children check or blue card. People are not issued with a blue card if they are found to have police or disciplinary information relevant to their application which poses an unacceptable risk to

the best interests of children. As a result, those people are not lawfully able to operate businesses or work as employees or volunteers where they have regular contact with children. This is in accordance with the Commission for Children and Young People and Child Guardian Act 2000.

The Working with Children check commenced in 2001 for new paid employees, in February 2002 for self-employed people and in May 2002 for volunteers. In September 2003 the Commission commenced undertaking checks for all people working in child care, while in January 2004 the program extended to those involved in education programs conducted outside of schools. On 17 January 2005 legislative amendments again expanded the blue card categories to include people working in sport and active recreation, emergency services cadet programs, child accommodation services, including home stays, as well as school crossing supervisors and religious representatives. In 2004-05 the commission issued 177,185 blue cards of which 48,390 were issued to paid employees, 13,535 were issued to self-employed persons undertaking certain child related businesses, and two were issued to current employees at the request of the employer who had concerns about the eligibility of the person to undertake child related employment.

My government paid for the 115,258 blue cards issued to volunteers free of charge. In 2004-05 the number of blue cards issued by regulated category was: 3,349 blue cards issued for residential facilities; 330 blue cards issued for school boarding facilities; 48,922 issued for school employees other than teachers and education programs conducted outside of schools; 68,336 issued for churches, clubs and associations involving children; 15,877 blue cards issued for counselling and support services; 9,219 issued for private teaching, coaching or tutoring; 18,957 issued for child care; 537 issued for religious representatives; 11 issued for hostels for children other than in residential facilities; 3,601 issued for child accommodation services, including home stays; 427 issued for the emergency services cadet program; 888 issued for school crossing supervisors; and 6,731 issued for sport and active recreation.

The success of the blue card is demonstrated by the fact that in 2004-05 239 applicants were issued with a negative notice and are therefore prohibited from working with children and young people. Of these, 17 people have been convicted of excluding offences where imprisonment has been imposed. This means that they are banned for life from holding or applying for a blue card.

**CHAIR:** Thank you. It is now time for non-government questions.

**Mr QUINN:** Premier, with regard to the Public Service Commissioner, was there anything in the types of complaints that were lodged with his office that indicated that there was a problem with Queensland Health, particularly in Bundaberg? I am conscious of the fact that you do not have the exact numbers in front of you but generally speaking the types of complaints.

**Mr BEATTIE:** We have some more recent figures for Queensland Health. For the 2004-05 financial year to 31 March, Queensland Health had had to date 60 grievances lodged regarding workplace harassment. With regard to who is making the complaints against whom, of the 60 cases of harassment reported through a formal grievance process in 2004-05, 57 related to general workplace harassment and three related to sexual harassment. Specific data on the classification or occupation of the parties is not collected. However, a breakdown of the gender of each party to the harassment is collected as follows: of the 57 workplace harassment claims, approximately 61 per cent of claims were made by a female complainant against a female respondent; approximately 16 per cent of claims were made by a female complainant against a male respondent; about 12 per cent of claims were made by a male complainant against a male respondent; and about 11 per cent of claims were made by a male complainant against a female respondent. Of the three sexual harassment claims, all claims were made by a female complainant against a male respondent.

In the 2004-05 financial year, 29 employees were suspended from duty due to acts of bullying, intimidation, harassment or discrimination. Of these 29 employees, two employees were suspended without pay for allegations of assault, seven employees resigned, four employees were terminated, five employees are still on suspension as investigation and show cause processes continue. There were 13 employees who returned to work. Of the 13 employees who returned to work, the allegations against two employees were unsubstantiated, one employee was directed to attend a mediation, three employees received a warning, one employee received a three month forfeiture of salary, two employees were directed to attend training, including bullying, harassment, sexual harassment, code of conduct and workplace behaviour training, two employees received an official reprimand, one employee was to be under supervision for four months after return to work, one employee was found not guilty of a QPS investigation so was placed on leave without pay, three employees were placed in alternative suitable duties.

Once the grievance resolution process had been completed a manager or supervisor may have sufficient reason and evidence to support disciplinary action. As per the Queensland Health policy on workplace harassment disciplinary action, one or more of the following penalties may occur: official reprimand, reduction in remuneration, forfeiture or deferment of an increment in remuneration, transfer or redeployment, reduction in classification level and change of duties, demotion or termination. These are actually what you asked about before. These all apply to Health. What I have told you now applies only to Health.

**Mr QUINN:** In summary, that was 60 complaints in terms of harassment from Queensland Health out of, what, 180 in total?

**Mr BEATTIE:** I will let the commissioner answer that.

**Mr O'Farrell:** The statistics that the Premier has just given you are statistics for 2004-05 to 31 March. The number of 182 grievances was for 2003-04. I have just been given the breakdown of those. Of those, 49 were workplace harassment grievances in Queensland Health and five were sexual harassment grievances in Queensland Health.

**Mr BEATTIE:** If I can just add while we still have time, the government, as you know, is big business, Bob. You were the Minister for Education for two and a half years and you have been responsible for a big department. Inevitably there will be grievances; inevitably there will be complaints. We try to reduce those as much as possible. I do not support a culture of bullying, as you know. Health is an enormous department, as was the one you had in Education. The important thing about this process is that people do have the opportunity to further their grievances, have them resolved, and that people who are guilty are dealt with. I think the figures that the Public Service Commissioner has produced for the committee give you an illustration that people have enough faith in the system to come forward and, indeed, their grievances are dealt with. It would be an extraordinary state of affairs if we had a work force where everybody was permanently happy all the time—a permanent state of Utopia. I would love to have a permanent state of Utopia, but I know that that is a Utopian dream.

**Mr QUINN:** The problem I have is this: you are saying that from those figures there did not appear to be anything wrong within Queensland Health in terms of anything that stood out.

**Mr BEATTIE:** Just for the record, apparently I said 219 blue cards were issued with negative notices. In fact, it was 239. I am sorry, I read it too quickly. There were 239 knock-backs. Sorry, Bob.

**Mr QUINN:** As I was saying, you are saying from the information you have in front of you from the Public Service Commissioner and the numbers of complaints within Queensland Health that there is nothing there that makes Queensland Health stand out from the pack and therefore you did not launch any sort of inquiry?

**Mr BEATTIE:** I am advised that there is not.

**Mr QUINN:** I accept that. Go back to the previous time you were here. The CMC said that it never received any complaints prior to the Nurses' Union lodging theirs just before the Morris inquiry was appointed. Premier, you have the two major organisations within your government responsible for looking out for the public servants in this state; no-one knew what was going on within Queensland Health, yet at the same time you have the Morris inquiry showing you endemic and systemic intimidation and bullying of public servants. How do you reconcile these differences?

**Mr BEATTIE:** Very easily. The complaints process that goes to the Public Service Commissioner and goes to the CMC is based on people coming forward with complaints. If people feel that they have a grievance then they go and see the Public Service Commissioner. If they feel that they have another complaint they go and see the CMC. It is very much a matter for people to come forward. I do not believe, bearing in mind that there were over 518 or whatever it was grievances across the public sector for 2003-04, if I remember the figure correctly that I gave you before, that you can say, Bob, based on that that people are reluctant to—

**Mr QUINN:** Does it not say how ineffective these two agencies were?

**Mr BEATTIE:** No, it does not say that.

**Mr QUINN:** Of course it does.

**Mr BEATTIE:** No, it does not say that, Bob. It does not say that.

**Mr QUINN:** Of course it does.

**Mr BEATTIE:** Well, Bob, if you know the answer—if you have a view about it—do not ask me the question. The reality is that I do not agree with you.

**Mr QUINN:** We just differ.

**Mr BEATTIE:** No, no, you are wrong. The reality here is that people have the right to come forward and complain, and they do. You see, if there was bugger all people coming forward out of the Public Service to complain to George in 2003-04, you would have a point. You had over 500 of them, right? In Health you have a breakdown for the year to date of over 60, and they are dealt with. People know that. The same with the CMC. The final point I want to make is this: you say what is the difference? That was your first question. Look, you have a royal commission or a commission of inquiry, which is its technical, correct name, but you have got what amounts to a royal commission operating in a community like Bundaberg where there was clearly a major problem. Of course the nurses are going to come forward, as we would expect them to. Where you have got a localised, focused inquiry like that and you have got particular problems in a hospital then you have got a problem.

What I am saying to you is this: I do not believe that the problems identified in Bundaberg are systemic to the whole of the state, and that is where you and I differ. What I think happens in these two other bodies confirms my position on it. I am not saying that there are not individual cases elsewhere, I am not saying that there are not individual problems elsewhere, but to have the problem that exists in Bundaberg—I think Bundaberg is a one-out. That is what I think. Until the inquiry reveals or evidence is produced to the contrary then I am not convinced that Bundaberg is not more than a one-out, although I accept that there are other hospitals that have individual problems—and we have seen some of that—but not to the extent you have seen in Bundaberg.

Bob, there are no complaints, and you have not heard any complaints because they do not exist, about the independence and the role played by the Public Service Commissioner in dealing with complaints. None of you have ever raised this anywhere before—none of you have. Go back and look at your own record; none of you have because it is a good system. If you have got that number of complaints people know that they will be listened to. Therefore, you do not have a lot of unhappy people outside Bundaberg in Health. You have some, but not a lot.

**Mr QUINN:** Can I just take you back to the evidence being put before the Forster inquiry as it travels around the state. There are people lining up to complain about the culture within Queensland Health. So it is not true to say that it is an isolated instance at Bundaberg, as you have just mentioned. There are systemic problems within Queensland Health and I find it unbelievable that the two major agencies in this state were not aware of the problems and did not take any action prior to this.

**Mr BEATTIE:** Can I suggest we do this, Bob. There is no point you and I going back and forward like a pair of headbutting rams. The reality is that Peter Forster, who is well regarded by both sides of politics, to the best of my knowledge—he should be if he is not; he implemented the Fitzgerald reforms—is going to look at this; he will report. Let us wait and see what he says.

**CHAIR:** The time for non-government questions has concluded. I call the member for Ipswich.

**Ms NOLAN:** MPS page 1-12 states that four of your trade missions reaped about \$40 million for Queensland companies and will garner another \$67 million into the future. On your latest trade and investment mission you announced Queensland's aviation success could expand into the specialised field of unmanned aerial vehicles.

**Mr BEATTIE:** High flyers.

**Ms NOLAN:** As you know, I have an interest in these issues with the Amberley Air Force base being so close to Ipswich. Can you update us on recent Smart State aviation coups and how these affect Queenslanders' employment prospects?

**Mr BEATTIE:** The government's objective is about positioning Queensland as an aviation and aerospace hub for the Asia-Pacific. That is now becoming a reality. This is about Smart State; it is about jobs in the future. Since 1998 my government has been directly responsible for facilitating the creation of over 6,000 aviation jobs in 35 companies, building on thousands of other aviation related jobs such as freight services, aircraft and componentry manufacture and maintenance, and training and customer services. This has established a cluster which has become an attractor for even more companies in the aviation industry to choose Queensland. We began in 1998 with the establishment of the Boeing Australian headquarters in Brisbane and followed this up with other key players including Virgin Blue in 2000, Australian Airlines in 2002 and the Qantas heavy maintenance facility in 2005.

Queensland is acknowledged by defence and major aviation firms as rapidly becoming the centre of the Australian aerospace industry. Australian Aerospace, one of the companies my government brought to Queensland, is Australia's only helicopter manufacturer. This company will assemble eight helicopters in Queensland, with industry participation including life support worth \$500 million. Building on our growing capacity in the defence sector, my government is developing the Amberley Aerospace Park—hence your interest—to build a strong industry base around the RAAF at Amberley which has been designed by the Commonwealth government as a future super base.

At Australia TradeCoast, which incorporates the Australian aircraft and adjacent industrial land, we now have a significant cluster of civil aviation companies including Qantas heavy maintenance, Australian Aerospace, Virgin heavy maintenance, Alliance Airlines, JetCare and National Jet Systems. Importantly, our strategy for positioning the aviation industry is part of our growing Smart State. It also includes measures to ensure its further development. At Brisbane Airport's Da Vinci precinct we are growing our aviation training capability through Aviation Australia and Boeing's subsidiary, the Alteon Simulator Centre, and developing new research capability through a new \$12 million Australian research centre for aerospace automation.

In 2001 my government established Aviation Australia as a world-class aviation training centre and education provider to supply schools through our own Queensland based companies within a general global environment of acute skills shortages. The 2005 intake for Aviation Australia included 144 aircraft maintenance engineers in training. Almost 95 per cent of the 277 graduates from the three earlier years have found employment in aviation and related industries. As part of our Smart State Strategy my government has committed \$3.53 million to support the establishment of the Australian

Research Centre for Aerospace Automation. The centre will create an ideal environment for the Queensland University of Technology and the Commonwealth Science and Industry Research Organisation (CSIRO), to develop a critical mass of world-class researchers to lead civil research in unmanned aerial vehicles. When I was in the US recently I visited Boeing's headquarters and that was part of the deal that we did about unmanned aircraft flight. It is a very important part of our future.

**CHAIR:** On page 1-1 of the MPS for the Department of the Premier and Cabinet it is stated that the Smart State vision is about creating jobs for Queenslanders. One of the key priorities for this government has been strategies to improve employment rates for the mature aged. Could you please tell the committee whether these strategies are working?

**Mr BEATTIE:** The answer is yes. This is a very serious area for us. The ageing population is one of the largest factors influencing how the world of work will change in coming decades. Tomorrow's work force will be predominantly made up of mature and older workers. The work force needs to retain the skills of older workers and to turn around the long-term pattern of declining employment rates of older people. I am pleased to say that official statistics confirm that this trend reversal is already happening in Queensland.

In year average terms to May 2005 a very buoyant job market has seen mature-age employment grow by 7.5 per cent over the year in Queensland, compared to 4.7 per cent in the rest of Australia. In fact, employment growth, 47,300 jobs for mature-age workers, has outpaced population growth for mature-age persons: 45,800. As a result, the mature-age participation rate has increased by 1.4 percentage points over the year to 48.9 compared to 47.6 in the rest of Australia. Solid employment growth has also translated into significant shorter average unemployment duration spells for mature-age persons in Queensland. With 4,900 fewer mature-age unemployed over the year to May 2005, the average unemployment duration has fallen to 59.9 weeks, almost 30 weeks shorter than elsewhere in Australia—that is 88.9 weeks.

Similarly, in relation to the incidence of long-term unemployment, the proportion employed for more than a year has fallen to 30.5 per cent, again significantly lower than in the rest of Australia at 34.3 per cent. In part, these figures reflect this government's commitment to labour market strategies aimed at the mature aged. Mature-age unemployed Queenslanders are a priority group that is being assisted by the Breaking the Unemployment Cycle initiative. Between 2004-05 and 2006-07 a minimum commitment of \$2.3 million a year has been made to assist mature-age job seekers. The Experience Pays participation strategy was introduced under the Breaking the Unemployment Cycle initiative in 2004 to further assist mature-age job seekers. This strategy broadens the range of assistance to help mature-age people back to work, including a mix of employment assistance, workplace, government and community traineeships and training tailored to best meet the individual needs of job seekers.

In the financial year to 30 April 2005, \$2.17 million was approved for 21 Experience Pays projects which provided employment assistance and training to 1,991 mature-age job seekers. A further 79 mature-age people have obtained a traineeship under the First Start program. But we are not prepared to sit on our laurels. I have gone through some of that. We must develop a work force and skills response. Let me provide you with more information. If you have a look, employment rates for people who have left school without a Senior Certificate who have not subsequently gained a tertiary qualification are much lower than the employment rates for people who have a tertiary qualification at 58.5 per cent compared to 80 per cent. So training, skilling, education is just so important. Can I table more information for the committee?

Leave granted.

**CHAIR:** I do not know where our last question is in the MPS, but do you think you will win your bet against Bob Carr tomorrow night?

**Mr BEATTIE:** I bet. The reality is that I am happy to explain to Bob Carr the rules of Rugby League, the rules of Rugby Union and AFL for that matter—in fact, any code where two people are running around with a ball. I am very confident that tomorrow night we will do very well.

Can I take this opportunity to thank the members of the committee. I would also like to thank Fran Parker, Julie Harris and the team in planning and performance services, Nick Elliott and his staff in financial management and all the key people across my portfolio for the hard work and assistance with the estimates hearings today, and my team. Can I thank all members of the committee for their courtesy and assistance. Can I table one final thing? The Leader of the Opposition asked me about issues relating to the Speaker and the DPP. There are a number of statements that I made on 7 June, 8 June and 10 May which include matters relating to the Speaker's hospitality. Can I table all those for the committee just by way of completeness?

Leave granted.

**CHAIR:** The time allocated for the consideration of expenditure estimates for the portfolio of Premier and Minister for Trade is now expired. I thank the Premier and his officers for their attendance. The committee will adjourn for lunch and the hearing will resume at 2 pm to examine the portfolio of Deputy Premier, Treasurer and Minister for Sport.

**Proceedings suspended from 1 pm to 2 pm**

**ESTIMATES COMMITTEE A—TREASURY AND SPORT****In Attendance**

Hon. T Mackenroth, Deputy Premier, Treasurer and Minister for Sport

**Treasury Department**

Mr G Bradley, Under Treasurer

Mr T Spencer, Deputy Under Treasurer

Mr C Turnbull, Executive Director, Portfolio Services

**Department of Local Government, Planning, Sport and Recreation**

Dr T Campbell, Director-General

**Sport and Recreation Queensland**

Mr C Matheson, Executive-Director

**Office of Urban Management**

Mr M Kerry, Executive-Director

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**CHAIR:** The Estimates Committee A hearing is now resumed. The next portfolio to be examined is the Deputy Premier, Treasurer and Minister for Sport. We will commence with the expenditure estimates for the Treasury department. I welcome the Treasurer and his advisers. The time limit for questions is one minute and answers are to be no longer than three minutes. A 15-second warning will be given prior to the expiration of these time limits. An extension of time may be given with the consent of the questioner. The standing orders require that at least half of the time is allocated to non-government members.

For the benefit of Hansard, I ask agency officers to identify themselves if the Treasurer refers to them a question to answer. I declare the proposed expenditure for the portfolio of the Deputy Premier, Treasurer and Minister for Sport to be open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Treasurer, would you like to make an introductory statement or do you wish to proceed with questioning?

**Mr MACKENROTH:** I wish to make a short statement, Mr Chairman. Thank you for your introduction. At the time the budget was delivered I informed the House that the budget had been based on returns on our investments of 14 per cent. Now that the financial year has finished I can say that our returns for the year have finished at 18.46 per cent, which will add another \$580 million to our bottom line, taking our estimated budget surplus to around \$3.3 billion. Importantly, that \$580 million is simply reinvested with the QIC for our long-term liabilities. It is not a case of having that money available for spending on recurrent expenditure. At this stage, we are aware that that \$580 million will be added to our bottom line. Our final accounts will not be finished and reported until the second week of October. The parliament will then be informed of the final situation. The other thing I will say is that the only thing that can get better for Queensland is a win tomorrow night.

**CHAIR:** Thank you, Treasurer. The committee has given leave to non-committee members to ask questions. They are the members for Callide, Maroochydore and Beaudesert. I call on the member for Callide to start the questioning for non-government members.

**Mr SEENEY:** Treasurer, I initially refer you to opposition question on notice No. 3, regarding the Queensland BioCapital Fund. I note that in your detailed answer, in section (c) you list a number of companies that the QBF has invested in. The first company listed is Xenome Ltd. Documents available on the ASX web site in relation to Xenome seem to indicate that the Queensland BioCapital Fund is the only major investor left holding equity in that company, most of the other major investors having disposed of their holdings. Treasurer, does it concern you that Queensland taxpayers are the only major investors in this company, given that some investors have left—and I quote from the company's press release—'because of significant intractable differences over the future direction of the company'?

**Mr MACKENROTH:** The Queensland BioCapital Fund has been established by the Queensland Investment Corporation. When it was launched by me, the Premier and the chairman of the Queensland Investment Corporation, we stated quite clearly on that day that it was a venture capital fund and that some investments would be very successful and some would not be successful. I do not become involved, nor does the government become involved, with what investments are made through the Queensland BioCapital Fund. That is a decision of the board, which has been established to do that. I do not intend to ever become involved in those decisions. As such, over the long term we will look at

how that fund performs. I am aware that in any venture capital fund there will be some winners and there will be some losers. The whole basis of a venture capital fund is for that to happen but, at the end of the day, for you to have a greater return on your money than you would otherwise have had. That is what we are looking for over the long term, as well as attempting to develop a biotech industry here in Australia.

**Mr SEENEY:** As I indicated, in that answer you listed five companies that the biotech fund has invested in. In Xenome's biographies of senior management and directors, it lists the biography of Mr Neill Colledge as a director. It states—

Mr Colledge is the Chief Executive Officer of the Queensland BioCapital Fund. In recent years, QIC has become the largest investor in Australian biotechnology, with shareholdings in over 30 companies.

There seems to be a contradiction in what Mr Colledge has indicated in his biography for the Xenome company and the answer that you have given. What reporting mechanism of the Queensland BioCapital Fund provided you with the information that it had invested in only five companies?

**Mr MACKENROTH:** There is the Queensland Investment Corporation and the Queensland BioCapital Fund, which is established as a separate company from the Queensland Investment Corporation. You actually asked about the BioCapital Fund, which has those five investments which have been set out in the answer to question No. 3. The owner of the Queensland BioCapital Fund, which is the Queensland Investment Corporation, has a far greater number of investments. Is that what you are trying to ask me?

**Mr SEENEY:** Are you telling me that the QIC invests in those types of companies, quite apart from the BioCapital Fund?

**Mr MACKENROTH:** It could, yes. It could invest in a whole range of companies—and it does. It has a very diversified portfolio. Its actual portfolio is over \$30 billion and is very diversified, both in Australia and overseas.

**Mr SEENEY:** If the QIC invests independently in those types of companies, why was a biocapital fund necessary? What is the difference?

**Mr MACKENROTH:** We established that as a venture capital company.

**Mr SEENEY:** And the companies that the QIC invests in in that field would be—

**Mr MACKENROTH:** The BioCapital Fund was established at the suggestion of the Queensland Investment Corporation to the government. We established it, and the \$100 million which was invested to establish it was funds from the Queensland government and not from any other customer of the QIC.

**Mr SEENEY:** So that was a separate—

**Mr MACKENROTH:** It is a separate company established for that purpose, which was clearly stated when it was launched.

**Mr SEENEY:** Let us look at some of the companies that the QIC invests in. There is a company called Panbio, which is obviously a biotechnology company. The QIC purchased nearly \$3.2 million worth of shares in Panbio Ltd at an average price of 85c. I note that some of those shares were sold at just 23c, so at a 60 per cent loss. Treasurer, does it concern you that that sort of investment was undertaken by the QIC itself and not the fund that you set up specifically for that purpose?

**Mr MACKENROTH:** The Queensland Investment Corporation informed me yesterday that it had returned 18.46 per cent on our investments over the past year. I am not concerned about individual, small investments in the total picture. By the very nature of investment, some investments will make more than others. We look at the total picture. I can say that the Queensland Investment Corporation consistently, year after year, returns better than the benchmark, and it did so again this year.

**Mr SEENEY:** That was not really the point of the question, though.

**Mr MACKENROTH:** That was the point of my answer.

**Mr SEENEY:** The point of the question is: should that sort of investment not have been undertaken by the fund that you set up for that purpose?

**Mr MACKENROTH:** Not necessarily, no. That is a decision for the Queensland Investment Corporation. I do not get involved in directing it as to what investments it should make or from which funds it should make them.

**Mr SEENEY:** You set up a \$100 million fund for this purpose.

**Mr MACKENROTH:** For venture capital.

**Mr SEENEY:** How are the investments differentiated? Are the duds left with the QIC so that they do get smothered by all the good investments that the QIC obviously makes and the good ones left with the Queensland venture capital fund that you are talking about?

**Mr MACKENROTH:** Investment decisions are made by the Queensland Investment Corporation, not by the government. The very nature of the Queensland Investment Corporation is that it should be



independent of government decision making. I am informed that the Queensland Investment Corporation invests in listed companies—and that was a listed company—whereas the BioCapital Fund is a venture capital fund which invests into companies which are not listed.

**Mr SEENEY:** Another company listed is Peplin Ltd, of which Wayne Goss is a director. I notice that the QIC purchased 650,000 shares in Peplin Ltd for between 64c and 84c per share. Those shares are now worth only 28c. Is that an investment that should have been made by the Queensland BioCapital Fund?

**Mr MACKENROTH:** I am unaware of when the investment was made, but I think that Peplin was around before the BioCapital Fund was established. I am unaware of when that investment was made.

I go back to this point: decisions as to what investments are made are decisions made by the Queensland Investment Corporation. The government in no way becomes involved in those decision-making processes, and nor will it. It is important that the Queensland Investment Corporation has that independence. By having that independence, it has been able to continually provide us with very good returns on our investments. At the end of the day, we need to look at the bottom line. As I said, for this year the bottom line is 18.46 per cent.

**Mr SEENEY:** I acknowledge that, Treasurer. What I am driving at is to try to determine—

**CHAIR:** Just ask the question. Do not make statements.

**Mr SEENEY:** I am trying to determine for what purpose that \$100 million you allocated has been used and whether it has been used for the purpose that you announced. Benitech Ltd, which is obviously in the field that we are talking about, had an average price of \$1.11 per share when the QIC bought them. I note that the QIC is now selling its Benitech shares at 41c per share. It is another company in which the QIC has made a big loss, but that loss is not coming from the BioCapital Fund; it is being sustained by the QIC and public servant superannuation funds, presumably.

**Mr MACKENROTH:** Which got a return this year of 18.46 per cent, on top of—

**Mr SEENEY:** Which is why these big losses can be hidden there.

**CHAIR:** Order! The member for Callide has asked the question. He will let the Treasurer answer the question.

**Mr MACKENROTH:** If they were hidden, you would not know about them. Therefore, they are not being hidden. The very premise of your question is wrong. They are not hidden; it is public information. Anybody can go to the share register and check who buys and sells shares. It is not in any way hidden.

An investment company like the Queensland Investment Corporation, by its very nature, will spread its investments across a very broad range of investments. It will buy and sell those in the market at a profit and at a loss. At the end of the day, you need to look at how it has performed against the benchmarks. Once again, this year it has outperformed the benchmark. It has performed very well. The Treasurer of Australia, who did come here and say that he did not like our bottom line, is now looking at establishing a future fund based on the Queensland Investment Corporation. So it cannot be too bad.

**Mr SEENEY:** As I said, Treasurer, that is not the point I am trying to make. That is not an answer to the question.

**CHAIR:** Order! Member for Callide, your job on this committee—and you have been invited to come—is to ask questions, not to make points.

**Mr SEENEY:** The question is: shouldn't those types of high-risk investments have been made using the BioCapital Fund and shouldn't they have been reported on as a return to the BioCapital Fund so that the Queensland taxpayers could determine the outcomes from the investment of public money in that particular field?

**Mr MACKENROTH:** The BioCapital Fund is there to invest in start-up companies as venture capital. That is what it does. It is not there to compete against the Queensland Investment Corporation, nor is the Queensland Investment Corporation there to compete against it. There are individual decisions made on investments. In the case of the companies that you have raised, it has been a decision of the Queensland Investment Corporation at a given point in time to invest in those companies. They are the decisions it makes every day. It makes those decisions to buy and to sell. At the end of the day what we have to look at is how it is performing overall and not to in any way be critical of an individual investment, because you need to look at the total picture. The total picture is that it performs very well. It is one of the best performing investment companies in Australia. I think by your questions you are questioning the Queensland Investment Corporation, and I think that is wrong.

**Mr SEENEY:** Treasurer, how do we determine the benefits of the investments that have been made by the Queensland BioCapital Fund if all of the bad investments are booked against QIC?

**Mr MACKENROTH:** The investments in the Queensland BioCapital Fund are independent of any other investments made. Those decisions are taken to invest in companies in the very early stages as venture capital to enable them to continue the work so that they can bring their products online. By doing

that we would hope that there would be the opportunity to see Australian companies grow their products here in Australia. It is going to take some time to see the successes—which ones are successful and which ones are not. But that is what venture capital is all about.

**Mr SEENEY:** So the government has no requirement for performance placed on the \$100 million that you made available to the Queensland BioCapital Fund?

**Mr MACKENROTH:** No. The performance is reported to us by the Queensland Investment Corporation as to how its investments are performing, and it will continue to do that. What it will need to do over time is to see how the overall portfolio performs. The very nature of a venture capital fund is that you will have some investments that lose and some that are successful. That is what a venture capital fund is all about. That is what we have done. It is going to take time to see the success of that.

**Mr SEENEY:** Treasurer, can you explain then how the differentiation is made when an investment in a company is being considered, whether the investment is made by the Queensland BioCapital Fund or by the QIC? How is the decision taken as to who makes the investment?

**Mr MACKENROTH:** They are two different bodies of people who make those decisions. They do not compete against one another as to who invests where. QIC would not invest in unlisted companies. The process of investing through the Queensland Investment Corporation would be to invest in listed companies. Those decisions would be made through the processes that are in place. We then have a separate structure established for the Queensland BioCapital Fund and, through that structure, independent decisions on Queensland Investment Corporation investments are made. They are not decisions that are made in competition, nor are decisions made to buy something from the BioCapital Fund or from the Queensland Investment Corporation. They are independent decisions.

**Mr SEENEY:** So a different team of people makes the decision.

**Mr MACKENROTH:** There could be some people who are the same, but there are different people involved. I cannot tell you who the people are, but there is a director. They are totally different. The decisions made for the Queensland BioCapital Fund and the Queensland Investment Corporation are not made by the same people. Totally different people make those decisions.

**Mr SEENEY:** When you are identifying these companies or when these companies are looking for investors for venture capital, is the process of identifying the companies totally separate? Are you telling me that the group of people who operate the BioCapital Fund is completely separate from the group that operates the QIC and that QIC does not have any knowledge?

**Mr MACKENROTH:** I am informed that the groups are totally separate. It is a totally separate process. The company has been established by QIC, which is a 100 per cent shareholder of it, but it is actually run as a separate company.

**Mr SEENEY:** Does it report to QIC?

**Mr MACKENROTH:** Yes, it reports to QIC.

**Mr SEENEY:** On its investments?

**Mr MACKENROTH:** Yes, QIC owns it.

**Mr SEENEY:** I also note, Treasurer, that a couple of companies I mentioned before that QIC has invested in—and they have proven not to be the soundest investments—have also received government grants. Is that just coincidental or is there any connection between QIC investments?

**Mr MACKENROTH:** There is no connection whatsoever. The decisions by the QIC or the BioCapital Fund to invest in any company is taken independently of government, and it is not reported to us or to me, as the minister, that it has invested in a particular company. If I asked for a report on the BioCapital Fund, I may be informed of individual companies. I do not ask for that information. I get a report on the operations of it, not about which companies are being invested in. I never ask for information as to which individual companies the Queensland Investment Corporation invests in, nor do I believe I should. I get a report on a weekly basis of how the overall portfolio is performing. Then I meet regularly with the chairman of the Queensland Investment Corporation and receive a report from him. But I do not get involved in any way, nor do I have knowledge of the individual companies in which shares are bought.

**Mr SEENEY:** There are two other organisations that the government set up in this biotechnology area. There is the Biotechnology Task Force and the Smart State Council. Both of those would indicate that there is some overlap between people involved—

**Mr MACKENROTH:** No, I do not see why there is an indication of anything. There is no indication of anything other than the fact that they are all smart things to do.

**Mr SEENEY:** People from the Biotechnology Task Force are involved in the Smart State Council certainly.

**Mr MACKENROTH:** I cannot tell you whether they are; I do not know that. We could find that out for you. None of the companies that are in the Biotechnology Task Force have received any state government assistance, I am informed.

**Mr SEENEY:** Minister, you, the state development minister, the head of the Queensland BioCapital Fund and the Premier are all on the Smart State Council.

**Mr MACKENROTH:** I was going back to something else then. None of the five companies that have had funds invested in them from the BioCapital Fund have received any funds from the Queensland government to help with their establishment.

**Mr SEENEY:** Certainly at least two of those companies I mentioned earlier that QIC had invested in, as distinct from the BioCapital Fund—and you have made that distinction in the course of the last few minutes—received assistance from the government.

**CHAIR:** Order! The time for non-government questions has ceased. It is now time for government questions.

**Mr FRASER:** Treasurer, could you advise the committee how the 2005-06 state budget has continued to improve funding to essential social services in our state?

**Mr MACKENROTH:** A range of key social services areas have been enhanced through this year's budget. These include health, homelessness, Indigenous communities, disability services, child protection, education and law and order. There is an increase in the Health budget of \$413 million, or 8.4 per cent, and additional funding for health infrastructure. The budget provides a \$151 million funding package over the next four years towards preventing chronic diseases and their key risk factors, reducing avoidable hospital admissions and improving the quality of life for people with chronic diseases. This includes an initial investment of \$10 million in 2005-06. The budget provides recurrent funding of \$20 million over two years, targeting public hospital waiting times so that a further 4,000 people can receive operations and surgical procedures on time. This funding is in addition to \$110 million provided over 3½ years to continue to target elective surgery waiting times across the state.

The budget provides an additional \$60 million over the next four years for cardiac services, with \$5.8 million in 2005-06 to improve secondary and tertiary care. The budget provides \$62.5 million over the next four years to target cancer prevention and treatment, including \$5.5 million in 2005-06 for projects such as the enhancement of the multi-strategy tobacco control initiative. The budget provides a four-year package of \$49 million for improved quality of life for sufferers of renal disease to continue to improve access to renal services and meet growing demand.

The budget provides \$65 million over four years for the enhancement of community mental health services, including an investment of \$8.2 million in 2005-06. The budget provides \$78 million over four years towards healthier ageing in Queensland, with \$9.6 million this year to a joint funding agreement with the Commonwealth Department of Health and Ageing to secure 200 transition care places this year, expanding to 351 places next year. The budget provides \$146.2 million this year for major hospital redevelopments, including emergency department upgrades and redevelopments at both rural and metropolitan centres. The budget provides \$96 million over four years to expand and enhance services to the Caloundra Hospital and provide two integrated ambulatory and community health campuses at Robina and Caboolture.

The budget provides \$120.4 million in recurrent funding and \$115.1 million in capital funding over four years to further develop responses to homelessness. These initiatives will minimise the impact of homelessness on individuals and the community by enhancing the capacity of the service system to provide early responses.

**Mr FRASER:** I move an extension of two minutes.

**Mr MACKENROTH:** The budget provides \$114.2 million in capital funding and \$13 million in recurrent funding for a range of accommodation initiatives, including the five-year project to establish the Lady Bowen Complex in inner Brisbane, and a \$50 million package of assistance for the provision of boarding house accommodation for single people, including single homeless people. This includes \$5.8 million for the Smart State Building Fund. The budget provides \$56.5 million to establish an integrated service response to prevent and address homelessness, public intoxication and substance abuse in inner Brisbane, Cairns, Mount Isa, Townsville and the Gold Coast. The budget provides \$43.6 million to establish homelessness intervention teams and to provide support for people with mental illness who are in transitional housing after leaving Queensland Health facilities.

The budget provides a capital investment of \$250.3 million in public rental housing, including funding for the commencement of 377 new dwellings and the completion of 316 dwellings. The budget provides \$33.3 million as part of a long-term strategy to redevelop and refurbish older style public housing stock and provide for a significant increase in unit style accommodation. There are grants of \$16.9 million to the Brisbane Housing Company to provide 135 new units of accommodation. A further \$10 million will expand the supply of affordable housing in major regional centres.

The budget provides \$13.2 million this year, as part of an additional \$89.5 million over four years, to improve the health of Indigenous Queenslanders and implement Queensland's response to the National Strategic Framework for Aboriginal and Torres Strait Islander Health. We will also provide assistance to Aboriginal and Islander councils to deliver local government services and environmental health related services with an additional \$100 million over five years for new environmental health infrastructure and its operation and maintenance on mainland Indigenous communities, subject to a matching contribution from the Australian government.

**Ms MALE:** With reference to chapter 5 of budget paper No. 2, could you advise the committee what the Beattie government has done to ensure Queensland retains its competitive tax position when compared with the rest of Australia?

**Mr MACKENROTH:** A competitive tax system plays an important role in developing a positive economic environment conducive to business by reducing costs and raising disposable incomes, encouraging employment, investment and interstate migration and providing a firm funding base for the provision of services and infrastructure.

Data in Queensland's and other states' budget publications confirms Queensland's competitive tax status in 2005-06 with per capita collections of state taxes estimated at \$1,708 compared with the weighted average of the other states of \$2,135. The tax burden of the other states is forecast to be 25 per cent higher, on average, than Queensland's per capita tax burden for 2005-06. Residents in New South Wales and Victoria are estimated to pay \$676 and \$330 more per capita in state taxes respectively than Queenslanders in 2005-06.

Commonwealth Grants Commission revenue-raising effort ratios for 2003-06 also confirm that Queensland taxation policies are amongst the most competitive. Queensland's taxation effort ratio of 86.9 per cent indicates that Queensland's taxation policy was 13.1 per cent less onerous than the average of the other states and territories.

A third way of comparing relative tax burdens is taxation revenue measured as a proportion of GSP. Queensland's 4.7 per cent of GSP in 2003-06 compares favourably to the average of other states and territories of five per cent. Tax initiatives announced in the 2005-06 Queensland budget will further strengthen the competitiveness of Queensland businesses by delivering savings to Queensland taxpayers of \$5 billion over seven years.

The 2005-06 budget announced a major initiative to provide land tax relief and simplify the land tax system. The package, at a cost of \$847 million over four years, makes the Queensland land tax system one of the most competitive in Australia. Companies will benefit from a tax-free threshold of \$300,000, up from \$170,000, and a top tax rate of 1.5 per cent, down from 1.8 per cent.

The 2005-06 budget also confirmed the progressive abolition of seven state business taxes over seven years. The taxes to be abolished are debits tax from 1 July 2005, lease duty and credit business duty from 1 January 2006, hire duty and marketable securities duty, half of mortgage duty with the full abolition in 2009, and half of transfer duty on core business assets in 2010 with full abolition in 2011. Queensland taxpayers will save \$3.5 billion over the next seven years from the abolition of these state taxes.

**Ms NOLAN:** Treasurer, can you let the committee know if Treasury has a process in place to monitor freedom of information applications?

**Mr MACKENROTH:** Yes, we have, and I would like to inform the committee that it works very effectively. They have been able to inform me only last Friday that the Information Commissioner—that is, the new Information Commissioner—has made a decision to release some information regarding the application made by Mr David Conlan for the release of some information in November 1992. The Information Commissioner has been attempting to make a decision since March 1993. It is now 12 years later. I do not know how many information commissioners we have had, but we are now in a position where the Information Commissioner has informed the department that the documents can be released. I think the documents today have absolutely no relevance. They are dealing with a tunnel which is being built to enable the Queen Street bus station to operate outside of the Treasury Casino. We have been able to contact Mr David Conlan, who was and probably still is a journalist, and he is interested in getting the documents but at present he is in America. We will send them to him there. He will not have to pay for them because in 1992 you did not have to pay for them. Whilst the process may be slow and laborious, it did come through for him. I would like to thank the new Information Commissioner for being able to make a decision which obviously was very difficult to make seeing as it took—

**Mr SEENEY:** The government may yet appeal.

**Mr MACKENROTH:** I have had a look at the information, and I can assure you that I will not be appealing. I thank the Information Commissioner for having been able to make a decision, No. 1.

**CHAIR:** Can the Treasurer outline to the committee how the Beattie government's significant investment in infrastructure compares with the Howard government's failure to commit to both our immediate and our future infrastructure needs?

**Mr MACKENROTH:** Yes, I can. The Beattie government has allocated a record \$8 billion for capital and infrastructure projects in Queensland over the next 12 months—a massive \$1.9 billion more than last year's program. This funding will contribute towards approximately 59,100 full-time jobs and will be spent throughout the state on infrastructure such as roads, ports, schools, prisons, dams, public housing, hospitals and power stations.

Around 60 per cent of the capital program is targeted towards regional and rural Queensland including a rural and regional roads funding initiative involving additional funding of \$359 million over four years and \$88 million over three years as part of the Accelerated Road Rehabilitation Program.

The capital budget also includes the first tranche of the extra \$2 billion promised over the next four years for the \$55 billion South East Queensland Infrastructure Plan—the first ever long-term plan for infrastructure development in the region. This huge commitment to infrastructure for Queensland is in contrast to the infrastructure funding effort of the Australian government in its recent budget. The federal budget contained no money for any new major infrastructure projects in Queensland. No money has been allocated to Queensland for any new roads or rail. There is nothing new for the Ipswich Motorway, the Pacific Motorway, the Gateway Motorway or the Toowoomba range crossing. Nationally, the Howard government is actually cutting road funding in 2005-06 compared to 2004-05. There is nothing for ports, either. This is despite Mr Costello bleating about infrastructure bottlenecks affecting exports.

I would like to take the opportunity to place on record exactly what the Queensland government is doing in this vital area of national infrastructure. Since 1998 the Beattie government has spent around \$1 billion on infrastructure for our ports in Queensland. In addition, expansion of capacity at the Abbot Point coal terminal and the establishment of a rail link between the Goonyella and Newlands coal systems are currently under investigation and are expected to cost in the vicinity of \$1 billion. Compare this to the Howard government, which has not spent one cent on ports in Queensland.

Another source of disappointment for Queensland has been the Howard government's Regional Partnerships program. The Commonwealth has allocated a measly \$4.8 million for 13 infrastructure projects in regional Australia over the next two years under this program. Only one of these projects is in Queensland and that is just for a study.

To further illustrate the level of disparity between infrastructure funding levels of the Queensland and Commonwealth governments, it is appropriate to compare capital funding with gross state product and gross domestic product respectively. Queensland's total capital funding, less grants, from the federal government totals 4.8 per cent of GSP in 2005-06. We can compare this to the Howard government's total capital spend of 1.3 per cent of GDP.

**CHAIR:** I grant an extension of time.

**Mr MACKENROTH:** There is no excuse for this underinvestment in Australia's infrastructure by the Howard government. The Commonwealth expects a surplus of more than \$8 billion in 2005-06. It also expects to collect an extra \$12 billion in tax this financial year. Yet Howard and Costello are spending less in real terms on infrastructure now than they did when they were elected nine years ago. They are going backwards, not forwards, and Queenslanders deserve better. It is clear which level of government is committed to providing essential infrastructure to the growth state. It is interesting to note that the Lord Mayor of Brisbane, Campbell Newman, in this very room last Friday called on John Howard to spend more money on roads in south-east Queensland.

**Mr FRASER:** Treasurer, what has been the basis for the recent downward trend in Queensland's CTP premiums?

**Mr MACKENROTH:** The downward trend in CTP premiums started with the setting of premium bands for filings for the 1 July 2004 quarter, when the ceiling premium was reduced from \$357 to \$335.80. There was a further \$5 reduction in the ceiling for the 1 January 2005 quarter. The ceiling for the April quarter was held constant but was reduced by a further \$9.60 to \$321.20 for the 1 July 2005 quarter. Even though the cap is set at \$321.20, every CTP insurer has decided to charge motorists between \$10 to \$18 below the cap. Owners of class 1 vehicles—cars and station wagons—who renew their 12-month registration from 1 July could pay as little as \$303.20 for CTP depending on which insurer they are with. Premiums for motorcycles have also been reduced in recent quarters. Savings could be as high as \$54 compared to what premiums were in April last year.

The downward trend in premiums over the last five quarters is based on the favourable trends in claims experience attributed to the scheme amendments in 2000 and the introduction of the Civil Liability Act 2003. The scheme data for December 2004 revealed that scheme utilisation and claim frequency have dropped to their lowest value since the current scheme commenced in 1994. The injury scale values contained in the Civil Liability Regulation 2003 have achieved greater consistency in

damages awards and have now more effectively aligned claims costs with the severity of the injury. This has led to a reduction in overall claims costs.

The introduction of injury scale values for general damages was estimated by PricewaterhouseCoopers to achieve sizeable savings in the order of 10 per cent. Initial indications are that the savings may be in excess of PWC's projection. The widespread insurance reforms the Beattie government undertook a few years ago are having a very significant impact on the industry and are delivering benefits to consumers. The Motor Accident Insurance Commission, as the CTP scheme regulator, has premium rate information for all insurers through an online calculator at [www.maic.qld.gov.au](http://www.maic.qld.gov.au). The 1 July 2005 filing quarter was the third successive quarter for which all insurers filed below the ceiling for class 1 vehicles.

**Ms MALE:** Could the Treasurer outline the government's strategy for increasing Queensland's sustainable level of economic growth?

**Mr MACKENROTH:** The government's economic strategy focuses on increasing productivity growth and labour force participation—the key drivers of economic growth—to generate higher rates of sustainable economic growth and real incomes. Investing in infrastructure and human capital and fostering innovation through the Smart State Strategy represent central elements of the economic strategy.

The government is playing a proactive role in increasing the state's human capital by investing in education, training and health, implementing measures to increase the capacity for people to participate in the labour force and encouraging skilled migration to Queensland. Human capital influences productivity growth through its effect on innovation and represents a driver of improved employment outcomes, as training and education increases the capacity of people to engage effectively in the labour force.

Public investment in capital infrastructure plays a key role in promoting and facilitating productivity growth in Queensland. This is because infrastructure such as roads, railways, bridges, electricity, water, educational and health facilities plays a central role in underpinning the economy's development and productivity.

Government investment in capital infrastructure contributes to the state's economic growth and productivity growth through enabling changes to the production processes of firms that result in more efficient production and distribution networks, reducing overall production costs. Public investment in infrastructure can also improve service levels by increasing infrastructure capacity or improving the condition of existing infrastructure.

The extent to which services provided by infrastructure contribute to economic growth depends not only on the extent and type of infrastructure investment but also on the effectiveness and efficiency with which existing infrastructure is used. The government's commitment to increasing the state's capital infrastructure base is reflected in the scale of the state's capital program over the last decade. On a per capita basis the Queensland government will continue to fund the largest capital program of any state. Capital outlays are estimated to be around \$8 billion in 2005-06, representing a 32 per cent increase on the 2004-05 budget.

Government investment in capital infrastructure is not the only platform for improving the state's productive capacity. Increasing the efficiency of existing capital infrastructure stock, given current technology, can also improve productivity as it enables higher levels of outputs to be provided with the same level of inputs.

**CHAIR:** The time for government questions has expired. We now again go to non-government questions.

**Mr QUINN:** Can I take you to CorpTech, your shared service provider.

**Mr MACKENROTH:** Are you referring to a particular page in the MPS?

**Mr QUINN:** Yes, page 1-56. Are all government agencies and departments now part of this regime?

**Mr MACKENROTH:** Yes, they are.

**Mr QUINN:** They are all on line?

**Mr MACKENROTH:** There are some systems which have not been taken over yet. There is Health and the cluster around parliament which, I think, includes the Auditor-General.

**Mr QUINN:** So basically Health and Treasury are not involved yet?

**Mr MACKENROTH:** Treasury is. Health and the parliament are not included yet.

**Mr QUINN:** My apologies, I thought you said 'our department'. Is it the intention to bring Health into the Shared Service Initiative, too?

**Mr MACKENROTH:** Yes.

**Mr QUINN:** Do you have a time frame for that?

**Mr MACKENROTH:** Within the next 12 months.

**Mr QUINN:** How will we know, when Health comes in, that CorpTech is actually saving the government money? There is no measure at all within the statements to indicate that.

**Mr MACKENROTH:** That is monitored. We have already achieved the savings targets which were set for the first year.

**Mr QUINN:** Which were?

**Mr MACKENROTH:** The Shared Service Initiative across government is budgeted to save \$100 million. It will be monitored by Treasury to see that the savings are made. It is on target for the savings that we budgeted for.

**Mr QUINN:** There is no way of verifying that within these budget documents. You are saying that we have achieved our \$100 million target. How do we make a judgment whether that is valid?

**Mr MACKENROTH:** The Under Treasurer tells me that the target is quite small in the first year. It is monitored by Treasury. Their advice is that it is on target. Trust Treasury; it is as simple as that. I do.

**Mr QUINN:** I understand it from your point of view. What was the saving in the first year, 2004-05?

**Mr Bradley:** The saving in 2004-05 was a little less than \$2 million. It will gradually build over time. The next two years are the prime years for the implementation of new HR, payroll and finance systems. So the actual savings will not occur to the total extent until those implementations are completed over the next two to three years.

**Mr QUINN:** What are the budgeted savings this financial year?

**Mr Bradley:** For 2005-06 there are no net savings estimated, simply because they are investing in the new systems that are being implemented.

**Mr QUINN:** What is the target?

**Mr Bradley:** Eventually from CorpTech?

**Mr QUINN:** Yes.

**Mr Bradley:** I think they are expected to contribute a bit over \$20 million out of the \$100 million in savings by the time this is fully implemented. Mostly those savings will occur with the service providers, of which there will be five across government. CorpTech is the central systems provider for all of the shared service operations.

**Mr QUINN:** So the savings of \$20 million will be over what time frame?

**Mr Bradley:** From 2007-08, as those new systems are implemented.

**Mr QUINN:** Will that be reflected in the statements from next year onwards?

**Mr Bradley:** We will be reporting separately for CorpTech. Currently it is actually included under 'Other expenses'. CorpTech actually pays a dividend into the general government sector from its outlays.

**Mr MACKENROTH:** That is on page 1-60 of the financial statements. It is at the line 'Other expenses', which is the last line before 'Total expenses' in the first table.

**Mr QUINN:** \$2 million, I see.

**Mr MACKENROTH:** That is where you will see the savings shown.

**Mr QUINN:** At the fourth dot point on page 1-56 it says 'achieved or exceeded targets for meeting service performance standards'. Do we have any information on what the standards and targets are?

**Mr Bradley:** I understand that the targets relate to systems availability and systems down time in particular for their HR, finance and payroll systems.

**Mr QUINN:** So it is a reliability of service standard?

**Mr Bradley:** Correct. CorpTech reports to each of the shared service providers and enters into service level agreements with each of them. It sets out service standards and performance levels that it seeks to achieve. That is monitored by the Shared Service Implementation Office, which is a separate office in the Treasury portfolio.

**Mr QUINN:** It has been operating for two years. What has its capital investment been over that two-year period?

**Mr Bradley:** There is a separate capital investment statement under 'Capital Acquisitions' on page 1-58. It shows the budget for 2004-05, an estimated actual for 2004-05 and an estimate for 2005-06 in terms of total capital spend. For 2004-05 it was \$16,815,000 and for the coming year it will be \$45.213 million.

**Mr QUINN:** This is the heavy capital investment that will carry it through for the next two years?

**Mr Bradley:** That will increase over the next couple of years as it makes its major investment in new systems in finance and HR in particular.

**Mr QUINN:** Do we have a total amount in terms of the capital investment over that time?

**Mr MACKENROTH:** We could get that on notice for you.

**Mr QUINN:** Despite that heavy capital investment over that period you are still forecasting a profit in 2007 of \$20 million?

**Mr Bradley:** Yes, 2007-08 is when we expect to start to see the significant savings start to flow.

**Mr QUINN:** After the next two or three years are you confident that you will see increased savings or will there be a need for another large capital investment after that time?

**Mr Bradley:** During the next two to three years we will be making the major capital investment in rebuilding systems across government. Following that period we then expect to see significant savings flow from the new systems which will be fully implemented. There will be a need over time to continue to update and maintain those systems. But the major capital spend will be in this period.

**Mr QUINN:** That is my point. So you are confident that the increase in capital expenditure over that period will be offset by the savings to be made?

**Mr Bradley:** In the future, that is correct.

**Mr SEENEY:** Could we return to the line of questioning I was pursuing when time ran out before. I note that when you and the Premier launched the \$100 million Queensland BioCapital Fund you spoke about encouraging Queensland based businesses. It appears that three of the five companies that you listed in answer to the question on notice—namely, Biocom, HatchTech and Advent Pharmaceuticals—are not Queensland companies but are based in Victoria. How does a Victorian based company qualify for assistance from the Queensland BioCapital Fund?

**Mr MACKENROTH:** We do not put any restrictions on the BioCapital Fund as to where it can and cannot invest. That is the government's way of operating the Queensland Investment Corporation. We do not direct it. When we launched that we did state that it would enable investments to be made in Queensland companies. We also said very clearly on that day that it would not be limited to Queensland companies. We said the BioCapital Fund would have the ability to invest outside of Queensland. That is a decision that is taken by the board that has been established to make those investment decisions. As companies are evaluated—they have very good links with the universities—further investments will, I am sure, be made in Queensland companies. That is a decision of the board of the BioCapital Fund.

**Mr SEENEY:** So a company in Victoria that is seeking venture capital, as you described it before, from the Queensland BioCapital Fund does not have to demonstrate any benefit to Queensland to receive that injection of venture capital?

**Mr MACKENROTH:** The benefit to Queensland would be if it was successful and we got a return out of it.

**Mr SEENEY:** When you launched the \$100 million Queensland BioCapital Fund, you said that the QIC would offer its clients the opportunity to invest up to \$50 million in that fund. How many investors have taken up the opportunity?

**Mr MACKENROTH:** I do not know that any have. As yet they have not used the \$100 million that is available to invest in it. I am unaware of whether there are any other investors that have put money into the BioCapital Fund. We have not invested the full amount.

**Mr SEENEY:** You did indicate in answer to the question on notice how much you had invested. It was just over \$20 million. So the BioCapital Fund has invested just over \$20 million in companies that do not necessarily benefit the Queensland economy and the fund has not received any return nor have any other investors joined the fund? Do you consider that it has been a success so far?

**Mr MACKENROTH:** I believe it has the potential to be very successful and that is why we established it. By its very nature a venture capital fund, and particularly a new one, needs some time to establish itself. It takes time to see those returns. When we established it we actually said on the day that there will be people who will not see the advantages of this and probably will criticise it.

**Mr SEENEY:** I am trying to establish what benefit the people of Queensland have got from the allocation of that \$100 million rather than criticise it. I acknowledge that only \$20 million has been invested so far. The initial investment was in a company called Xenome. You also referred to this in your answer to the question on notice. Xenome's media release—I can table it if you would like; I am sure you have seen it—indicates that the company is moving to America and senior appointments are going to be based in America. Does that change the attitude that the Queensland BioCapital Fund has towards that company?

**Mr MACKENROTH:** I am unaware that it would. It would look at investing. Our basis for investing is to see Queensland companies grow. It is our desire always to see companies grow here in Queensland, but they are decisions that are made by boards and I am not going to be critical of them.



**Mr SEENEY:** But you just said again that it is your hope to see Queensland companies grow and invest in Queensland companies, yet you are investing in Victorian based companies and you are investing in companies that are moving to America.

**Mr MACKENROTH:** If we established a venture capital fund and said, 'You can only invest in companies that are established in Queensland and sign up to never, ever leave Queensland', I think then we could be accused of politically interfering in a fund and having politicians making decisions which are inappropriate. We have not done that. We have established a fund which has the potential to invest in venture capital in companies to see them grow and to see biotechnology advance, and by doing that it will be of benefit to Queensland.

**Mr SEENEY:** So it was a political decision to establish the fund. It was not a commercial decision. It was not a decision the QIC took. It was a decision that the government took.

**Mr MACKENROTH:** No, it was a commercial decision, and the actual establishment of the fund was a suggestion and a proposition put forward to government by the board of the Queensland Investment Corporation. It was not a political decision. The board of the Queensland Investment Corporation put forward to government without the government asking for it a proposition that the government invest up to \$100 million of its funds. I think you need to understand that the funds that are held by the Queensland Investment Corporation and invested through its investments are varied. There are specific Queensland government funds. There are funds of QSuper. We are now investing some funds for private companies.

They asked if we were interested in setting aside up to \$100 million to invest specifically in a biocapital fund. It was not a political decision to do that. It was an investment decision that was put forward by the Queensland Investment Corporation to the government. We looked at that and decided that we would invest up to \$100 million in that fund on the basis that it has the potential to be of great benefit to biotechnology and also to Queensland. In doing that, it was very clear from day one that the government would not get involved in directing the BioCapital Fund as to which investments they would make, nor would we get involved in directing them to only invest in Queensland companies. We actually spelt that out on the day that we announced the BioCapital Fund. It is very important to the integrity of that fund that government does not get involved in that. If we wanted that sort of a fund, that is what we would have established. We then could have been accused of political interference, and that would have been justifiable criticism. But there is not any criticism of us in that regard because we have not been involved in that, and nor would we.

**Mr SEENEY:** So when you approved the investment or the establishment of the \$100 million BioCapital Fund, you are telling the committee that there were absolutely no guidelines or restrictions on where that money could be invested?

**Mr MACKENROTH:** When we agreed to the Queensland Investment Corporation's proposition that we invest up to \$100 million in a biotech venture capital fund, the proposal to us was that we do that so that money could be invested in venture capital for biotech companies. We did not attempt to attach any strings to that investment, to direct them nor to ask from them any commitment as to where they would invest that money. It would have been improper to do that, and we would not do it.

**Mr SEENEY:** So it is possible then—in fact, it is probably more than possible; it is probable—that at least some of the \$80 million that remains in that fund to be invested will be invested in companies based in America or Europe or Russia or Japan and may not necessarily provide any benefit at all to Queensland taxpayers?

**Mr MACKENROTH:** It is possible that it could be invested, but I do not believe that the board, as I understand it, is looking for investments overseas at this stage. That is a decision of the board, and I would not ever try to get, as I have said to you consistently through this questioning, involved in that. It would not be proper to get involved in that. The issue for government is that we have up to \$100 million, and of course we have now invested up to \$20 million in that. The other \$80 million is still invested through ordinary QIC investments. But if any further investments are made in the biotech fund, at the end of the day we look to see a return on that money. I am sure that we will see that return. But that is going to take time and the very nature of venture capital is that it takes time.

**Mr SEENEY:** So if the best return was in Japan or China or somewhere, why would the fund not invest there if there are no restrictions?

**Mr MACKENROTH:** That is a decision of the board, as it is with QIC, and they have many investments overseas.

**CHAIR:** The time for non-government questions has expired. We will now go back to government questions.

**Ms NOLAN:** Treasurer, just before you mentioned the federal government's decision to establish what they have called the Future Fund. Can you advise the committee how the federal government can benefit from the Queensland government's position of having fully funded superannuation liabilities?

**Mr MACKENROTH:** As I have already said, even the federal Treasurer is envious of Queensland's sound economic management, so much so that he is going to imitate us by setting up a fund to allow the Commonwealth to fully fund its superannuation liabilities. While short on detail, Mr Costello would be well placed if he mimicked Queensland's exemplary model, which sees us as being the only Australian jurisdiction to have fully funded all of our contingent liabilities. Unlike the Commonwealth, when a state public servant retires we do not have to eat into our services or go to taxpayers for more funds to pay their superannuation. Queensland had the foresight to set aside investments on our balance sheet to meet current and future liabilities, which include superannuation.

Earnings on those assets are reinvested to ensure that those obligations continue to be met. If the federal government can manage their investments as well as Queensland does, they will have the capacity to manage cycles in investment markets without impacting on their ability to fund ongoing services to the community. I congratulate Mr Costello for finally introducing a policy which Queensland has had for decades and invite him to come to Queensland to look at how we do things in the Smart State. Also, if he wanted to, I would be quite prepared to allow the Queensland Investment Corporation, which has come under a lot of questioning today, to actually invest his money for him. We would take a small margin, of course, but we would be prepared to do it.

**CHAIR:** Treasurer, could you please outline for the committee the flaw in the argument regarding Queensland unfairly receiving more than its fair share in GST funding?

**Mr MACKENROTH:** It is true that the difference between GST revenue and the guaranteed minimum amount is larger for Queensland than other states. However, this is because Queensland did not impose financial institutions duty and bed taxes prior to the GST. When this is taken into account, it becomes apparent that taxpayers in other states such as New South Wales and Victoria have actually benefited more from the GST than Queensland's taxpayers. When the taxes abolished as part of the GST arrangement are combined with first home owner's grant funding and the GST revenue in excess of the guaranteed minimum amount, Queenslanders have received the second lowest amount of benefit on a per capita basis from the GST reforms.

Queensland's share of GST in 2005-06 is expected to be 20.7 per cent, just above our population share of 19.6 per cent. This is the result of the Commonwealth Grants Commission assessing Queensland as requiring a greater than average share of GST because Queensland faces additional costs in providing services to a widely dispersed population. Queensland receives less than a population share of Commonwealth specific purpose payments funding, and Queensland has a lower than average capacity to raise own source revenue even though the state is experiencing above average rates of economic growth. When all sources of Commonwealth funding are taken into account, Queensland's share of funding falls to 19.8 per cent, which is comparable to our 19.6 per cent share of the national population.

The distribution of GST is not a system by which one state subsidises another, nor is it a system in which there are donor states and recipient states. All states are recipients of GST revenue which has been collected from taxpayers at a uniform rate by the Australian Taxation Office. States which receive more than a population share of GST revenue do so because the Commonwealth Grants Commission considers that these states need a higher level of funding to provide the same level of services. This principle of horizontal fiscal equalisation is fundamental to Australia's system of federation and is critical in ensuring that all Australians can be provided with the same level of services regardless of which state they live in.

To follow through with the arguments put forward by my colleagues down south that New South Wales or Victoria are cross-subsidising Queensland because the GST notionally collected in those states is not fully returned to those states is completely illogical. This would mean that the tax collected from each individual should be returned to each individual in the form of services. This is a ridiculous notion and one that not even Mr Carr or Mr Bracks adhere to. Even if there was some basis for this argument, it is not possible to determine how much GST has been generated in each state. This is because companies which operate in one state generally remit their GST through head office, which may be located in Sydney or Melbourne. This amount of GST would then be recognised as being collected in New South Wales or Victoria even though the consumer paid the GST in Queensland. Quite simply, Queensland gets its fair share.

**Mr FRASER:** Treasurer, with reference to Queensland's 30-year low unemployment forecast of five per cent for 2005-06, could you detail how Queensland's forecast employment growth compares with the Australian forecast?

**Mr MACKENROTH:** The strength of the Queensland economy is estimated to have raised employment growth to a 16-year high of 5¼ per cent—an increase of 104,000 jobs—in 2004-05, reducing the year average unemployment rate to five per cent, representing its lowest rate since 1974-75. Queensland's five per cent rate is below the national rate of 5¼ per cent for the first time in 10 years. With forecast jobs growth of 2½ per cent predicted to match labour force growth in 2005-06, the state's unemployment rate is forecast to remain unchanged at its 30-year low of five per cent in 2005-06.

Queensland's trend unemployment rate for May was 4.9 per cent, below the national rate of 5.1 per cent. Queensland recorded strong annual jobs growth of six per cent in May compared with national growth of 3.5 per cent. Over the past 12 months Queensland generated 112,600 jobs in trend terms, the highest annual growth of any state. Nearly two-thirds of these were full-time jobs. The Smart State accounted for 33.6 per cent of the national jobs growth total of 335,200. This has been achieved with more and more people moving to Queensland to find a job. What this proves is that we are still the jobs capital of Australia. Queensland's jobless rate is below the Australian average despite having our highest participation rate since the current Australian Bureau of Statistics series began in 1978 at 66.6 per cent. Queensland's very strong employment growth has encouraged people to enter the labour force, resulting in the state's participation rate rising 1.7 percentage points over the 12 months to May 2005. As a result, annual labour force growth at 4.9 per cent is the strongest in a decade. It is also worth noting that since June 1998 the Beattie government has created an additional 382,300 jobs.

This extra job creation has seen Queensland's trend unemployment rate plummet from 8.4 per cent to 4.9 per cent. This is a drop of 3.5 percentage points. Compare this to the rest of Australia with a trend rate that has dropped by only 2.4 per cent. Quite clearly this is the most favourable time in the past 30 years to find employment in Queensland and we are planning ahead to ensure we remain the jobs capital.

**Ms MALE:** Could the Treasurer outline Queensland's credit rating and what this means for the state?

**Mr MACKENROTH:** Moody's Investors Service and Standard and Poor's visit Queensland on a regular basis, generally every 12 months, to conduct reviews of the state's underlying financial and economic position. Reviews are a major part of the process of determining the state's credit ratings. The last reviews were carried out by both Moody's and Standard and Poor's in August 2004. Rating reports were issued by Standard and Poor's in November 2004 and by Moody's in September 2004. It should be noted that Moody's report was not based on its August review but on its previous assessment of October 2003. The report did, however, incorporate 2004-05 budget data.

Both of these reports have confirmed the state's AAA credit rating. In general terms, a credit rating indicates an independent agency's assessment of the future ability of an organisation to repay its long-term debt. It is also a method of comparing the quality of different bond issues. The Queensland government's AAA local and long-term foreign currency credit ratings reflect the rating agencies' positive assessment of the state's fiscal, economic and political environment. All ratings are the best available and put Queensland on an equal footing with other AAA-rated issuers.

In its September 2004 report on Queensland, Moody's highlighted the state's sound financial operations, modest debt levels and the dynamic economic base as key factors supporting its AAA credit rating. Moody's noted that debt ratios for Queensland are comparable to those of its AAA-rated counterparts in Australia and internationally. In its most recent report, Standard and Poor's highlighted Queensland's robust balance sheet with its very low net debt and fully funded superannuation liabilities. It also noted that Queensland's balance sheet is one of the strongest among the Australian states and territories and its international peers. Queensland's top credit rating means that the government can borrow money at a lower cost, minimising the state's debt servicing costs. Again, the Beattie government's ongoing sound economic management in Queensland is reflected in our credit rating.

**Ms NOLAN:** What impact do QIC's investment returns have on the budget?

**Mr MACKENROTH:** The state has approximately \$17 billion invested with QIC primarily for superannuation and other employee entitlement liabilities. The 2004-05 state budget assumed the long-term rate of return on those funds of 7.5 per cent. Returns have performed well ahead of expectations in 2004-05. In finalising the 2005-06 budget 14 per cent was used as the estimated actual rate of return assumption for 2004-05. Consistent with Queensland's policy to fully fund superannuation liabilities, all earnings on investments are reinvested in order to provide a prudential buffer against any future market downturns. Preliminary estimates of investment earnings for 2004-05 suggest the final figure will be in the order of 18.5 per cent. This is likely to increase the 2004-05 budget surplus by some \$580 million. The final budget result will not be known until Treasury completes the 2004-05 report on state finances due out in October.

**CHAIR:** Can the Treasurer update the committee on what initiatives have been introduced to promote responsible gambling in the wider community?

**Mr MACKENROTH:** The Responsible Gambling Research Grants Program, initiated in 2002, strives to encourage creativity, new information and research into gambling related issues. To date, three grant rounds have been conducted and 12 research projects have been funded for a value of \$1.9 million. The purpose of the grants program is to enhance the quality and quantity of the gambling related research in Queensland and contribute to the development of gambling policy. QOGR also has a memorandum of understanding with QESR for research projects such as the Queensland Household Gambling Survey, the Queensland industry survey, the analysis of gambling help services data and the review of the Responsible Gambling Code of Practice. The cost of these research activities averages half a million dollars per annum.

In 2004-05 Queensland chaired the National Gambling Research Working Party, which assists in the implementation of the national research plan. The national research plan contains 16 projects over the period from April 2004 to June 2008 which are designed to address specific gaps in gambling research, enhance current understanding of causes and consequences of problem gambling and inform the formulation of effective policy. Queensland contributes \$150,000 per annum to the national research program.

The Queensland government has developed four responsible gambling education modules for introduction into Queensland primary and secondary schools. These modules have been written to align with syllabi for health and physical education, study of society and the environment and the arts. On 14 October 2004 I launched the Queensland Responsible Gambling Teaching Resource Kit, which provides a collection of education support materials that specifically target young people from ages nine to 17. The kit comprises a collection of resources such as lesson unit ideas based around a particular theme, stimulus materials, resource sheets, as well as audio-visual and multimedia products to engage students. The new School Stuff web site was launched in January 2005 and provides students with an interactive resource which supports classroom activities. Development of responsible gambling education modules that are aligned with the years 1-10 and senior mathematics syllabi commenced in January 2005 and will be released before the end of the school year.

On 17 April 2005 the responsible gambling community awareness campaign was launched. It is the first responsible gambling campaign implemented by any state government in Australia and gives Queensland one of the most comprehensive communication campaigns for gambling community awareness. The campaign will run until 30 June 2005. The total budget for the campaign in 2004-05 is \$1.3 million, which includes all production and media placement costs.

**CHAIR:** The Treasurer can have an extension of time.

**Mr MACKENROTH:** With the implementation of responsible gambling messages, as well as the 'where to get help' signs and takeaway cards targeted at problem gamblers which are already present in every Queensland gambling venue, Queensland now has messages which apply to all gamblers. The campaign materials appear in all licensed venues, newspapers, buses, taxis, bus shelters, on radio and in cinemas. There are also specialist messages developed for universities.

The campaign is designed to reaffirm and reinforce the responsible gambling behaviours that most gamblers already utilise. It is a true prevention campaign designed to stop people becoming problem gamblers with messages targeted at regular gamblers focusing on the mainstream population aged 18 to 34.

The responsible gambling community awareness campaign was developed as the result of a rigorous research process conducted over two years and in consultation with the Responsible Gambling Advisory Committee, whose members are drawn from the gambling industry, the community sector and other government departments.

Additional research for campaigns targeted at the Indigenous and non-English speaking background communities are scheduled to commence in 2005-06. The Queensland Responsible Gambling Code of Practice represents a voluntarily, whole-of-industry commitment to best practice in the provision of responsible gambling through consumer protection. The code of practice and accompanying Responsible Gambling Resource Manual assists gambling venues to adopt responsible gambling practices. The code of practice was launched in May 2002. The code of practice applies to all gambling sectors including hotels, clubs, casinos, TAB, Keno, racing, lotteries, charitable and non-profit, and bingo.

**Mr FRASER:** Could you detail why QSuper has restructured its underlying asset trust structure and outline QSuper's strategic vision?

**Mr MACKENROTH:** On 1 January 2005 QSuper introduced four new member investment options which provided an opportunity to review the existing range of investment trusts used by the Queensland Investment Corporation. The aim was to find the most cost-effective asset trust structure while retaining maximum investment policy flexibility. Following consultation it was determined that, with the exception of physical property, the assets of all QSuper accumulation account options would be invested in a single trust. The new structure delivers increased efficiencies as a result of maintaining economies of scale, greater investment policy flexibility, increased taxation and investment efficiencies and consistent returns across all investment options.

QSuper launched three new asset sector options on 1 January 2005: Australian shares, international shares and fixed interest. A socially responsible investment option was also launched. These options aim to complement the existing investment options and provide members with the opportunity to mix and match additional investment options to suit their investment profile. In addition, the broader range of investment options is more closely aligned with those provided by competitive funds in the superannuation industry. The expanded suite of options will assist in retaining those members who were not satisfied with the limited range of investment options previously offered by QSuper.

QSuper's strategic vision for the next three years is to contribute to the quality of each member's life through better knowledge, real service, low fees and solid returns. In doing so, QSuper recognises that, despite the current choice of fund exemption, QSuper must position itself to successfully compete in a full choice environment by enhancing QSuper's position as a respected industry leader, being a leader in the provision of superannuation and general financial education, continuing to help QSuper members have a quality lifestyle in retirement and providing more targeted information and communication to the various segments of the QSuper membership.

**Ms MALE:** In the short time that we have left, could you explain why the government is undertaking a marketing campaign for Census 2006?

**Mr MACKENROTH:** The national census is conducted by the Australian Bureau of Statistics every five years, with the next scheduled for 2006. The Queensland government has undertaken a state focused supplementary marketing campaign since 1996 to minimise the population undercount rate for Queensland. For fiscal, social, planning and electoral redistribution purposes, it is very important to ensure that the population of the state continues to be counted as accurately as possible.

A Queensland government marketing campaign for Census 2006 will complement the promotion being undertaken by the Australian government. In the 2005-06 budget the Government Statistician received additional funding of \$1.2 million. This will be allocated over four years to fund the campaign and data acquisition strategies. Of the \$670,000 expenditure plan for 2006-07, approximately \$420,000 will be for advertisements placed through the government's media provider, Zenithmedia. Expenditure of \$260,000 is included for 2006-07 and 2007-08 to purchase census data under whole-of-government licensing arrangements from the ABS or authorised ABS secondary providers.

**CHAIR:** The time for government questions has expired. We will now have non-government questions. I call the member for Callide.

**Mr MACKENROTH:** Before we move on, can I inform the member for Robina in answer to a question he asked earlier in relation to capital investment, CorpTech's capital investment is projected to be \$127 million up to 2007-08.

**Mr SEENEY:** Treasurer, I refer you to the question that was asked by one of the government members about the effect of the QIC returns on the budget surplus. Indeed, you referred to it earlier in your opening remarks. It reminded me of a discussion we had before this committee last year, and possibly the year before that, about the prudence of reporting the state's accounts separately from the QIC returns. I remember that you were much more amenable to that argument when the QIC returns were quite a bit less than they are at the moment.

Treasurer, would you not agree that it would be more appropriate to report the state's accounts separately from the QIC returns so that a more accurate picture of the budgeted surplus would be available?

**Mr MACKENROTH:** The actual underlying surplus is reported each year. It is over \$2 billion this year. There is a table in the budget strategy and outlook. Our underlying surplus—that is taking our investment earnings out—is \$2 billion and \$28 million. You would probably remember that during the leaner years, when I first became Treasurer of our investment returns, I used to make mention of the underlying surplus. However, if I recall correctly, you chose to ignore that on those occasions.

**Mr SEENEY:** No, no, no.

**Mr MACKENROTH:** You chose never to mention it and chose always to mention the deficits, which came about, of course, because of poor investment returns not as a result of the good, sound economic management of the Beattie government.

I do not believe that it really makes any difference to the operations of the state as to whether they are in our out of the books, providing that a true picture is shown. We are showing the true picture. I think that politically for any government—and the stock market goes up and down, as it always has; that is the way it works—in the future when investment returns are below the long-term rate and even if they were to reach negative again, it would be better for it to be out of the actual budget because it would enable everyone to more clearly understand the true picture. I think that it is easier for people to look at the worst picture and to paint that picture than to look at the true picture. In the long-term, it would do the government and governments in the future better to have those investments returns taken out of the budget. I am just as happy, though, to stand up and say that I have a \$2 billion surplus as a \$3 billion surplus. Having delivered the best budget that Queensland has ever had, I know that. It does not matter to me whether the investment returns are in or out.

**Mr SEENEY:** Fair enough. For the record, Mr Chairman, I indicate that the Treasurer would certainly have bipartisan support for any move to report the returns separately, irrespective of the good news.

**Mr MACKENROTH:** I thought that you were going to say for the record that you agree it was the best budget Queensland has ever had.

**Mr SEENEY:** Because of the investment returns, yes. Let us move on to look at some of the line items in the budget and why there is such a surplus of income. One line item that has not received the attention that I believe it deserves is the increase in payroll tax. There has been something like a \$260 million increase in payroll tax on a budget to budget basis, a 17.4 per cent increase in the state government's payroll tax collection. Payroll tax has long been considered a tax on jobs. Given the strong cash position of the government and the strong returns that will continue to flow from such things as the GST revenue, will the government consider lightening the burden on Queensland employers in relation to payroll tax?

**Mr MACKENROTH:** One of the very reasons that payroll tax has increased as it has is because our government has created so many jobs.

**Mr SEENEY:** There would be more jobs if there was less payroll tax.

**Mr MACKENROTH:** We have created, as I said earlier, 104,000 new jobs this year. Payroll tax is on payroll. Any company paying over \$850,000 a year pays payroll tax at, I might say, the lowest rate in Australia. Having said that, the rate at which we are creating jobs in Australia is the reason why the revenue received from payroll tax is increasing. As new jobs are created, that is what happens.

In terms of what will happen in the future, when every budget is developed, a government looks at all of its revenue measures and all of its expenditure. This year, it was really important for us to make some major changes to land tax, and we did that. Land tax rates have been changed and the thresholds have been changed. This year, we have taken 50,000 people out of the net this year. Twenty-one thousand people who paid land tax last year will not—

**Mr SEENEY:** But you still received more than you did last year.

**Mr MACKENROTH:** No, no.

**Mr SEENEY:** Yes, you did.

**Mr MACKENROTH:** No. 21,000 people who paid land tax last year will not pay it this year.

**Mr SEENEY:** We acknowledge that, but you still got more money.

**Mr MACKENROTH:** Twenty-nine thousand people who would have paid it this year if we had not made any changes will not have to pay it.

**Mr SEENEY:** We acknowledge that, but you still got more money.

**Mr MACKENROTH:** Interestingly, those 29,000 people did not even know that they may have had to pay it. Maybe I should have waited until the bills went out and then made the announcement. However, we saved 50,000 taxpayers from actually paying any land tax at all. We have made those changes.

We have also set out a number of other changes to Queensland taxes that we will abolish over the next six years, which will cost the state over \$3 billion. As we look at the make-up of each budget, that is what we will do. I have already announced in this year's budget that the government will once again review land tax rates when we are formulating next year's. Governments must always look at their total taxation before any decisions are made on its income and expenditure. However, the reason that our payroll tax has gone up is because our government has been so successful in creating jobs. Jobs, jobs, jobs.

**Mr SEENEY:** There would be more jobs if you had less payroll tax, Treasurer.

I refer you to another line item in the budget that has shown a marked increase, which is royalties. There has been something like a \$569 million increase in budgeted royalties from budget to budget. Quite a significant proportion of that, of course, would come from the increase in coal sales. It would seem to be an opportune time to be reinvesting some of that money in the infrastructure that makes the export of that coal possible. How much of the extra royalty revenue will you be investing in the infrastructure in Central Queensland predominantly to ensure that Queensland can take advantage of the coal market?

**Mr MACKENROTH:** The major project which is already underway is an expansion of the Gladstone facility. I think that is about \$160 million. That is actually underway now. We have undertaken a study into the missing link to Abbott Point.

**Mr SEENEY:** That is about \$3 million, is it?

**Mr MACKENROTH:** It is a study to see whether that—

**Mr SEENEY:** Yes, it is a study, but your contribution is \$3 million. You are not building the railway.

**Mr MACKENROTH:** But if it is found that that is feasible, we will build it and then we will need to expand Abbott Point. The government will do that.

**Mr SEENEY:** That is good.

**Mr MACKENROTH:** But it would not be prudent to do that without, in fact, first having a look at that. Coal rolling stock for additional investment this year is \$86 million—\$191 million for Abbott Point. \$50 million is expected to be spent by the Ports Corporation as part of its expansion there. We are looking at that. One thing we need to remember is that the increase in revenue from coal is because coal companies are making a lot more profit because the price has gone up and Queenslanders should get a return for that.

**CHAIR:** The time for non-government questions has ceased. It is now time for government members. I call the member for glasshouse.

**Ms MALE:** Treasurer, can you tell the committee what accountability framework is in place for government owned corporations?

**Mr MACKENROTH:** The Government Owned Corporations Act sets out a comprehensive accountability framework for government owned corporations to reflect their status as publicly owned commercial enterprises. This framework is supplemented by other generally applicable public sector legislation—for example, the Financial Administration and Audit Act 1977—and, in the case of company GOCs, the Corporations Act 2001.

Accountability measures in the GOC act include the appointment of independent boards of directors to oversee and monitor GOC management, GOC board accountability for performance against objectives specified in the statement of corporate intent, annual and quarterly reporting by GOCs, a statutory obligation to keep shareholding ministers informed, and audit by the Auditor-General.

GOC directors and officers are also subject to legal duties and obligations to ensure that they act in the best interests of the GOC and the shareholders. For company GOCs, the Corporations Act also contains a number of requirements regarding matters such as accounting, reporting and audit.

The Office of Government Owned Corporations has been established to support and advise shareholding ministers in administering the government's shareholding in GOCs. This includes support and advice in relation to corporate governance. The steps taken by the OGOC to monitor and develop GOC governance include the development, implementation and enforcement of relevant GOC policies and guidelines, a review of GOC corporate governance arrangements—and an extensive review of all GOCs was undertaken in 2004—the provision of advice and guidance to GOCs with respect to the expectations of shareholding ministers regarding GOC governance, and the prompt negotiation and agreement of statements of corporate intent as the key element of accountability of GOC boards for performance in each financial year. I might add that all statements of corporate intent were signed by shareholding ministers and returned before the beginning of the financial year.

They also include the monitoring of GOC performance against objectives specified in the statement of corporate intent, the monitoring of compliance with the GOC act and other relevant legislation, and the monitoring of general trends and developments in corporate governance which are relevant to GOCs.

The OGOC is presently developing corporate governance guidelines for government owned corporations which will clearly set out the shareholding ministers' expectations with respect to corporate governance in GOCs. The guidelines have been developed to take into account current developments in corporate governance, particularly the Australian Stock Exchange principles of good corporate governance and best practice recommendations.

**CHAIR:** Treasurer, how does the Howard Government's grant funding to Queensland local governments compare to that provided by the Beattie Government?

**Mr MACKENROTH:** In 2003-04, a total of \$774.6 million in grants was provided to Queensland's local government, with 54.2 per cent provided by the Beattie Government and the balance provided by the Howard Government. Current estimates indicate that the proportion of funding by the Beattie Government will increase to 58.8 per cent in 2004-05 and 60 per cent in 2005-06. In 2005-06, the Queensland government forecasts that it will provide \$586.2 million in grants to local government. This is an increase of \$78.8 million or 15.5 per cent on 2004-05 estimated actuals, and \$166.3 million or 39.6 per cent on 2003-04 actuals.

The increased expenditure is reflected in several programs across most agencies, including Aboriginal and Torres Strait Islander housing, capital works subsidy scheme, indigenous environmental health infrastructure program and the Ross River Dam repairs.

The Beattie government provides the highest amount of funding to local government of any state. In 2002-03, according to the latest available comparative data, the Queensland government provided \$305.9 million in state grants to local government. The New South Wales government provided the next highest amount of state grants to local government of \$237.9 million.

**CHAIR:** The time allocated for consideration of the estimates of Treasury has now expired. The committee will now examine the proposed expenditure for the Office of Urban Management, Sport and Recreation Queensland and the Queensland Academy of Sport. I invite the member for Beaudesert to begin non-government questioning.

**Mr LINGARD:** Minister, I refer to page 3-2 of the MPS and the reference to prioritising capital works projects to improve community sporting facilities across the state. Minister, what is the procedure for the selection of these grants and what influence does your office and you personally as the minister have on the final decision of these grants?

**Mr MACKENROTH:** The actual issue you have raised is the capital works program, but you are referring to our grants program; is that correct?

**Mr LINGARD:** The minor sports facilities grants.

**Mr MACKENROTH:** Yes, it is not the capital works program. Your question is in relation to the Minor Facilities Program, through which sporting bodies can apply for grants. A rigorous and transparent assessment process is undertaken for all Sport and Recreation Queensland funding programs. In terms of the Minor Facilities Program, all applications received are assessed, firstly, on the basis of eligibility, for example, of the applicant and the proposed project. Those applications identified as eligible are then assessed against the three criteria published in the program guidelines being (1) evidence of need, (2) consistency with program priorities, and (3) the ability of the applicant to deliver the proposed project within budget and within the program time frames. Advice is provided to potential applicants in the program guidelines and through Sport and Recreation Queensland regional staff on how each criterion can be addressed through the application process.

The assessment process is then undertaken in four stages (1) preliminary assessment by the Sport and Recreation Queensland regional staff, (2) moderation of the preliminary assessments by Sport and Recreation Queensland regional managers and the director of service delivery, (3) statewide review and moderation by the program manager in Sport and Recreation Queensland, and (4) finalisation of recommendations for endorsement by the executive director and forwarding to me for consideration. Under the current process, the assessment of applications is fully documented through each stage and a rationale regarding the risk level for each project is provided in the recommendations to me.

It should be noted that Sport and Recreation Queensland funding programs and assessment processes have been the subject of regular review over the last five years by the internal audit unit of the department and by external audit. There are no current probity issues associated with the administration of Sport and Recreation Queensland's grant programs.

**Mr LINGARD:** Minister, are you prepared to table copies of all departmental recommendations received by your office relating to sporting facilities grants for this year and for those over the last three years?

**Mr MACKENROTH:** Yes, they are available. I cannot table them today because they are not here. I am quite prepared to make them available. That is not a problem.

**Mr LINGARD:** Minister, I seek leave to table a copy of the department's recommendations for 2000. I ask the staff to give you a copy.

Leave granted.

**Mr LINGARD:** Minister, the recommendations show those projects which were assessed as 'ready to proceed' by the department. The document shows that more than 20 projects in non-Labor seats labelled 'ready to proceed' were removed from the list. Why was that?

**Mr MACKENROTH:** This document which you provided is actually a draft. It is not a final document. It is a document that was never provided to me and I have made that public. Mark Peters, who was the general manager of Sport and Recreation Queensland at that time, actually looked at the process which was in place, and there is a file note in the department in relation to that. It states that the criteria were to be reviewed in relation to the program and the projects, which was done, and the system was changed following this. As I understand it, the projects assessed as 'ready to proceed' at that stage were decided by individual regions and not endorsed by the department itself. In some instances there were projects which were assessed as 'ready to proceed' which did not. The more rigorous process which was put in place, as I said in my last answer to you, was done with the full knowledge of the internal auditor.

The proposition I find very objectionable is that I would interfere in the process to favour Labor electorates. After that claim was made, I had an assessment done of where the actual projects lay. In fact, the Labor Party at that stage had 51 per cent of the seats in Queensland. Those seats received 39 per cent of the funding. So if I was interfering I was interfering in a very funny way that would suggest that I, in fact, was favouring opposition members at that time. The only embarrassment was that my colleagues found out that I do not, in fact, favour them. What I do is ensure that projects that are able to proceed are funded. I have a very simplistic view about providing funds not only through sport but also through any program that I do. That is, they should be allocated equitably throughout the whole of the state.

**Mr LINGARD:** Minister, the document says that those projects were assessed by the department as 'ready to proceed' and all of the comments show that they were ready to proceed. The copy then also shows more than 20 projects in Labor seats labelled at the back of the documents as assessed 'not



ready to proceed' or 'ineligible' or 'lack of funds' and 15 of those, I believe, were then brought forward and put on the funding program. Why is that?

**Mr MACKENROTH:** This is a draft document. It is not a document that I saw or had anything to do with. The document that I have, which I have signed and which the department has provided to me, did not have those there. In fact I have checked and found that a number of those projects which were raised in opposition seats have subsequently been funded.

**Mr LINGARD:** Minister, I ask you to look at the fifth and sixth last page where considerable notations are made on those pages. Do you recognise that handwriting?

**Mr MACKENROTH:** No. I can tell you that now because I have already seen this document. I do not recognise the handwriting, no.

**Mr LINGARD:** Is it your handwriting?

**Mr MACKENROTH:** No.

**Mr LINGARD:** Most definitely not?

**Mr MACKENROTH:** Most definitely not.

**Mr LINGARD:** So quite obviously someone has looked at the recommendations of the department, someone has removed 21 of the recommendations which were not in ALP electorates, someone has selected 15 projects which were not recommended and you, as minister, signed the final list just before the 2001 election. Is that true?

**Mr MACKENROTH:** Not 'just before'. These were approved eight months before. I do not think that is 'just before'. As I have already said to you, if I were trying in some way to manipulate the system prior to an election, it would be a funny way of doing it—giving the government seats only 39 per cent of the funding. The actual proposition is absurd.

**Mr LINGARD:** Do you think all grants should be allocated on the percentage of seats in the parliament?

**Mr MACKENROTH:** No.

**Mr LINGARD:** That is what you are trying to say.

**Mr MACKENROTH:** No, no. I do not believe that that is how it is done, but what we have to do is ensure that grants are allocated right throughout the state, and that is what happens. Just recently I went out to western Queensland to open a new facility which was funded. I have gone out to a number of places in western Queensland and opened facilities that the government has funded with councils and with sporting groups. We fund organisations right throughout the state, and my simple view is that we should provide funds to people irrespective of how they vote or where they live.

**Mr LINGARD:** What is the use of the department doing assessments like it has done at the start of that document—very detailed assessments—if it is that when it goes past the department someone removes that many suggestions?

**Mr MACKENROTH:** I think that I have already stated to you that the assessments were done at this stage on a regional basis by the regional officers, and that has been changed because it was not found to be acceptable to the department.

**Mr LINGARD:** With reference to the interference in the allocation of those sporting grants—

**Mr MACKENROTH:** No, I take exception to that. There was no interference from me nor from the government in the allocation of those grants. I have stated that clearly and I will not accept your saying that there was interference.

**Mr LINGARD:** Well, someone has changed the documents. Clearly, someone has changed the documents, and those documents which I have tabled show that they have been changed.

**CHAIR:** Order! The member for Beaudesert will ask a question. He will not make a statement.

**Mr MACKENROTH:** There is a draft document that you tabled, not the final document. You have drafts. Drafts by their very nature are that. Things are not always finalised. The department finalised the document which came to me for approval, and I approved it without alteration as I did this year and last year and the year before.

**Mr LINGARD:** If you look at the seventh last page, why would Easts Rugby League get \$172,000 to provide a grandstand which it already had?

**Mr MACKENROTH:** It did not already have a grandstand.

**Mr LINGARD:** It was leasing the grandstand and then you gave the club money to purchase the grandstand.

**Mr MACKENROTH:** I am unaware of the details of the individual application, I have to say.

**Mr LINGARD:** Well, how could you sign a document which allowed such a project to go ahead especially for—

**Mr MACKENROTH:** No, because the recommendation that comes to me is that the project is within the guidelines and that the project is able to be funded. The recommendation is for me to approve it for funding, and that is what I approved.

**Mr LINGARD:** Can you advise whether the matter of the 2000 state grants is now subject to an internal review by your department?

**Mr MACKENROTH:** Whether this is subject to what? I do not believe so. No, not at all. Why would it be?

**Mr LINGARD:** Well, it has obviously appeared in the media. Have you taken any action after it appeared in the media?

**Mr MACKENROTH:** The only action that I have taken is to get the actual documents that were provided to me. I have looked at those and I have assured myself that the recommendations which I have signed were proper. There is no need for an internal investigation because somebody has leaked a draft document to the media five years or four years after the event.

**Mr LINGARD:** I refer to page 91 of the capital works paper and note that there is an allocation of \$4.1 million ongoing allocated in the 2005-06 budget to Lang Park or Suncorp Stadium. Can you explain to the committee what this payment is for and just how long it will be continuing?

**Mr MACKENROTH:** It is not ongoing; it is a grant for this year, and it is money which has been allocated to the western grandstand. As you would be aware, Suncorp Stadium is a stadium that was built around the western grandstand. The western grandstand was built, I think, in 1994. That has gone into some improvements into that grandstand. So it is a capital grant that we have made to the Major Sports Facilities Authority for that work. It is not an ongoing nature.

**Mr LINGARD:** I go back to that previous document which I gave you. Why do you believe someone has written the electorates on the side of those grants which were not approved?

**Mr MACKENROTH:** I would not have a clue.

**Mr LINGARD:** Are you concerned as the minister?

**Mr MACKENROTH:** Look, it is a draft document. I do not know why someone has written that. I do not know why somebody five years after the event has decided to give it to the *Australian* newspaper, which gave it to you. Quite frankly, no, I am not concerned about it five years after the event because I know that what I did five years ago, four years ago, three years ago, two years ago and this year is proper and done properly. I have done nothing wrong and I have ensured that funding has gone to the whole of Queensland.

**Mr LINGARD:** And you will still guarantee to give the documents similar to those for the last three years, which you agreed to do before?

**Mr MACKENROTH:** Yes. If I said I would do it, Kevin, you know I will do it.

**Mr LINGARD:** Why have the \$12 million set aside for the walkway between the city and Suncorp Stadium not been released?

**Mr MACKENROTH:** Because we still have not got finalisation on the City West section through the barracks building. That is almost complete. I and the Lord Mayor released the City West Task Force report I think in December. We then released a document for discussion in relation to the barracks precinct, which is integral to that being done. I have had talks with the City West Task Force. It has come back to me. I have had discussions with the Lord Mayor and with the leader of the majority party in the council, David Hinchliffe. I have held discussions with the developer. I believe that we almost have a resolution to that. When everybody agrees to it, we will be able to move forward. I would think the sooner the better, but it takes time.

**Mr LINGARD:** Minister, how is the funding for the Gabba and also for the Gold Coast complexes going to be provided?

**Mr MACKENROTH:** There are two components to the Gabba. One is the expansion or stage 6, which in round terms is \$40 million. That is being funded through the major facilities levy and that will be a loan through the Queensland Treasury Corporation by the Major Sports Facilities Authority. We will fund the repayments on that.

The other works which are being undertaken—and there is about \$10 million worth of works being undertaken—at the Gabba involves things like the covered walkway for the cricketers and some improvements to the cricketers' area. We have done some improvements to some of the older parts of the stand. We have improved the sound system in the whole of the complex. That \$10 million is money that comes from poker machines but there is an investment fund. That \$10 million is actually identified in an answer to a question which I gave to you on notice.

The Gold Coast stadium will be built with a loan through the Queensland Treasury Corporation predominantly, and that will be funded through the major facilities levy. Our expectations are that there will be sufficient funds coming through that levy as that stadium is built to enable us to fund that and for that to happen. So that is the way that it will be built and it will be funded. At this stage we do not have a cost estimate because the council has not as yet identified the block of land that it is going to be built on. So we cannot actually design the building. But that is our intention of how it will be done.

**CHAIR:** The time for non-government questions has expired. It is now time for government questions, and I will ask the first question. Can the minister advise the committee of the process of consultation that was undertaken for the draft regional plan?

**Mr MACKENROTH:** Thousands of residents and interest groups helped shape the final make-up of the South East Queensland Regional Plan, which I launched with the Premier last week. I also released an associated document, the *Consultation report on the draft South East Queensland Regional Plan*. This report detailed the extensive consultation process undertaken by the Queensland government, outlined the issues raised across the region and clearly illustrated the volume of submissions received by locality.

The consultation report was prepared by the Office of Urban Management to enable the government to consider the public submissions and finalise the plan. The Office of Urban Management received and processed 8,460 formal submissions from throughout south-east Queensland. This was one of the biggest consultations ever undertaken by the Beattie government and every single submission was read and considered.

The most pleasing aspect of the process was that the overwhelming majority of those submissions were made by residents or private individuals. Many of the submissions offered intelligent and constructive insights into how the plan could be improved and implemented. A further breakdown of the submissions showed that 159 were from community groups, 55 were from professional organisations such as the Urban Development Institute of Australia and Environmental Defenders Office, and a further 726 were from businesses.

Quite clearly, the overwhelming majority of submissions supported the plan and its objectives. However, the public was also free to express any issues or criticisms, and these had been detailed and addressed in the report. Submissions expressed differing views covering a broad range of areas from population projections and demographic change to subdivisions, rural communities and sustainability. There were suggestions that the community should have a say in determining south-east Queensland's population level; that the state should lobby the federal government to reduce immigration; that Toowoomba should be excluded from the official south-east Queensland boundaries and that towns such as Crows Nest, Cambooya and even Warrick should be included; that a population cap should be established on the Sunshine Coast; and that interurban breaks are integral to delivering the vision of the plan and addressing public concerns about wall-to-wall houses and the '200 kilometre' city.

A number of public suggestions were incorporated in the final plan where applicable and reasonable. What this process indicates is that we are an open government that listens and happily takes on board advice from members of the community and interest groups, and where appropriate we act on that advice. Changes made to the final plan as a result of consultation included the regional vision for south-east Queensland being modified and strengthened to have more of a focus on sustainability, open space and subtropical character.

**CHAIR:** I grant an extension of time.

**Mr MACKENROTH:** The changes also include: more explicit language was included in supporting principles of sustainable development and regional sustainability has been covered under a separate section; a concise definition of rural residential development was included as it applied to the rural living area and the urban footprint; integration of koala protection mechanisms within the regional plan through the adoption of interim guidelines will ensure the protection of koalas in koala habitat in identified areas and provide appropriate certainty to existing development approvals; adoption of a total water cycle management approach for the region's water resources and provide long-term strategies for delivering regional water infrastructure; an allowance given to consider development applications that were affected by the draft plan and were at an advanced stage of readiness to lodge with the local government when the draft plan was released in October last year; and develop an SEQ rural futures strategy that will enhance the future of rural communities and the protection of rural industries.

**Ms NOLAN:** Treasurer, can you tell the committee how the state government, through the Office of Urban Management, will work with the 18 local governments in south-east Queensland in implementing the South East Queensland Regional Plan?

**Mr MACKENROTH:** The South East Queensland Regional Plan is a statutory regional plan under the Integrated Planning Act 1997. One of the main ways in which the South East Queensland Regional Plan will be implemented will be the amendment of local government planning schemes to align with the policies in the plan. Section 2.5A.22 of the Integrated Planning Act requires local governments to prepare proposals to amend their planning schemes to reflect the South East Queensland Regional Plan to remove differences with the regional plan.

Under the Integrated Planning Act, if this has not occurred within 90 business days the minister may amend the planning scheme. The Office of Urban Management is assisting local governments in this progress through the provision of implementation guidelines. These guidelines will assist councils to review their planning scheme and identify areas of major differences with the regional plan, outline the key aspects that will need to be amended within the planning scheme such as 100 hectare minimum subdivision in the regional landscape and rural protection area and within 90 business days the councils will need to provide a schedule and timetable detailing how the council will amend their planning scheme to ensure that it is consistent with the South East Queensland Regional Plan.

This approach is consistent with the principles enshrined within the legislation. There were amendments to the Integrated Planning Act, introducing a new part 5A, regional planning in the south-east Queensland region, that came into effect on 17 September 2004. Seven IPA compliant planning schemes have been approved in south-east Queensland. Some 11 councils in south-east Queensland are still preparing their planning schemes and are at various stages in the process.

Different approaches to implementing the South East Queensland Regional Plan will be required for councils with approved IPA schemes and for those whose schemes are still in preparation. Councils with approved schemes have 90 business days to prepare amendments. For other councils the time frame does not apply. Meetings will be held with councils to discuss the implementation guidelines and to provide advice on what is required in order to meet the requirements and time frames. If councils fail to adopt suitable amendment proposals within 90 business days action will be taken to amend the planning scheme.

Local governments are also required to prepare local government management strategies that will assist local governments in implementing the regional plan at the local level, particularly in terms of identifying and managing growth and change in transit communities, greenfield sites, regional activity centres and redevelopment sites that are ready for change. Importantly, the local growth management strategy will assist councils in planning and implementing appropriate and effective policies for local communities.

**Ms MALE:** Could you please inform the committee as to how the South East Queensland Infrastructure Plan and Program will benefit the region and how the government will ensure that it delivers on all of these plans over the next 20 years?

**Mr MACKENROTH:** The South East Queensland Infrastructure Plan and Program was released on 27 April this year. The plan outlines the infrastructure to support the SEQ Regional Plan. The South East Queensland Infrastructure Plan and Program provides a coordinated state government approach to infrastructure planning and delivery in the region. It provides certainty to local government, the private sector and other stakeholders in the community about the nature and timing of infrastructure investment in the region, assisting them to make their own investment and other decisions.

The South East Queensland Infrastructure Plan and Program is a \$55 billion package. This includes \$32.3 billion in the infrastructure plan, a further \$10 billion in projects mentioned as investigations in the plan, plus state government investment in energy, extrapolated over the period to about \$13 billion. Of the \$32.3 billion mentioned on page 7 of the infrastructure plan, the state government will directly fund approximately \$26 billion. The Australian government will be expected to fund around \$3.8 billion of the transport projects, with the Brisbane City Council and the private sector funding the majority of the TransApex initiatives—approximately \$2.5 billion.

The overall \$55 billion package includes: a \$35 billion roads and transport package; \$1.5 billion in health infrastructure, including two new hospitals; 63 new primary and secondary schools at a cost of \$1.8 billion; water projects totalling \$2.3 billion, including a new dam at Wyaralong; and \$13 billion to be spent on energy networks. The South East Queensland Infrastructure Plan and Program represents the government's commitment to a significant increase in infrastructure investment over 10 years. This investment represents an increase of \$2 billion in state infrastructure investment over the next four years. The first in an annual series, the South East Queensland Infrastructure Plan and Program will be updated each year in conjunction with the state budget.

A working group of senior officers from key agencies, the Regional Infrastructure and Services Coordination Group, is responsible for overseeing the implementation of the South East Queensland Infrastructure Plan and Program. The Regional Infrastructure and Services Coordination Group is chaired by the Office of Urban Management and includes representatives from the departments of Main Roads, Education, Local Government, Planning, Sport and Recreation, Natural Resources and Mines, the Premier and Cabinet, Queensland Health, Queensland Transport, Queensland Treasury and State Development and Innovation.

The South East Queensland Infrastructure Plan and Program will be reviewed in the second half of each calendar year in line with the annual review of the South East Queensland Regional Plan. The Office of Urban Management will work with state government agencies on an ongoing basis to identify new projects, including the results of investigations for inclusion in the 2006 South East Queensland Infrastructure Plan and Program.

**Mr FRASER:** Treasurer, can you inform the committee as to how the regional plan aims to meet the challenges posed by continued strong population growth expected over the next 20 years in south-east Queensland?

**Mr MACKENROTH:** South-east Queensland is the fastest growing metropolitan region in Australia. Around 1,000 people move here every week. By 2026 we will have almost four million people living here. Although this new growth brings opportunities it also brings its own challenges. It means the region will need around 575,000 new dwellings and around 425,000 new jobs.

In February 2004 the Queensland government made an election commitment to comprehensively look at how to best manage these challenges. Launched as a draft on 27 October 2004, the South East Queensland Regional Plan underwent four months of intensive community consultation. The draft plan created enormous community interest with more than 16½ thousand copies distributed during the consultation period. Around 100,000 web site visits were recorded during this time and more than 3,000 people attended community forums.

Feedback on the draft plan was overwhelming, with 8,460 submissions received through the Office of Urban Management. The majority of submissions supported the plan, recognising the need to undertake this kind of preparation for the long-term future of south-east Queensland. Finalised and released on 30 June 2005, the resulting regional plan proposes strategies to substantially manage growth in our region for the next 20 years. It outlines a new approach based on managing rather than responding to growth. Under the SEQ Regional Plan more than 80 per cent of south-east Queensland will be protected from urban development, ensuring the region remains one of the most livable, urbanised areas in the world while catering for strong population growth and future prosperity.

The protected areas include regional landscapes such as open space, conservation areas, water catchments, scenic amenity and agricultural land. It also protects areas for koala conservation. To enable these areas to be protected, the plan designates an urban footprint where future urban development can occur. It also maps out a series of investigation area sites which will be examined for the potential to accommodate longer term development. Supporting this, the regional plan also includes an overall strategy to achieve more efficient use of existing urban land, infrastructure and services around a more compact urban form and increased densities around regional activity centres, public transport routes and greenfield development.

A greater share of the growth will be situated in the western corridor—the area around greater Ipswich, extending generally from Wacol through Ipswich city to Amberley and including Ebenezer, Swanbank, Ripley Valley and Springfield. This area has relatively few environmental constraints, good employment prospects and will be provided with quality infrastructure to help lead development.

**CHAIR:** In relation to the Tennyson riverside development project referred to in the third last dot point on page 3-4 of the MPS, what did the competitive bid process involve and what are the benefits from this development for the sport of tennis and the broader community?

**Mr MACKENROTH:** Last week I announced the appointment of Mirvac Queensland as the preferred developer for the Tennyson riverside development following a two-stage competitive bid process. Both stages of the competitive bid process were overseen by an independent probity auditor. In stage 1 the government sought expressions of interest proposals for the development and financing of the Tennyson riverside development and operation of the associated development.

Three proponents—Devine, Mirvac and Stockland—were shortlisted for inclusion in stage 2 and submitted detailed development proposals on 23 August 2004. Significant work has occurred following the lodgment of the detailed proposals to select the preferred developer. Extensive consultation has occurred with key stakeholders including Tennis Queensland, Tennis Australia, the Brisbane City Council, Queensland Rail and TransLink to ensure the facility will operate effectively in community event mode.

The State Tennis Centre will be the first purpose-built state tennis facility in Australia with all three grand slam surfaces—that is, grass, clay and acrylic hard courts. The centre court stadium will have 5,500 permanent seats and capacity to cater for 1,500 temporary seats—a total seating capacity of 7,000 seats, making it large enough to attract and host state, national and international tennis events such as the Davis Cup and Federation Cup ties. The State Tennis Centre will have 23 courts—17 hard court, four clay and two grass.

Queensland has a distinguished tennis history and has produced some of the world's best tennis players. However, tennis in Queensland has been adversely affected by the absence of a principal development venue since the closure of the long-time home of Queensland tennis, Frew Park at Milton, in 1999. The State Tennis Centre will become the new home for Tennis Queensland.

Tennis in Queensland has experienced significant increases in participation tempered by a reduction in the number and quality of tennis facilities. Tennis Queensland estimates that 300 tennis courts used for fixtures, tournaments and social purposes have been lost in Queensland over the past 20 years. The State Tennis Centre will assist in addressing the decline in the availability of tennis courts in Queensland. A state tennis centre is also important for the development of the state's future tennis champions and will provide an important impetus for the further development of tennis statewide.

Tennis Queensland will use the facility for coaching and training elite players and squads and will become the home of the Queensland Academy of Sport's tennis program. Further, the State Tennis Centre will provide an important addition to the state's inventory of sport and recreation facilities, which will provide further opportunities for the community to participate in sport and active recreation.

**Ms NOLAN:** Treasurer, what action has been taken to streamline and standardise the operation of SRQ's funding programs as referred to in the last dot point on page 3-3 of the MPS? How much funding has been allocated under these programs for 2005-06?

**Mr MACKENROTH:** Sport and Recreation Queensland administers a number of funding programs that are focused on providing better opportunities for Queenslanders to participate in sport and active recreation and encourage them to do it on a lifelong basis. In 2004-05 a review was undertaken across six of SRQ's funding programs to determine the extent to which they are achieving their objectives in supporting government priorities. The review included consultation with both internal and external stakeholders.

Following the review, Sport and Recreation Queensland has implemented a range of recommendations categorised as follows. With regard to evaluation of the program objectives, all six funding programs have been rewritten with consistent and common objectives which link to Sport and Recreation Queensland and the Queensland government's key priorities. With regard to funding periods, three-year funding is now available under certain categories of the Indigenous Community Development Program and the State Development Program.

With regard to program linkages, the funding programs have been streamlined and better alignment has been achieved between programs. With regard to cyclical review, the funding program has been developed as part of a three-year strategic cycle commencing in 2005-06. This will allow an evaluation of the programs to be undertaken in 2006-07 with the results of the evaluation to inform the next phase of development for 2007-08. The total budget for the program—which is the Minor Facilities Program, the Club Development Program, the Local Government Development Program, the Indigenous Community Development Program, the Major Facilities Program and the State Development Program—is \$53,718,208.

**CHAIR:** Thank you, Treasurer. We should ask you how much you think we will win by tomorrow night.

**Mr MACKENROTH:** One will be enough, but we will win.

**CHAIR:** You will be happy to know the Premier answered the same way.

**Mr MACKENROTH:** Did he? I would expect him to say nothing else.

**CHAIR:** The time allotted for the consideration of the expenditure estimates for the portfolio of the Deputy Premier, Treasurer and Minister for Sport has now expired. I thank the Deputy Premier and his departmental officers for their attendance. The committee will adjourn for a short, some say well-earned, break and the hearing will resume at 4.45 pm to commence the examination of the portfolio for the Minister for Public Works, Housing and Racing.

**Proceedings suspended from 4.31 pm to 4.43 pm**

**ESTIMATES COMMITTEE A—PUBLIC WORKS, HOUSING AND RACING****In Attendance**

Hon. RE Schwarten, Minister for Public Works, Housing and Racing

Ms E Reed, Policy Adviser

**Department of Public Works**

Mr M Grierson, Director-General

Mr M Smith, Deputy Director-General, Works

Mr T Waters, Deputy Director-General, Services

Mr K Farr, General-Manager, Q-Build

Mr B Grady, General-Manager, Q-Fleet

Mr T Woodward, Director, Finance

Mr T Hall, Assistant Director, Budget, Finance (Acting)

Mr D Allan, Director, Building Policy Unit

**Department of Housing**

Ms N MacDonald, Director-General

Mr I Fulton, General-Manager, Finance

Mr D Short, Manager, Budget and Financial Reporting

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**CHAIR:** The next ministerial portfolio to be examined is the Minister for Public Works, Housing and Racing. We will commence with the expenditure estimates for the Department of Public Works, including the Racing Division. I welcome the minister and his advisers. The time limit for questions is one minute and answers are to be no longer than three minutes. A 15-second warning will be given prior to the expiration of these time limits. An extension of time may be given with the consent of the questioner. The standing orders require that at least half of the time is allotted to non-government members. For the benefit of Hansard, I ask agency officers to identify themselves if the minister asks them to answer a question. I declare the proposed expenditure for the portfolio of the Minister for Public Works, Housing and Racing to be open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, would you like to make an introductory statement?

**Mr SCHWARTEN:** Yes, thank you, Mr Chairman.

**CHAIR:** Over to you, Minister.

**Mr SCHWARTEN:** The year 2004-05 has been a big year for the Department of Public Works. On the major project front, the Millennium Arts project continues to be a complex and challenging task, while huge projects like Boggo Road, North Bank, Westgate and Queensland Place are gaining momentum. The traditional business units had mixed results. Goprint, CITEC and SDS continue to struggle in their respective highly competitive markets, while Q-Fleet felt the impact of the downturn in the market for second-hand six cylinder vehicles. However, the building business units of Project Services and Q-Build fared reasonably well, even though they were forced to operate within a building industry which continues to be overheated. The Department of Public Works's building price index, which tracks the cost of Queensland government building projects, has increased by 74 per cent since 1998. This is compared to the CPI, which has increased by 21.9 per cent during the same period. The BPI is forecast to increase by a further 14 per cent by the June quarter of 2007. So you can see that there are enormous challenges ahead for the building industry in that regard.

Racing continues to be a challenge, although I would like to think that the worst of it is behind us. The inquiry hopefully puts to bed the rumours and hearsay and gossip that plagued the industry. On the local scene, I believe the metropolitan clubs are working together with unprecedented cooperation and goodwill. While whole-of-government ICT has been a bit of a learning experience for me personally, my dealings with the local ICT industry players give me confidence that we are heading in the right direction in this area. From the government's point of view, the department has had positive audit comment, particularly regarding the improvements in Q-Build procurement procedures throughout the state.

If we look forward to 2005-06, the department has been entrusted with a record Capital Works Program to implement, and one look at the South East Queensland Infrastructure Plan released recently by government will tell you that it is only going to get bigger. To be able to deliver these

programs, the department has embarked on a major initiative to address staff recruitment, development and retention. Like everyone else, we are starting to feel the loss of the baby boomer generation. Let me finish on my favourite topic—apprentices. I am pleased to report that again in 2004-05 the department mentored or trained a further 95 apprentices in all parts of the state, and I can promise you that we will be doing the same next year and every other year after that that I am the minister for public works. Thank you very much and I look forward to your in-depth questioning.

**CHAIR:** Thanks, Minister. I call the member for Darling Downs to commence questions from non-government members.

**Mr HOPPER:** Thank you. Good afternoon, Minister. Minister, I refer to the MPS at page 1-63 referring to the work force. I note that Q-Build provided employment and training for 350 trade apprentices as at 30 April 2005. At what stages of training are these apprentices—for example, first, second and third year?

**Mr SCHWARTEN:** That is a good question. I do not have that break-up in my head, but Keith Farr will have it. We are taking in 100 a year—on average, 100 a year. Where is Keith? He is not here, so we will take that on notice. Given that we take 100 a year and given that they complete their time with us—98 per cent success—you could realistically assume that in each of those there are around about 80 to 90 apprentices each year.

**Mr HOPPER:** So you are putting 100 new ones every year or around that?

**Mr SCHWARTEN:** Yes, around about that.

**Mr HOPPER:** That is good. How many of these apprentices will Q-Build offer full-time employment to after they have finished their training?

**Mr SCHWARTEN:** That is a very good question. What we traditionally have done is put those kids out into the market. I have to say that if Q-Build was not training apprentices in Queensland we would be in a pretty dire situation in this state in terms of tradespeople, because one of the biggest challenges for the building industry, as you know, is the absence of training that is occurring out there in the private sector. The whole industry is reaping what they sowed in that regard.

In terms of what we are going to do in the future, my view is that we need to keep the smartest ones we can. We need to mentor those people into white-collar jobs, for want of a better description, especially in project management. I dare say that they are not white-collar jobs. I think that we should be mentoring those people into other areas, and I have spoken to Project Services about this. What used to happen long ago when they were under one portfolio is that there used to be a better exchange between the blue collar into the Project Services area. By putting them out the gate when they finish their time, we have ended up losing to industry some of our best and brightest. We do, however, keep a lot of them on board, and we are going to continue to do that, because you have to keep tradespeople.

One of the things that we are suffering from, of course, is that we are losing tradespeople to private industry. That is what happens when you get a building boom on in the mines, and we are not the only ones. For example, I was talking to an electrician in Rocky the other day. He is losing electricians he has been training to the mines. He is not very bloody pleased about it, I can tell you. So, in a long way around, that is the answer to your question, Ray.

**Mr HOPPER:** Minister, with that description that you just gave, do you have any plans to increase the intake of apprentices with Q-Build, because we are certainly training a few apprentices there?

**Mr SCHWARTEN:** Yes. We are the biggest trainer of apprentices anywhere that I have been able to find in the world—not just in Australia but anywhere in the world. That comes with its challenges, because what it means is that—and we get criticised for this from time to time—we have to quarantine work off for those people to keep them occupied. We have variously put them into private enterprise. In a couple of the prisons that we have built we were able to use our Q-Build apprentices to get that depth of work. They do a lot of work for Housing now so that they get experience. I was at a house in Cairns last week where our apprentices were working on a double storey house, which, in terms of carpentry skills, are skills that are not readily available out there at the moment and not experience that our fellows in Q-Build get.

I have to say—with all due respect to the women—that even with our best efforts to get women into the trades, and we have really tried over the years, we have not been too successful, although we do have a number of women. The ratio that you have to have with tradespeople on the job also means that it is a very expensive procedure to do. It costs a lot of money to train apprentices. That is why we have to get the amount of work we have to get and the tradesman-to-apprentice ratio so that they are effectively trained, but I am confident that we do it well. But we do get criticised from time to time from people because we are said to charge too much when in fact if industry had to charge for training apprentices they would be charging what we charge as well. I am, however, confident that we get value for money. We regularly go into the market. The fact of the matter is that the day they can train those apprentices we will not need a Q-Build.



**Mr HOPPER:** Minister, I refer to your response to question No. 1 on notice. There were 31 audits conducted within the Department of Public Works. Some 12 of these audits were CMC reviews. That represents over a third of the audits conducted. Does that mean that over a third of the gross revenue is at risk?

**Mr SCHWARTEN:** No. Nice try for buggerising around with statistics. I will flick it to Mal.

**Mr Grierson:** Most of the audits that are referred to in that question, Mr Hopper, are our regular standard annual audit. Every year we conduct audits—financial compliance audits—of our key business units to make sure that everything is as it should be. Occasionally we have special audits where there is some issue that I particularly want investigated or where there has been something referred to us by a member of the public or maybe raised in the House. The CMC audits are usually audits that are referred back to us that the CMC cannot undertake themselves.

**Mr HOPPER:** When will the results of these audits of the CMC findings be available?

**Mr SCHWARTEN:** I thought you would ask that question, so we asked the CMC. As late as yesterday they were unable to tell us. So we are entirely in their hands. As you know, they are an authority aloof from government. There is nothing that we can do. I get quite frustrated about the time it takes for them to do these things, but I am sure they do, too. The bottom line is that we cannot do much about it.

**Mr HOPPER:** Would you be willing to table the results when you get them?

**Mr SCHWARTEN:** Absolutely.

**Mr HOPPER:** Thank you, Minister. I refer to page 1-63 of the MPS in relation to the Workplace English Language Literacy program. How much funding was allocated to this program? How many apprentices and employees participated in the program? How was the program evaluated to assess the program's effectiveness?

**Mr SCHWARTEN:** Keith Farr is the trump man there. He will answer that for you.

**Mr Farr:** Some 12 of our Q-Build trading centres participate in the Workplace English Language Literacy program. We did receive a grant of \$150,000 from the federal Department of Education, Science and Technology and Q-Build is committing \$150,000 on a dollar-for-dollar basis. Specialist workplace communication teachers from the various TAFE institutes were based in each of the 12 workplaces for one or two days a week over a 12-month period. With regard to staff numbers, two programs have been approved to commence in July 2005 in the Brisbane metropolitan region in the cleaning and horticultural areas one day per week for an investment of \$74,000. I do not have on hand the actual numbers of staff that have been through the program.

**Mr SCHWARTEN:** We will get them. That is not a problem.

**Mr HOPPER:** Are we still having problems with literacy since these programs have been implemented?

**Mr SCHWARTEN:** I think we are always going to have problems with that, especially when you have people from a non-English-speaking background. Given the multicultural society in which we live, that is always going to be a challenge for us. By and large, it is not a huge problem.

**Mr HOPPER:** Thank you. Minister, the MPS at page 1-70 refers to Project Services. During the last financial year, what is the total number of projects administered by Project Services? What were the projects? Were all of the projects on time and on budget? What were the amounts of underspends or overspends and why?

**Mr SCHWARTEN:** I think that is a question on notice.

**Mr Grierson:** No, it is not even on notice.

**Mr SCHWARTEN:** No, I am saying that it should be on notice. There are over 2,000 projects.

**Mr Smith:** I can give you some statistics, Mr Hopper. There would be in the order of about 2,000 projects on the books within Project Services at the present time. The annual turnover in that is in the order of about \$600 million, so it is quite a large portfolio within itself. To answer the question in terms of the number of projects that are either on time, over time and over budget would be extremely difficult to answer for a number of reasons. One is that budgets, as you know, run over a number of financial years so you would then have to track from one year to the other. We can do that, but it is quite a complex task to do that. I would have to say, if you do not mind me saying, Minister, that there are no standouts that I can just say straightaway, 'Look, here's one that's completely out of whack.' We have not got any of those.

**Mr Grierson:** Can I just make a comment, Mr Hopper. When we define a project for Projects Services, that could be anything from designing a tiny sports centre or a patio for a housing commission home to a \$280 million Millennium Arts project which has in itself maybe 50 subprojects.

**Mr SCHWARTEN:** If there is a particular one that you are interested in and you have in mind, we are happy to provide the detail. But, in all fairness, you cannot trawl through 2,500 projects and

\$500 million worth of work. We would be here until the good Lord returns. If you have a particular concern in a particular area, we are more than happy to look into it further. I can tell you that for big projects like the Magistrates Court, we brought that one in on time and on budget as best we could in a very difficult set of circumstances.

**Mr HOPPER:** Thank you very much. Minister, I do not really appreciate your parliamentary secretary laughing at my questions either. This is a very serious matter.

**CHAIR:** Order!

**Mr HOPPER:** Minister, the MPS at page 1-70 refers to Project Services.

**Mr SCHWARTEN:** He is his own person, by the way.

**Mr HOPPER:** I note in the overview that Project Services provides a full set of consultancy services including risk management. How does Project Services charge its clients who are other government departments or agencies for its risk management services? Is it a percentage of the project estimated cost? What risk does Project Services actually take on, or is it just convenient to transfer funds from one government department to another?

**Mr SCHWARTEN:** Well, the last one is an insult and I will treat it with the contempt it deserves. But if you would get to the sensible part of the question I am happy to—

**Mr Smith:** In relation to the question on charges, Project Services normally charges an amalgam for both risk and procurement management, and that is effectively establishing a brief, looking at assembling the tender documents, going out to tender and then managing the contract. So that is the full suite of services which is the procurement and risk management services. Within that, clearly the tendering and the contract administration are part of the procurement process, but in about the last five years we have spent a lot more time and effort on actually managing risk on behalf of government. That is what we call the risk management services. We do act as an agent so that there is not, in effect, a guarantee that we can contain all risk but certainly by going through some very smart techniques, using Australian Standards and some software that we have developed within the organisation, we have, in my view, been able to dramatically reduce the amount of risks out there. To answer your question, it is a total service—both risk and procurement management—and it is normally on a percentage basis of the contract sum.

**Mr HOPPER:** Still on page 1-70 of the MPS, for how many of the projects administered by Project Services did project managers actually complete the PQC performance reports as they are required to do? I recall that last year a departmental officer acknowledged that they were trying to complete all of the performance reports at completion but there was difficulty with the 13-week reports. How is performance reporting going this year and how is the compliance rate?

**Mr Allan:** The recent count of absolute performance report returns for last year was about 20 per cent against those that are required but I will qualify that by saying that where a contractor is having difficulties or poor performance or any other issue they are always flagged to the department; we always know about that. So, the performance reports that we will not have received would, I am assuming for the most part, be satisfactory to good performance. Poor performance we always know about.

**Mr HOPPER:** I refer to page 1-3 of the MPS under the heading 'Managing Government Assets'. Last year guidelines were completed to support the implementation of enhancements to the prequalification system and the associated invitation and selection process for building industry consultants. How effective have those enhancements to the PQC system been?

**Mr SCHWARTEN:** I think they have been pretty good. From a PQC point of view I think we have a unique system in Queensland that has continually challenged us in terms of its relevance and we are continuing to update our thinking on it. Bear in mind that we had no PQC system when I became minister. We just took a chance on whether or not people could perform their work. I think our PQC system is working very, very well. Mr Allan might fill in the gaps on that, if you want a bit more detail.

**Mr Allan:** The new PQC system for consultants has been in place for six to 12 months now. We think it is a very effective set of changes. We are pleased with what we see so far. The industry is very pleased with it, and those that administer it—consultancies for the state—have expressed the same sentiment.

**Mr HOPPER:** I refer to page 1-3 of the MPS. What sorts of investigations or checks are undertaken by the Department of Public Works' building division, or the QBSA, of registrants under the PQC system?

**Mr SCHWARTEN:** The reliability of them for a start. Mr Allan will give us the full rundown of financial capacity.

**Mr Allan:** All contractor registrants under the PQC system, unlike checks for licensing, are checked for their financial capacity at the time of tender. They are also checked against the department's requirements, which are stronger than and greater than those for licensing.

**Mr HOPPER:** If checks or investigations of the PQC system are so effective, why did the system fail to identify the problems with Iezzi Constructions, Brands Constructions and Walter Constructions—all government preferred contractors?

**Mr SCHWARTEN:** The reality is that in all of those cases those firms—Iezzi, for example, has been around for 50 years building housing commission houses—had a lot of experience, had a lot of depth, had a lot of money and passed the financial muster. As you would know, if the accountants concerned interfere with the probity of the report they can go to jail for it. We do rely on a place and time check on their financial situation. The reality is that from time to time things go bad in the building industry and people go broke overnight, whether it is by design or whether it is by misfortune. I have my own views about what happened with at least one of those companies, but I cannot sustain them so I am not going to say it.

The reality is, however, that it continues to challenge us and we will continue, both through the BSA and through PQC, to lift the bar to the extent that we eradicate these loopholes. But at the end of the day, if someone wants to send themselves broke very quickly it is pretty hard to stop them. The one thing we make sure of, however, is that they never get through the net again. That is what the other process does here. Years ago it used to be the case that people worked for government, picked up a job, went broke and then the next thing you knew they were back doing government work. Well, they do not do that any more.

**Mr HOPPER:** How does Project Services charge its clients for risk management services?

**Mr SCHWARTEN:** We just answered that.

**Mr Smith:** As I said, mostly it is a percentage of the tender sum or the total project cost.

**Mr SCHWARTEN:** It would depend on what level of risk there was in a project, would it not?

**Mr Smith:** And also, obviously, the smaller projects have a higher percentage than the larger, by nature of the amount of work that you have to put into it. So it is a percentage.

**CHAIR:** The time for non-government questions has expired. It is now time for government questions. I call the member for Glass House.

**Ms MALE:** I would like to turn the committee's attention to the Brisbane Magistrates Court, which you mentioned just a few minutes ago. In last year's estimates hearing you referred to the status at the time of the Brisbane Magistrates Court building under construction in Queensland Place, and since then the managing contractor for that project, the Walter group, went into voluntary administration and then later into liquidation from February 2005. How did this affect the final delivery of the court building?

**Mr SCHWARTEN:** I thank the honourable member for the question. Walter Construction went into voluntary administration and then liquidation in February 2005 following the demise of the parent German company Walter Bauer. As far as the Brisbane Magistrates Court was concerned, at the time this occurred we can only count ourselves lucky, as the court had been fully operational since November 2004 and was into the defect warranty period. In other words, the short answer to the question is that this occurred after the practical completion of the building. We were indeed very fortunate that Walter Bauer did not pull the rug out from under it quicker.

The Department of Public Works had no issue with the Walter Construction management team at the magistrates court. The department and Walter Construction worked well together and produced a magnificent new court building for Queensland which has positively impacted on the older part of the George Street area. I might just add that the terrible tragedy of this is that Walter Construction in Queensland was performing very well, had a long alliance with this department and produced very complex projects such as prisons on time and on budget. We had no reason to suspect that it was going to do what it did.

Since the events in February the department has been working to assist the Brisbane Magistrates Court subcontractors to recoup moneys owing to them under the contract with Walter Construction. At the same time we have been negotiating with and managing the subcontractors to ensure that critical court operational services continue to be maintained during the defects liability period of this complex new building. The department has been working with both the relevant consultants and the subcontractors under the requirements of the Subcontractors' Charges Act and also directly with the subcontractors as a group. The great success of these negotiations is that we have ensured for my colleague the Attorney-General and Minister for Justice and his department that both the subcontractors and the consultants will now fulfil all of their remaining obligations which they would have performed had Walter Construction not defaulted. You may not be aware, but the original defects liability period was due to end in November 2005 and part of the agreed offer was an extension of the subcontractors' obligation period until 30 June 2006. These obligations include services, maintenance completion of outstanding work and rectification of defects.

Through the department's proactive actions the court's vital services have been maintained since opening and the subcontractors' financial losses have been significantly reduced. The end result is a win for both parties and the construction industry generally in Queensland. I might just say that through

the diligence of this department we were able to protect those subcontractors by ensuring that there was a financial deed available for \$2 million which we were able then to call up the day that Walter Bauer pulled the pin.

**Ms NOLAN:** The capital acquisitions section of the MPS includes \$52 million for the design and construction of stage 2 of the State Archives at Runcorn. Can you advise us of the benefits for the Queensland community from such expenditure?

**Mr SCHWARTEN:** Thank you very much. I know of your great interest, coming from Ipswich, in history. You are well known for your research in that regard. I invite any people who have not had an opportunity to go out to the archives to do so. It is the wealth, as far as I am concerned, of history information in Queensland.

The state government will spend an estimated \$52 million doubling the storage capacity of Queensland State Archives at Runcorn to meet the growing demand for the storage of permanent archival records. The people of Queensland have legislative rights to access the records of government. Public records are the corporate memory of the state. They provide evidence of actions and decisions and are the cornerstone of government accountability.

Queensland State Archives delivers a vital service. For the public it provides access to history, supports research at many levels and protects the permanent public records of the state. These are irreplaceable assets that offer a legacy for current and future generations. In addition, Queensland State Archives allows public authorities to store and access permanent public records in a controlled, purpose-built environment and provides expert advice and assistance to ensure the long-term preservation of the records. As records are created and accumulated around the state, there is increased demand by agencies wanting to transfer their permanent archival public records to the Queensland State Archives. Building stage 2 of the Runcorn facility will meet these needs for the next 10 to 15 years. So it shows how quickly we will fill it up with records.

**Mr FRASER:** In last year's estimates hearing you provided details regarding the design and construction of the very successful Suncorp Stadium in my electorate. Can you update the committee on the current Gabba project and advise what role the department will be playing in the proposed Gold Coast stadium?

**Mr SCHWARTEN:** I thank the member for his question and his ongoing enthusiasm for that wonderful edifice in his electorate. Let us hope the Maroons win tomorrow night. The department is indeed following on from its success with Suncorp Stadium with its continuing involvement in stadium project management and construction. I speak of the soon-to-be-completed final stage of the much-loved Brisbane home of Australian Rules and cricket, the Gabba. If all goes well, all the seats will be right for Saturday. In addition, my department will be appointed design and construction authority for the proposed Gold Coast stadium and is currently working closely with the Major Sports Facilities Authority in the planning stages of this exciting new Gold Coast state government development.

With respect to the Gabba project, as I said the department is the construction authority for the Major Sports Facilities Authority under the leadership of the Deputy Premier. That authority owns and operates the Gabba and will be the new owner of the proposed Gold Coast stadium. The \$50 million Gabba project, you may be aware, is operating under very tight deadlines. This is stage 6 and the final stage of the Gabba stadium redevelopment and it will add 5,500 seats, bringing the total seating capacity to 42,000. If you are a cricket or a football fan you will know the old ground very well. We are working on the missing bit—the broken tooth, as they call it—the area where the Lions Social Club was located on the Stanley Street side. When we have completed the works the whole stadium will be joined and will look absolutely top class and take its place with Suncorp Stadium as a world-class stadium.

The fact that the Gabba had to continue to operate around the construction works has brought with it its own special programming complexity. We could not get on the site until after the last Lions game in October last year and we have needed to progressively hand over the site at various times for cricket matches and the return of the football season.

We divided the project into three key delivery targets. The first was the Lions first home game in March 2005. For that, we handed over approximately 2,000 seats. These seats have been handed over temporarily for each Lions home game, with the site reverting back to a construction site between games. Weather willing—as you know, Brisbane has been deluged over the past week—our next target is to hand over a further approximately 3,000 seats for 9 July, this Saturday's Lions-Collingwood game. We will then target finishing the whole works—which includes the middle tier, function and corporate areas—early in August in time for the 7 August Lions-Hawthorne game.

As with any stadium project, this one has had many structural engineering complexities, particularly with respect to the roof. Over the last weekends people who were held up in traffic in Stanley Street due to the lane closure will have seen the eight large roof trusses being lifted into place, as well as the stage 6 work—

**CHAIR:** On page 1-44 of the MPS it states that an amount of \$9.5 million is provided to redevelop the Fitzroy River riverbank in Rockhampton, a place that you represent which is very close to your heart. Can the minister provide more details of this project in that great city?

**Mr SCHWARTEN:** It is very close to the spot where my ancestors stepped off the boat in 1871, so it is very close to my heart indeed. The reality is that this is a project that we are delivering in conjunction with the council. It is on council land. We have had wide consultation over the past 12 months to ensure, as far as we possibly can, that we get some consensus in the Rockhampton community. We are now at the stage of bedding it down, as it were, with the council. As I have said on public record, the last thing that I want to leave is a legacy of high maintenance which will tie a financial noose around the necks of future councils and ratepayers. We certainly do not want to do that.

It is interesting for me to have a brother on the council in Rockhampton who does not hold quite the same views as the other councillors. That has added to the challenge. Not in a family sense, to any great extent—we are used to having blues in our family—but it has certainly brought some challenges for the council to come up with what I think will be a remarkable reclamation of that river. It has always astonished me that Rocky's proudest resource has been the hardest thing to access, whether you are a person with a disability or a kiddie with a fishing line wanting to access the beautiful barra in our river. That has always been a challenge ever since I was a kid. The \$9.5 million that we will spend on that, in my view, is money well spent. Regardless of ability or age, people will be able to access that river in a way they have been unable to previously.

**Ms MALE:** Page 1-15 of the MPS refers to the refurbishment of stage 1 of the Cairns Convention Centre during 2004-05. Could the minister outline the specifics of this refurbishment and—a matter close to my heart—what benefits it brings to the regional economy?

**Mr SCHWARTEN:** Yes, and I thank you for your question. Those people who, along with myself and others, were there for the ALP conference would have noticed that it is a world-class convention centre. It certainly lived up to the torrid tests put upon it by all our participation at that level. I was fortunate to be there last Thursday night to officially open the next stage of it and to take in some of the facilities that are there. I will just refer to some notes now.

Stage 1 of the Cairns Convention Centre was constructed to a budget of \$56.5 million. The centre was opened for business in July 1996. The \$28.5 million stage 2 additions provided a venue for basketball matches, stage events and exhibitions. Stage 2 was completed in September 1999.

The Cairns Convention Centre has enjoyed great success. In August 2004 it won the prestigious world best conference centre award by the International Association of Conference Centres, which comprises 130 members from 49 different countries. After nearly nine years of operation of the Cairns Convention Centre, it was decided by our government that to maintain the high standards of the centre it was necessary to refurbish and upgrade many aspects of the stage 1 facilities. The sum of \$8.5 million was allocated in the 2004-05 budget for these works and the project budget was increased to over \$9 million following an assessment of the tenders for the work. The external refurbishment works included an upgrading of the main entrance area and additional weather shielding to break-out areas. The internal works included updating the decor, replacing carpets, improving security and updating administration areas. The major works included upgrading the existing audio-visual and data communication systems, upgrading the mechanical services to improve functionality and energy efficiency, internal and external signage, and landscaping.

A local contractor, CMC Cairns Pty Ltd, won the tender to do the works. The refurbishment works were practically completed in April 2005, with some internal entrance modification works deferred until later this year.

The Cairns Convention Centre brings major benefits to the regional economy. In 2003-04, 100,000 locals who attended events at the centre—75 per cent for basketball matches—were joined by over 17,000 visitors from other parts of Queensland, interstate and other countries. These locals and visitors contributed over \$60 million to the local economy, based on formal research of visitor behaviour and average spending patterns.

**CHAIR:** I call the member for Ipswich.

**Ms NOLAN:** Minister, before asking a question, I was interested in your comments about the river in Rocky. Ipswich has very much the same issue: the best part of town is hard to access. Our planners are keeping an eye on what you are doing up there.

**Mr SCHWARTEN:** Ipswich and Rocky have a lot of similarities, actually.

**Ms NOLAN:** They have.

**Mr SCHWARTEN:** And they both put good Labor members into parliament.

**Ms NOLAN:** I am sure they are very pleased.

The overheated nature of the building industry has obviously had a huge impact on the government's capital works programs over the last year or so. Can you provide advice on the current status of the building industry and any steps being taken by the department of public works to reduce the government's exposure?

**Mr SCHWARTEN:** As I said earlier, there has been a 74 per cent increase in the BPI, which is the estimation done by the department about movement. I guess you do not need to be a rocket scientist or a Rhodes Scholar to work that out; you just have to ask the local tradespeople to see what their prices have been like, or ask any of the local contractors out there.

In response to the current and projected high level of industry activity, the department of public works is developing strategies to improve project outcomes under these market conditions. These include undertaking more rigorous reviews during the planning and procurement of high-risk and significant projects and, therefore, tailoring the delivery system to the market conditions; improving documentation and review processes for price escalation allowances so that budgets more adequately reflect unstable market conditions; introducing categories of estimates that clarify the basis on which estimates have been prepared so that stakeholders can use them appropriately; redesigning the department's standard forms of contract to take account of an overheated market and rising prices and tailoring contracts to suit the particular circumstances of the project with equitable risk sharing with contractors; encouraging contractors to work with the government to sustain a competitive tender market; releasing a quarterly forecast of building cost escalation to government departments to increase awareness of current market conditions in the industry, asking industry how it would like to do business with government in these circumstances and making changes provided that the public interest is protected.

Recently, the director-general invited the major contractors in and we sat around the table and discussed this very issue. No-one gains out of sending a builder broke and no-one gains out of reducing the margins that builders have to failure. In Queensland, in the last 18 months to two years, some of the big builders have really copped a hiding in the private sector. We have been fortunate in our sector that we have been very competent, I think, in putting together contracts that really devolve the risk away from government. That has been successful for us but, overall, it probably does not do a lot for industry, in that we benefit from them taking the big hits. While the bottom line is good on that, in terms of the tax dollar, at the end of the day, we all benefit by ensuring that industry is prosperous in this state, without ripping us off. At the end of the day, the challenge that we face is to get a system that will withstand any level of probity check but, at the same time, will not put industry to the business of very costly and competitive market risk.

**CHAIR:** I call the member for Mount Coot-tha.

**Mr FRASER:** Minister, I am aware that you have written to all members of parliament about the Community Memorials Restoration Program, which is administered by the department of public works. Last year you detailed how you expected this program to be delivered. Can you provide the committee with an update as to the success or otherwise of this program?

**Mr SCHWARTEN:** Yes. I thank you for your interest in this matter. It was a policy that we took to the last election and one that came out of our office. I do not claim credit for it. It was actually an idea of Peter Johnston, who was my former senior policy advisor. He and John Lutteral actually sat down and worked this one out. I thank those two very fine people for their work in that regard.

On 26 January 2004 the state government released an election commitment to undertake the Community Memorials Restoration Program, which will enable communities to apply for financial assistance to preserve existing community memorials throughout Queensland. The Cabinet Budget Review Committee has approved funds of \$500,000 per annum over the next three years.

The program will not undertake any major works. Its purpose is to execute minor works of restoration and repair to icons such as monuments, memorials, honour rolls, halls, gates, trees, plaques, et cetera. I know that the member for Glass House has had a number of very interesting projects from days gone by, particularly tied up with the sugar industry, and so on. That really highlights the importance that local communities place on it. I am happy for anyone to run the ruler over it to see if any pork-barrelling is going on because most of them are in Tory seats, for some reason or another. For example, the huge monument at Charleville—how a small community like that ever raised money for it after the First World War, I will never know. It is a huge monument and it has fallen into a state of disrepair because successive councils and successive communities have not wanted to raise the money to look after it.

This arrangement of a 50-50 split has enabled a lot of councils to take advantage of it, especially in western Queensland. The government is helping fund restoration work on the Barcaldine war memorial clock, and the memorial gates at Quilpie, Ilfracombe and Surat, and the soldier memorials in Wyandra, Wambo and Gatton. An avenue of trees at Woodford needs some help. The trees commemorate those from the town who fell in the Great War. That is yet another successful application. The Gunsynd statue at Goondiwindi is a fairly new one. There is also the historic Wallumbilla grain shed and the old Mitchell Theatre at Atherton. It is a very good program.

**CHAIR:** The time for government questions has ceased. I now call the member for Robina.

**Mr QUINN:** Minister, I take you to the financial statements of Citec at 1-91 of the MPS. When one looks at the financial statements, the income is falling, the expenses are rising, the deficits are rising—

\$820,000 in the last budget, \$5.3 million in this budget and equity—which is on the balance sheet on the next page—is going out the back door, with a 30 per cent decline in equity. Why did you approve this budget, and what action do you intend to take in respect of Citec in the future?

**Mr SCHWARTEN:** As I said in my opening statement, Citec is a business unit—like every other business unit that we have—that continues to enjoy challenges from the private sector. We make no secret of that. It would be easy just to privatise it, leave it to the four seasons and forget about it. However, that is not our way. We believe that it has a very important role to fulfil. Having rolled it over and turned it upside down to see what we would do with it, we have taken a firm decision that we will not privatise it. As a result of that, we will now turn our attention to making it work to a better bottom line. That is not going to be easy, of course. But owning a company like that has certain unique features, such as security, which in this day and age is very attractive to a lot of comers, especially from other governments. Mal might want to fill in a little more detail. It is Mal's baby. He cut his teeth down there, so there is no chance of it being privatised while he is there.

**Mr Grierson:** The difficulty with CITEC, Mr Quinn, is the same as a lot of our business units—that is, the difficulty of being within the public sector and yet competing with the private sector. It is that balancing act that is required. One of the things that we intend to do is to review all of the products offered by CITEC. I think it would be fair to say that CITEC has tried to undertake a huge breadth of coverage and there are probably some areas that it does not need to be in. My aim is to see it focus on the core business of government—network management, running our SAP financial systems, running disaster recovery data centres—those things that it best provides for government. That is the focus for the future.

**Mr SCHWARTEN:** And the process of setting up another backup data system for it. I agree with you, though: it is not easy.

**Mr QUINN:** The inevitable question is: will we be here next year talking about the same degree of loss and then giving more excuses for its poor performance?

**Mr SCHWARTEN:** We are not making excuses for its poor performance. I have told you honestly and directly the problems that we have had with it. The reality is that it depends on your philosophy. Your philosophy is to privatise things; ours is not. We have a fundamental difference of view in that regard about what a loss actually means in terms of the community. In my view, privatisation would result in a loss of a marvellous piece of infrastructure, and we simply must make sure that the employment of the 550 people there is guaranteed.

It is fair to say that over the last couple of years there has been an evaluation of whether it should go. We have come to the view that it is worth keeping and that it can be turned to some advantage, but it does have a number of products that perhaps do not really sit well with a public entity and probably better belong in the private sector. The reality is this: when there was talk about privatisation there were a number of big players in Queensland who simply came to us and said, 'Don't privatise it because we believe that having a CITEC in the game keeps everybody honest.' That is a view from the market, and I tend to share that view. It is about continuing to challenge the view that the private sector does everything best; it does not. A lot of IT companies have proven that over the years.

**Mr QUINN:** Can we go to Goprint on page 1-99 of the MPS. Looking at the income statement, Goprint has come out even this year but only as a result of an injection of a \$2.9 million grant, which basically wipes out the loss that occurred last year. In actual fact the total grant, almost \$6 million, is more than a quarter of the total revenue. Do you think we are getting value for money from Goprint this time?

**Mr SCHWARTEN:** I do. First of all, you have seen the value here yourself every morning when you get the green *Hansard*. It is a very, very good service. In all the years when you were a minister as well, if you wanted a document to be printed and kept secure, Goprint delivered it. There has never been a budget leak. The Fitzgerald inquiry, the Daubney-Rafter inquiry—all of those documents have been delivered by a secure printery. In my view, I do not know what that is worth to the taxpayers of this state. I do not know what price you could put on that. Going down easy street is to say to the private sector, 'You can have all the printing business'—bearing in mind that the government spends over \$100 million and we spend less than \$20 million on Goprint. I think that is the easy way out and other governments have taken it at their own peril, in my view. Consider the fact that we print the exam papers for New South Wales—how embarrassing for that state to have us do that.

We are confronted with the reality that when you and I came into parliament everything was done on paper but since then everything here has gone online. That has taken away a fair chunk of the work that Goprint does and does well. We have had Goprint work in areas that were not competitive. Our challenge now is to get us out of that but to sustain an amount of work for Goprint to keep it viable. It will always be the case that you can run down the road and get somebody else to do the job cheaper but, in my view, that is a high-risk business to be involved in and it is something that will not happen while I am a minister.

We are currently offering people at Goprint voluntary early retirements. We need fewer staff there because of technology. I think that is part of our difficulty. I think you will see continued improvement. I thank the unions concerned, the metal workers union in particular. It has been very responsible, sitting down with us trying to find solutions, as, indeed, has the work force, who have laboured under pretty difficult circumstances for a long period of time like Damocles, always having the fact that they are going to be out of job hanging over their heads. They are never going to be out of a job while I am here.

**Mr QUINN:** Can I take you to QFleet, please. As everyone understands, QFleet leases to government departments. How do our lease rates for QFleet compare to the private sector on comparable cars?

**Mr SCHWARTEN:** All right, I think. I can tell you about the Western Australia experience and the fact that it ended up costing \$4 million a week. They are now in the business of buying their car fleet back. So it did not compare too well when Macquarie Bank took it over. If you talk to your predecessor, David Watson, you will learn that he had it all ready to go and I stopped it. He would secretly tell you that perhaps that was a good thing.

**Mr Grady:** It is difficult to get a direct comparison with the private sector because to get like-for-like lease rates on the volume of vehicles that we would lease they would have to address the risk profile that would bring. We do benchmark against other state governments and we have come out ahead of all other governments.

**Mr SCHWARTEN:** We often use private sector rentals for short-term leases, such as from Avis. For someone who needs a car to do a particular job we have an arrangement with Avis. So there is some private sector involvement in that regard because the private sector can do that better than we can. We are into long-term ownership of fleet vehicles. As I said in my opening remarks, it is a challenge for us at the moment, as it is for every other car business in Queensland. Tony Selmes will tell you how difficult it is. He does not think we should be in the business at all. The truth is that the Western Australian experience is one of governments basically giving the car industry a gun to put at their heads. That is what happened there.

We have to make some changes. We have already started: Mr Grierson is keeping his car for longer. Yesterday when somebody was entitled to a new car we dragged one of the cars back out the fleet. We are going to keep the cars for longer and see what that does. Anybody who is in the car industry now—the second-hand car industry in particular—will tell you what a struggle it is. We are not immune from that set of circumstances. QFleet continues to deliver a product that in my view is a very good product and a safe product and, indeed, provides some green returns as well. The environmental stuff that we are doing through QFleet, especially through the use of ethanol, is very good.

**Mr QUINN:** How many used vehicles would you put on the used car market every year?

**Mr Grady:** It is 6,200.

**Mr QUINN:** What is your current stock of used vehicles unsold?

**Mr SCHWARTEN:** About 2,000.

**Mr Grady:** About 2,300.

**Mr QUINN:** So you have three or four months worth of stock sitting unsold?

**Mr SCHWARTEN:** We could dump them onto the market but you know what that would cause. We do not want to be the first ones to knock the price of second-hand vehicles in Queensland through the ground and send half the car dealers in Queensland broke. We have a responsibility to the industry to contain that. We do not want to see wholesale unemployment as a result of our actions. We have quality vehicles. We provided incentives and all the rest of it for people to buy them. My view is that we are trying to sell them too early—40,000 kilometres. They are very good cars—they have been treated well and serviced well. They all have their service records with them. If we keep them for a bit longer and sell them a bit cheaper, I think it will become more attractive. Our competitors are currently the cheap, Japanese, five-year warranty, \$18,000 cars. People are looking at them. That is exactly what is happening. We need to change the profile of the sorts of cars we have. We need more four-cylinder cars; we are doing that. That is one of the benefits of owning your own fleet, being able to mandate what people get. I am not here to tell you any nonsense about it. It is difficult. It is a challenge but one that we are on top of as best we can be.

**Mr QUINN:** Some time ago you announced a program to put some vehicles on the market without vehicle checks, guarantees and so on. How successful has that been? How many vehicles have you sold?

**Mr SCHWARTEN:** We have not put any out yet. They are about to go. I do not know how successful it is going to be, Bob, to tell you the truth. It is worth a go. Those people who will put their hands up for those will be a different group of people, I would think. It will cost us less to put them on the market because we are not going to offer all those guarantees that you would expect us to offer from a government sale. The risk will go with the people who buy them. It will be interesting to see how that goes.



**Mr QUINN:** The other government business unit is SDS. Again, that is not a shining example of private enterprise by any stretch of the imagination. You have these critical business units all turning in losses. How long is it going to go on for? The taxpayers are picking up the bill all the way down the line.

**Mr SCHWARTEN:** It is not much of a bill. The bottom line is \$800,000.

**Mr QUINN:** When you put them all together it is quite a deal of money.

**Mr SCHWARTEN:** When you put them all together it is quite a deal of services and quite a deal of employment as well. The reality is that, again, your Corporate Expresses and so on are very difficult to compete with in the real world. It is a bit like the car fleet. We can mandate certain aspects, such as the Australian car market, that we would not be able to mandate otherwise. Similarly with SDS we can mandate certain products that are environmentally more suitable than others. At the end of the day, I agree with you that it is a matter of philosophy—whether you have your philosophy that the private sector does all these things better or whether you have my philosophy and see them as a service that you continue to need. If a school gets burnt down on a Sunday night, you are very glad to see the SDS truck arrive on the Monday with all the furniture for the school to put in the temporary classroom that has been put there by QBuild overnight.

**Mr QUINN:** Hasn't SDS got a captive market? It only sells to government agencies. Is that not true? Surely it is just simple arithmetic of cost plus and get it out the door.

**CHAIR:** Order!

**Mr SCHWARTEN:** No, that is fair enough.

**Mr QUINN:** It is a captive market. It is not competing with the private sector.

**Mr SCHWARTEN:** That is true. One of the great things about SDS is that it delivers everything—as you would know, as an old schoolie. It delivers the old school stock.

**Mr QUINN:** It was inefficient then and it is inefficient now. It has not changed in 40 years.

**Mr SCHWARTEN:** Yes, it has. It is more efficient than it used to be. It is online now.

**CHAIR:** Order! The time for non-government questions has expired. We move to government questions.

**Ms MALE:** Minister, a lot has been said about the use of ethanol in government vehicles. In the QFleet section on page 1-80 of the MPS there is mention of support for fuel initiatives. What is the current situation regarding the use of ethanol by government?

**Mr SCHWARTEN:** E10 is now available from 51 service stations across Queensland as at the end of June. All drivers of government owned vehicles have been instructed to use E10 whenever and wherever practical. The Department of State Development and Innovation, with Queensland Purchasing, has been negotiating the takeup of E10 by fuel companies. QFleet's South Brisbane service centre has been upgraded to dispense E10 fuel, making it available to all clients operating vehicles from the Brisbane CBD. Approximately 255,000 litres of E10 have been dispensed from QFleet's South Brisbane service centre in 2004-05. Approximately 600,000 litres of E10 have been consumed by government from other service stations throughout Queensland.

The South Brisbane Customer Service Centre has been rebranded with highly visible ethanol promotional signage. Q-Fleet's web site now provides information and guidelines to clients in relation to E10. The home page features the ethanol licence plate logo and direct links to a page detailing E10 non-compatible vehicles, a page showing a current listing of all E10 outlets across Queensland and the Queensland ethanol industry blueprint, which sets the strategies and future directions for the development of an ethanol industry in Queensland.

E10 is regularly promoted through government newsletters, Q-Fleet Journey, Contact and Sector Wide and the Purchasing Update. Both the Q-Fleet web site and Journey articles clearly state the requirement for clients to use E10 whenever possible as instructed in the blueprint. Q-Fleet has distributed approximately 13,000 ethanol promotional stickers—when I was in Cairns on Friday the Q-Build bloke had one on the back of his car—to clients statewide for attachment to vehicles. The sticker is also placed on all new vehicles arriving at the Zillmere workshop. On 26 April 2005 Q-Fleet cohosted with the Department of State Development and Innovation and Queensland Purchasing an ethanol information session in Brisbane to provide government fleet users with background on the E10 purchasing policy fuel card access and E10 availability in Queensland. Q-Fleet is represented on the whole-of-government ethanol task force committee. Q-Fleet and Queensland Purchasing are working together on a communication strategy to further support initiatives of the blueprint.

**Mr FRASER:** Minister, the MPS mentions in several areas funding for a new pedestrian cycle bridge across the Brisbane River. Can you provide the committee with any further details on this proposal?

**Mr SCHWARTEN:** In 2004 the state government-Brisbane City Council joint venture, the City West Task Force, recommended improved connectivity between the City West precinct and south Brisbane. In early 2005 the Deputy Premier, Treasurer and Minister for Sport therefore requested an investigation to be undertaken into a new pedestrian cycle bridge over the Brisbane River from Tank

Street in the city to the Queensland Cultural Centre. Just as an aside, Minister Bligh referred to it 'from Roma to GOMA', which is the Gallery of Modern Art. That was quite a quirky little phrase.

The Department of Public Works engaged consultants shortly thereafter for a preliminary predesign investigation, examining the constraints and the opportunities of the location. Clearances required over the navigable channel and the expressway determined the profile of bridge deck gradients, and a number of options for the bridge deck layout were developed. A predesign presentation was given to a range of government and non-government agencies, and the results of investigations and the proposed options were discussed and endorsed.

The project proposes that a pedestrian and cycle bridge be constructed linking Tank Street to Kurilpa Point, adjacent to the Queensland Gallery of Modern Art, providing connections from Roma Street Parkland in the city to the Queensland Cultural Centre and beyond to West End. The Department of Public Works's 2005-06 budget proposal outcomes shows funding approvals for total capital costs of \$63.3 million spread over four years with \$3.4 million allocated in 2005-06. Detailed investigation will commence in July 2005 and construction is expected to be complete in 2009.

This will be a very challenging project. On a scale of difficulty, you have to get it up to the height so that you can get ships or boats of some sort to navigate underneath it, and you have to get it low on a gradient level to accept wheelchairs. So we are looking forward to that challenge and I am sure that this department is equal to it.

**Ms NOLAN:** Minister, on page 1-72 of the MPS there is mention of a newly introduced concept into the professional design arm of DPW, namely, the Architectural Practice Academy. Can you expand on this initiative and what it hopes to achieve?

**Mr SCHWARTEN:** Yes. The Architectural Practice Academy commenced operation within Project Services on 24 January 2005. The academy is a government and industry joint initiative between the Department of Public Works and the Queensland Chapter of the Royal Australian Institute of Architects. The aim of the academy is to be an incubator for talented Queensland architectural graduates and give its member an exemplary and comprehensive exposure to the total range of functions required for the successful conduct of an architectural practice.

The academy will have a developmental function and an emphasis on quality design. The projects undertaken fund the running of the academy, and any profit will be used to grow the resources of the academy and expand professional development of all young design professionals in Queensland. The interns are supervised by a practice manager and are mentored through projects by industry sourced architects. In its inaugural year, there are six interns on a two-year internship. At the beginning of 2006, another six interns will commence for a two-year internship. From 2006 onwards, there will be 12 interns in the academy at any one time.

All projects currently being undertaken by the academy are in regional Queensland and are offering a unique and different experience for each of the interns. Projects include a new rodeo arena in Mount Isa, a streetscape master plan for Murgon, a community house in Moranbah, and a community sports and arts centre in Caboolture. The academy also undertakes some community work including design of the Charles and Camilla chair, which was our contribution to the—

**Mr Grierson:** Wedding.

**Mr SCHWARTEN:** The wedding, yes. The debacle I was going to say.

**Mr Grierson:** That is why I interrupted you.

**Mr SCHWARTEN:** That is why you interrupted me. Further community work included the design of the independent living unit demonstration kitchen. The interns are learning the benefits of collaborating with tradespeople to ensure the constructability of their designs. The relationship in particular with Q-Build has proven to be most beneficial. Since the establishment of the academy, interest in the model has been expressed by the South Australian government and the Yale University in the United States of America.

**CHAIR:** Minister, the future developments listed in the Building Procurement and Asset Management section of the MPS make mention of the continuation of the department's active participation in the work of the Cooperative Research Centre for Construction Innovation. Can you outline to this committee how the department has contributed positively to the research of this organisation?

**Mr SCHWARTEN:** The Cooperative Research Centre for Construction Innovation, or CRCCI, is a national research development and implementation centre focused on improving the effectiveness of the construction industry. It was established in July 2001 and headquartered at QUT as an unincorporated joint venture under the Australian government's cooperative research program. There are 19 participants representing industry, government and research institutions.

The CRC is unique in the world in that it is a real and practical partnership between academia and industry. The Department of Public Works has been a formal participant in the CRC since its commencement, providing a cash contribution of \$100,000 and equivalent in kind contribution annually.

The Department of Public Works believes the CRC is a world-class, internationally recognised research institution that uniquely involves university, government and industry working together as partners. We consider the CRC to be an effective industry improvement initiative and we therefore contribute to research undertaken.

As a key participant, the department is heavily involved in research and development, having had just over 20 staff members involved in 38 of the 50 research projects either completed or currently under way. The Department of Public Works is well placed to assist on this research through its role as principal adviser to the government on building matters and is the key procurer of government buildings on behalf of other agencies. Much of this research—in areas such as computer aided design, or CAD, way-finding for people with a disability, life cycle design and electronic tendering—will be of direct use to the department in its operations and will improve the Department of Public Works's effectiveness.

The Department of Public Works is also represented on the CRCCI board and committees and has two departmental staff undertaking PhD studies at QUT through the CRCCI scholarship program.

**Ms MALE:** Minister, there has been extensive media coverage of Indigenous affairs, particularly in north Queensland, over the last 12 months. Could you outline what steps the department has taken to assist the development of these communities?

**Mr SCHWARTEN:** The Department of Public Works supports a range of initiatives designed to assist the development of Indigenous communities particularly in north Queensland. Examples of some of these initiatives include the Department of Public Works's active participation in the Cape York region of Indigenous employment policy working party. This working party reports to a whole-of-government steering committee. The aim of the Indigenous employment policy is to ensure that at least 20 per cent of labour on capital works projects in a number of Aboriginal and Torres Strait Islander communities is from the local Indigenous community and that 50 per cent of that work force is provided structured training opportunities.

The Department of Public Works has 55 Aboriginal and Torres Strait Islander staff which it employs in north Queensland. These staff are employed in various positions with Public Works such as education to employment scheme participants, school based apprentices, apprentices, trade staff and administration staff. There are also a number of additional staff who identified that they are of Aboriginal and/or Torres Strait Islander background on their initial apprenticeship application form.

The Department of Public Works has prioritised the construction of residential accommodation of \$0.57 million for the Department of Child Safety on Mornington Island. This will allow child protection officers to reside in the community and provide services to the residents of Mornington island. Construction is due for completion in July 2005.

The Department of Public Works through Project Services project managed and delivered to practical completion in May 2005 a new \$2 million council chambers at Doomadgee. The Department of Public Works through Project Services has project managed the renovation and extension of 50 houses in the Lockhart River at a cost of \$5 million as part of the Aboriginal and Torres Strait Islander housing program. This project is due for final completion in August 2005.

The Department of Public Works project managed the Lockhart River Arts Centre project including schematic design, contract administration and the construction phase. This project was completed on 26 May 2005. The Department of Public Works project managed the Aboriginal and Torres Strait Island Cultural Centre project in Townsville including the design, documentation, contract administration and construction. This project was completed in May 2005.

The DPW project managed the Laura Split Rock ranger station and amenities project including design, documentation and contract administration during the construction phase. This project was completed on 29 April 2005. The Department of Public Works project and construction managed the \$2.4 million Thursday Island courthouse. The opening was held on 3 May 2005. DPW through Q-Build has undertaken various planned maintenance and minor works projects on government owned facilities to the value of approximately \$1.977 million. These projects were undertaken at Thursday Island, Torres Strait outer islands, Coen, Lockhart River, Kowanyama, Pormpuraaw, Aurukun, Napranum and Mapoon. I want to thank Mal again for his continued assistance to the Palm Island community, where he is the champion.

**Ms NOLAN:** Minister, page 1-5 of the MPS mentions the whole-of-government housing strategy for Weipa. How and why is the government embarking on a major housing program for government employees in this town?

**Mr SCHWARTEN:** Comalco Aluminium Ltd made a decision to expand its mining activities in Weipa and intends to provide residential accommodation for an additional 130 permanent staff. It is a shame that some of the other companies are not doing things like this. This staff expansion will result in the town's population increasing by about 500 people. As a result, Comalco Aluminium Ltd intends to resume for its own use a total of 20 residences it currently leases to the government in order to provide accommodation for its own staff. An additional shortfall of 13 units of government accommodation has been identified to meet the increased demand of government services in Weipa.

The Department of Public Works, in consultation with relevant agencies, has developed a whole-of-government strategy to address the housing shortfall in Weipa and to ensure that the issue is managed effectively and cost effectively across government. A key element of this strategy is that the procurement of additional housing for all Queensland government agencies will be managed and/or coordinated by the Department of Public Works. The strategy will achieve significant benefits to government and the local community by ensuring continuity of government services in the region and considerable savings through the coordinated procurement and delivery of the associated capital works projects.

Procurement of the required housing will largely consist of constructing on government owned land as well as a limited number of house and land purchases from private developers, depending on the market supply capacity. The delivery of the alternative accommodation for the replacement—

**CHAIR:** The time for that answer has expired, Minister.

**Mr SCHWARTEN:** I have an answer to an earlier question which Ray asked. The number of Q-Build apprentices broken down by year of apprenticeship in the first year was 86, in the second year, 108, in the third year, 66, and in the fourth year, 87. The number of Q-Build staff who participated in the Workplace English Language and Literacy program is 936.

**CHAIR:** The committee will now examine the proposed expenditure of the Department of Housing. I call the member for Darling Downs to commence questions from non-government members.

**Mr HOPPER:** What was the outcome of the CMC investigation into the payment of thousands of dollars to a Brisbane firm to paint non-existent fences, decks and pergolas at housing department properties? Did the investigation extend to a review of all maintenance work contracts issued by your department? Has any disciplinary action been taken by your department?

**Mr SCHWARTEN:** That question should have been addressed to QBuild because it was QBuild that was administering it. With the committee's indulgence I will answer that now. I referred earlier to investigations being carried out by the CMC, and that is one of them. We made contact with the CMC as late as yesterday. It still could not give us a finite time when that matter would be concluded.

I am not in a position to say anything more than that at this stage. I am not going to pre-empt what the CMC may or may not find. Suffice it to say, it was a wake-up call for the Department of Public Works and QBuild. In my opening statement at the commencement of consideration of the estimates for the Department of Public Works I did mention that our procurement services have now had the ruler run across them. We have separated purchaser and provider in terms of letting those contracts so that the capacity for blurring cannot occur again. The Auditor-General has ticked off that whole process. I hope that the CMC can bring the matter to some conclusion soon. As I say, I am in its hands with the matter. There is nothing I can do to expedite it any further than that. Therefore, no disciplinary action can be taken against any persons until such time as it has suggested somebody be charged. It certainly has not come back to us and told us that.

**Mr HOPPER:** What was the outcome of the compliance audit on the Gatton Self Help Housing Group? How many other community housing compliance audits have been undertaken in the past 12 months? How many are anticipated in the next 12 months?

**Mr SCHWARTEN:** While we are getting those details, I want to say that I am very concerned about accountability mechanisms in terms of community housing. There is going to be a big shake-up in the area of community housing. Some do it better than others. What I have typically found—and I have now got to the end of my tether with all of this—is that some organisations are simply not achieving to the standards that we expect them to. In my view, in certain circumstances they are providing housing to the wrong people. There is evidence of people getting rid of their assets and suddenly being put into community housing. There are all manifestations of it. There are instances of this occurring.

There are also plenty of examples like Allamanda, which is an excellent service that provides a sterling housing management program for people with autism. Watch this space in the next couple of months. We are going to go, for example, to a single scale where everybody will know exactly what their entitlement is. That will be well published.

**Ms MacDonald:** We have continued to work with the Gatton Self Help Housing Group. We have negotiated the improvement and development plan for the period January 2005 to December 2005. We are continuing to monitor the improvement and development plan. To date, the Gatton Self Help Housing Group is meeting all requirements in that plan. We are pleased to see that. Further information pertaining to the audited financial statements for the end of the year will be requested from the organisation. The information that we are receiving is that they are continuing to try to work on that improvement plan.

The compliance audits usually occur when we have been alerted to particular concerns in organisations either from tenants or from management committee members. In 2004-05 no compliance audits were conducted. That is pleasing from our perspective. It usually comes out of complaints that have been received.

**Mr HOPPER:** I notice the government managed to sell another \$70.8 million worth of housing assets while it grew the waiting lists which is quite contrary to the housing department's policy to provide access to safe, secure, appropriate and affordable housing. Even though this government has managed to have a fire sale of public housing assets each year, I note you still managed to expend approximately \$114 million on upgrading public rental housing. How many upgrading projects were there and where were these projects?

**Mr SCHWARTEN:** With all due respect, this is another one of those—

**CHAIR:** I remind the member about the standing order relating to erroneous questions. You cannot really expect the minister to outline in three minutes every house upgraded.

**Mr SCHWARTEN:** \$114 million is a lot of money and a lot of projects at a lot of locations throughout Queensland.

**Mr HOPPER:** Would you be willing to table those figures?

**Mr SCHWARTEN:** If it is not too onerous for the department to do that it can. I would prefer the department to be out there doing something rather than providing information. I am happy for it to provide it if it is not too onerous a task. To outline every bathroom and every toilet pedestal changed would be a huge task. We will have a look at it. If there is a particular area that you are interested in, I am more than happy to look at it.

There has been no fire sale of public housing. You continue to say that with the full knowledge that you are not telling the truth. The reality is that all the housing that we have sold has been sold on the open market at proper prices. In recent years, we have been able to capitalise in no small way on the boom in the market. So it is untrue to say that we have had a fire sale of assets.

As I have pointed out to you previously, there are a number of reasons we sell houses. The first one is that it is part of our density reduction program in places like Inala and Mooroolbool. I invite you to go to Mooroolbool and tell me that the density in that particular community is working and that we should retain every single house that is there. I urge you to go there quite quickly and tell me the houses that you would not sell. I have to tell you that if you go and talk to the council or the police you will find that there is a huge problem there. We do have to sell houses.

We also sell houses when they become a liability—in other words, there is a greater liability in terms of maintenance than their ongoing usefulness. All of that money goes back into housing. All of that money goes back into providing new and more appropriate housing to benefit people. It does not go back to Treasury. It does not go into some black pit. It goes back into providing housing for people who require it. Last year there was one per cent of housing sold. We have sold 54 houses to tenants. We will continue to do that. We will sell houses as the need dictates.

**Mr HOPPER:** Page 2-36 of the MPS states that some \$39 million was spent on purchasing existing properties for public rental housing. How much funding was provided for actual purchases? How much was expended on legal fees and administrative costs? How many public rental housing applicants were actually housed?

**Mr SCHWARTEN:** Whatever the \$39 million bought is how many people were housed. The reality is that we went into the market to buy them. If you were listening before you would have heard me mention the 74 per cent increase in the BPI. Increasingly, the cost of delivering a constructed place has been rising. We have been looking for value for money places to purchase. Just recently we purchased the ex-CWA hostel. It is a 100-bed hostel for which we paid \$4.1 million. We are looking for bargains like that, especially in areas that have had high density housing and people are used to it.

We are going to continue to spot-purchase as the need dictates and as options come along. We are particularly interested in buying units that have been renovated and put on the market. We have bought some of those. As part of the Brisbane suburbs improvement scheme we recently purchased some existing units off people who have lived in those suburbs for a long time and have been underoccupying them—that is, there has been one person in a three-bedroom house. We are trying to spot-purchase in those areas so that we can free up those houses and free up the land in a lot of cases so we can get extra yield out of there and do it. The conveyancing costs are internalised, so we do not pay outside for those legal costs.

**Mr HOPPER:** Minister, the MPS at page 2-11 refers to the output income statement and output revenue on Aboriginal and Torres Strait Islander housing. What caused the lower level of expenditure—some \$7 million less than budget?

**Mr SCHWARTEN:** The reality is that you have touched on a subject that really has to be resolved—that is, the capacity of those communities, and I do not know whether you are familiar with how this program is delivered. Aboriginal communities are given money and they are expected to deliver those projects. I am increasingly finding a lack of capacity by those communities to deliver them. There is something like \$38 million tied up in funds where communities simply cannot spend that money. I know that the Leader of the Opposition had something to say about this the other day when he was in Cape York. He misinterpreted my comments in this regard.

Nobody is suggesting for one moment that we are going to provide less empowerment to Aboriginal communities, but no-one can suggest in any sensible fashion to me that a community that has had millions of dollars at its disposal and has huge overcrowding problems and cannot spend that money and cannot put it into housing is serving well both the taxpayers who are putting that money in and the people who need that housing.

This model, which was been around for a long period of time and which is based on that self-determination model, is not working. It is simply not working. Every year this carryover goes on. I am writing to councils and asking them to come forward and tell us what they think they can do. But I can tell you this much: it is not going to continue the way it is. To some extent it is a bit patronising—what we have asked over a long period of time these councils to do. You would not ask a council which had no expertise in building, which had no project management skills and which had no building contractors to deliver a project like we are asking them to do. Councils jealously guard this, but realistically we have to find another way. I am in the process of doing that. As I say, the first step has been to get a letter out to those councils asking them for their input. It is not an understatement to say that there are very significant problems in the delivery of programs and asking councils to do it. There is no problem getting them the money; the problem is getting the project on the ground.

**Mr HOPPER:** Do you have a plan in mind for policing this?

**Mr SCHWARTEN:** Not only policing it but actually delivering it. One of the problems—and I know you have been up in the Torres Strait and seen the standard of housing that we have delivered up there—is that it is very expensive. It is hard to procure. It is hard, as you know, in those places where there are no materials. You are talking about \$600,000 or \$700,000 for a four-bedroom house in some places. We have some money in the budget this time, and we will be asking some councils to put up their hands—that is, those councils that have been better managers than others. We have \$2 million to put kit homes in these places. Katter tried that some years ago and it did not work because of the standard of the housing. But there are now firms—and I am sure you are aware of those firms—that are putting out a quality product. We are going to be asking communities to put their hand up to be part of a pilot to be involved in this and we will be asking companies to put their best foot forward to see whether we can deliver in that sense.

We will not be asking the councils to have any role in delivering that at all. We will be providing the money. We will directly contract with the company concerned, and the councils' only involvement will be to provide land and to give us some idea of what their needs are for that particular house. That is the first stage. Above and beyond that, we need to get a common rent scheme throughout councils. As you would be aware, each council has a different rent policy. I think that is unfair. I think it is contributing to our problems. I think the overcrowding issue is certainly not dissuaded by the view that you can charge \$50 for one house and have 14 people living in it. That is not how the rest of the system works. We need to, in some cases I think, get that back from councils where they have shown an unwillingness to do it. That is not going to be easy, because they do have autonomy in that regard.

Some years ago I took the councils on about this and made them charge rent, and they are doing it and it ranges from \$50 to \$80. There is no consistency and I believe there should be. I think that is what taxpayers will be expecting. There are nepotism problems whereby if you are on the council you get the best house in town. It is not on the basis of need and those sorts of issues. I will be looking for some bipartisan support on this, just as we have done with the Palm Island situation. We really need to get this focused on, because we are spending a lot of money—that is, \$600-odd million—and we have 740 houses and another 600 to demolish.

**Mr HOPPER:** Minister, I refer to the MPS at pages 2-1 to 2-37. Across the board, except in the private housing area where additional funds were provided to the Brisbane Housing Company, the output performance of the housing department was well below par in Aboriginal and Torres Strait Islander housing, community housing, community renewal and home purchase assistance in a period of great demand for housing and accommodation in all sectors. What was the housing department doing and why was its performance so poor?

**Mr SCHWARTEN:** I have just explained the issue of the Aboriginal housing. I am sure that you are well acquainted now that \$38 million of it is caught up in that process. Is your question about the unspent funds?

**Mr HOPPER:** I beg your pardon?

**Mr SCHWARTEN:** Your question is about unspent funds, is it not?

**Mr HOPPER:** I will read the question again, if you like.

**Mr SCHWARTEN:** Read it again.

**Mr HOPPER:** Across the board, except in the private housing area where additional funds were provided to the Brisbane Housing Company, the output performance of the housing department was well below par in Aboriginal and Torres Strait Islander housing, community housing, community renewal and home purchase assistance in a period of great demand for housing and accommodation in all sectors. Why was this performance so poor?

**Mr SCHWARTEN:** In the home purchase area, that is a loan fund. Despite how we have dressed that up, it is still not as attractive as private finances, and we carry that figure through. But it is money that is available for people to purchase homes, and it is particularly targeted at people purchasing the home in which they live. We have more work to do in that area to try to make that even more attractive. When interest rates were high we were lending \$500 million a year. Now, because the banks are so competitive and interest rates are low, they can get just as good a product from anybody else. So that explains why that take-up has decreased. It is not incompetence or stupidity or anything else. The fund is there. It is a good program, but people do not want to use it because it is no better than the private market can really provide, except that it offers some incentive in lower interest to start off with. People are not really interested in that at this stage. As I said, I have explained the \$38 million in Aboriginal housing that is delivered through those communities that have not taken it up, that have not been able to get the projects on the ground.

In the area of community renewal, as I have explained on previous occasions community renewal is one of those projects that is community based and, therefore, it takes time to work through community reference groups and so on to actually make it meaningful. As I have said previously, the department can soon spend that money, no trouble at all. It just goes into the community and says, 'That's what you're going to get. That's what you need. That's what you're going to get.' That has not worked in the past. I do sincerely invite you to go to places such as Mooroolbool to have a look at the need for community renewal in those places.

I was at Rasmussen the other day and opened a multipurpose court right next to the PCYC which we put half a million dollars into from community renewal. That project took, I think, about 18 months to develop because you had to get all of the community on side. They all had to agree that they were going to use it, and it was the same with the school. We put about \$300,000 into it. There was a big argument in the community as to whether or not you should put it on government land. The community would not use it and so on. These things take time. The money is still there for those projects. It does not go away. I do not think spending it in great haste would get a better community outcome.

**Mr HOPPER:** Minister, I refer to the waiting time for public rental assistance and note that an average target has blown out to 2.3 years for 2005-06. What is the percentage and number of applicants who have been on the waiting list for more than three years?

**Mr SCHWARTEN:** I do not have that figure in my head, but somebody may have it here. I certainly know that the continuation of waiting lists to grow is something that is going to continue to happen. The reality is that we are struggling to provide to any sort of demand, and there are a number of reasons for that. One is that nobody wants to leave public housing anymore. The turnover rate is not there anymore. Why? Because the private sector rent is not there. The private sector is not providing. Therefore, the Commonwealth really needs to review its policy. I had a letter today from Jann Stuckey from the Gold Coast asking at what point a certain person would get a house. The department had contacted this person and said that there were four private rentals that they could move into and get rent assistance, but his answer to that was that he did not want to go into private rental; he wants to go into public housing.

The private rental option is what the Commonwealth government is offering. Your constituents for the most part cannot access that, and they are going on the waitlist, as indeed are mine. Unless the Commonwealth government comes to some understanding that the \$4 billion that it has put into private housing since I have been the minister is simply not helping, then we are going to have trouble. The reality is that there is increased pricing in housing. In 1986 it was 3½ times your median wage to buy a house; now it is 6.5 times. That is putting more and more pressure on the private rental market. People who used to buy are now renting. So it goes on. That pressure is going to continue down the pathway.

We will continue to build as much as we can. We will look at all products like the Brisbane Housing Company. We have 180-odd units there and another 180 to come online shortly in an effort to provide a different opportunity to people. But the reality is that there is just not a private rental market in which to capitalise and a lot is falling onto public housing. Unless the Commonwealth government recognises the fact that more and more people who should be getting assistance cannot access that private rental market, we are going to continue to see waiting lists. I have been saying that at every estimates hearing since I have been the minister, and one day perhaps the federal government might listen.

**Mr HOPPER:** Minister, the MPS at page 2-7 refers to the output summary. I refer to the output revenues of the state and the Commonwealth. Minister, despite all of your protestations that the Commonwealth is contributing in some instances three times more than the state government, when will the states stop blaming the Commonwealth for so-called shortfalls in housing funding and recognise their moral obligations to accommodate the needy in this state?

**Mr SCHWARTEN:** In the area of Aboriginal housing, let me tell you, we contribute \$3 to every dollar they put in for a start. So there is one area. If you think that is a great idea, good on you. The fact of the matter is that what we have seen over the period of time I have been a minister—and this is undeniable, it has been proved time and time again, and it has been proved by the Productivity Commission, which is hardly a hotbed of socialist intrigue—is that public housing is the best form of

assistance and subsidy that you can give people. There is no doubting that the Commonwealth government has removed \$400 million from Queensland. There is just no denying it. You can dress it up whatever way you like. It is a fact and a fact that the Commonwealth government does not resile from. It says, 'We provide people with rent assistance. We are rapidly getting out of the CSHO. We do not believe in capital funding.' It is a simple fact that since I have been the minister we have increased the budget that Queensland taxpayers are paying by 34 per cent. That is at the same time it has been reduced. You can be an apologist for your mates in Canberra as much as you like, but at some stage you have to recognise the fact that the majority of your constituents do not access housing money from the Commonwealth because there is no private rental market. It is as simple as that. It has, by and large, stripped money out of the states while the demand is soaring and has put it into that. That is the bottom line of it. There are only so many ways I can say it.

**Mr HOPPER:** MPS 2-30, in relation to existing long-term public rental tenants who are now alone, aged and sight-impaired and who need to be accommodated in more suitable accommodation instead of their three-bedroom home with a large yard, when an existing tenant is placed on a priority listing how long is the tenant expected to wait? Do you think five months is too long?

**Mr SCHWARTEN:** Five minutes is probably too long, but in reality we try to do the best we can to establish people in the best circumstances that they have. There are a lot of people who own their own homes who are in exactly that situation, one of them being my father. He is not entitled to public housing, but he is sight-impaired to a great degree and is living independently. So, the fact of the matter is that in his circumstances there is no assistance for him. He happens to own his own home and as a result of it he is no better off than the person that you are describing. In fact, he is worse off. We have a strategy in place as part of our Brisbane suburbs improvement scheme of getting older residents, who I might say have a lot of attachment to their homes because they have been there a long, long time, who do not want to move, to move. We are trying to get a program going and we have got one starting at Chermside now where we have just built a set of units there, or bought a set of units, and put people who have lived in that area, who have got a bit of age on them, into those units. All of our units that we have at ground level have the best disability services there are. Again one of the problems that you have is that in the private rental market there is none or very little accommodation out there for people with disabilities, which is another reason why the Commonwealth government ought to be assisting. A group of people who cannot get rent assistance are people with disabilities. Seven hundred and eighteen or 18 per cent last year were priority allocations. They are the people who have either aged or have special needs—urgent needs.

**Mr HOPPER:** With the priority listing, can you just expand on exactly what priority listing is? It just seems they still have to wait and wait.

**Mr SCHWARTEN:** People do have to wait on it, there is no doubt about it, because increasingly that end of the market has been the area that has grown most in demand. The reality is that applicants demonstrating an urgent need are housed more quickly and foster carers are given highest priority above other approved priority applicants. That is the bottom line. You are not sitting there with house after house vacant. Although, one of the changes that I have made this year has been in relation to specifically built houses. We have built these houses for people with specific disabilities, large homes and so on, where they are now no longer required because of death or some other circumstances. We are saying that they are reviewable tenancies now and we are expecting people to move on into other tenancies so that will assist. But in some cases we have purpose built houses that cost \$700,000 or \$800,000 housing three people. There is the criteria, I will table that.

Leave granted.

**CHAIR:** The time for non-government questions has concluded. We will now have government questions.

**Ms MALE:** On page 4-3 reference is made to monitoring the impacts of amendments to the Residential Tenancies Act 1994 relating to tenancy database listings. What impact have these amendments had?

**Mr SCHWARTEN:** I thank you for your question on this. This is something that I know you have put a lot of effort into in your area and that, as a local member, you have been challenged many times over. I have to say that this was a bipartisan decision that was taken. We had the support of yourself and the entire parliament in bringing in legislation that, first of all, was groundbreaking in Australia and, secondly, I think was a very fair outcome because the reality is that prior to this legislation people were blacklisted on tenancy databases for whatever reason real estate agents liked and it was not challenged. There are some stats on that. I have to say that if I never achieve anything else in my life, this is one of the proudest things that I have ever done in my life.

The amendments introduced listing criteria and provided avenues for tenants to dispute unlawful, unjust or incorrect listings. The RTA data reveals that between August 2003 until the end of May 2005 the RTA has taken 380 calls, on average 173 a month. So people who say there is not a problem really need to have a look at those stats. Its dispute resolution service has dealt with 142 disputes, an average of six each month, with 61 per cent successfully resolved generally by providing advice to clients on



their rights and responsibilities. The RTA has launched seven investigations into alleged offences of failing to comply with a tribunal order regarding the removal of a listing on a tenancy database with five investigations successfully resolved including one case prosecuted in the Magistrates Court. There have been 344 claims lodged with small claims tribunals to have database listings removed, an average of 16 each month. Of these applications, 336 have been finalised or adjourned, with 262 cases or 75 per cent resulting in orders to remove the listing. So, it is actually working and you can tell it is working because some real estate agents are complaining about it. There is anecdotal evidence that provisions have been successful by providing direction for agents about listing criteria and allowing self-resolution between the agent and the tenant. Queensland tenancy database legislation was a national first and has been suggested by the federal working party on tenancy databases as the preferred model for national or state legislation. New South Wales and Australian Capital Territory amendments to legislation generally mirror the Queensland provisions.

**Mr FRASER:** I understand more people than ever have now registered their need for public housing and the waiting list is actually over 35,000. Why is this so and what steps are you taking to address this?

**Mr SCHWARTEN:** That is a very good question. The current rate of increase of people on waiting lists is just appalling really. There is no other word. It is, in my view, time that we really have to examine the level of support that people get and whether or not we might deliver services to people in another way. It is interesting to note that out of the 35,000 people about 23,000 of those people get a level of support from the state government. People have this view about public housing that that is the only product that we provide and years ago that was right. In the old days that is all that existed, but today you have a wide range of options which range from a bond loan, which helps people get into private accommodation, right through to crisis accommodation, especially for those people fleeing from domestic violence. Transitional accommodation which helps them get back into tenancy. We have same house but different landlord, where people get into strife in public housing and we get them managed through a community housing group. You have community housing, you have Aboriginal housing, you have public housing, you have the Brisbane Housing Company, you have private rentals that we head lease for community organisations. So there is a mix of some 50,000-odd housing opportunities in that regard—59,104 is the figure. We have a fairly good base in that regard. I believe that if the federal government is going to continue down the path it has we need to find a product so that the private sector can capture that rent assistance and still provide a quality product. I have spoken to the UDIA and a variety of others. I think that there is a product where the state puts in a subsidy, the Commonwealth puts in a subsidy and the council helps out, and we may get some outcome. But doing the same as what we have been doing is simply not an option. As I said earlier, we need a single system, a single social housing system in this state, and we need a single waiting list. At the moment a variety of people go to different sources to get housed; put their names down on various lists and so on. We need to be clear who we are housing, we need to be clear that the area of need for housing is being met on the most needy basis. Currently with the level of services that we have and the different types of services, we are not getting it. We need a matrix of high need to less need and we need to work out how we put some support and subsidy into it. The high level support being public housing and the less support being some other form.

**Ms NOLAN:** The government has recently made a series of announcements about homelessness which are referred to on page 2-3 of the MPS and which involve a number of agencies working together. Can you provide the committee with details about this initiative?

**Mr SCHWARTEN:** I thank the member for her ongoing interest and commitment in this regard. In this year's state budget the state government has allocated a record \$235.5 million over four years to address homelessness of which \$127 million is from the Department of Housing. The implementation of the budget initiatives will be overseen by the CEOs' subcommittee on homelessness with particular reference to public intoxication. The subcommittee is made up of all the CEOs of agencies that have received funding and is chaired by the Department of Housing. Processes have been established to provide the necessary oversight and the subcommittee reports quarterly to the Premier. The government has also recently announced a number of major initiatives to address homelessness and those at risk of homelessness, including a \$30 million project to provide accommodation and support for up to 100 people at the Lady Bowen complex; a \$50 million package of assistance to provide boarding house style accommodation for single people, including homeless single people; \$45.44 million over four years which will be provided for additional crisis and transitional accommodation for homeless people in Cairns, Townsville, Gold Coast, Mount Isa and Brisbane; \$12.6 million over four years to assist homeless people in Cairns, Townsville, Gold Coast, and inner Brisbane access accommodation and information by establishing an information, referral, assessment and brokerage services hub; \$4.02 million over four years to establish and operate a statewide call centre for homeless people as an entry point for homeless service systems.

As part of the whole-of-government response to homelessness, \$60.8 million will be used by the department over the next four years to increase the supply of crisis and transitional housing through purchase and head leasing of suitable properties. In 2005 expenditure will be \$18.8 million. The Homelessness Action Plan for 2005-09 will be prepared for review and endorsement by cabinet in

September 2005 after which there will be an evaluation at the mid point of the program to ensure funds are being used effectively. Implementation of this action plan will be coordinated and monitored by the chief executive officers' subcommittee which is shared by the director-general of the Department of Housing. I just say that that is proof positive that the government, of which you are members, is committing funds. That is not Commonwealth money we are talking about. We are talking about the commitment that our government has made in that regard.

**CHAIR:** Minister, on page 2-12 of the MPS there is a reference to the Lady Bowen Complex at Spring Hill, which is to be used to accommodate homeless people. Can you describe what you envisage for the Lady Bowen Complex?

**Mr SCHWARTEN:** Thank you for the question and your interest in it. This is a very unique project, in that it is a heritage listed building that was owned by the department of public works. It is a former maternity hospital that has had a number of different tenants over the years. It has nurses' quarters, which is the subject of the first project. Some of you may have seen that. We will commence operations to provide accommodation, in the first instance, for 40 to 50 people. This is funded solely by state government money. There is no Commonwealth funding for this at all.

The reality is that I wish we did not have to provide a service like this. I think it is a shocking indictment on our society that we have to spend that amount of money on providing doss-house type accommodation for people. I did not think I would live long enough in Australia to see that happen. I invite those people who think that the Howard government's policies are working to go there when we have completed it and meet the people who are falling off the edge of our society at an increasing rate.

The first stage involves upgrading and converting the former nurses' quarters into short-term shelter for up to 40 people. The first stage is expected to be completed in early 2006. The department of communities is responsible for the service, which will be a 24-hour, seven-day-a-week service. Health workers and so on will be working there to support people in that regard.

Over a period of time, it is my intention to develop the whole site into forms of transitional accommodation and to house the advice peak groups that we have all in one complex. I have never seen anything like it anywhere else in the world. The uniqueness of the site—its heritage listing, and so on—provides an ample opportunity to take people from the street into the emergency accommodation, to develop their skills and to place them long term in the building next door. Bear in mind that we are talking not only about single people but also about families. There will be family type accommodation in the emergency section. By having the building on one site, I believe that we will be able to develop people into tenancies on that one site and give them a level of support as they need it, and hopefully it will taper off into the long-term units that we will construct on the end of it. It is a project that I dreamt up on my own and it is one that I am confident will work. I think it illustrates that we are committed to doing something about this.

**CHAIR:** There will be no further questions. That concludes the examination of the expenditure estimates for the portfolio of the Minister for Public Works, Housing and Racing. I thank the minister, his departmental officers and his advisors.

That concludes the committee's consideration of the matters referred to it by the parliament on 10 June 2005. Before declaring this public hearing closed, I thank the committee members for their cooperation and the other members who have attended today. I particularly thank the research director, Leanne Clare, and the parliamentary staff—the attendants, the Hansard staff and all the other parliamentary staff who have assisted today. I now declare this public hearing closed.

**The committee adjourned at 6.47 pm**