

TUESDAY, 12 JULY 2011

ESTIMATES—FINANCE AND ADMINISTRATION COMMITTEE—LEGISLATIVE ASSEMBLY

Estimates Committee Members

Mr WE Wendt (Chair)
Ms RM Bates
Ms P-K Croft
Mr PJ Dowling
Mr TJ Nicholls
Mr MP Watt

In Attendance

Hon. RJ Mickel, Speaker
Mr N Laurie, Clerk of the Parliament
Mr M Ries, Deputy Clerk
Mr M Hickey, Director of Corporate and House Services
Mr C Atkinson, Manager, Financial and Administrative Services
Mr M Coburn, Manager, Information Technology Services

Committee met at 9.00 am

 **CHAIR:** Good morning, everyone. I declare the estimates hearing of the first Finance and Administration Committee now open. On behalf of the committee, I welcome to the hearing the Speaker, officers of the Parliamentary Service and of course members of the public. My name is Wayne Wendt, the member for Ipswich West and chair of this committee. Joining me on the committee are Tim Nicholls, the member for Clayfield and the deputy chair; Ros Bates, the member for Mudgeeraba; Peta-Kaye Croft, the member for Broadwater; Peter Dowling, the member for Redlands; and Murray Watt, the member for Everton. Of course a guest this morning is Jeff Seeney, the member for Callide.

The committee will examine the Appropriation (Parliament) Bill 2011 and the estimates for the Legislative Assembly and Parliamentary Service along with the Appropriation Bill 2011 and the portfolio estimates within the committee's primary areas of responsibility—namely, Premier and Cabinet, Reconstruction, Treasury, Finance, Arts, Public Works and Information and Communication Technology. The committee will examine the estimates in the order set out in the hearing schedule. The proceedings today are lawful proceedings subject to the standing rules and orders of the Queensland parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded in accordance with standing order 208. In relation to media coverage of the hearing, the committee has resolved to allow television film coverage and photography at all times during the hearing in accordance with the media broadcasting rules as they apply to the estimates proceedings.

Before we begin I ask that all mobile phones now be checked to make sure they are switched off. I would also remind everyone in attendance today that there is no eating or drinking in this particular chamber because of its historical significance. The first item for consideration are the estimates for the Legislative Assembly and Parliamentary Service. The committee will examine these estimates until

10 am. For the benefit of Hansard, I ask advisers in particular that, if you are called to give an answer, please state your name before speaking. I now declare the expenditure for the Legislative Assembly and Parliamentary Service open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Mr Speaker, the committee has resolved that you can make an opening statement. Do you wish to do so?

Mr SPEAKER: Yes, Mr Chairman, I do.

CHAIR: Mr Speaker, you have three minutes.

Mr SPEAKER: Thank you, Mr Chairman. The 2011-12 budget estimates for the parliament are the third for which I am responsible as Speaker of the Legislative Assembly of Queensland and I feel honoured to appear before the committee today—even though from my view it looks like being the swan song for the Office of the Speaker appearing before an estimates committee, the result of changes that in my view undermine the Office of the Speaker and place administrative control of the parliament in the hands of the executive, which, in my view, is an unprecedented diminution of the Office of the Speaker. But as Speaker I have responsibility currently for preparing the budget for the parliament and supervising the management of the Parliamentary Service.

The year just completed presented a number of significant challenges for the Parliamentary Service. At the beginning of the year the service set itself an ambitious work program which included expansion of the broadcast of parliamentary proceedings to include on-call access to archived broadcast footage; commencement of a program to replace the existing Parliamentary Library database management information system; replacement of electorate office computer equipment and upgraded internet bandwidth in electorate offices; redevelopment of the parliament's internet site; delivery of a number of important capital works projects within the parliamentary precinct; and implementation of a range of recommendations arising from a strategic review of parliamentary buildings in the Parliament House Conservation Plan. I am pleased to report that these have all been achieved. During the course of the year the service was also called upon to once again deliver a regional sitting of parliament, and I am sure all committee members will agree that the Mackay sitting was expertly coordinated and delivered without incident.

Looking ahead to 2011-12, I need to place a large caveat over any comments I make, and that is that if all goes according to the government's plans I will have administrative functions under the Parliamentary Service Act 1988 stripped from me not far into the current financial year. I therefore cannot speak on behalf of how the new management committee for the parliament—the Committee of the Legislative Assembly—will want to appropriate the funds. That is not up to me.

Under what remains of my period of stewardship of the Parliamentary Service, I can advise the committee that the service will focus on continuing works already commenced, including the introduction of a new parliamentary committee system; implementation of the recommendations contained in the strategic review of parliamentary buildings and the Parliament House Conservation Plan, including the interior painting of Parliament House and an investigation into fire protection in Parliament House; and commissioning the new library information system. In addition, the service will initiate a number of new projects including delivery of a new training and development program for electorate office staff and examine a new system for the production of *Hansard*. There are significant logistical issues that the Parliamentary Service must manage immediately before and after a general election. This will be a significant project for the service in the coming year.

In closing, I wish the committee and its membership all of the best. It has a big and important job ahead of it today in its role as one of the parliament of Queensland's estimates committees. Based on the bill currently before the House, today will be the last occasion on which the Speaker appears before an estimates committee hearing. Just exactly how things are going to be handled next year when one committee examines another committee I am not sure, but time will tell. Mr Chairman, I wish the committee well in its deliberations and look forward to any comments and questions it may have.

CHAIR: Thank you, Mr Speaker. I call the member for Callide to ask the first question.

Mr SEENEY: Thank you, Mr Chairman. Mr Speaker, could I refer to the series of answers you gave to questions on notice regarding the accommodation requirements for the new committee structure. Following on from your opening statement, I would be interested in your comments on the extent to which the Parliamentary Annexe is able to meet its current requirements in terms of space and the extent to which that ability to meet that requirement is going to be tested by the formation of the new committee system. Would it be fair to say, for example, that we are already overcrowded—that is, from a staffing point of view, the Parliamentary Annexe is already overcrowded? If the parliament is serious about this new committee system, then something has to be done to provide more appropriate accommodation for the staff who already work there, notwithstanding those who will be added to that number.

Mr SPEAKER: You would be aware I think from your time on the Speaker's Advisory Committee that we had a fit-for-purpose study carried out. What that fit-for-purpose study showed was that, yes, the building is at, I think, a premium now. What that fit-for-purpose study showed was that what we needed was another building in addition to the Annexe. I think what we have to say about the Annexe is this: it is a 35-year-old building now and it is showing the signs of wear and tear that a 35-year-old building shows. It is equally true I think that the current historic heritage building that we are in now, when you consider the complexities of government—the number of ministerial staff that are increasing, particularly with the Premier's office—means that the spacing there is already at a premium. I think if you look at the opposition office—level 6—you would know only too well that the conditions up there are very tight.

So, yes, I think in summary it is true that there are strains on the existing accommodation. I do not think there is any doubt about that. I think what we have said before is this: that the parliament has not increased in size since 1986. The population has increased in that time by a million and a half people. Each electorate office is growing larger. There will have to come a time when the number of parliamentarians in Queensland is increased. Once that happens, then I think space in the Annexe will be compressed even further. How are we going for time?

CHAIR: There is no time limit, Mr Speaker.

Mr SEENEY: I am happy—

Mr SPEAKER: Do you want me to keep going?

Mr SEENEY: Yes.

Mr SPEAKER: As I have said, Parliament House is overcrowded, particularly ministerial rooms. What I fear with that is that if you continue with that process then the heritage value of some of those rooms downstairs will be damaged. Certainly in the lead-up to the refurb that was done in the 1970s, there was every indication that that would happen and I think that is why you needed to spend the millions of dollars in the seventies that were spent.

Let me keep going though with the strategic review of the buildings. It says that in order to alleviate the problems in Parliament House we need to reorganise rooms and usage, take over some meeting rooms and convert ministers' offices, and there will be some consequential spill over into the Annexe. There are problems in the Annexe with shortages of space, meeting rooms and an increasing number of visitors placing pressure on the building. Equally, there have been ad hoc changes over the last 20 years to accommodate the establishment of the Parliamentary Service and the opposition office. The committee system has placed significant pressure on the Annexe, particularly on levels 3 to 6. I already mentioned the fact that there will be more MPs, and I will not travel over that again.

The strategic review recommended a raft of accommodation changes in both buildings, leading to the construction of a small new building. It is true that we may have to look off site. However, taking people off the precinct is not consistent with the notion of the parliamentary precinct being preserved for the parliament and the service, nor do I think MPs would be happy having to go to a different location to see their support staff. If I may say to the Leader of the Opposition, Mr Chairman, one of the views I think we canvassed was whether or not you could utilise one of the buildings over the road and have a system similar to the House of Commons where you take over another building and access this site by way of a tunnel. That may well be something that future committees or future executives might like to consider. I think I would round off my answer that way.

Mr SEENEY: In short, Mr Speaker, you would agree that there is an overcrowding problem both in the old building, as in the historic building, and in the Annexe at the moment that needs to be addressed with some urgency?

Mr SPEAKER: That is what the strategic review showed, yes.

Mr SEENEY: That brings me then to the issue of the accommodation facilities that are provided here. This is the only parliament that I am aware of where accommodation facilities are provided. You have indicated that that has always just been taken for granted; there has been no examination done. In your opinion, can the Queensland parliament continue to provide those accommodation facilities?

Mr SPEAKER: It can, but let me roll back a little bit. When the Western Australian President and Speaker were here visiting me—and I might say to the committee members that we have a meeting this week, quite coincidentally, of all of the speakers and the clerks from around Australia because the Vanuatu conference did not go ahead—they told me that Western Australia—and I hope I am not verballing them—are looking at accommodation on site in a process similar to us. Sorry; I have lost track. What was your second question?

Mr SEENEY: In your view can the parliament continue to provide those accommodation facilities in the way that we have up until now given the critical shortage of space in this precinct and taking into account the comments you have already made about the fact that the parliament needs to grow and the staff here will continue to grow with it?

Mr SPEAKER: My own view is you need another building on this site. When this issue was raised in the Speaker's Advisory Committee by a member, what we did was went away and did some initial work. My recollection without verballing the member was that at the subsequent meeting the member came back and we did no further work on it. That was my recollection.

Mr SEENEY: But have members ever been asked?

Mr SPEAKER: No.

Mr SEENEY: Have the members ever been asked whether or not they would prefer the current system or the systems that operate in other parliaments?

Mr SPEAKER: No, they have not.

Mr SEENEY: Would that not be a good starting point, do you think—to seek a view from the members who have to spend a considerable amount of time here—as to whether the accommodation here has the value to them that you have ascribed in some of your answers to questions on notice?

Mr SPEAKER: I am more than happy to conduct a survey in the next couple of weeks.

Mr NICHOLLS: Mr Speaker, speaking on that, do we know what the total cost of the accommodation provided to members is on an annual basis in terms of comparison? I see in one of the answers you have a comparator there. Is there some indication of the value perhaps rather than cost of providing that accommodation?

Mr SPEAKER: My recollection of the answers is that we did our best. There are some sunken costs already in the fact that you had the building.

Mr SEENEY: It is very difficult to calculate.

Mr SPEAKER: Yes, it is.

Mr SEENEY: But what is probably easier to calculate is the occupation rate. If this were a hotel, what would your best guess of an occupancy rate be?

Mr SPEAKER: When parliament is sitting, it would be wonderful; when parliament is not sitting it, would be woeful.

Mr SEENEY: But that is indicative of what the actual cost per night would calculate out, would it not? It would be considerable.

Mr SPEAKER: It is indicative.

Mr SEENEY: Which goes to the question that the member for Clayfield was asking. The actual cost per night would be considerable.

Mr SPEAKER: Yes, it would, but there are other factors. For new members coming in, particularly from outside Brisbane, there is a convenience factor. There is also a security factor. There is the fact that catering is all on site versus we would have to deem an amount of an allowance. You would have to—I suppose if you are looking at the federal sphere—deem a number of nights that you would be down here.

Mr SEENEY: But every other parliament in Australia does that. We are unique in that we maintain this tradition of on-site accommodation. My concern is that we are clinging to that tradition and ignoring the looming problem of overcrowding in the rest of the parliamentary precinct.

Mr SPEAKER: I challenge the fact that we are ignoring it. That is why we did the fit-for-purpose review. What the fit-for-purpose review recommended was another building. If I can say this. I think the strength of the current system is this: there was an attempt by some sections of the print media when the problems in the UK broke out to try to attribute that issue to here in Queensland. There never was going to be that, because the accommodation is here on site. There is the convenience factor. In the various positions you have had I think it has been very convenient for you to be able to say, 'That's my room. I can leave my gear there.' Whether you can do that or not by hiring a hotel room I think is open to some doubt. We would also have to convey people, as they do in other parliaments. You would have to get the taxis to convey people off site.

If you want me to conduct a survey of members, I am more than happy to do that—and will do that. Now that we have joined this debate—and I wish we had it continued in another forum, actually—I am more than happy to do the survey and see what members think.

Mr SEENEY: Okay, which brings me to the \$100,000.

Mr SPEAKER: Did you want to commit me to that?

Mr SEENEY: Yes, absolutely.

Mr SPEAKER: Okay.

Mr SEENEY: I am pleased to hear that. I would be very pleased to give you my opinion about the value of the on-site accommodation as well.

Mr SPEAKER: No, that is all right.

Mr NICHOLLS: Before you go to that, you would need to also, in terms of doing that survey, put out there the options that are the alternative, I guess, in terms of—

Mr SPEAKER: Yes.

Mr NICHOLLS: If I can just go back a stage there? You have mentioned the recommendation for another building. Another building is going to cost—

Mr SPEAKER: Yes, that is right.

Mr NICHOLLS: \$50 million or \$70 million to build on this site—a substantial amount.

Mr SPEAKER: I will not commit to that figure.

Mr NICHOLLS: A substantial number of millions of dollars and in a difficult site that is constrained and on a riverbank. So there is a cost comparison between utilising the effective space that is already here and suggesting that members might accommodate themselves off site. That might well be by renting an apartment in town or renting an apartment nearby town and travelling to it and being given an allowance for that versus the cost of refurbishing the existing building and building a new building.

Mr SPEAKER: How about we agree to this, then: both of you have input into the survey question. I do not want to draft it on my own if you have ideas of what you want included in it. But I think you are right. If you are going to put it, it cannot be a yes or no, tick a box.

Mr SEENEY: Exactly.

Mr SPEAKER: It really has to have some serious look at what the options would be. So I am happy to enter into that discussion.

Mr NICHOLLS: I appreciate that.

Mr SPEAKER: Absolutely.

CHAIR: Thank you, I might now ask the member for Broadwater to ask the next question.

Ms CROFT: I refer to page 4-3 of the Service Delivery Statements, which refers to 'recent achievements' and the dot point of replacement of electorate office computer equipment and the upgrade of internet bandwidth in all electorate offices. I ask if you could outline how these upgrades and future IT planning that you and the parliament have planned to support members has assisted members in responding to their constituents effectively and efficiently. Also, in more recent times members are engaging now through a range of communication opportunities, including social network. Could you expand on this work that you have done in the IT area?

Mr SPEAKER: I take it that the committee wants a full answer to this. You are asking me to give you an answer on computers. I want the committee to be fully informed. Mike can come up here and answer that question.

Mr Coburn: In the structure of the question there are a number of parts to it. Can you just run through those parts again for me?

Ms CROFT: I understand that part of your recent achievements is to replace the electorate office computer equipment. Could you expand on that work that you have done and also the upgrade of the internet bandwidth in electorate offices in response to members now engaging in a range of communication opportunities with constituents, including social networking?

Mr Coburn: In the last 12 months we did visit every electorate office and replace the equipment out there. We have made some significant changes to the hardware configurations in the office and we also looked at new functionalities. In addition to the normal office automation suites that we do provide, we also provided some innovation regarding the use of virtual machines. We have also improved the connectivity so that if the members wanted to enhance the use of the, shall we say, contained parliamentary system by the use of supplementing it with additional private machines, the virtual technology solutions that we have put forward afforded that as the solution. So therefore, the members had flexibility to increase the number of actual machines that can participate in the network and share the data. We have made enhancements to the way that the data in the electorate offices was stored and was accessible. We have made improvements to do with the archive of email facilities, where that was in the past a monogamous type of file access system. We have used enhancing technologies to provide concurrent access to those archive stores.

We increased the bandwidth facility to be the fastest possible available on that site. Whilst that is inconsistent across the state, that is dependent on the technologies that are available in the local exchanges and also other environmental conditions, such as the conditions of the cabling in the ground and also the distance to the office from the actual Telstra exchange. Unfortunately, we have no control over those types of facilities. All we have potentially asked for is the best possible available speed for each particular site.

The change of technologies provided a more streamlined throughput from the electorate office and we also provided some additional functionality which, as I said before, if they did not want to use the virtual machine technology, the introduction of private machines could also go and use this network as well, which is a relatively innovative solution compared to what is normally provided in similar environments.

Going to the issue to do with social media facilities, it is a very broad and complex question. There are some issues to do with information classification, security and protection of data, where the data is stored and all of those sorts of issues. The Speaker's office, I believe, is currently engaging an intern working out of the Speaker's office to look at the use of social media technologies and that is in progress. So at this stage we cannot really comment too much on that, but we are investigating that and, as an organisation, I imagine that we will address that based on recommendations of the issues. Some of those things are looking to obtain the viewpoint of both management and I think of clients—members.

Ms CROFT: Thank you. I just wondered whether you could comment a little further about how people are communicating with electorate offices more so through the use of the internet—using emails. Could you just comment on how you and your office have received that increase? Obviously, the demand on your work and your office work has increased dramatically over the last number of years as people now move to that form of communicating with electorate offices. Could you comment on how much that has increased, if that is something that you have noticed that electorate offices are having to deal with on a daily basis—the increase in email activity?

Mr Coburn: The increase in email—I am just talking off the top of my head and my figures cannot be absolutely 100 per cent accurate—but in a general guise over the past four or five years the amount of email that has come into the organisation as a corporate has increased eight to nine times, by a factor of eight or nine. So it would have been roughly in 2005 we were receiving as an organisation about one million emails a year and that figure is just shy of 10 million emails—it is about nine point something emails a year at the moment on current trends. Having said that, the amount of email that we have been intercepting as spam has increased. We are running roughly at about 70 per cent of all emails received is actually rejected as spam or virus infected. So it does not get through to the client. Previously, that mail was allowed to go through—back five years ago or six years ago before we put in spam filters. So those sorts of facilities have taken an edge—a significant edge—off the amount of unwanted or unjustified mail coming through. We have only recently increased our spam protection facilities to make that more efficient. That has actually seen a reduction, once again, in the amount of spam mail that is going through. Unfortunately, unwanted or spam mail still gets through. If we turn the screws to try to tighten that up too much, we actually cause the situation of potentially blocking legitimate mail getting through as well.

With these sorts of issues, we are mindful of the fact that the increase in mail as well as other technologies requires the bandwidth increase out to the electorate offices and as an organisation generally. It does affect the throughput, that is, if people are away over extended periods of time—be it Christmas recesses or whatever—the amount of mail does increase. There are challenges to the organisation about how we store that information and how that would be better accessible. These are challenges that, as a corporate, we will be facing, intending to have a review as to services that we will provide and how we go about that. That is currently more likely to be concluded in the next coming months. Out of that, recommendations will be made as to how we approach that for future service deliveries. We are mindful of the fact that we have to keep on addressing both technologies and solutions to better address members' needs.

Ms CROFT: Thank you very much.

CHAIR: Before we move on—and I will hand over to the opposition in a moment—can I just remind members that we have to ask the question to the CEO or the relevant minister or Speaker so that they can then, if necessary, be passed on. The reason I say that is the particular document that everyone is quite interested in seeing appears at page 23 of the responses to questions on notice from the Speaker, which talks about bandwidths. I know that everyone has been comparing their speed and so forth.

Mr SEENEY: I just had an IT question, which I would like Mike to answer. So I will direct it to the Speaker for the sake of form, but obviously the question is to Mr Coburn. Increasingly, members are using smart phones and tablets and they fit well within a member's role. It seems incongruous to me that the parliamentary system seems to have a problem dealing with the most commonly used smartphone and tablet, the iPhone and the iPad. The system is constantly blaming those devices for causing access problems. Why is that? Is there a reason that the system cannot handle the most commonly used devices and are steps being taken to overcome that?

Mr Coburn: Yes, there are steps being looked at. I referred to the type of review that is going forward. To answer the question more historically, the environment that we have is a Microsoft-centric environment. Corporately we made a decision to standardise—to have a single system—for efficiencies. Otherwise the cost of running a corporate or an enterprise environment would be significantly more than

what it is now. So in terms of efficiencies, for support, for costs and for education purposes, to have a relatively standardised environment has significant benefits for efficiencies, for costs and for usage. Going forward, though, iPad—the ‘iEnvironment’, shall we say—has been a relative innovation over the last couple of years. In effect, your use of technology has been enhanced by the use of an iPad in particular whereas before the laptop was something which provided a different range of functionality to what the iPad does. The iPad is certainly not good if you are going to use information to produce a lot of technical documents or those sorts of things, but if you only want to access email and surf the web and do reminders and basic activities they are ideal, they are great.

As far as the blockages issue, the Apple operating systems are significantly different and they are not always compatible with the Microsoft environments. Over the last couple of years there has been improvement regarding compatibility between the environments because there has been better cooperation at the vendor level between Microsoft and Apple. Apple has actually agreed to licence certain software from Microsoft to allow for these devices to be able to sync with the Microsoft exchange service and those sorts of activities.

As we look at some of the solutions into the future, we are looking at anywhere anytime access which will require us to potentially move to different types of infrastructure. The fact is that we put significant funding into infrastructure and it seems to have a set life of efficiencies. It is something like having a significant building built. Two years after you make the investment in the building you do not walk away from it otherwise it is seen to be wasteful. You obviously use the capacity of that as best you can. But we are coming to the stage now of wanting to renew our infrastructure, our main corporate environments, and as a consequence we are looking at better ways to allow for uses of machines, be it iPads or other heterogeneous type environments.

Mr SEENEY: There has been a lot of money invested in cabling in this building over the last three, four or five years. We still do not have a wireless system. The comments that you make indicate to me that the Parliamentary Service seems to lag behind. Most places have a wireless system now. We do not have a wireless system, yet it is not that long ago that we were investing considerable amounts of money in a cabling system.

Mr Coburn: Our cabling infrastructure is actually coming due for replacement in the next couple of years because the main core of our cable infrastructure is 12 to 15 years old.

Mr SEENEY: We put cables in the chamber a couple of years ago. We have wireless in the chamber now, which is fine. We do not have wireless in the Annex. We do not have wireless anywhere else but in the chamber.

Mr Coburn: The timing issue I do not recall and I will not dispute, but whether it is two, three or five years ago or five, six or seven years ago is really immaterial. The issue is whether it is wired or wireless infrastructure. In response, and this is yet to be announced formally, we are making plans in relation to the next sitting when the new committee structure will come into place and the committee meetings will start. We are trying to introduce a temporary wireless solution which will allow iPads, MSB laptops, Parliamentary Service laptops or even privately owned laptops to access committee documents. We are structuring that and that will soon be announced more formally, so maybe I should not have said anything just now.

We are trying to address these sorts of issues. But moving forward, we recognise the need and we are looking at ways to do this without actually having the funds. In these investments moving forward and to reconcile the solutions that we provide in our current environment and to make the investments in new solutions we have to be mindful that we get the best return possible for the dollars we spend and hence that is why we are doing a review. At this stage we have a very open mind as to what the solutions may be.

Ms BATES: Through you, Mr Speaker, to Mr Coburn, you mentioned the IT upgrade which was greatly appreciated by staff in the electorate offices, but was it actually upgraded to be NBN capable and if it was not what would the cost be?

Mr Coburn: The NBN is not currently available in Queensland so the answer is no it has not been. Due to the fact that the NBN is not available in Queensland we have no idea of the cost at this point.

Ms BATES: This is a more technical question. We now have the capability of people watching videos of our speeches in the parliamentary precinct, which is great. Is there scope to enable the code for those videos to be actually embedded into members’ own websites so a person does not have to go into *Hansard* to watch the videos, they can actually view them on a particular member’s website?

Mr Laurie: Can I start the answer and then I will hand over to Mr Coburn. There is a capability to be able to get speeches from Hansard through the Speaker’s Office at this point in time, but we would hope to have a more efficient process in place so that members can actually, if they have particular speeches that they want to put on their own websites, do that. Some members have been doing that. However, we do caution members that by taking the videos of their speeches and effectively republishing them on their own websites the level of privilege protection that is there if it is from the

parliament's website is not the same. But they are available for members to actually get, in a format that they want or most formats that they need, and put on their own website. That is a precursor. I will hand over to Mike for any technical issues.

Mr Coburn: A further technical breakdown is that the format that is available from Hansard is an MPEG 2 or a near high-quality or near broadcast quality format and quality of stream so it is very rich but very fat. It is not friendly to the internet. So if you are just going to play it on your PC or a more private environment the machines have the capacity to play that and the quality of the output is excellent, it is very good. If you are going to put that on the internet most people would not be able to download it because you would need an ADSL 2 plus full-speed service of around 20 meg per second to actually download it effectively. Therefore your data usage would be enormous. In which case, the format that has come from Hansard needs to be shrunk to an internet-friendly format. The one that we provide on the website, which is accessible through the *Record of Proceedings* using the link, is obviously in a more friendly web format but it does include the captioning information that goes with the actual live broadcast.

The structure of when the approvals went through for the archive process was that at that time access through the *Record of Proceedings* was the primary access for that archive. As the Clerk indicated, if people wanted to have another copy of it, a private copy of it, it would be obtained from the high-quality format that is kept for a couple of months after each sitting. The internet broadcast one is kept indefinitely. We would need to know the format they would want it in, whether it is a flash media format, a WMV or any other RM format. There are a number of formats and bit rates and sizes. There are so many variables when it comes to what members may want to do with the actual copies of that and how they want to present it. There are enormous variables.

Therefore we say there are products that you could buy. We recently suggested a product suite that is available for \$80 which actually contains a suite of four products which allows you to capture, edit, strip, resize, format and do all sorts of things. For a small cost members can address those needs immediately themselves rather than us as an organisation. Even the federal government does not try to address some of the issues that you talk about. We are no different to any other parliament in providing the service. We recognise the fact that members may want to do that, but trying to address a consistent business need is going to be a very difficult issue. Whether we would do it as a service at no cost or whether we do it as a fee-for-service are issues that I cannot address.

Ms BATES: Just going back to Mr Laurie's comments about parliamentary privilege, what would be the difference if you actually embedded the code directly from the parliamentary website into your own website? Where does the parliamentary privilege stop in the ether?

Mr Laurie: You have to be careful it is not a republication. If you have a link that points back to the parliament site, it is the parliament site that is actually the publisher and is protected under the legislation. If you take the video and put it on your own site, you are effectively republishing it. There is still privilege that applies, but it is qualified privilege not absolute privilege. You just have to be careful. What we say to members is if you are republishing things, whether it be *Hansard* or whether it be video, you need to be mindful of what you are actually publishing. If it is that one speech in the year where you have said a lot of defamatory things about people, it is probably not a bright idea to be republishing it because even though there is a degree of qualified privilege, it is not absolutely privileged.

CHAIR: Staying on that same theme, the member for Everton has a question in relation to IT.

Mr WATT: I have a couple of technology related questions which we may need Mike for. Through the Speaker in the first instance, with the amount of different software that keeps becoming available to electorate offices and to members as a way of communicating with their constituents, I am interested in what further plans there are around the training of electorate office staff on new software as it becomes available. There was a reference in the SDS to IT training going forward, but I am just interested in a bit more information about that?

Mr SPEAKER: One thing I want to say to all members is this: the Parliamentary Service has an active program to train parliamentary staff. I know that in some offices there is hesitation about coming in to be trained on the various aspects of electorate office life. My encouragement to everyone would be to in the first instance come along because that provides us with the feedback for the types of training that people want and the types of issues increasingly that we are facing in addition to the IT ones. In relation to the specific issue about information technology, either the Clerk or Mike can handle that.

Mr Laurie: I will start and then I will hand over to Mike. When it comes to training of electorate office staff, and this applies not just to IT matters but more broadly, there are a number of obstacles that we have to face. The first is, of course, most of them actually reside well outside of Brisbane and are located in regional areas so we have to either think about remote training or getting them into the building for training here. The second thing is that there is a great variety of different things that occur out in each electorate office so there is not a uniformity of training that we can actually deliver and satisfy everyone's needs, if you like. The one that you have mentioned, which might be software, for example, today there are so many different types of software available we can only really concentrate

on what we would deem corporate type software—that is, our most commonly used software—and deliver training on that. When it comes to the numerous variations out there we would struggle simply because there are too many different variables there.

In terms of training, I think this is the first financial year we have been fully funded for electorate officer training. Of course, there has to be an election within this financial year. I think the last thing members will want necessarily is for their electorate office staff disappearing for two to three days during what is going to be a particularly busy time. We have indicated that this year we will spend a lot of time trying to develop the best training we can with the funding that we have. Probably in December we will run, say, one class for a limited number of electorate officers—about 20 or so—in order to get feedback from that training. We have a whole range of things that we are trying to fit into those two to three days and anything to do with IT and software would be a small part of that. Does that answer your question?

Mr WATT: Yes.

Mr DOWLING: Mr Speaker, this may have been answered in part, but I am not great technically. Is there an ability to link back from a website to the parliamentary site, to play back a speech specifically, or does it just go to speeches or to *Hansard* generally? Can you isolate individual speeches to go back to that link? I asked the question a while ago and I was told that was not possible.

Mr Coburn: The short answer is yes, there is a capability to do it, but we do not currently publish it.

Mr DOWLING: Would that be considered republishing or is that just pointing someone to a link that exists that is protected?

Mr Coburn: I suppose this goes back to the business case for the *Record of Proceedings* as being the gateway, shall we say, to the current archive facilities. It is technically possible because, in effect, in the *Record of Proceedings* you see the little camera icon which has the appropriate URL, for want of a better word, which people click on and it gives them the ability to play the archive on a set day and from a set time so that it corresponds with that stage in the *Record of Proceedings*.

When we did the development of that, the business case put forward was the fact that there is an official record of parliament, which is the *Record of Proceedings*, and the video archive is a supplement to the official record. There is only one official record, which is the written word, and the other one is just a viewable one, so it was decided to make access to that facility. Technically, the short answer is that, yes, we can provide a link from that. How easy the provision of that link might be is arguable. At the moment, shall we say, the acknowledged business case does not support that. Once again, that is not a technical issue; it comes back to a fit-for-purpose use.

Mr DOWLING: If I may follow up with a question to the Speaker, is there a cost associated with that? Is there some financial implication if we were to proceed down that path?

Mr Coburn: The short answer is that there would be a cost of some sort, a development cost, to work out a solution that would make it relatively intuitive for people to be provided with the appropriate link. Whether that cost is hundreds of dollars or whether that cost is significantly more, just off the top of my head I could not tell you because it is not something that I have looked at at this point.

CHAIR: Mr Speaker, moving off that theme for a moment, I am aware that you and the Clerk have done an enormous amount of work that came to a conclusion in May with the regional parliament in Mackay, which I think was the fourth regional parliament held outside Brisbane. I know that there was some media criticism in relation to that exercise. Now that a couple of months have passed, have you had an opportunity to work out how much it cost to hold the regional parliament and do you believe it was a worthwhile exercise?

Mr SPEAKER: The executive pays for this, but the budget was \$650,000 and it came in under budget, I am advised, at about \$550,000. If that parliament was held in Brisbane and several thousand kids came through in a week, we would say that it was a boom week. That is exactly what we had in Mackay. I can get you exact numbers of people through, but there were several thousand schoolchildren and there were several thousand in the audience. However, attendance at parliament is only one aspect of it. There is all the work that the executive would have done in meeting the various interest groups who came to see them. There would have been people whom the opposition shadow ministers engaged with, and that would have run to hundreds of people. In terms of the overriding fact that Queensland does not begin and end in Brisbane, I think it is important that the people in regional Queensland get to see members of parliament. Equally, it forces members of parliament who would otherwise not have to move out of the south-east to engage in regional Queensland. I do not know if you can put a price on that.

If you are looking at it in raw numbers, it was hugely successful compared to what it would have been if parliament had been held that week in Brisbane. But then there is all the preliminary work we did. Thanks go to the Community Engagement people, who engaged with schoolteachers and had seminars for them and public servants. Three members of parliament—Tim Mulherin, Jan Jarratt and Ted Malone—and I engaged with the school community and with community groups. That would not have

happened if it had not been for regional parliament. I think there are a whole lot of measurements other than who physically showed up on the day. If you want that measurement, compare it with Brisbane and it was overwhelmingly successful.

To the extent that members from regional Queensland were able to have regional issues raised, I think it is a good thing. To the extent that people are able to engage in parliament, for those who are interested, that is also a good thing. Also I think for the regional media parliament was a focus. That would not have been the case without a regional parliament. Democracy costs money. In this case, we came in under budget because we are getting better at doing it.

Mr NICHOLLS: I certainly appreciated going to Mackay. I commend the officers for the great job they did in accommodating the members of parliament up there and organising that engagement. On some other issues, the floods in January had a significant impact on the parliamentary precinct and the car parking. Is there an indication of the cost of the floods on the budget? What has that meant in terms of other projects in the precinct that have had to be delayed or deferred, including the restoration of the stonework and other items that you had planned? I will start you off there, and I have one or two more questions, subject to other committee members.

Mr SPEAKER: I will ask Craig to take you through the figures, but I will start by saying yes, it did mean that some projects were delayed. Because we work through DPW, it meant some of the painting activity that we had planned for the lay-off was delayed. We are trying to catch up with that. Some rooms have been identified as needing painting, but we had to stop that program simply because the painters were required, understandably, in affected areas.

I will give you a full readout for the car park area under the precinct. There was no damage to the underground car parks. The final damage was restricted to the visitor and staff car parks located adjacent to the river under the South East Freeway. In respect of the damage, the river level and current contributed to the loss of the car park boom gates, card access systems, perimeter fencing, CCTV security systems and considerable damage to the surface of the sealed car park area. In the immediate aftermath of the floods, Parliamentary Service staff of Property Services, together with the assistance of the Department of Public Works, worked to deliver a short-term solution to enable vehicle access to resume as soon as possible. The car parks were reopened in January.

You asked about cost. The total cost of repairs incurred directly by the Parliamentary Service was \$65,026.49, which excludes GST. In addition, the Department of Public Works incurred certain clean-up and repair costs on behalf of the Parliamentary Service which will be the subject of a separate claim by the DPW to the Reconstruction Authority. The important point, which rounds out the answer, is that on 30 June a grant amount of \$65,026.49 was received from the Reconstruction Authority to offset repair costs directly incurred by the parliament. I think that is it.

Mr NICHOLLS: And all services are now back up and running?

Mr SPEAKER: I am advised so, yes.

Mr NICHOLLS: I move on to some other issues: office accommodation, office renewals and so on for members of parliament.

Mr SPEAKER: Electorate offices?

Mr NICHOLLS: Yes, my apologies. This is not a bid, by the way. Is there a program planned for the next 12 months in terms of office relocation for electorate offices? What is the potential cost of that over the next 12 months?

Mr SPEAKER: Yes, there is. In terms of the program that I presented to you, I know of your particular circumstances which have been mucked around a little bit, as have some other electorate offices where landlords have demanded that we vacate premises. There were a couple of those. In terms of the next 12 months, do I have good or bad news for Clayfield?

Mr NICHOLLS: So there are some MPs where the landlords want them to move out. Mr Speaker, would you mind naming those or—

Mr SPEAKER: We have a forced relocation at Mundingburra, which we had not planned for but that happened. We are trying to relocate the office in Clayfield, whoever the member may be after the next election.

Mr NICHOLLS: I am sure you will do an appropriately fine job, Mr Speaker.

Mr SPEAKER: We are trying to relocate the Broadwater electorate office. The one that I have not asked to relocate is the Logan electorate office. I am more than happy with where it is situated. If you want details of—

Mr NICHOLLS: And that is the normal program, where you have two or three relocations?

Mr SPEAKER: Yes, but, as I said, the Mundingburra one was not one that we could realistically foresee. There was flood damage to the Bundamba office. In the last little while we had an opportunity to relocate Redlands, which was a good deal for the taxpayers. We are looking at one in Redcliffe which is a good deal for the taxpayers. They were not on our original schedule. We had a budget of \$600,000. I can give you a more complete answer if you like.

Mr NICHOLLS: No, I am satisfied with that, thank you.

CHAIR: Thank you, Mr Speaker. Bearing in mind that we have less than a minute to go and we have to be very tight with the time frames this morning—the next session will be starting in 10 minutes and I need to make sure that people are allowed to exit and enter the room—the time allotted for the consideration of the proposed expenditure for the Legislative Assembly and Parliamentary Service has now expired. Thank you, Mr Speaker, and all of your advisers today. We really appreciate it. The committee will now take a short break and resume the hearing at 10.10 am sharp to examine the estimates for the Department of the Premier and Cabinet in relation to reconstruction and related entities.

Mr SPEAKER: Before we close, Mr Chairman, I thank the Parliamentary Service staff for the loyalty they have shown to me in the office of Speaker. I have very much appreciated the opportunity to be their voice today. I think they do an outstanding job on behalf of the members. I thank them particularly for the hard work they have done in what has been an exacting year with the floods, with all the work that goes into a regional sitting of parliament and, more particularly, with the day-to-day work they have done. I note that, in return, they have shown loyalty to me. I want to thank them personally for that. I thank the committee for their courtesy and for the way they have received us today. Thank you.

CHAIR: Thank you, Mr Speaker. That concludes this session.

Proceedings suspended from 9.59 am to 10.10 am

ESTIMATES—FINANCE AND ADMINISTRATION COMMITTEE—PREMIER AND CABINET AND RECONSTRUCTION

In Attendance

Hon. AM Bligh, Premier and Minister for Reconstruction

Mr L Smith, Senior Policy Adviser

Department of the Premier and Cabinet

Mr J Bradley, Director-General

Ms S Bailey, Executive Director, Office of the Director-General

Mr N Elliott, Executive Director, Business Services

Queensland Reconstruction Authority

Mr G Newton, Chief Executive Officer

 **CHAIR:** Good morning, everyone. The estimates hearing for the Finance and Administration Committee is now resumed. On behalf of the committee, I welcome to the hearing the Premier and officers of the department and related entities and members of the public. My name is Wayne Wendt, the member for Ipswich West and chair of the committee. Joining me on the committee today are Ros Bates, the member for Mudgeeraba; Peta-Kaye Croft, the member for Broadwater; Peter Dowling, the member for Redlands; Murray Watt, the member for Everton; and a visiting member this morning is Jeff Seeney, the member for Callide.

The committee will now examine the Appropriation Bill 2011 and the estimates for the areas of responsibility administered by the Premier and Minister for Reconstruction. The committee will consider the estimates in relation to Reconstruction until 11.10 am, that is one hour. We will then take a short break and resume at 11.20 am to examine the remaining estimates for the Department of the Premier and Cabinet and related entities. This will conclude at 12.50 pm.

The proceedings today are lawful proceedings and are subject to the standing rules and orders of the Queensland parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded by order of the committee in accordance with standing order 208. In relation to media coverage of the hearing, the committee has resolved to allow television film coverage and photography at all times during the hearing in accordance with the media broadcasting rules as they apply to estimates proceedings. Before we begin, I ask that all persons in the chamber turn their mobile phones off. I should advise that there is no eating or drinking in this chamber. For the benefit of Hansard I ask all advisers if you are called to give an answer to please state your name before proceeding. I now declare the proposed expenditure for the areas of responsibility administered by the Premier and Minister for Reconstruction open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Premier, the committee has resolved that you may make an opening statement. Do you wish to do so?

Ms BLIGH: Yes.

CHAIR: Premier, you have three minutes.

Ms BLIGH: Mr Chair and members of the committee, Queenslanders have every reason to be optimistic. There is no doubt that our state faces a very bright future. After the devastating disasters of last summer, the reconstruction effort is well underway. This budget positions Queensland to make the most of the opportunities that are before us.

As you know, we established the Queensland Reconstruction Authority in February with its central objective being the efficient and effective coordination of the reconstruction effort. The Queensland Reconstruction Authority is undertaking its work in partnership with other levels of government, particularly the local governments of Queensland. I would like to take this opportunity to recognise the extraordinary work that has been done by councils affected right across the state and to acknowledge that many of these councils are small councils with small ratepayer bases facing very extreme circumstances. I think we can be very proud of their efforts as well. On every measure, these joint efforts are delivering for Queensland. More than \$1 billion has gone out the door in the four months to the end of June.

What we are aiming to do is build it back better with huge investments in public infrastructure including some of the largest regional roads packages Queensland has ever seen. In just under six months 92 per cent of all damaged roads and over 93 per cent of all damaged rail have been recovered

with the 411 affected schools all reopened. The authority has also used its powers to fast-track community recovery, declaring Grantham a reconstruction area, working in partnership with the Lockyer Valley Regional Council to have an entirely new part of this community under construction in the second half of this year.

The authority, backed by the state and federal governments, has been flexible enough to recognise exceptional circumstances and respond, whether it is the \$450 million advance payment of NDRRA funding that we have provided to councils for the first time or the special funding support provided for the Cassowary Coast and Brisbane's damaged CityCat terminals and Riverwalk. We have given the authority the tools it needs to deliver the reconstruction and I am confident that Queensland will emerge a stronger and better state as a result.

This is a budget that does much more than allocate the \$6.8 billion needed to fund our reconstruction effort. It is a budget that recognises Queensland is the state of opportunity, and we have positioned Queensland to once again take the mantle this year as the economic growth capital of Australia. Growth in business investment of 27 per cent is anticipated and that is nearly double that of our nearest rival Western Australia, which is forecasting 15 per cent growth in business investment, and economic growth this year of five per cent—stronger than any other state of Australia. We have long recognised that Queensland's future lies in its competitive advantages and through our investment in smart growth industries we are delivering what the world's fastest developing economies need for the 21st century.

Queensland is offering the world new energy, food security, tropical expertise, biotechnology solutions, first-class education and a remarkable holiday destination. We have put in place the policy settings to take advantage of the confidence that is once again building in the business community. We have the lowest payroll tax in the nation, lowest stamp duty, continued rebates for apprentices and trainees and a per capita tax rate some \$500 lower than the average of all other states. These are jobs generating policy settings and across the economy we expect employment in Queensland to rise by 140,000 jobs in the next two years.

First and foremost, this is a budget that ensures that Queenslanders can continue to enjoy a lifestyle that remains the envy of the rest of the nation, a home building boost to help more people achieve the great Australian dream, the removal of the ambulance levy to help 1.4 million Queenslanders drive down costs and our ongoing education reforms with the transition of year 7 to high school. I am pleased to have an opportunity to inform the committee about these strategic priorities for our government during these historic new estimates hearings. If you will bear with me for just one second longer, I will bring to the attention of the committee a small typo that has been identified in the delivery statement. I refer members to SDS page 1-67. There is a reference there to the completion of phase 2 of Operation Queensland. The target date is listed there as 31 December 2011. I think members will all recall that this authority was established with a two-year horizon and that should have read 2012. My apologies.

CHAIR: Thank you, Premier. I now call the member for Callide to commence the questioning.

Mr SEENEY: Premier, I refer you to the \$450 million in advance payments that you referred to in your opening statement that had been made to councils. I wonder whether you are aware that there is still a lot of consternation within councils about their ability to spend that money. Can you confirm what the government's intention was in providing that \$450 million as an advance payment?

Ms BLIGH: I thank the member for the question. We have had discussions about this, both formally and informally. I do appreciate that there are still some questions in some councils about the process. I think the member would be aware that in the past the burden has fallen entirely on councils to fund disaster recovery and at the end of the process they then were to collect all of their invoices, submit them to the state government who would approve them or otherwise and then they would be submitted to the Commonwealth who would approve them or otherwise. That meant that councils effectively carried a debt, in many cases for two or sometimes three years. In fact, a number of councils, including often quite small councils, were literally borrowing from Queensland Treasury Corporation and sustaining that borrowing over that period of time until they were then reimbursed. Effectively, we have given people grants on an early estimate of what they would be spending now. That is largely emergent works in the first round of funding. Often it is quite extensive work such as clearing the debris off roads in order to get people back on to trafficable roads again, but that comes at a cost.

Those funds have now gone to councils. In order to draw down those funds, councils need to have that expenditure approved with invoices or in advance with project descriptions that are approved by the authority. But that does not mean they cannot start the work. As would have happened in the system as it previously existed, they can get on and do that work, and many of them are doing exactly that. As you would know, many of these councils have extensive experience in interpreting NDRRA guidelines and the eligibility of projects and taking the risk that they have always taken in doing that work. So, effectively, the grants to councils are an offset in their budget so that they do not have to go and borrow from QTC.

Mr SEENEY: But they cannot spend the money until the projects are approved.

Ms BLIGH: They cannot draw down on that part of their account, but it is there as an offset in their budget so that they do not go into deficit, so that they do not have to borrow from QTC. Councils of course have their own budgets that they then apply to these materials. However, if they put in the applications and have them approved beforehand, they can draw down on the money, and many of them have done exactly that.

Mr SEENEY: Premier, you were asked about this issue twice in the parliament, once by me on 12 May and again by the member for Nanango on 26 May. Could I suggest to you that the answer you have given today gives a different impression to the one that you gave then? The question at that stage was: why could the councils not spend the money? The answer that you gave on both of those occasions indicated to us and to the parliament that you believe that councils could spend the money. Today you are saying that, while the government gave the money to the councils as an advance payment, they were not able to spend it until the projects were approved. That is a different position, is it not, to what you gave in your answers on both those previous occasions?

Ms BLIGH: I do not believe so. I believe there has been extensive work done with councils. The QRA has been out and has run training sessions with all of them. They all have money sitting in their accounts. That money is earning interest. They are all able to get these projects moving. Many of them are doing just that, and I commend them. The question really is an accounting question. They do not need to go and borrow money. They do not need to hold this debt. They have an offset account from which they can draw down as the approvals are processed.

No council—quite rightly—for example, decided to leave massive trees across their roads and highways pending the approval of somebody. They got on and did the work. That work is now being reimbursed. Most of the money that has gone into their accounts is recognition of that. As you would appreciate, when disaster recovery takes place, there is a number of different phases. Emergent works are those works that are done immediately.

Mr SEENEY: I am aware of that. It is about the project approvals, is it not? It is about the approvals.

CHAIR: Member for Callide, let us make sure that we actually allow people to answer the questions. I understand where you are coming from. I would just like to hear the Premier's final answer on that.

Ms BLIGH: Emergent works, by and large, are those projects that have been done to date by most councils and which they got moving before the QRA even existed. Those funds have been put into their accounts and as the invoices are submitted, they are approved. The next round of restoration works are much larger projects. Those projects are now being submitted and considered and assessed by the QRA. Those funds are in their accounts. They can get moving on the projects. Frankly, most of them are doing just that.

Mr SEENEY: Can I ask the CEO of the Reconstruction Authority whether he has had any communication directly with councils trying to clarify this issue? If so, over what time scale has it been? Does he believe that he has clarified it now?

Mr Newton: Thank you for the question. The Reconstruction Authority has been in regular contact with councils in relation to all aspects to do with NDRRA funding. We have provided quite a lot of correspondence to the CEOs of the councils. We have provided a guideline in relation to NDRRA processes. In relation to the issue of the advance payments, there was correspondence associated with that along with funding agreements between the authority and the councils which basically spelt out the processes associated with that advance payment. I would have to say that we have had quite positive feedback from councils in respect of the fact that they have incurred quite a deal of cost in advance of getting on with the restoration works and putting their paperwork in for evaluation. Providing this offset arrangement has actually put them in quite a reasonable position as far as offsetting the debt that they would have incurred is concerned.

Mr SEENEY: The point still remains that they cannot draw that money down until the projects are approved. Can you tell us about the approvals process? How many projects have been approved for spending and how many are yet to be approved?

Mr Newton: So far we have had 120 projects approved, or submissions approved. Submissions actually involve in many cases multiple aspects of projects rolled up into one. So 120 submissions have been approved. In the first instance, most of those have been around the emergent works and the counterdisaster operation works. We are starting to see a rise in the submissions in relation to the restoration, which is what you would expect at this stage of the program.

How does it work? The submission guide basically spells out the process for councils. It is very similar to the previous arrangements under the NDRRA. We have not created anything new as far as the rules are concerned. What we have done is provided a process which provides effectively an advance payment to offset incurred costs and then, as those amounts are acquitted, the paperwork comes in and the drawdowns are done. We have quite strict governance arrangements required of us,

both under NDRRA guidelines and in relation to the Australian Government Reconstruction Inspectorate. So it is about fulfilling those obligations but also putting councils in a position where they have funds offsetting their accounts.

Ms BLIGH: For the benefit of the member for Callide, I will provide a letter that was sent to councils on 5 May that identifies the process. Subsequent to that, as outlined by the CEO, there have been a number of face-to-face meetings and training sessions with councils and council officers.

CHAIR: Premier, are you seeking leave to have that tabled?

Ms BLIGH: Yes, I seek leave to table that document.

Leave granted.

Mr SEENEY: Can I confirm then, Premier, that the advance payment that was made to the councils was not meant to be spent; it was meant as an offset to debt that they would incur in reconstructing their infrastructure? Is that the case that you are putting to us this morning?

Ms BLIGH: No. It works both ways. Councils can submit a project for approval and if they have the approval they can spend the money.

Mr SEENEY: But the money was made available by the government a long time before the approvals were available to the council. That money has sat in council accounts unable to be accessed for some months, because the approvals that Mr Newton spoke about are still pending in a lot of instances.

Ms BLIGH: Much of the work was done, as I said, before the QRA even existed, and many of the councils are still submitting their material. But, as you have heard, we have had 121 projects assessed. In some cases councils know what they are doing and are just getting on with the work and others wanted approval first.

Mr SEENEY: So you are saying that they could get on with the work and then get the approval and then draw down the money?

Ms BLIGH: But they can do it the other way as well. They can seek the approval and then use the money. It depends on each council. It depends on the nature of the work. There was an urgency for things like emergent and CDO work. In other cases there is less urgency and they are prepared to wait to get that approval. That is a matter for councils to determine. I am very confident in their ability to do that.

Mr SEENEY: Mr Newton, has the authority advised councils not to proceed with work until the approvals are given, given that the Premier—quite rightly, in my view—is saying that the councils can begin the work and then seek approval and then draw down the funds that were advanced to them?

Mr Newton: The letter that was tabled specifically says that councils can get on with the work and then put submissions in to us. The key point is that councils can get on with the work. They are quite experienced in delivering projects. They have a very good understanding of the NDRRA guidelines. Therefore, if they have confidence that the project they are doing is eligible, there is no reason they cannot get on with the work and seek a retrospective repayment. It is being done by several councils already, along with the department of main roads. Historically that was how it was done. Historically they would not have had to do the scale of work they have had to do as part of the emergent and CDO works. So, because of the scale of impact for councils, we have provided them with an offset to offset against that cost which would in the past have been significantly less in less significant disasters.

Mr SEENEY: Sorry to labour the point, but this is an issue that has been confusing for quite some time. This letter that you have tabled is not dated. Can you tell us when that was sent?

Ms BLIGH: It was 5 May. I was going to write it on there.

Mr SEENEY: So that was before I asked the question in the parliament.

Ms BLIGH: I am not sure what the date of the question was.

Mr SEENEY: It was 12 May.

Mr Newton: That letter was sent to every CEO of every local government—all 73—plus a copy was sent to the Local Government Association.

Mr SEENEY: The other cog in the wheel, if you like, is QRA, which is administering the approvals or considering the approvals. Have you discussed this issue and clarified this issue with them?

Mr Newton: Yes, we have. The purpose of that letter was to provide clarity to councils. We saw that some councils understood what the intent was from day one in reading the submission arrangements and the previous correspondence and in dialogue. But for clarity, that is why I sent the letter out to everybody, to say, 'Look, this is where it is.' I have had regular conversations with mayors and CEOs from councils. I have spoken at many local government organised arrangements. I have gone out and done field inspections. Along the way I am often getting asked questions for clarity around this and other issues, and we aim to provide that.

As well as that, our program control group is often speaking backwards and forwards with councils regularly, seeking clarification. If there is anything that becomes a consistent theme, I will commit it to a letter and send it to everyone. To extend on that, a recent one was the issue around interest associated with the funds that were held by councils. Last week I wrote a letter to all councils clarifying that, yes, councils can use the interest received associated with those accounts as an offset against the borrowings that they have had for the CDO and emergent works.

Mr NICHOLLS: Following up on that theme with Mr Newton, you indicated that you had approved about 120 of these projects that had come through from council including a number of them that were rolled into one. How many do you anticipate and how many are awaiting approval?

Mr Newton: Before I go into the detail around the numbers, it is worth explaining the things that we are talking about. There are the emergent works and the counterdisaster operation activities. Those activities were around the time of the event and in responding to the event, as the Premier described, in relation to the clean-up and so forth. So that is quite a different type of task to the restoration task. The restoration task is more akin to an actual construction type job. About 72 per cent of those jobs that we are seeing, as far as the estimate for works is concerned, are roadworks. So they will be mainly construction jobs.

To answer the question, we have received 310 submissions. Of those, 143 have been processed, if you like, or reached completion and 120 of those are approved. The balance of those, the 23, were either withdrawn by councils or rejected because of noneligibility, or they have been taken back because the councils are looking at putting them together into packages. There are 167 submissions that are currently under assessment, which is the balance between the 143 and the 310. Essentially, there is a lot of dialogue between our authority and councils with each one of those.

In relation to your question about how many we expect, I guess the number of submissions is difficult to tell in that we expect that some councils will be bundling up works into large jobs and others will be doing them in smaller packages of works. Recently I had a meeting with a group who were providing advice to a series of councils, the LGIS. They indicated to me that some councils will be bundling their entire works and going out to market with those. In some of those cases that will be tens of millions of dollars worth of work. Other councils are putting them into smaller packages than that. As far as identifying the number of submissions is concerned, that is difficult to tell. As far as the scale of the work is concerned, we have an estimate of the total cost.

Ms BLIGH: I might just draw the attention of the member to the answer to the non-government question on notice in relation to this which identified that just over half of the submissions have come from the Brisbane City Council. The member for Clayfield will have some background in how the Brisbane City Council manages disaster work. What the council did in this case was, as I understand it, ask each of its work depots to submit submissions. So more than half of all applications have come from the BCC, and some of those are for reimbursement of as little as \$462. For example, instead of the Brisbane City Council submitting one total invoice for all of the sandbags, every work depot submitted for the sandbags that they purchased. There are discussions occurring with the Brisbane City Council—I make no comment about it doing that; that was the way it chose to do it. But, given the scale of this disaster across the state, we are in discussions with the Brisbane City Council about how it might bundle those applications so that there is less paperwork associated not only for the BCC but also for the QRA. Those are reasonable discussions and I expect that we will see the BCC able to bundle up more effectively and lower those numbers.

Mr NICHOLLS: I am sure they will be very constructive. I know that they are a very constructive council.

Ms BLIGH: Yes, there you go.

Mr NICHOLLS: Indeed, and more than willing to help all the time.

Ms BLIGH: I stress that they are at officer level.

Mr NICHOLLS: I have one final question for Mr Newton. What would be the value of the 167 projects under assessment?

Mr Newton: The value of ones currently under assessment—this is from local governments—is \$281 million.

Mr NICHOLLS: That is \$281 million out of the \$450 million that has been advanced?

Mr Newton: We have received submissions from 37 different councils and we have provided an advance to 56 councils. So there is not a direct link between those two. We have already seen some councils out of the blocks early and they are beyond their advance, so we have made progress payments to some of those. An example of that is North Burnett. I think Gympie is almost at that point as well.

CHAIR: Thank you, Mr Newton. Premier, I would like to ask a question in relation to infrastructure, particularly around infrastructure rebuild. As you know, my seat was probably one of the worst affected in relation to the floods in January. I refer particularly to SDS page 1-66, which talks about

the commencement of funding for the reconstruction of public assets. Could you please advise the committee on the progress of this element of the reconstruction effort, particularly in relation to the roads network? I think I heard Mr Newton say that something like 70 per cent of the funding was going towards roads.

Ms BLIGH: I thank the member for the question. You will be conscious from your own area just how widespread some of this damage is and how extreme the damage is. Fixing some of the big washouts that occurred, even in neighbourhood streets, is a very big road-building task. The NDRRA funding for these events is estimated now to be 15 times greater than the historical national annual average. So the size of the reconstruction effort is 15 times greater than we would normally expect to see nationally in a year—therefore, the creation of a dedicated authority, and I am pleased to report that we are seeing some very impressive progress.

Ninety-two per cent of the state and federal road network has recovered including some important links like Cunninghams Gap, and there has been extensive work done there. Ninety-three per cent of the rail network has been recovered—4,420 kilometres of 4,748 kilometres that was damaged, including some very big symbols of recovery like the railway tracks at Murphys Creek. Eighty-eight of the 89 bridges and culverts with major damage have been made trafficable including Five Mile Bridge at Walloon, which suffered repeated inundation, and the AJ Wylie Bridge at Petrie, which is now open to two-way traffic after emergency repairs funded by the NDRRA.

I think it is important, though, for us to all understand that the repairs that have been done to most of the roads—whether they are local, state or federal roads—are temporary fixes to make those roads trafficable. All of these roads will require permanent repairs to be done and that will require more significant roadwork. That means that people across Queensland, and particularly those in all of the flood affected areas, can expect to see extensive roadworks for anywhere up to the next two years. Local councils will roll this out with the department of main roads in a way that causes the least inconvenience to people. But I think many people out there who, quite understandably, do not necessarily understand how roads are built think that, because the roads they rely on to get to work or school or the shops have been open to traffic for two or three months, those roads are fixed. In many cases they are far from it.

As I said in my opening comments, I think our local governments have done an absolutely outstanding job of making roads trafficable, but that does not mean that they are permanently repaired. There is a lot of roadwork ahead. You will see some of the temporary repairs. They are very obvious, with potholes—and I understand people's frustration with that. That was about getting the roads open so that we could get the economy moving again, we could get people to work, we could get people to shops, et cetera. I do need to stress that, while I commend the fact that 92 per cent of our roads are recovered and trafficable, they are not permanently repaired. This is work that will require, in some cases, the complete reconstruction of large stretches of road. You would have seen some of the photos, particularly in regional Queensland, where we have had wash-outs that are bigger than tall teenagers and they require a very significant investment of time in resurfacing and restructuring the road.

On the good side, it means that those roads—some of which are 20 and 30 years old—are being rebuilt with modern materials, including surfaces that will be more resistant to future flooding events. In many cases, they are being rebuilt with the addition of works that were in the Main Roads schedule so they are being rebuilt wider, they are being rebuilt sometimes in slightly different alignments so we can address safety issues and they are being rebuilt with different road edging that will also make them more resilient to flood events in the future. I certainly hope that we see Mother Nature give us enough of a rest over the summer for some of that program to keep rolling out, with both local governments and the department of main roads working at the pace they have been going.

CHAIR: Thank you, Premier. I can certainly vouch for the fact that the Five Mile Bridge at Walloon is now in a much better position than it was some time ago.

Mr WATT: Premier, you have talked about some of the repair work that is underway to roads following the flood disasters of earlier this year. I am interested in hearing a bit more about progress on the CityCat terminal design competition because I know that there was significant damage to a lot of the CityCat terminals as well.

Ms BLIGH: I thank the member for the question. For those of us who live in Brisbane, the damage we saw to our CityCat terminals and the RiverWalk was some of the most distressing during the flood itself. Again, I commend the local government for getting those CityCat terminals operational, but like our roads they need a permanent fix and that work will require some time and a significant rebuilding effort.

As you will be aware, the federal and state governments are funding the replacement of both the RiverWalk and the Brisbane ferry and CityCat terminals. These are funds that are outside the normal disaster relief arrangements; they would not qualify as essential public infrastructure under the current guidelines. I am very pleased that we were able to convince the federal government that they are in fact a necessary and absolutely essential part of our public transport system.

We held the view that, with an investment of \$145 million of state and federal money, we should not miss the opportunity. This is a once in a lifetime chance, a once in a generation chance, to think about the design of those terminals. They are the face of our city. They understandably have been built by successive city councils, one at a time, as the need arose. We now have an opportunity to think about how we design them in a way that provides a signature for the city.

So I am very pleased to say that we have now short-listed three design consortiums and the images of the short-listed designs will be available online on the Premier's website. From next Monday, the full concept designs for each of the three finalists will be on display, online and at the State Library for approximately two weeks. As I said, this is a once in a lifetime opportunity and we want to get it right.

We have a selection panel which is chaired by the Government Architect, Professor Phil Follent, and supported by a technical advisory group, including representatives from the Brisbane City Council. They have selected the short list. Some of these are very modern designs and I have got no doubt that they will spark an interest. The three consortia that have been short-listed are: a consortia called Second Nature Collaborative, which is a combination of Candalepas, Owen and Vokes and Richards and Spence Architects, with Arup as the engineers; Shane Thompson Architects and Lat27, with Bill Short Engineers; and Cox Rayner Architects and Alexander Lotersztain with Derlot. This is a combination of engineering and design expertise that I think is going to be very exciting for the city.

Mr DOWLING: Premier, I am wondering if you have received any advanced briefings or advice out of the commission of inquiry. We are five or six weeks away from getting a report. Have you had any heads-up? Have there been any actions coming out of that or even out of listening to the hearing and listening to the input from the community? Are any advanced initiatives coming through?

Ms BLIGH: I thank the member for the question. As you would expect, the commission of inquiry is now drafting the report that, as you identified, is actually due in two weeks time, I think, on 1 August. As a result, those organisations or individuals who have been mentioned in the draft have been forwarded copies of those parts in which they are mentioned and have been asked for comment and whether there are any matters they want to bring further to the attention of the inquiry. Various state agencies have received parts of the draft to respond to and they have responded to the commission. I understand that many local governments and others were provided similarly.

I have not had any briefings, but the state government has been asked to comment on parts of the draft. That is really just the normal practice of natural justice, and I do not think it is appropriate for me to speculate on any of the details of that. This does not constitute final material, thinking or recommendations from the commission.

I would like to take a moment to commend the commission on the way they are conducting this inquiry. What I wanted was an inquiry in which people had confidence that they would be applying themselves diligently and rigorously. I do think they are conducting themselves very independently and the public does see them applying themselves rigorously, and I congratulate them for that.

In relation to the second part of your question, there have been a number of public submissions made to the inquiry that the government has already started to give some thought to or act on. One of those from early on, you might recall, was evidence brought that as it was holidays and Christmas time there were many people driving up from New South Wales, particularly on the New England Highway and the inland routes, who believed they did not get sufficient warning about what they would encounter when they got to Warwick. Therefore, the evacuation centres in Warwick were largely full of people who were travelling and were stuck, so there was need identified for better coordination between the traffic authorities and the emergency authorities of New South Wales and Queensland along those borders.

I have had a specific meeting with Barry O'Farrell about that matter and he has agreed to allocate some senior officers, as have we, who are currently working through a cross-border agreement. There are already some cross-border agreements; there is health in the Tweed Heads-Coolangatta area for example. The Premier of New South Wales and I have agreed that this warrants a whole-of-border consideration and we are looking at these issues. We are particularly keen to make sure that any road information that can be given to people should be in place for the next wet season, and that is what officers are working towards.

You will recall that there was some very distressing evidence given about people calling 000. I know that the Queensland police are already having a look at how they might address some of those issues in the training for 000 call centres and call takers. That is not an exhaustive list but, yes, there have been matters raised in the public inquiry that have given the government cause to start acting before we see recommendations on those things.

Mr DOWLING: As a follow-up to that, the issue of advanced warnings through river monitoring and things of that nature has come up anecdotally and in a number of forums. Has there been any funding allocated to improve those strategies into the future so we do get the advanced warning? We have also heard anecdotally of cross-departmental issues where they could not work with each other. For example, some of the river monitoring stations are owned by BOM apparently, others are managed and monitored by local government, while others again are operated by DERM, and those three

organisations apparently were not communicating with each other. There was some secret squirrel stuff where they would not share information. Have issues of that nature been picked up? Are they being addressed?

Ms BLIGH: I thank the member for the question. He is right. I think it is more than anecdotal, and I think there is an issue that needs to be addressed here. What is clear is that on some river systems we have a number of monitoring stations and equipment that are operated by different levels of government and for different purposes. I am certainly not aware of any significant or serious failure to communicate information. I think the issue is slightly different—that is, that DERM, for example, puts river monitoring equipment on a river for a different purpose than the Bureau of Meteorology so therefore they put it potentially in different places. The bureau have identified the need for them to have a look at whole-of-river system, and there are certainly some discussions happening between state and federal officials in relation to that.

I do not want to pre-empt the inquiry. They may well find that people failed to communicate. I cannot comment on that, only that I am not aware of any serious issue of individuals failing to share. I will ask John Bradley to make a few comments on this, but it is more a question that the different levels of government and the different government agencies apply this equipment for different purposes and therefore they are not always in the place they need to be for the purpose of a different agency, if you know what I mean. You may recall that, after the floods in Emerald in 2008, there was a deficiency identified then by the bureau in the number of upstream monitoring stations they had. The Commonwealth agreed to fund a significant upgrade and they did, and that provided substantially better information in relation to the subsequent flooding of that area in 2011.

I do stress, however, that in these floods we had 15 major systems in flood at the same time, with 12 of them recording their highest ever record peak. So all of us, across all levels of governments, learnt a bit more about how these rivers can act when they are in fury. That has given us a lot more information about where we might better place that equipment for emergency purposes in the future. John, do you want to add anything to that about DERM monitoring?

Mr Bradley: The only thing I would add to that very briefly is that there is an existing arrangement between the Bureau of Meteorology and the Department of Environment and Resource Management in relation to how those gauging stations are used. There is an explicit set of priorities that the Bureau of Meteorology places around gauging stations that are used for their flood monitoring and warning system. Between DERM and the Bureau of Meteorology, there is as I understand it very good communications. There is an upgrade program underway which is being funded by the Bureau of Meteorology. This is state-wide to achieve upgrades in gauging stations.

So while there were some specific issues raised in testimony at the inquiry in relation to readings at particular gauging stations, I am not aware of any issues of substance in relation to communication issues between DERM and the Bureau of Meteorology. But, again, if that is a matter that the commission of inquiry holds a view on, we will take that into account when we receive their report on 1 August.

Ms BLIGH: I have just had drawn to my attention something that is in the most recent report of the QRA. Of the 43 damaged gauging stations, 41 are now fully operational and the remaining two are having work done on them.

Mr DOWLING: The principal part of the question was whether there is any funding in this year's budget and where it is likely to be spent. I am talking about the budget allocations for the river monitoring systems and management.

Mr Bradley: What I can say is that there is an existing funded program within the Department of Environment and Resource Management that is occurring under an agreed relationship with the Bureau of Meteorology, but I do not have the detail today. That is something that the Department of Environment and Resource Management could advise on.

Ms BLIGH: That is a standard program that is there. If as a result of the commission of inquiry's deliberations that needs to be reconsidered, then obviously like all of their other recommendations, we will have to look at that.

CHAIR: Member for Redlands, are you seeking to take that on notice? Would you like to have that information provided?

Mr DOWLING: Yes, I am happy to take that information on notice.

CHAIR: Mr Bradley, can you take note of that please, and the research team?

Mr Bradley: Yes.

Ms CROFT: I refer to page 1-3 of the SDS and the support and assistance provided to the reconstruction effort. Can you please inform the committee about the additional support and assistance that is being provided by corporate Australia under the Reconstruction Authority's Join Forces initiative?

Ms BLIGH: I thank the member for the question. I think the response of corporate Australia is actually one of the great unsung stories of this disaster. Corporate Australia responded magnificently in response to a call for donations to the Premier's relief fund. But over and above that, there are many, many companies which either had in-kind or further donations they wanted to make.

Part of that program was Join Forces. You might recall that not long after the disaster the Prime Minister established a business council to work with the relevant authorities here in Queensland chaired by the Treasurer of Australia, and they were some of the biggest companies in Australia—people like Lindsay Fox and companies like Woolworths and others. What we identified was the need for those not-for-profit community organisations to get back on their feet as quickly as they could.

The government has some programs in our sports area that can help some of our sporting clubs, but, as you would all be aware from either your own local areas or the things you have seen in public media, there are many organisations that have lost their clubhouse and that have seen significant damage way beyond their ability to repair, and these are the places that are the heart of communities. When we talk about reconstruction and recovery, we would be failing Queensland, I think, if we only look at roads and rail and bridges and buildings. Communities only thrive and are healthy if they have gathering places, if they have places where children can join together in sports clubs or cultural activities.

So we have now seen through Join Forces a total of 293 corporate donor matches—that is, where a company has either something in kind that they can give to a not-for-profit organisation or funds that they are prepared to deliver. Of those 293 matches, they have assisted over 150 organisations. Some organisations have been so badly damaged that they have been the recipient of more than one corporate level of assistance. It covers everything from the Grantham shop, for example—which only got back on its feet because everybody from IGA through to the people who did the security grilles gave equipment and labour and money for free—right through to projects for local football clubs, netball, cricket, archery and BMX clubs through to groups like Lions, disability groups, Scouts, CWAs and Riding for the Disabled. They have all been recipients of these programs. The Bundaberg Netball Association, Brisbane Basketball Association, Gin Gin Bowls and Goodna and District Rugby League Football Club are some of the sports clubs that have benefited.

I want to take the opportunity today to thank corporate Australia and corporate Queensland. They have really put their shoulder to the wheel. Organisations like IGA have paired with 46 registered Join Forces groups to distribute a total of \$143,000 in flood relief assistance. Nissan has delivered a total of 81 vehicles to date through Join Forces to groups like the Red Cross, Salvation Army, Lifeline and Laidley community support. Many of these groups are doing this without any fanfare and without blowing their own trumpet—just doing it as good corporate citizens. Our ability as a state and as a community to recover is all the better for their efforts and we can be very proud of what they are doing.

CHAIR: Thank you, Premier. The member for Mudgeeraba has the next question.

Ms BATES: Premier, five years ago former Premier Peter Beattie announced the construction of cyclone shelters in Far North Queensland. Why did it take your government so long to announce construction of these? Would your government have added these 10 new shelters had the \$30 million donation not been made by the Abu Dhabi government?

Ms BLIGH: I thank the member for the question. The previous Premier announced the intention of the government to work systematically across North Queensland to put in place category 5 cyclone shelters where we were building buildings that would lend themselves to a shelter facility. So what was promised was delivered—that is, where we entered into projects such as large sporting stadiums or other buildings of that size across the cyclone-prone zone, we built cyclone-proof shelters. I am happy to give the member the detail, but my recollection is that there were five or six built in that time. There is no doubt whatsoever that the very generous donation from the UAE of \$30 million gives us the opportunity to accelerate that.

What Peter Beattie said was that, as our building program rolled out, where appropriate we would build to that standard. What the UAE donation allows us to do is build buildings that would not have otherwise been on the building program. That is a great thing and we thank our friends from the UAE. Clearly there was an opportunity for us to match that very generous donation, and that means that we will see the construction of an additional 10 category 5 cyclone shelters in some of these high-risk areas. That will make us a more resilient community and I thank our friends for their donation.

Ms BATES: Thank you, Premier. My question is, though: had the donation of \$30 million not been made so that you had the funds to actually build \$60 million worth of cyclone shelters, would your government have provided that \$60 million for 10 shelters, or would we have ended up with only five?

Ms BLIGH: The donation was made, so I cannot retrospectively say what may or may not have happened. I was very thankful as a Queenslanders for the attention, care and support that was offered to us from people around the world. We had donations of cash into the Premier's relief appeal from companies and individuals internationally. We have had offers of assistance from other nations. The US Army has been working to identify solutions for the Rockhampton Airport and the UAE came forward

and said, 'We have a donation that we would like to make and we want to work with you to make sure it goes to a good cause.' We put forward some options and they resolved that that was the one they would like to work with us on. As I said, it is an extraordinary act of kindness and I am very grateful for it. I did see some comments that I thought were less than generous in relation to this donation, but I have nothing but praise for the United Arab Emirates and their act of friendship.

Ms BATES: Thank you, Premier. So you can confirm that there was a plan in place to build these 10 shelters prior to that donation?

Ms BLIGH: We identified the need to build more shelters. You cannot have a category 5 cyclone cross the coast and not sit down and look at your resilience. We have said that we are determined to build it back better. We are determined to make sure that means not only better roads and better hospitals and better schools wherever they have been damaged but more resilience in the community, and that means safer places but it also means better informed people. There are a whole lot of projects happening around that as well.

Ms BATES: Thank you, Premier.

Mr DOWLING: Premier, with regard to telecommunications and IT shifting, that is one of the things that has come out repeatedly—telecommunications broke down, networks were lost and we had circumstances where, again anecdotally, emergency services personnel were reliant on mobile phones and on android telecommunications technology for GPS et cetera. Presuming that is all correct—and I have no reason to doubt it—what is the government doing to start to address those areas relating to the telecommunications network? I appreciate that that is ordinarily a federal issue, but on the ground with emergency services, the provision of equipment so that they can function adequately is a function of state government. What is being done to address those shortfalls?

Ms BLIGH: Let me say three things. Firstly, I think there is probably a great PhD thesis in the use of social media during these disaster events. Never before has social media been used as extensively formally, through emergency services such as the Queensland Police Service or governments through our state government-wide alert system or local governments that used it to give information that was very local and very specific and in many cases saved lives. It was also used extensively and widely informally, by ordinary citizens who warned each other in their streets, who set up Facebook pages, who used it particularly in the aftermath to tell people where they could get assistance, to gather together volunteers, to get people who wanted to bake cakes together.

There was an extraordinary use of social media, and the media itself used it. Journalists were using Twitter on their phones to give updates throughout Cyclone Yasi to those who were there and on site. So the use of social media to warn, alert and protect people as well as to gather people together and help recover post the events I think is unprecedented, certainly in Australian history. And I suspect, because we do not often see disasters of this scale in the developed world, it is probably of global significance. It is something that we will be certainly looking to build on. I particularly congratulate Queensland Police Media. They have been the recipient of many awards already and I suspect they are going to see more.

Secondly, in relation to telecommunications and communication between emergency services, every time we go through a disaster Emergency Management Queensland review what they are doing. In this case obviously that review is aided and assisted by the commission of inquiry and we will be looking to work through the recommendations of any internal reviews in relation to the need for that equipment as well as anything out of the commission of inquiry—whether it is 000 call numbers or whether it is satellite phones or any other form of equipment.

Finally, I would have thought that part of the long-term answer here is the NBN. I expect to see the member for Redlands thoroughly endorsing the opportunities that the rollout will give Queensland, particularly in managing disasters in the future.

Mr DOWLING: The NBN, if I can, is a cable network and subject to all of the inclemencies of weather, be it flood or storm. So, again, it is not a reliable network necessarily.

Ms BLIGH: But certainly giving more opportunities than currently exist, particularly for regional Queensland.

Mr NICHOLLS: We do know, Premier, that there has not yet been a plan in the parliament to deal with NBN. We found that out this morning in the review. Going back to the questions that the member for Mudgeeraba was asking, I just want to be clear on this. Was there a plan prior to the donation of \$30 million from the Abu Dhabi government—from the United Arab Emirates—to build the 10 shelters that have been listed, or was there not a plan before that donation was made available?

Ms BLIGH: The need for more shelters was identified during the crisis itself and immediately afterwards, and the government was giving consideration to how we might meet that. The government of the UAE approached us and said that they wanted to make a donation but rather than just put it into a general fund—

Mr NICHOLLS: I guess my question was this: was there a plan that had mapped out, 'We need Bowen State High School, Edmonton Leisure Centre, Ingham State High School. We need to put money aside to address future potential cyclones coming across the state,' before the UAE said, 'Here is \$30 million'?

Ms BLIGH: The precise locations have been determined by consultation with local governments over the last few months, as you would expect—that is, whether they were going to be in a school or a showground or wherever. But was there consideration being given by government about the need for more cyclone shelters in centres like Cairns, Townsville and Mackay? Yes, there was. That was in its early stages of thinking because—

Mr NICHOLLS: Sure, but consideration is not a plan. I am asking: was there a plan?

Ms BLIGH: I cannot answer the question unless you allow me to speak.

Mr NICHOLLS: Well, you have had three cracks at it. Was there a plan for a—

CHAIR: Order! Member for Clayfield, I understand what we are trying to achieve here and I think everybody has goodwill in that respect, so I would ask you to allow the Premier to answer.

Mr NICHOLLS: Indeed.

Ms BLIGH: Perhaps it would be easier for the member for Clayfield to appreciate if I indicated that in fact the approach from the UAE was made very early after the disasters. They indicated that they wanted to assist and they asked us to identify possible areas of assistance. The need for more shelters was high on the list and we indicated that that would be a possible area and they were very interested in doing that. When they indicated that the level of their assistance would be in that \$30 million range, my view was that it was an opportunity, if we were to match it, to get a considerable increase in the number of shelters.

I think it is really important for us to be responsible about what we are saying about these shelters. Shelters of this nature are there to assist people whose homes are in a storm surge area during a cyclone or whose homes were built largely before the 1984 northern Australian building code. Many of those people live in coastal areas, and what we saw in this last event was probably the most comprehensive test of the post-1984 building code that has been had since Cyclone Tracy. What we have seen is that those homes withstood this. In those circumstances, people are safer in their own homes than they would be leaving and going to a shelter. So we need to be very careful about what it is we are telling people, because people's wellbeing will depend on us being responsible.

Mr NICHOLLS: I am mindful of all of that, and I know that there is a study going into all of those things. I guess what I am trying to get to is this: was there a plan prior to the money being offered by the UAE to assist Queensland? Was there a plan? Did you say, 'Well, we know what we want to do. We want to build these 10 cyclone shelters. There is a need. We have done the studies and these are going to be able to resolve those issues for people who live in pre-1984 building code housing. They will be able to get there'? Was there a plan or was there not? I guess it is a pretty straightforward question. Quite—

Ms BLIGH: I think it is a pretty straightforward answer.

Mr NICHOLLS: Quite easily you can say yes or no.

CHAIR: Order! Premier, we have less than 30 seconds.

Ms BLIGH: There was a plan outlined by Peter Beattie when we were building new buildings to construct in that zone at a category 5 level. After this disaster it was clear that we needed to accelerate that plan. We were in the early stages of giving it consideration when the UAE identified this as an area they would like to make a donation to. With the money we were then in a position to identify exact locations but, as you will appreciate, we already had identified the areas of highest risk before these disasters, and there is no secret in that—Cape York, Cairns, Townsville, Mackay, Whitsundays and all of those areas in those zones.

CHAIR: Order! The committee will now take a short break and resume at 11.20 am to examine the estimates for the remaining areas of responsibility administered by the Premier.

Proceedings suspended from 11.10 am to 11.20 am

CHAIR: The estimates hearing for the Finance and Administration Committee is now resumed. I will call the member for Callide to ask the next question.

Mr SEENEY: Premier, in relation to the Department of Premier and Cabinet, the budget document says that the department has a role to drive the government's key strategies and plans. How have the government's key strategies and plans been affected by the announcement of a carbon tax?

Ms BLIGH: I thank the member for the question. Just prior to answering it, I have had further advice on the letter that I tabled—and I apologise—that 5 May was when the submission's guidelines were sent. In fact, the letter was sent on 19 May. I am sure the member will draw from that that, yes, it was partly sent to ensure that any confusion that the member drew my attention to—among others, including mayors—was clarified. So my apologies, but it was sent on 19 May.

Let us talk about the carbon tax. What our government wants to deliver for Queensland is a strong and resilient economy. It also believes that doing that means not only growing existing industries like coalmining and new industries like LNG; it also means protecting those assets that bring people from all over the world here as visitors for our tourism industry. There is no doubt that that is a very fine line to walk. The carbon tax package that was announced by the Prime Minister on Sunday is, as I think anyone would expect from a very large and complex package, a mixed bag. The government's view is that it does provide very strong levels of compensation to households to overcome what federal Treasury anticipates to be a .7 effect on inflation and costs. However, there are some components of it, which I have already indicated we will be seeking further discussions with the Commonwealth about, particularly the loss of asset value of those state owned generators. We have some continuing questions about the impact on LNG—and I met with LNG advocates yesterday, or members of the industry yesterday—and we are also keen to ensure that the cost that might arise in the third year of the plan from any changes to fuel costs for heavy freight have been factored into the compensation. So there is still some way to go on some of those issues.

But what do we expect to see in Queensland over the next eight years—between now and 2020—as this is rolled out? I met with the Queensland Resources Council and they were expressly asked whether they endorsed the Commonwealth Treasury view that coal in Queensland is set to grow by about 45 per cent. They said they thought that was about right. So even the coal industry believes that in Queensland we are going to see a 45 per cent increase to the industry here over the next eight years.

Having said that, of course, as you would expect, we do not expect that to be homogenous. It is an industry with all kinds of players in it and, quite rightly, the QRC drew my attention to the fact that there are some mines that, despite the fact the industry might grow, are particularly at risk and particularly exposed—those that are operating on very low margins in low-value environments. While they are not in a position at this stage to give me the names of those mines, they will be working with their members and that is an issue that I have indicated I am happy to take up further on their behalf.

So our long-term plans for the Queensland economy, we believe, will have little or no impact by this proposal because we are in an environment of extraordinary growth. Forty-five per cent growth in the coal industry in the next eight years is more dramatic growth in that industry than we have seen in its entire time here in Queensland. That will then be added to by the growth of a whole new industry with liquid natural gas.

We have seen some concern about potential impact in the tourism sectors. The indications are that it might add \$3 to the cost of a domestic air fare. As I understand it, those costs were taken into account in the consideration and development of the compensation package that will go to households.

Mr SEENEY: Premier, you said yesterday in a press release that it was protecting the Great Barrier Reef. That is emotive nonsense, is it not? How on earth can you justify imposing a new tax on Queenslanders—on Australians generally—with some sort of emotive claim that it is necessary to protect the Great Barrier Reef?

Ms BLIGH: The world science indicates that a two per cent increase in the temperature of the waters of the Pacific Ocean will, in fact, see irreversible, irreparable damage caused to the Great Barrier Reef

Mr SEENEY: So how will imposing a tax here in Queensland—in Australia—change that?

Ms BLIGH: It goes back to whether or not you, one, believe the climate science and, two, whether you believe what the climate science tells us and that is that this is caused by human activity—predominantly that activity that releases large amounts of carbon into our atmosphere. The rest of the world is grappling with this issue and every country is doing it in different ways. But if Queensland and Australia believe that we can be the strong economies of the 21st century by walking away from this issue then we are kidding ourselves. There will be some debate about how we do it and there will be some debate about the benefits and pros and cons of a carbon based economy—

Mr SEENEY: Any constraints on the Queensland coal industry will be taken up by coalmines in Mongolia or Africa and the net effect will not have any effect at all.

Ms BLIGH: As I said, the Queensland coal industry expects to grow in Queensland by 45 per cent in the next eight years.

Mr SEENEY: Not because of the carbon tax. Any new tax has to—

Ms BLIGH: No, despite it.

Mr SEENEY: It has to be a constraint.

Ms BLIGH: Despite it. The Commonwealth modelling indicates that the Queensland economy is set to grow at around 3.5 per cent over the next eight years compared to potentially 3.6 per cent without a carbon tax. So I think if we look at this from a rational point of view, is this something that we can accommodate? That is really the question to be answered. I go back to the imposition of the tax that was imposed by your friends—the GST—which was substantially higher.

Mr SEENEY: I would suggest that making emotive claims about the Great Barrier Reef is not a rational view. That is the sort of irrational nonsense that does not contribute to the argument.

Ms BLIGH: I dispute that.

Mr SEENEY: I would put to you that you as a government and a Premier have a responsibility to take a rational, logical approach.

Ms BLIGH: Absolutely.

Mr SEENEY: And that sort of irrational nonsense does not add to the debate.

Ms BLIGH: If it is the view of the member for Callide that global warming does not harm the Great Barrier Reef, you are welcome to that view. That is not what the science tells us.

Mr SEENEY: The issue is not about global warming; it is about whether or not imposing an extra cost on every Queenslander is going to have any effect at all on the global environment—on the global climate—and whether putting an imposition on Queensland's coal industry is going to reduce the total amount of coal that is burnt in the world. How do you justify that claim as a basis for protecting the Great Barrier Reef?

Ms BLIGH: The member may or may not be aware that India in its last national budget imposed an import tax on coal of around \$1 a tonne. So for every tonne of Queensland coal that goes to India, the Indians take \$1. What do they do with that? They put every single cent of it into research and development in renewable energy technology. If we as a nation decide that we do not want to do any of that, then we will be standing back while large countries like India lead the world in the renewable energy technology of the future.

I remember a time when the Queensland Liberal National Party was led by Lawrence Springborg where he identified the need for renewable energy technology to be led by countries like Australia. It is one of those areas I actually agree with him. We either decide as a nation that we are going to be part of leading the new technologies of the world or we are going to stand up and let other countries do it and we will be paying for that forever.

Mr SEENEY: Queenslanders will be paying for the carbon tax forever. What is the effect of the carbon tax on the budget before the parliament at the moment? What advice have you had since the carbon tax details were released about the effects on the budget, given that the Treasurer conceded that there was no consideration of the carbon tax in the budget that he presented to the parliament?

Ms BLIGH: There is absolutely none in this financial year, because it does not start until 2012, which means that any effect—if any—would be over the three out years. As I said, the current Commonwealth modelling indicates a .1 per cent effect on growth over the next eight years. So I would not expect that to have any considerable change on our budget forward estimates settings.

Mr NICHOLLS: Premier, if I can just follow that? Is there not some absurdity in saying that there is going to be a tax to deal with climate change but Queensland wants to increase its exports of coal by 45 per cent? Are they not going to be used somewhere in the world, whether it is making steel or firing coal fired generators at some stage? Is there not a fundamental absurdity in saying that putting this tax on is going to address climate change and at the same time Queensland is going to increase its production of coal by 45 per cent? Then you would say: what value does the Queensland economy get out of that?

Ms BLIGH: I would hope that the member for Clayfield has enough grasp of basic economics to understand the framework of this economic reform. It is the same reason that was utilised by John Howard when he promised a carbon tax when he went to the election federally in 2007.

Mr NICHOLLS: No, I am asking, Premier, whether there is not a fundamental absurdity in saying, 'We're going to tax a product that we want to sell or produce 45'—

Ms BLIGH: I did hear the question, Mr Chair.

Mr NICHOLLS: 'per cent more of in order to make an effect that it is not going to do?' because we are increasing the production of the product you are trying to stop?

CHAIR: Member for Clayfield, I understand your question and the Premier has advised that she understands it as well. I think we need to give the Premier an opportunity to respond.

Ms BLIGH: Thank you. It is intended to have the same economic effect as John Howard understood when he promised it at the 2007 election and the same effect as Lawrence Springborg and the Liberal National Party believed it would have when they introduced a private member's bill to achieve it here in Queensland.

Mr NICHOLLS: But not the same thing as Kevin Rudd was promising under his tax. So it is a different tax, is it not?

CHAIR: Let us just hear—

Mr NICHOLLS: If you are going to have propositions put that you do not have an opportunity to respond to in relation to those issues then it is absolutely essential that we make sure that the record is clear on that.

Ms BLIGH: It is your estimates. Do you want a little time to retire?

CHAIR: Member for Clayfield, you will have an opportunity to respond in an appropriate time frame. As I say, I do need the Premier to respond to that particular question.

Mr NICHOLLS: Indeed.

Ms BLIGH: As I said, it is intended to have the same effect as it had been understood by the Liberal and National parties when they have promised it on a number of occasions and that is this: that if there is a tax on an activity it will drive investment by those who are being taxed and by others into alternative technologies. You may not have any confidence in the Queensland or Australian coal industry to develop technologies that will assist them—

Mr NICHOLLS: No, you cannot go around verballing people like that in answer to a question. That was not the issue.

CHAIR: Order! Member for Clayfield. I just want to hear the final response and then we can certainly come back to you.

Ms BLIGH: My understanding of the member's question is how is a tax on carbon designed to limit carbon emissions, particularly in an environment where the export of coal is growing. The tax on carbon is taxed on fugitive emissions in open-cut coalmines. I have absolute confidence in the ingenuity, ability and determination of the Queensland mineral industry to respond to this economic lever, as we have seen people do around the world. You may not share it—although you did when you introduced this legislation some time ago—but I ask this question: if the LNP does not believe—

Mr NICHOLLS: Premier, I am the one asking the questions here, not you.

CHAIR: Order! Member for Clayfield, I am chairing it. The Premier has answered the question. I will now hand over to the member for Clayfield.

Mr NICHOLLS: Thanks. Premier, I will go back to the question which you still have not yet responded to, despite a number of circuits around the world in relation to it. The question is this: there is a fundamental absurdity in putting a tax on a product that you are saying is a fundamental of the Queensland economy and that you expect to increase by 45 per cent in terms of its production and it will have an impact on climate change. Do you accept that there is that absurdity or are you saying, 'No, there is no absurdity in taxing something and seeing no less production of the item that you are taxing.' It would be like saying, 'We are putting a tax on cigarettes but we anticipate the cigarette companies will continue to sell more and more cigarettes and we support them in doing so.'

Ms BLIGH: Absolutely not. I think it is entirely different. What this is designed to do is to drive new technologies. I know that there are those opposite who want to live in the last century. This is about coping with this century. It is about providing an economic incentive to invest in new technology that will reduce emissions from this product. Those opposite may want to walk away from the coal industry—

Mr SEENEY: An economic disincentive to invest in—

CHAIR: Member for Callide, order!

Ms BLIGH: It is a disincentive to emissions. If you tax emissions people will want to have less of them. They will want to have less liability for them. That is the fundamental economic framework. If the member for Clayfield does not believe that reducing Australia's emissions will help global climate change, why on earth is Tony Abbott offering to use taxpayers' money for what he calls direct action?

Mr NICHOLLS: Premier, let me put it this way to you: your government is supporting a tax on a resource that Queensland has an abundance of, namely, coal. You are hoping that coal and other sectors of the economy such as LNG will drive—in fact, you are pinning all your economic hopes on that industry being able to provide economic growth over the next at least 12 months, and you are saying that we expect to increase exports of that product to places where they do not put a tax on it and that this will have an impact that will improve the environment. So, you are producing more of something that you say causes damage to the environment, you are relying on an economic growth strategy that has this particular product being sold—coal being sold around the place—and that a tax will not cause Australia any difficulty or Queensland's economy any difficulty. Is that the proposition you are putting forward?

Ms BLIGH: My understanding of this is that it is designed to incentivise those people who are subject to the liability to invest in new technologies but also to invest in mitigation. So what we will see, for example, is a benefit to the agricultural sector of our economy, and I know that Queensland farmers will grab this opportunity with both hands. This is an opportunity for Queensland farmers to enter into arrangements with, for example, coalmines to utilise those parts of their properties that may be marginal for agricultural purposes but which would be able to be utilised for carbon offset purposes. So there is an opportunity here to grow our agricultural sector and, as I said, Queensland is actually positioned better than any other state of Australia for our farmers to take advantage of that because we have done

the work in partnership with AgForce that is doing world leading work in that regard. So it is not only incentivising into new technologies but incentivising into mitigation. I note again that on the current estimates of the industry they expect to see 45 per cent growth, but I believe that that growth will now occur in an environment where that industry will seek to reduce its liability for the carbon price and that means that they will invest in mitigation that will benefit Queensland, Australia and the planet and that they will invest in new technologies to reduce their emissions liability. That is what we have seen happen in the rest of the world. That is what I believe we will see happen across our economy.

Mr NICHOLLS: So we are seeing your new carbon tax being introduced on a product that is going to be produced, at least according to this industry that is supposedly being incentivised by a tax, at least at an amount 45 per cent greater than it currently is, to be exported, to be burnt and to be used overseas by countries that do not have the same regime that is being proposed under your new carbon tax?

Ms BLIGH: Every country has to implement methods that suit their circumstances. As I said, India is taxing the import of coal. We do not import coal we export it. So if we want to be up there with the world, if we want Queensland to be up there with the renewable technologies of the world selling our expertise, then we need to be part of the game. I would dispute the assertions made by the member in earlier questions that this government is pinning all of our hopes on only one sector of the economy. It is patently not true. The member knows himself only too well the work that has been done in some of our knowledge based and knowledge intensive industries. Queensland, for example, is positioned to become the biofuel hub of the Asia Pacific. We are currently doing some of the most cutting edge work in the world on aviation fuel from biomaterials. That positions us to be an exporter of our ideas and to position us for that technology to drive the world in this century and that is what we need to see more of.

Mr NICHOLLS: I am aware of that work that is being done in relation to biofuels. I am also aware of the very long time frame before that comes on board and I am also aware of the very heavy agricultural production that provides the feedstock for that—that is, you cannot provide the sugarcane bagasse without burning diesel. I would be interested to know what impact that has on the development of that industry as well. If I can go back to the fundamental point here in terms of the carbon tax, Premier, is it your contention that your carbon tax is now going to in some way enhance the reduction of the coal that is going to be pulled out of the ground in Queensland and drive a saving for the Great Barrier Reef? Because you are now saying we want a 45 per cent increase, but this new tax is going to incentivise people to, what, use less of it, to burn it less?

Ms BLIGH: I think I have answered three times what it is designed to incentivise. I will say it again. It is designed to incentivise on a number of fronts. Firstly, the investment in technology, research and development into methods of reducing the emission liability and, secondly, to invest in mitigation against that liability. So you will see carbon offsets purchased by these companies that will add to the effort that Australia is making to be part of a global solution. I can only take from the member's comments that the LNP does not support an increase in the coal industry in Queensland. He seems to say that it is an absurd proposition.

Mr SEENEY: That is piling absurdity on absurdity. That really is.

Ms BLIGH: So 45 per cent growth is remarkable. It is one endorsed by the industry regardless of carbon tax, but it is one that can only be achieved and will only be achieved, in my view, if the industry does exactly as I expect it will and that is invest in those things that will actually position them for the economy of the 21st century.

Mr SEENEY: Why should Queenslanders believe you and Julia Gillard when you give assurances that they are going to be compensated for the imposition of this tax when they were promised before the last federal election that the tax would not be introduced?

Ms BLIGH: I am not here to comment on behalf of the federal government. This is about the state budget.

Mr SEENEY: Are you confident that Queenslanders are going to be compensated?

Ms BLIGH: What you will see before Queenslanders and Australians have to make a judgement about this at the ballot box is that these monies will be in their pockets as a result of the legislation being considered by the federal parliament. These are matters for the federal parliament. They will be matters considered by the federal parliament before the next federal election is due so I cannot comment on or speculate about, and I would suggest neither can you, what might happen in the federal parliament but it will happen one way or the other, either passed or not passed, and Australians will know that.

Mr SEENEY: You were not able to tell us how the Queensland budget could be impacted. How do you think the average Queenslanders will be impacted?

Ms BLIGH: The modelling, as you would be aware, indicates a .7 per cent effect on inflation and Queensland households will be compensated for that. Queensland households over the next three years, as I understand it, will see some \$3 billion of assistance through tax cuts and through transfer payments to family payments and pensions. Queensland households will see some impact on inflation but they will then see a commensurate compensation for that, except in the highest income brackets.

Mr SEENEY: There were 13 elements in your submission that you made to the federal government of which 11, you said, were accepted. What were the two that were not accepted and what effect will their non-acceptance have?

Ms BLIGH: I thank the member and I am very happy to correct something. I said 11 out of 13. It is actually seven out of nine. So it is the same disparity but I had my figures slightly wrong and I apologise. The two that we had on our list that we have not achieved as yet was recognition by the Commonwealth of the loss of asset value to our state owned generators and the need for some compensation for that. Effectively it seems to me, and I would have to verify this, that the Commonwealth has taken some of the funds that in the previous scheme would have been allocated to states for this regard and put it into households.

Mr SEENEY: If you as a government are expecting—

CHAIR: Member for Callide—

Mr SEENEY: This is an important point.

CHAIR: Order! Member for Callide! I think we are all trying to listen to that particular answer. Give the Premier one more moment to answer and then I am happy to come back to you.

Ms BLIGH: Secondly, we asked the Commonwealth to give consideration to an emissions intensity approach when it came to assessing the electricity sector for this purpose. They have chosen a different modelling approach.

Mr SEENEY: If you as a government expect to be compensated for the loss of capital value of your businesses, namely, the generators, why shouldn't every Queenslander who suffers a loss in the value of their business—every trucking company, for example, whose business will no longer be as profitable, every coalminer whose business will no longer be as profitable—receive the same compensation you are demanding from the federal government?

Ms BLIGH: Again this works exactly the same as GST worked. The GST that was introduced by John Howard was passed on by businesses to customers and customers were compensated through the tax system with a series of tax cuts. It is almost an identical system that was put in place but with a much lower cost.

Mr SEENEY: You are talking about the capital value of your generators.

Ms BLIGH: I do not know of any households that operate an electricity coal fired generator.

Mr SEENEY: No, but there are lots of individual Queenslanders who operate businesses that will be similarly affected, whether they be truckies who drive a truck who are suddenly going to have to pay more for their fuel and therefore lose their profitability and the capital value of their business is similarly affected.

Ms BLIGH: Exactly as the GST was designed and is working and has been working for almost a decade, those businesses, it is anticipated, will have a flow-on effect to their customers and that is why their customers are being compensated. So, in fact, the model that the federal government has chosen—

Mr SEENEY: Rubbish. The truth is this is going to have an impact right across Queensland that you have not even begun to think about it.

CHAIR: Order! Member for Callide. I would ask you not to continue to talk over the top of either the Premier or myself when there is an answer being provided. The Premier has the call.

Ms BLIGH: Thank you. They are very agitated today, Mr Chair.

CHAIR: Order!

Ms BLIGH: As I said, John Howard's design of the GST, which was a 10 per cent tax on every business, on every Australian, on every good, on every service that they were purchasing, was designed to be passed onto customers and that is why households were compensated through a series of tax cuts. As I said, it is almost a system designed by John Howard.

Mr SEENEY: John Howard took the GST to an election. Do you think Julia Gillard should take this to an election?

Ms BLIGH: That is an issue for the Australian people and for the federal government.

Mr SEENEY: Do you think the federal government should take the carbon tax to an election, Premier, in the same way that John Howard did, seeing you are using his example? Do you think Julia Gillard should take this proposition to the people?

CHAIR: Order! Member for Callide, I remind you we are talking about the Queensland budget process. Make sure your questions are relevant.

Mr SEENEY: I will rephrase it. Given the impacts that we have already identified—

Ms BLIGH: Mr Chair, I think I am entitled to answer it.

CHAIR: Order! Member for Callide, please come to order. I would ask you to make sure your questions are relevant. Premier, I think you were trying to respond.

Ms BLIGH: Thank you, Mr Chair. I draw your attention to a number of things. Firstly, I understand that this is one of the biggest political issues of the day and I expect that we will have many opportunities to debate it both in this parliament and in the public arena, but these sessions are not forums for debate. This is an opportunity for the Liberal National Party to ask questions about the state budget, and I am happy to answer those, but they are required to do it within the standing orders which prohibit calling on me to give an expression of an opinion. I know that we will debate this. I do not walk away from this debate and I think I have given extensive answers here this morning. But I draw your attention to the fact that there is nothing in the SDS about this. As I indicated in my first answer, there is no impact on the Queensland budget this financial year. It may have a small effect on the forward three years beyond that if it is passed by the federal parliament. So I just draw the member's attention to the fact that while I am very happy to answer questions on the impact of this on the state budget, this is not a debating forum and I would suggest that his attempts to make it one are inappropriate.

CHAIR: Premier, I understand where you are coming from.

Mr SEENEY: Given the time I will move onto another issue.

CHAIR: If we have ceased with that particular aspect, I know the member for Broadwater has a question she would like to ask.

Ms CROFT: I refer to page 13 of the SDS and the commitment to further drive performance across government to achieve the *Toward Q2: Tomorrow's Queensland* targets. Given that one of these targets is to ensure Queensland has Australia's strongest economy, can you please advise the committee how the 2011-12 budget has helped ensure Queensland is once again Australia's leading state for economic growth and business investment?

Ms BLIGH: I thank the member for the question. What you will see from our government is a government that is driven by our determination to keep Queensland the best state of Australia. As I said in my opening remarks, this is a budget that positions Queensland as the state of opportunity and it is a budget that will help deliver Queensland a dramatic five per cent economic growth in this financial year and 5¼ per cent growth following that. This growth is born partly from the stimulus that comes with the most unfortunate of circumstances. Our state's largest ever reconstruction effort will be driving local regional economies across the state as we see that work roll out. It also comes from the tough decisions that were taken to reposition the Queensland budget for the 21st century. The tough decisions that we delivered on in the past 12 months are shaping the opportunities of the next.

In 2010-11 we stared down the barrel of asset sales, which were unpopular with many but the right thing to do. As a consequence, our debt levels have dramatically reduced—from over \$70 billion forecast in last year's budget to under \$53 billion. The private sector will now fund more than \$2.8 billion in capital expenditure that would otherwise have been included in this budget had those sales not occurred, so it has driven private investment into Queensland as well.

Our deficits are now one-third less over the next four years than they were before the sales. That is partly as a result of some tough decisions in relation to making sure that our own backyard in the public sector is running as efficiently and effectively as it can. In this budget there are also tough decisions about restructuring our stamp duty so that we can see a building boost directly stimulating the construction industry and taking the cost of the ambulance levy off 1.4 million electricity accounts across Queensland. That all shapes up to mean a very strong year for Queensland and one that I think is going to be exciting to be part of.

Mr WATT: Premier, page 1-3 of the SDS refers to some of the *Toward Q2* targets. One in them, in particular, is the strong Queensland ambition to have a target about infrastructure that anticipates growth. Can you please outline how the recently released *Queensland Infrastructure Plan* and *Bruce Highway Upgrade Strategy* support the government's Q2 objectives?

Ms BLIGH: I thank the member for his questions. I seek leave to table three documents that I released publicly this morning. Those documents are the *Queensland Regionalisation Strategy*, the *Queensland Infrastructure Plan* and the *Bruce Highway Upgrade Strategy*.

Leave granted.

Ms BLIGH: These documents are born out of the work that we did with the Growth Management Summit last year. That summit brought together players from across local government and from the planning and development industries, academics and others with expertise in planning and managing growth. A number of initiatives we have already implemented, but one of those recommendations, which was one of the strongest outcomes of the summit, was the need for us to recognise the potential to grow regional Queensland as a way of managing growth pressures here in the south-east of our state. That meant developing a regionalisation strategy underpinning that—as we have underpinned the South East Queensland Regional Plan with SEQIPP—with a statewide Queensland Infrastructure Plan.

As of today, with this launch, Queensland is now the only state in Australia that has a statewide infrastructure plan. Just as we led the nation with our groundbreaking SEQIPP document, SEQIPP is now incorporated into a statewide plan that sees long-term, medium-term and short-term infrastructure needs set out and planned, giving the building and construction industry around Australia and around the world a clear line of sight.

When we talk in our Q2 documents about our desire and aspiration to be a state that has infrastructure that anticipates growth, right at the heart of that is good planning. The South-East Queensland documents and plans not only have been recognised with national awards as world-class planning materials but also have driven budget decisions in every budget since we have adopted them. That is what the QIP will do. This means that in every budget we will identify the priorities within the documents that have been released and we will fund them accordingly.

As part of the Queensland infrastructure program, we have identified that one of the strongest components of statewide infrastructure, particularly connecting our major regional coastal cities, is the Bruce Highway. Of course, this is a National Highway, but the Queensland state government has consistently invested in it because of the critical importance it has to our strategic export capacity in particular but also as it connects so many communities.

As I said, Queensland becomes the only state with a 20-year infrastructure plan that is statewide. The Bruce Highway Upgrade Strategy is part of that. All three documents will now be the subject of further consultation with communities across the state. That will be led by the Deputy Premier. Of course, it has always been a tough task for any Queensland government to keep securing funding from any national government for the National Highway. Certainly it was a tough task during the Howard years, when for over 12 years we only saw \$100 million from that government for the Bruce Highway. The Gillard government has provided over \$480 million per year, which is more than five times as much. That means that with this document we position ourselves to lobby, to secure and to leverage federal funding. However, we will expect to see the federal government—as our government has done—continue to invest in the National Highway.

CHAIR: Thank you, Premier. I am looking at the documents that you have just tabled. I know that on page 1-5 of the SDS there is reference to the significance of the Mackay regional parliament, which we spoke to the Speaker about this morning. Can you detail the government's long-term commitment to strengthening Queensland's regions and, in particular, provide the committee with details about the recently released Regionalisation Strategy that I have in my hand?

Ms BLIGH: I thank the member for the question. The time we spent in Mackay was very useful and instructive, particularly for those of us who live in South-East Queensland. I think everybody from all sides got a real sense of some of the issues facing that community. It is a great place. It has many opportunities, but with those opportunities comes the challenge of growth. Queensland's population is set to rise from its current 4.6 million to just on seven million in 2031. We expect to see it rise to over 7.8 million by 2035, which will mean at that point Queensland will be the second largest state in Australia, surpassing Victoria in population terms. We have always been larger than Victoria in geographic terms. Clearly, we need to plan for that and make sure that as that population comes across our border or is born here we have the roads, hospitals, schools and other infrastructure needed to ensure the quality of life that brings people here and the quality of life that people in Queensland expect for their children.

What you will see with this Regionalisation Strategy is an identification of major development and economic regions of Queensland. It outlines Queensland's current economic zones and anticipates a number of emerging opportunities to shape those zones. We see an expansion of Queensland's gas corridor, with the unprecedented development in the Surat Basin; the continued investment in tourism to see the tourism corridor expand even further north, with stronger links into Western Queensland; the transformation of the existing coal corridor into a broad energy corridor driven largely by expanding operations, not only in the Bowen Basin but importantly in the new Galilee Basin; the development of biofuels within that zone; and significant renewable energy opportunities across that zone as well.

Importantly, we have identified a corridor of tropical expertise where we anticipate seeing the increased commercialisation of tropical solutions for medical and industrial purposes being driven out of the zone, from Mackay to Cairns in particular, where we have seen increased activity by our universities and increased research partnerships around the world. Queensland will remain Australia's most decentralised state and understanding the economies, supply chains and opportunities of those regions is critical to understanding what the priorities for infrastructure need to be.

Mr WATT: Premier, I refer you to page 1-3 of the SDS and a reference to the Building Revival Forum. Would you please outline the significance of the Queensland Building Boost, which was announced in this year's budget, and the supporting initiatives the private sector has subsequently launched to further stimulate the building and construction industry?

Ms BLIGH: I thank the honourable member. I know of his interest in this particular activity of government. The construction industry is a very big employer in Queensland. We need to make sure that we are working with that industry as it continues to recover from the GFC. This was one of the

industries hit the hardest. While we have seen continued activity in the civil construction sector, driven largely by the government's infrastructure program, there can be no doubt that the home-building sector continues to lag in many places. That is why we have moved to inject an immediate stimulus through the \$10,000 home building boost for every new home, through the \$140 million Queensland Building Boost.

The idea of a stimulus package into the industry was considered at some length at the Building Revival Forum. It was actually the view of industry that any stimulus to be put into this sector should be time limited to try to bring forward people's decisions, so that we could see that activity start now, when the industry needs it most. We are quite confident that, as we see economic growth happen over the next two years, we will see home building recover. However, we did not want to leave it lagging, which is why we have put the stimulus in there.

We are already seeing proof that the boost is working. Many developers are grabbing the opportunity provided by it. A glance at the property section of the weekend *Courier-Mail* shows that four major development companies have begun to add their own grant to add another incentive to the money provided by the state. For example, Delfin, Clarendon and Wakefield Plantation Homes, to name a few, are adding their own bonuses, in some cases taking the total incentive for homebuyers to \$30,000. It is a very significant stimulus. I thank those companies for their work to add to it. If that means we can see more building activity and more jobs in the sector and, importantly, with that the retention of skills, that will have an economy-wide benefit.

Ms CROFT: Premier, I refer to page 1-35 of the SDS and the significant increase to the Events Queensland budget for 2011-12. Can you provide the committee with further detail on why this funding has increased and the types of major events that may be attracted as a result?

Ms BLIGH: I thank the member for the question. As a representative of the Gold Coast, the member will be only too aware of the importance of events in bringing visitors to our major tourism destinations. There is ample evidence to suggest that a significant event will actually change people's decision making. It will bring them to somewhere they may not otherwise have contemplated at that time or indeed ever, without the event being a factor that gets them there. Obviously, once there they invest in the local economy and, particularly if they go to some of Queensland's beautiful places like the Gold Coast, they will have such a good experience that hopefully they will want to come back for a holiday in their own right.

Our investment in this year's budget backs up our view that Queensland can be the events capital of Australia. We have 27 major events confirmed for this financial year and a number of others are under negotiation. We have secured the 2010-13 Kellogg's Nutri-Grain Ironman and Ironwoman series and the 2011 surrealism and Matisse exhibitions. In 2012 we will see the Prado exhibition. This is a real coup for Queensland. I can tell you that Victoria was bidding very hard to get it. Prado will bring some of its most precious and remarkable artistic works to Australia for the first time. For that exhibition to be an exclusive to Queensland is a feather in our cap.

This year the Brisbane Festival will see a new feature with the City of Lights laser program. This week I announced the Walkley Awards. The NRL Indigenous All Stars game has been secured until 2013. The recently announced HSBC World Rugby Sevens has been secured for Skilled Park. That is another example that when you build infrastructure like this you can compete for events that you would otherwise not be in the game for. I noticed the number of times that the member for Clayfield spoke disparagingly about stadiums. I draw his attention to the World Rugby Sevens being secured for the Gold Coast.

Mr NICHOLLS: You're a recent convert to the game of rugby, are you Premier?

Ms BLIGH: I am a great enthusiast for all Queensland sports. Also on the Gold Coast, the Foo Fighters will perform the first outdoor concert at the Metricon Stadium. It means that the Gold Coast can actually aspire to bring world-class acts for a major outdoor concert. I am absolutely confident that people will travel from Brisbane and from New South Wales for a great weekend at the Gold Coast, entertained by the Foo Fighters.

Today I am very pleased to announce again that, without our investment in our tennis centre, we would never have been in the game to compete for international tennis stars. I am very pleased to advise that the world No. 5 women's tennis player and Wimbledon finalist, Maria Sharapova, will start her tennis year in Queensland next year at the Brisbane International Tennis Tournament. Again, this is evidence that when you put investment into these sorts of facilities you can compete for major events, major players and major teams. That means that the economy locally is driven by that sort of investment.

Mr SEENEY: Premier, the department's strategic objectives are listed in the SDS and one of them is to improve the performance of public services. I suggest to you that one of the greatest failures of the Public Service in recent history has been the Health payroll debacle. Could you provide some advice as to what the total cost of the absolute failure to get that issue right has been?

CHAIR: Before the Premier answers, member for Callide, I am not entirely sure whether the Premier is the appropriate minister. We have the Minister for Government Services coming on later this evening. Is the Premier interested in—

Ms BLIGH: I am not in a position to give the member anything other than what is already in the budget and has been canvassed widely.

Mr SEENEY: Could I ask the Premier: do you believe that your government has the capacity to fix this problem?

Ms BLIGH: Yes, I do. I believe that because I see evidence of the system stabilising. It is not perfect; I am not going to claim that. I do see a significant decline in problems, significant improvement in the way that the system is working. Does it have some way to go? Yes, it does. We are working carefully and systematically with unions and with those who have expertise with this technology to achieve just that.

Mr SEENEY: Who do you think has been responsible for the debacle that Queensland has seen in relation to the Health payroll?

Ms BLIGH: I have said on a number of occasions that the rollout of this was unacceptable. It has led to unacceptable pain and grief for our employees. I am very happy to take the opportunity again today to offer them my apologies for that. As you know, this has been examined extensively by the Auditor-General and the reports are all in the public arena about the failures of decision making along the path. The recommendations to redress that are well known and are in the process of being implemented.

Mr SEENEY: What about the concept of ministerial responsibility? Do you not believe that it would have been appropriate to hold a minister responsible for what has been the greatest failure of the Public Service in Queensland's recent history? Why does Paul Lucas still have a job?

Ms BLIGH: I have answered this question many, many times. The critical priority for us last year was to stabilise the system and look after people. I thought it was important that we had someone leading that who understood that system as Paul did. Paul, as you know, is someone who has also apologised to staff and feels—as I do—that this was an unacceptable rollout.

Mr SEENEY: Does an apology negate the concept of ministerial responsibility in your government?

Ms BLIGH: I think the member has had this question answered several times. The decision that I made last year was made in the interests of staff. I did not see how satisfying some political blood lust was going to, in any way, assist to stabilise the system. I do not believe that ministers are technical experts, and nobody expects them to be. They are entitled to rely on the advice of technical experts and they are entitled, as happened in this case, to take the written advice of those people. I do expect that when there is a problem ministers will take responsibility for fixing it and that is what you saw happen.

Mr SEENEY: Premier, you intervened yesterday in relation to the department pursuing health workers for overpayments. Is that the first time that you have intervened in this issue?

Ms BLIGH: I am not sure what you mean.

CHAIR: Order! Member for Callide, I again draw your attention to the relevance issue about the Appropriations Bill.

Mr SEENEY: The relevance, Mr Chairman, is that this issue has cost the government an enormous amount of money. The Premier has the overall responsibility. The Premier intervened in the issue yesterday in relation to recovering money. My question is: has the Premier intervened previously in this issue in any way in other aspects of trying to solve the problem?

Ms BLIGH: I am not sure what the member means by 'intervened'. But have I played the role that you would expect a Premier to play in these circumstances, meeting regularly with the leadership team in Queensland Health, being briefed by those people who were charged with responsibility for rolling out the improvements to the system, discussing it with the Auditor-General, discussing it at endless meetings with the director-general and the senior team at Health? The answer is yes. There were numerous meetings last year—meetings with the relevant ministers, meetings over the last seven or eight days in relation specifically to this issue. Throughout the last 12 months I have regularly met with unions, the minister, the senior team in Health, the technical assistants from consultancy companies who are managing and helping in this regard as well as with those people charged with accountability in relation to it such as the Auditor-General.

Mr SEENEY: In relation to the moratorium that the Premier announced yesterday, could you provide us with how you see that issue playing out in the long term? To what extent are Health workers going to be pursued to repay money that they may well have already spent and is it going to be docked from their pay in the future? Are you going to pursue Health workers who have left the department? To what extent is the government going to pursue Health workers for essentially what was not their fault?

Ms BLIGH: I do not see it as a question of pursuing people. My experience is that Health workers are decent and honest people. What we have already seen is hundreds of them, in response to the recent letters, enter into voluntary arrangements to pay back the money that they know is owed to taxpayers. I want to make sure that those Health workers who have received notification of an overpayment which they do not believe is accurate have as much time as they need to satisfy themselves of what that payment may be. Then I would expect that we will see them do the right thing.

Mr SEENEY: So, Premier, are you prepared to enter into time payment periods for people who may well have difficulty paying that money?

Ms BLIGH: People are doing that now and they are entering into arrangements that suit them and their circumstances. So in some cases people want to pay it all up front and fix it. Others want to do it on a fortnightly deduction basis. These arrangements are being made with individuals in a way that suits individuals. There is no formula. People may want to do it at \$5 a week or \$10 a week or whatever. It depends on the size of the overpayment and their individual circumstances. That is a package that is tailored for them.

Mr SEENEY: Were those details in the moratorium that you announced yesterday or was it just a 'stay of execution' that was announced yesterday?

Ms BLIGH: What was announced was that we would not be taking any recovery action until such time as people have the opportunity to pursue the answers to their very legitimate questions about whether the amounts that Queensland Health believe they owe are, in fact, consistent with what they believe they owe. That is a process that we have worked through with the unions. In order to assist Queensland Health workers to reach that point of agreement we will be putting the Queensland Workplace Ombudsman in an overarching role where disputes can be mediated.

Mr DOWLING: I wish to follow up on that. Can the Premier give an undertaking that they will not be handing on any debt collection to the agencies—SPER et cetera—to recover that debt, that it will all be amicably arranged with the healthcare workers, keeping in mind that at the end of the day it was the Health department's problem, not the staffer's problem?

CHAIR: I remind all members again that I do not believe the issue of the Health payroll is the responsibility of the Premier. I think the Premier has been rather generous in answering some of these questions. I would ask that we move on with the subject but certainly the Premier may be prepared to answer this question.

Ms BLIGH: I am happy to. These are, in some cases, very small debts; in other cases they are very large debts. This is money owed to the taxpayer of Queensland and, ultimately, if it does need to see recovery action then we will need to consider that. My point in answer to the earlier question of the member for Callide was that in my experience these are decent and honest people. If they believe themselves to have a debt, I am very confident that these arrangements can be reached by and large amicably with most people. If that is not the case in some minority of cases we will have to consider that at the time in light of the size of the debt et cetera. I do not believe anyone should have to start entering into repayments until they are confident and agree with what the debt is. I do not think that is an unreasonable position for staff.

Mr DOWLING: It does go to the heart of the issue that if there is no confidence in the system, how can there be confidence in the outcome? The issue has always been that the system is flawed. No-one has resolved that yet.

Ms BLIGH: That is why there is a little bit of a breather in the system to make sure people can have that confidence.

Ms BATES: Premier, you said before that the moratorium means that there will be a stay of execution—

Ms BLIGH: No, they were your words I believe.

CHAIR: No, the Premier did not say that.

Ms BATES: I believe that with your moratorium some staff who have already received letters to pay back amounts will have a period in which their case will be looked at and that nobody else will be receiving phone calls from the overpayments team. I am sure the Premier is well aware of the Queensland Health Payroll Disaster—Fightback Facebook page. One of the comments on there yesterday after your announcement states—

Even after the announcement by Anna Bligh and being aired on the news last night, I still had a phone call from the Overpayments Team today wanting to talk to me. I'm sorry but ... Some woman rang me twice last week and then again today, and she's not even a case manager, she's very rude at time, talks over me and wont listen to what I have to say, and just to add injury to insult I cant understand her. Has anyone else received these calls?

There are a lot of nurses on this Facebook site who are actually making the same complaints. What do the nurses believe? What do you think that nurses should believe from what you have said about the moratorium? How are you going to help them?

Ms BLIGH: I cannot comment on a particular case without knowing the circumstances, but I can say that nurses do not have to only rely on Queensland Health. That is why we will be putting in place—I do not know that he has actually started work yet—by agreement with the unions the Workplace Ombudsman, who will be able to hear complaints of that nature. This is someone who has been employed by the department of industrial relations and who is completely separate to Queensland Health.

CHAIR: I will ask that we move on from that subject.

Mr SEENEY: Premier, I refer to page 1-5 of the SDS where the recent achievements of the department are listed. Two-thirds of the way through the list of recent achievements there is a dot point that states 'administered the Premier's Disaster Relief Appeal to assist people affected by Queensland floods and Tropical Cyclone Yasi'. Premier, do you consider the administration of the Premier's Disaster Relief Appeal a satisfactory achievement of your department, given that over \$100 million remains in that fund six months after the disasters struck?

Ms BLIGH: I applaud the people who have been working hard to ensure that this money gets out as quickly as it can. People are working seven days a week. People are working on weekends. I have met a number of the staff who are doing this and I know how much they care about the people they are assisting. I would say two things. Firstly, Queensland has never had any experience of administering a fund of this size and there is no Australian equivalent experience of administering a fund with this many applicants. In fact, the department had to gear up and the whole public sector had to put in place an entirely new program to do so.

Secondly, I would say that it is a very good thing that there is \$100 million left in this fund. We have had literally thousands of applications in the last four or five weeks. If we had spent the funds at a rate suggested by the Liberal National Party then all of those people who, for their own personal reasons that I believe we should respect, were not able or were not ready to put in those applications would have found there were no funds to apply for. You will appreciate that when you have a fund and an unknown number of applicants, which is what we faced, you have to carefully manage how the money goes out so you have enough for all of those who may be eligible. As it stands, if all of those who are current applicants received funds at the rate of the average for that round—which they may or may not do; they may be above or below—we stand to expend the fund with almost no money remaining. So it will be an almost equal share, but that will not be known until every application is assessed.

Mr SEENEY: Premier, why would people be only making an application now, six months after the disaster? Does that indicate a major problem with the application process?

Ms BLIGH: I do not believe so. It is important to remember that these applications were for people experiencing the flooding and for people experiencing the cyclone. It is only five months since the cyclone. There were many people who were not even able to get back into their own homes. People react to things differently and, as I said, we need to respect that. There are some people who react by wanting things to happen very quickly, who are able to quickly summon resources and move on. There are others who, for example, in these events lost all their identification, lost their insurance policy documents, lost their bank records. They had to go and get some of that material before they could even start to make an insurance claim and then have that insurance claim assessed. For example, I know one couple who had a ticket for a cruise that they bought last year. It was a non-refundable ticket and they thought that after everything that had happened to them they would take that cruise, and good on them I say. Why wouldn't they? Then when they came back they started the slow, painful business of rebuilding their lives and making applications to insurance companies and to the fund.

As I have noted before, we are on track to have this fund expended by the end of August. That will mean that we have distributed almost \$300 million in the space of just on six months. By comparison, other funds of this nature—the Victorian bushfires, for example—are still making allocations some two years after the event, as was the case in Cyclone Larry. These are not easy issues. We do not have a program sitting there waiting for a disaster bigger than any Australia has experienced. These things have to be designed at the same time as they are being rolled out.

I note the continual criticism of the LNP. I think I went to reasonable lengths to ensure that we could have a bipartisan approach to this. I think your criticisms are criticisms not only of those officers—many of them very, very junior—who are working weekends, but frankly it is no reflection on Vaughan Johnson. I, for one, am happy to stand here and defend Vaughan Johnson. His assistance and his work on that committee has been driven by his compassion for the people in his electorate and what he knows is happening right across the state. So, no, there are no easy answers. Has it been perfect? Of course not. But have the people involved been doing their absolute best at every point? I believe so.

Mr SEENEY: Premier, do you think it was a reasonable expectation of those Queenslanders and those Australians who generously gave money to that fund that there would still be almost 30 per cent of it in the bank after six months? Do you think that was a reasonable expectation for the people who donated that money?

Ms BLIGH: I think many people who donated have been through disasters themselves and many people have not. For those people who have never experienced anything like this, I think that they were driven by genuine compassion. I think it may well surprise some of them how long the recovery takes. As I indicated earlier, we will have some local governments still rebuilding the permanent fix to their roads in two and potentially three years time. Similarly, while we are able to get the money out to people—and some people have already been paid their full allocation—that does not mean that they have contracted a builder yet. It does not mean that if they have contracted a builder that that builder is able to build within the timetable that suits that family. These things are called disasters for a reason: they are catastrophic. You do not just get up the next day and it is all fixed. What you need is some patience and goodwill.

Mr SEENEY: What you need is some help quickly. That was the whole idea of a fund—to get some help quickly to people.

Ms BLIGH: I again draw to the attention of the member for Callide that if we had, as he suggested, expended all of this fund by April or May of this year then those thousands of people who have only just applied would have been left with nothing. I think what Australians wanted—

Mr SEENEY: That in itself indicates a problem in the process. That people are only just having their applications considered now would have to indicate a problem in the application process.

Ms BLIGH: Not considered—they made the applications in the last few weeks. I am not going to be a judge of that. People are entitled to move at their own pace. People move at different paces for different reasons. I personally know people in my family who have been through catastrophic disasters and I know that this is not something that everybody can move at the same pace on.

Mr SEENEY: So was there an expectation three or four months ago that there would still be a whole lot of applications coming in in July?

Ms BLIGH: I certainly anticipated that that would be the case. We indicated when we opened these rounds that the closing date was 30 June, and I did that because I understood that for some people this would be a longer process than for others.

Mr SEENEY: Premier, in relation to the infrastructure documents that you tabled this morning, there are a whole range of projects listed there, a very small number of which have funding allocated to them. Premier, what use is an infrastructure plan that is just a list of projects with no time lines and no funding allocated? Is that not just more political spin from a government that has been caught out not delivering infrastructure over a long period?

Ms BLIGH: I thank the member for the question. In fact our government has rolled out a bigger infrastructure program than any state of Australia now for a number of years. Wherever you look—in fact in most parts of regional Queensland and certainly here in the south-east—and see a major project, you will see a Queensland government logo on the crane like it or not. What this document does is model itself on the SEQIPP process. The SEQIPP document does not allocate funds to every project. What it does is present a 20-year planning horizon. It provides funds for those projects that will fall within the forward estimates of the budget. That is what any government can do. It can allocate funds within the four years of the forward estimates, but it also attempts to cost in today's dollars what those projects may cost. There is no government that can allocate funds 15 years out. But a government that does not plan 15 years out and have a view about where the major infrastructure may be is one that is not—

Mr SEENEY: There are no time lines in the document either.

Ms BLIGH: The document identifies in relation to the next four years. It then for the Bruce Highway identifies three time frames—a short term, a medium term and a long term. Short term is one to four years, medium is five to 10, and then 10 to 20 for the longer term. This is very similar to the SEQIPP document. Of course any document like this has to be a living document. You have seen that with SEQIPP, but it basically presents the minimum and, as other priorities emerge, you need to accommodate that within the document. This, as I said, is now the subject of consultation. There will be 12 major regional forums. We will also have consultations with local governments, and the final documents will accommodate those issues that regional communities—and we believe they should have say—may well identify that some of the priorities identified in this document should be reprioritised. They may have a strong view about something that is not there and should be included. So the final document will be there after the consultation. As you have seen, this document is the final government position for public consultation, but these plans will be completely finalised when regional Queensland have had their say, and I look forward to hearing their voice.

Mr SEENEY: Premier, why is it after almost 20 years of Labor government we should be happy with a plan that is suggesting that we should wait another 20 years for some of the road infrastructure that is badly needed now?

Ms BLIGH: If you talk to the sector, what you will hear is that the great value of SEQIPP has been that it not only identifies those projects that we are funding and constructing over a four-year horizon but it identifies those projects that will be coming into those forward estimates on a five-year, six-year, 10-year and 20-year horizon.

Mr SEENEY: Shouldn't that have been done 10 years ago?

Ms BLIGH: That document has been nationally awarded as world-class planning. In fact it is such a good document that your colleagues in New South Wales are now going to copy it as best practice planning.

Mr SEENEY: It is a list of projects.

Ms BLIGH: There are very few jurisdictions that I am aware of anywhere in the world with a planning horizon of that nature. What this does is recognise that Queensland's regions are set to grow at a faster pace potentially than we have seen, and we need to make sure we are ahead of that. Queensland will become with this document the first state with a 20-year state-wide plan anywhere in Australia. So we are ahead of Victoria. We are ahead of your mates in Western Australia. We are ahead of South Australia. We are ahead of New South Wales. This is leading the nation.

Mr SEENEY: One more?

CHAIR: One more, member for Callide. Is it on this subject?

Mr SEENEY: Yes. Premier, the Bruce Highway is a concern for communities from Brisbane to Cairns. Every community large and small is concerned about the degree to which the Bruce Highway is overtaxed—the traffic is beyond the capacity of the road. Are you suggesting with the release of these documents this morning that there is no real relief in sight for any of those communities for anything up to 10, 15 and 20 years?

Ms BLIGH: This is a document that identifies the major priorities for the Bruce Highway. Those communities who use these highways regularly will have an opportunity through the consultation to comment on it. This is the National Highway. One of the reasons the Bruce Highway is in the condition that it is in is that John Howard comprehensively neglected it for more than a decade. The disgraceful neglect of the National Highway frankly by all sides of politics over the last century has only started to be rectified by the current federal Labor government. The money that has been put into the Bruce Highway and upgrades that are designed primarily to save lives on some of the most dangerous stretches are thanks to a federal Labor government.

Mr SEENEY: You are only just doing the planning now. You did not have a plan when John Howard was Prime Minister. You did not have a comprehensive plan.

CHAIR: Order! Member for Callide.

Mr SEENEY: The state had not done its bit.

CHAIR: Order! Member for Callide.

Ms BLIGH: Is that a question?

Mr SEENEY: It is. Why wasn't this planning available—

CHAIR: Order! The member for Callide will cease interjecting. I have called for order. I am trying to hear the Premier's response. We did discuss that this was your last question, member for Callide. So please be patient. The Premier has the call.

Ms BLIGH: Thank you. Chair, the assertion by the member that no planning had occurred on this highway is simply wrong. Numerous projects were submitted to the Howard government—notably, for example, all of the work on the National Highway leading up to the Gateway, the Gateway duplication itself and then the Gateway north. This is all National Highway being funded 100 per cent by the state government because John Howard turned his back on the people of South-East Queensland in that regard.

Equally, as the member will be aware, the Queensland RIP, the Roads Implementation Program, had numerous planning studies looking at those areas of the Bruce Highway which are now being funded by a federal Labor government. Why were they able to walk in and start work on things like the upgrade around Curra? Simply because we had done the work. We had been knocking on John Howard's door for years while, as I recall, you sat mute in the parliament.

Mr SEENEY: It is only half finished.

Ms BLIGH: I well remember my first year as Treasurer commenting on Peter Costello's budget in which he did not spend a single dollar on the Bruce Highway between Coolangatta and Townsville. There was one disaster relief project in Townsville and then nothing until you got off the edge of the country. On this, the record of the Liberal National Party on the Bruce Highway is a national disgrace. It is being rectified right now by a federal Labor government. It needs more work and that is why this document that we have submitted today will be the document that we use to drive dollars into Queensland where they belong.

CHAIR: Order! I call the member for Everton.

Mr WATT: Thank you, Chair. On a different subject, Premier, I refer to page 1-2 of the SDS and the role of your department in helping to make informed decisions on issues that potentially impact upon Queensland and its people. An issue that I have talked about with you on a number of occasions is cost-of-living pressures experienced by families. I would be interested in what you can tell us about examples of decisions made in this budget to help Queenslanders manage their household living costs.

Ms BLIGH: I thank the member for the question and I can attest to the number of times he has raised this issue with me. Of course there are many families who have really felt the global financial crisis, and for many that is something that they are still recovering from. Many people had their hours cut back at work. Many people had overtime reduced. For many people that is still something that is making them feel the pinch, along with the lift in interest rates and the effect that is having on their household budget. This year we have worked very hard in a difficult economic climate to provide some relief to families—firstly, a \$113 saving to 1.4 million Queensland electricity bills. I say electricity bills because the benefit of some of those will be in small businesses' electricity bills. The ambulance levy was levied on electricity consumers below a certain level, most of whom are households and families but some of whom are very small businesses. What that means, however, is that we maintain the free ambulance, despite scrapping the levy, for Queenslanders wherever they are in Australia and wherever they are in Queensland.

We have also moved legislation, which you would be aware of, that will cap council water and sewerage charges to CPI on their council owned entities. Pensioners will see an increase of \$14 to their electricity rebate, taking that to \$230 a year, and a \$20 increase to the South-East Queensland water subsidy, taking that to \$120 a year. The rates subsidy for Queensland pensioners wherever they are who are eligible will increase by \$20 this year. All of that adds up, along with the existing rebates, to a very strong package of support for our pensioners.

In regional Queensland, we also provide a significant amount of funds to assist. The budget has an electricity subsidy that this year we anticipate will be around \$400 million. That will ensure that people in regional, remote and distant parts of Queensland have the same electricity price as those who live near the grid. That equates to a value of a subsidy of more than \$580 per customer. So households in Queensland which are serviced by Ergon will see a value of that electricity subsidy that amounts to more than \$580 per year.

Ms CROFT: Premier, I once again refer to page 1-3 of the SDS and the Toward Q2: Tomorrow's Queensland targets. Could you please outline how this budget will help achieve the government's commitment to support 100,000 new jobs over three years? Can you outline the expected growth in employment numbers across Queensland in the coming years?

Ms BLIGH: I thank the member for the question. As she knows, our government has been driven by a passion for jobs and job creation. Labor believes strongly in the value of a job, the dignity of work and the importance of job creation. That is why over the last three years, when we faced the biggest attack on our revenue through the GFC, we determined that under no circumstances would we cut our building program because that program was delivering jobs and we were not going to see those people on the scrap heap.

This year our \$15 billion building program alone will deliver 93,000 direct jobs. It includes projects like the Rockhampton Hospital redevelopment, which is expected to create almost 1,500 construction jobs, and the Gold Coast rapid transit project, with a total of 6,300 direct and indirect jobs over the life of it. As the member for Broadwater is a local member there, she knows that that project is now really starting to gather pace. The Mackay TAFE Trade Training Centre will see more than 200 jobs over the two-year period of that project. I was on the Airport Link project, and between that and the Northern Busway component of that project there are now 4,400 workers as of last week and they are still ramping up. So it is big projects like that which have kept people's heads above water. We made the right decision when we decided not to cut that program in budgets when we saw the GFC take a terrible toll on Queensland's revenue.

The ABS data last week for June shows that there were 3,800 jobs created in Australia and that Queensland created 2,400 of them, so Queensland again is now the jobs powerhouse of Australia. Our unemployment rate in June on trend terms dropped 0.1 per cent, and over the next two years employment numbers in Queensland are set to grow by 140,000. In relation to our jobs target, we now have 23,300 jobs to go before we reach that target. If we continue to see job creation at the rate of 2,400 a month we will meet that. However, we are confident that we may in fact see that grow as a result of the ramp up of some of our big projects.

LNG projects alone are expected to pump some \$66 billion of investment between now and 2014, generating around 18,000 jobs. The two major projects—the British Gas and Santos projects—are now rolling out contracts locally, rolling out contracts to companies across the state and gearing up for a very large increase in their workforce over the next 12 months. So whether it is in those big industries, in our

big construction areas or in some of our programs we committed to that are making a difference, like our Green Army, we are seeing an opportunity being given to those people who perhaps were not in the workforce and who needed work skills before they were job ready.

In that regard, I refer to the reconstruction effort. In Far North Queensland in the Yasi affected areas, we now have 380 people working on the farm clean-up and community clean-up programs. These are modelled on programs that were developed after Cyclone Larry. We were able to bring them on much quicker than in the Cyclone Larry circumstances because we had that experience from Larry. These are workers across all of Far North Queensland including right out into shires like the Etheridge shire which, although it did not have massive public infrastructure damage, did have a lot of fences down, a lot of trees collapsed on to private property and a lot of debris spread across farming land. Those 380 people are all part of a work training program that is part of the farm clean-up funds that were allocated by the state and federal governments. That means that at the end of it those people who are working on this project—and some of them had very limited work experience and there are a number of Indigenous people involved; there are some great stories there—will find opportunity out of disaster.

CHAIR: I am interested in page 1-4 of the SDS and the first dot point under 'Recent achievements', which refers to the Wabo hydroelectric project and particularly the memorandum of cooperation signed in 2010. Can you outline for the committee the benefits of supporting greener and cleaner forms of energy supply and what the government's aspirations are for the new energy sectors, including biofuels and significantly LNG?

Ms BLIGH: Queensland has enormous untapped potential when it comes to the new energy of the 21st century. We want to see Queensland get a lion's share of the fund which has been established by the Commonwealth as part of their carbon tax initiative. That carbon package sees a very large fund—I think it is \$10 billion—of investment into new renewables, and Queensland is well placed to see a significant share of those funds into projects here.

When it comes to solar, Queensland is well on the way to creating our virtual solar power station. We set out to make Queensland the solar state of Australia and as I said we are well on the way to achieving that. At the start of our campaign in April 2010, we were estimated to have around 250 megawatts of solar power installed. By May 2011, this had nearly doubled to 461 megawatts. That represents approximately 227,000 household solar hot-water systems and the equivalent of 125,000 small scale solar power systems. So we really are seeing household take-up of this at an unprecedented rate. It is making a difference to our energy mix but importantly it is making a difference to the electricity bills of those who are jumping on board.

Queensland is also blessed with some immense resources in the solar thermal area. Our rocks are some of the hottest in the world, I am advised. The Kogan Creek solar boost project is set to become the largest solar thermal project in the Southern Hemisphere. Incorporating solar thermal technology into CS Energy's Kogan Creek power station near Dalby is expected to increase the station's capacity by up to 44 megawatts, which is enough to power 5,000 additional homes. I misled you: solar thermal is not hot rocks but 'hottest' is written down here so I got confused, although we are blessed with some of the hottest rocks as well when it comes to geothermal energy. Some of those reserves are in the corridor that is currently being analysed for the possible rollout of the CopperString project that would connect Mount Isa and that corridor from Townsville through Cloncurry and Julia Creek and into the minerals province to the grid. If we could see that transmission line stack up, then we could expect to see accelerated investment in the geothermal resources. We are very well placed, as I said, to potentially secure funds out of that large renewable fund being established by the Commonwealth.

When it comes to cleaner forms of fossil fuel, LNG has to be seen as one of the transition fuels not only for Australia but for the planet over the next coming decades as we transition our economy. A decade ago, this industry was nothing more than a pipe dream. We now have two proponents fully approved with global financial approval and rolling out, as I have indicated. We have a third proponent which is yet to take the decision at their global board level, but they have secured all federal and state approvals and I understand the board will consider their final investment decision sometime in the second half of the year.

When it comes to biofuels, we believe that in a tropical state like Queensland we have enormous untapped potential. We have a strong sugar industry and we have scientists working in this field, particularly in the algae sector. We now have partners who are working to secure potentially contracts from the US Navy. We have companies like Boeing, Virgin and Qantas and large biocompanies like Amyris in the United States working in partnership with them.

We have seen our government investing in developing biofuel research, like the \$3.1 million to establish the Mackay Renewable Biocommodities Pilot Plant which opened last year and which is starting to generate interest globally. When you think of the big sugar jurisdictions around the world, Queensland is very well placed as a secure political and legal environment in which to conduct this sort of research.

As I said, through our Sustainable Aviation Fuel Initiative we have already partnered with Boeing to trial the production of aviation biofuels from a variety of feedstocks, including sugarcane juice and bagasse, oilseed trees such as pongamia, and algae, which is right up there as part of that. We believe, as I indicated earlier, that Queensland should aspire to become the biofuel hub for the Asia-Pacific. We see countries like Singapore, Hong Kong and Bangkok having their big international hub airports, and there is a demand for aviation fuel in this region and I believe we should be aspiring to sell technology to them and generate considerable knowledge-intensive dollars for our economy.

CHAIR: We have three minutes left. I might ask the member for Everton to ask another question.

Mr WATT: Premier, I refer you to page 1-3 of the SDS and the reference to Queensland support for the COAG objective of a national economy driven by our competitive advantages. Can you please inform the committee what new funding towards the government's Smart State strategy will do to grow our international competitiveness, particularly through knowledge intensive industries?

Ms BLIGH: I thank the member for the question. In this year's budget, you will be aware that we budgeted \$100 million to a new round of Smart State funds. This is an area we are not going to take our eyes off. This is we believe one of those engine rooms that will drive diversification in our economy and potentially drive a massive quantum leap in our economic performance and growth.

We have broken that funding down into three areas. We will have \$20 million going towards attracting more world-leading researchers through fellowship and PhD scholarships. We aim to have not only some of the best institutes and facilities in the world but some of the best people and the brightest minds, and that is what those fellowships will secure. We will have \$50 million going towards co-investment with industry, universities, research institutes and the Commonwealth in high-priority projects and infrastructure. I know that many have already started writing their applications and they have projects ready to go.

A further \$20 million will go to ensuring that our strong research focus can be converted into business innovation and jobs. That means that we will have funds available for business, building on the business project that we started last year, to convert research and ideas into re-engineering their business or into product commercialisation. A further \$10 million will be held as a contingency for opportunities that arise during the life of the funding. This is an important area of government activity. It is one in which we are now being recognised nationally and internationally for our efforts, and we intend to continue to invest in it.

Given the time, Chair, I might seek your indulgence to provide the answer to a question that was taken on notice earlier in relation to gauging stations on rivers. My recollection is that that is the only question on notice that was outstanding.

CHAIR: Yes.

Ms BLIGH: I will also provide this for the member in writing. In essence, the Department of Environment and Resource Management operates 389 gauging stations. They do that for water resource assessment, planning and management. The Bureau of Meteorology utilises more than 2,000 rainfall and streamflow stations, and that is for flood warning purposes. So as I indicated, these are not necessarily for the same purpose although they can double up.

In 2010-11 DERM spent approximately \$5.8 million on the operation and maintenance of the gauging systems and approximately \$720,000 on upgrading their system. In 2011-12 they will continue to spend \$5.8 million on the operation and maintenance of those systems and approximately \$1.14 million for the upgrade of the system. That includes \$1 million for the upgrade of instrumentation and communication and \$140,000 for the refurbishment of assets.

The Bureau of Meteorology had a Modernisation and Extension of Hydrolic Monitoring Systems Program and we were successful in receiving some funds from that. I seek leave to table it for the member's interest, but I repeat the point: this is a matter being actively considered by the commission of inquiry. Given it goes across different levels of government, we would be looking to work with the federal government and the bureau in partnership with the Department of Environment and Resource Management if any areas are identified.

CHAIR: Thank you, Premier. Is leave granted?

Leave granted.

CHAIR: The time allocated for the consideration of the proposed expenditure for the areas of responsibility administered by the Premier and Minister for Reconstruction has now expired. Thank you, Premier, and your advisers. There will now no longer be a question on notice, so that has been resolved. The committee will break for lunch and resume at 1.50 to examine the estimates for the treasury department and related entities. Before we do, Premier, do you want to say anything?

Ms BLIGH: I would, if you do not mind, like to take the opportunity, firstly, to thank the committee for their active involvement in this process. As I alluded to at the beginning, this is a new process that provides other opportunities that have not previously been there in the past to committee members, and I thank them for their active involvement in the process. I would note that the idea of this change is that

when this committee meets again next year, although there may be some different faces, over that 12 months the committee will actually become more and more familiar with the activities of the agencies within its area of responsibility, and that is why we believed that it made the appropriate estimates committees. So I think this is off to a good start.

Can I also take the opportunity to thank all of the staff of the parliament who are here assisting us today. I know that it is a marathon effort for them and I appreciate the hard work they do to ensure that it is adequately captured for the record. I thank the staff of my office and the staff of both the Queensland Reconstruction Authority and the Department of the Premier and Cabinet for not only the work that they have put in to ensure that I am adequately prepared and that the questions of the committee could be appropriately answered but also the great work that they do all year round. Thank you.

CHAIR: Thank you, Premier. The committee will break for lunch and resume at 1.50.

Proceedings suspended from 12.52 pm to 1.50 pm

ESTIMATES—FINANCE AND ADMINISTRATION COMMITTEE—TREASURY**In Attendance**

Hon. AP Fraser, Treasurer and Minister for State Development and Trade

Treasury Department

Mr G Bradley, Under Treasurer

Mr A Beavers, Deputy Under Treasurer

Mr T Spencer, Associate Under Treasurer

Mr C Turnbull, Executive Director, Corporate Services



CHAIR: The estimates hearing for the Finance and Administration Committee is now resumed. On behalf of the committee, I welcome to the hearing the Treasurer and also officers of the department and related entities and members of the public. My name is Wayne Wendt. I am the member for Ipswich West and chair of the committee. Joining me on the committee are Tim Nicholls, member for Clayfield; Ros Bates, member for Mudgeeraba; Peta-Kaye Croft, member for Broadwater; Peter Dowling, member for Redlands; and Murray Watt, member for Everton. The committee will now examine the Appropriation Bill 2011 and the estimates for the areas of responsibility administered by the Treasurer and Minister for State Development and Trade in relation to Treasury and its related entities. The committee will consider the estimates until 3.05 pm. The committee will then take a short break and will resume at 3.20 pm to examine the remaining estimates for Treasury. This will conclude at 4.35 pm.

The proceedings today are lawful proceedings and subject to the standing rules and orders of the Queensland parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded by order of the committee in accordance with standing order 208. In relation to media coverage of the hearing, the committee has resolved to allow television film coverage and photography at all times during the hearing in accordance with the media broadcasting rules as they apply to the estimates proceedings. Before we begin I ask that every person inside the chamber check their mobile phone to ensure that it is turned off and I stress that there is no food or drink allowed in this chamber. For the benefit of Hansard, I ask all advisers who take the microphone to please state their name when they give an answer.

I now declare the proposed expenditure for the areas of responsibility administered by the Treasurer and Minister for State Development and Trade in relation to the treasury department and its related entities open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Treasurer, the committee has resolved that you may make an opening statement. Do you wish to do so?

Mr FRASER: I do.

CHAIR: Treasurer, you have three minutes.

Mr FRASER: Thank you, Mr Chairman and other members of the committee. The 2011-12 budget presents the course of action for our state over the next 12 months. It prioritises the reconstruction and rebuilding effort which is so utterly important to the priorities of the government and indeed to the people of Queensland. But it goes beyond just rebuilding and reconstructing back to the position of the past and indeed charts a course for the future. This is a budget that sets out an economy that is set to grow by five per cent over the next 12 months to generate jobs across-the-board for the Queensland economy and to set us up as a state to deal with the opportunities of the future. It is a budget that sees the economic recovery that was being undertaken in the last 12 months that was no doubt impacted by the natural disasters however continue. What you saw over the last 12 months—in the 12 months that we close off—was business investment increasing by 13 per cent against a forecast of nine per cent. That business investment proved to be resilient despite the fact of the natural disasters. Indeed, we see business investment increasing by more than 27 per cent over the next 12 months.

That is driven in particular in the resources sector and most particularly by investment in the LNG industry. This is a whole new export industry for our state. It is important to emphasise given the current debate that the investment in LNG is one that will see energy produced that is 70 per cent cleaner than the electricity produced from Victorian brown coal-fired power stations and 50 per cent cleaner generally than that produced otherwise from black coal or thermal coal power stations. Obviously in that context it is an important contribution to the international debate. It is a budget that, however, also sees other parts of the state and the economy joined up, including the property sector and including the tourism

sector, struck in particular by the structural challenge of a higher Aussie dollar. The property sector benefits from the Queensland Building Boost which is important in joining up that part of the economy and the prosperity that the state is set to enter into over the next two years.

The point must be made that this budget books the dividend of the reform effort of the past. In that regard I note that this is a budget that takes the benefit of the fiscal reform program that the government has pursued, including the successful conduct of an asset sale program that has realised the value that we set out to achieve. In that regard I seek to table for the benefit of the parliament in accordance with the Auditor-General's practice requirements sales summaries relating to the QR National IPO, the Queensland Motorways Ltd sale summary, the FPQ sale summary, the Port of Brisbane sale summary and the Abbot Point Coal Terminal sale summary. Mr Chairman, these documents, which I table for all members of the House—

CHAIR: Are you seeking leave to table those documents?

Mr FRASER: I seek leave to table them.

CHAIR: Is leave granted?

Leave granted.

Mr FRASER: These documents inform all members of the parliament and indeed of the public of the way in which the government has pursued a fiscal reform program. Whereas many governments talk about reform, this is a government that has delivered reform. It has delivered it to the benefit of Queensland taxpayers, and those reports detail in full the way in which those transactions were conducted. It shows that the dividends realised for the Queensland taxpayers, including their remaining stake in QR National, realise the \$15 billion target that we set out, as indeed the budget papers do. In so doing, this government thereafter has set up the Queensland balance sheet to deal with the challenges of the future just as we at present face the task of transitioning our economy to deal with the carbon constraints of the future. When it comes to the pursuit of reform, what you see from this government in this budget and beyond is a continued commitment to reform and the evidence of what that reform can bring the people of Queensland. It is a strong budget that sets out the priorities for this government and I invite questions on it.

CHAIR: Thank you, Treasurer, and certainly you will get your request. I call the member for Clayfield to ask the first question.

Mr NICHOLLS: Thanks, Mr Chairman and Treasurer. In terms of the carbon tax that was announced on Sunday, what work has the Treasury done in terms of modelling the impact of the carbon tax? We know it was not modelled beforehand. Has Treasury now modelled the carbon tax on the Queensland economy, particularly on your projections for growth in the Queensland economy?

Mr FRASER: As I detailed on Sunday, obviously the government has undertaken work in the past in assessing the impact of the previous proposal from the previous government—that is, the CPRS scheme. That enabled us once we had the input price—that is, \$23—confirmed on Sunday to make an assessment of the impact on our generator value. That assessment was able to be undertaken because you will notice—and this is an issue that I know has already been discussed today—that the compensation arrangements for generator value assistance are unlikely to include the generators that are in public ownership in Queensland. Therefore, the equation is simplified by the need to make an assessment from an input value. So that work has been able to be undertaken and therefore a price provided in the public arena. That is the advice that I have already issued and am happy to again inform this committee formally on the parliamentary record of a \$1.7 billion write-down that is likely.

I want to make a couple of points about that. Firstly, that is an assessment that we as a Treasury have made. Obviously it is something that we observe. With regard to the three entities concerned—there were three up until 30 June; there are now two because of a restructure that we put in place—they are obviously Corporations Law corporations and the board of directors of each entity will have to make their own assessments and sign off on those accounts and indeed submit them to the Auditor-General. But in terms of making an assessment, using a model that had a \$25 price assessment we have arrived at the \$1.7 billion figure for the write-down. It is important to emphasise that there is a very marginal difference between \$23 and \$25 as a starting price given the projections of the way the scheme is set to operate, so that is why we have been able to make that assessment. So the first part of the answer to your question is we have undertaken that work.

Secondly, there is now work being undertaken to analyse not only the information that has been provided by the federal Treasury in terms of their own work and assessments but looking in particular towards the assumptions around that, undertaking an independent analysis of that through our own Treasury and beyond the likely undertakings with external advice where appropriate. I expect that such an assessment would take in the order of six weeks and certainly I give an undertaking to provide the results of that assessment to the parliament and into the public arena in due course. In that regard it is worth noting that both the Premier of Western Australia yesterday and indeed the Premier of Victoria and indeed other premiers and other governments have indicated that, given the complexity of what was proposed on Sunday, everyone will be undertaking those analyses from this point in time.

We have already provided extensive public commentary on those elements of the package which we believe are supported. I again repeat the government's position: that we believe that climate change is real. We believe the science on climate change. We believe that human activity contributes to that and therefore action must be taken. Like the vast body of science in Australia and the vast body of economists in Australia, we believe that the best way then to take that forward is to put a price on carbon. It is a position that has been adopted in the past, I note, by the federal leader of the Liberal and National parties. It is certainly also a position I think that any sensible assessment of both the science and economics concludes with action needing to be taken, and the most efficient way to do that is to price carbon.

Mr NICHOLLS: So at this stage then you have a \$1.7 billion write-down in the asset of the gencos but no other information on the impact on the Queensland economy of the Labor carbon tax?

Mr FRASER: As I said, what we will now do given the complexity that was contained in the documents is undertake a full economy-wide analysis. I suppose it is worth noting that *The Glass Bead Game* was not written in one day and *Hotel Sorrento* was not made in one day, and policy documents like that released on Sunday were not written in one day. While it might satiate the desires for political purposes of the LNP to desire that an assessment is made in one day, I think we need to move beyond the concept of policymaking by the media cycle and instead undertake a rational assessment of it. It is a lot easier of course if you are the Liberal and National Party and all you are going to do is chant no to everything. It is a pretty easy assessment. You can be finished work about five minutes after you start each day, which I note is the way that the LNP approached this particular economic reform on Sunday.

Mr NICHOLLS: So in effect then there has been a complete failure by you to take into account any of the projections in relation to the price of carbon at any time all the way up until Sunday? You have been caught completely flatfooted and have taken no account of the potential price of carbon, even a sensitivity analysis, at around \$20 a tonne.

Mr FRASER: I think I just explained to you at length the work that the Treasury has already undertaken that enabled us to form an assessment about—

Mr NICHOLLS: So you have got one number after—

Mr FRASER: But if your criticism is valid—

Mr NICHOLLS: So you have got one number after—

CHAIR: Order, Treasurer and member for Clayfield! I understand that you have asked the question, but you also need to allow the Treasurer to respond. I am trying to make sure that everyone has a fair go. So I will just let the Treasurer respond, member for Clayfield, and then it will be your turn again. The Treasurer has the call.

Mr FRASER: What I am advising the committee is that the government will obviously and is obviously undertaking that extensive work for what is, on any measure, one of the most significant reforms undertaken in the last generation. I want to make this comment in passing: that when the GST was introduced around a decade ago, extensive months of work was put into making assessments about the way that that would interact not only with the government's fiscal arrangements but beyond that at that time. So the suggestion here that this is work that takes a couple of hours beyond Sunday I think is completely fallacious and, if your position holds true, then I invite you this afternoon to leave the estimates committee during the break—

Mr NICHOLLS: We are not here to discuss them. We are here to ask you questions.

Mr FRASER:—and find Premier Barry O'Farrell and to phone Colin Barnett and tell them that they, too, have been unawares of this arrangement.

Mr NICHOLLS: No, we are here to ask you questions.

Mr FRASER: I just want to point out the policy of the—

CHAIR: Order!

Mr NICHOLLS: It is quite clear you are not doing your work.

CHAIR: Order! Member for Clayfield, order! I will not allow both of you to continue to argue across the desk. Everything should come through the chair. What I am simply saying is that I would ask you to keep to the point, Treasurer, and I would ask the member for Clayfield to ensure that his questions are relevant—I believe they are—and for the Treasurer to respond accordingly. I think the Treasurer had finished there. Member for Clayfield, you have the call.

Mr NICHOLLS: Thank you, Mr Chairman. In terms then of the carbon tax and the situation as it stands at the moment, do you believe that the carbon tax is a positive for the Queensland economy and will it impact on the five per cent growth that is projected for 2011-12?

Mr FRASER: The answer to the second part of your question, treating them in reverse order, is no, because you will have noticed that the carbon price applies from 1 July 2012. So relevant to the assessment here of the deliberations for 2011-12, it does not take a lot of analysis to conclude that, no, given that it does not apply for the next 12 months, it will not affect the next 12 months.

In that regard, however, the work will be undertaken. As I have already indicated to you, I expect that that work would be undertaken within a six-week period and I have undertaken to provide that in the public arena. But more importantly, I think the ability to price carbon for the future of the Queensland economy, for the nation's economy and, indeed, for the global economy is an utter necessity. In that regard, I think the concept that is being advanced, which is the assumption in all of the line of questioning pursued today that doing nothing is an option—I utterly reject the notion that doing nothing is an option. I reject it on behalf of the Queensland people and indeed the generations of people who are to reside in this state for the future. Suggesting that we do nothing to deal with climate change, I think, is about base politics and nothing to do with appropriate policy settings for the future. It is a conclusion that even the old bloke, John Howard, managed to find himself drawing upon in 2007. In that regard, I would invite the Liberal and National parties and their Neanderthal tendencies in this state to draw inspiration from that far-sighted moderniser John Howard and agree with him that climate action is required.

Mr NICHOLLS: Indeed, I have just noted the Treasurer's comments there. I suppose it is such a good idea that the Gillard government went to the last election promising not to introduce a carbon tax at least twice in the 10 days before the election—because they were so sure of the Australian people's support for the idea of yet another loopy Left tax. In terms of the comments, Treasurer, is it then your contention that a tax on the resources sector, which has performed the underpinning of the Queensland economy for the past 12 months—that is, the coal industry—and for longer, in fact, and for which the Premier told us this morning there is an expectation that there will be a 45 per cent increase in production, is something that is valuable to the people of Queensland?

Mr FRASER: I think we need to put all of this in context. The first context that we need to conclude here is this: mining in fact accounts for around 15 per cent of the Queensland economy. So to describe ourselves as only a resources economy I think denies the facts. In fact, two per cent of employment in this state is in the mining sector. So mining has made a strong contribution and has certainly recovered earlier out of the global financial crisis, and I expect it will go on to continue to be one of the wellsprings of prosperity for the state of Queensland well in the future. But to describe ourselves as a one-trick pony I think denies the nature of the modern Queensland economy and, moreover, is not borne out by the facts.

I note in passing that on different occasions there have been calls by various members of the opposition to halt resource development and the development of the gas industry but now, when the politics of the day suit it, they are now cuddling up and declaring that these two industries are the only saviours of the Queensland economy. I just note for the record the inherent hypocrisy contained in the arguments being run and, in fact, point to the political convenience. But let me make this point: I expect that into the future the resources of Queensland will be developed.

Let us be very clear about a proposal to put a price on carbon: none of the resources of Queensland are being sterilised by this economic reform. In fact, in my view it is about time someone pointed to the fact that it is no bad thing in broader economic terms if the pace of resource development in our state—and, indeed, in Australia—was smoothed out, to the benefit of future generations. The resources are not going anywhere. The development of the world will continue. There is a finite amount of those resources, and in order for them to be developed and for the prosperity to be gained from those resources that belong to the people of Queensland—not to me, not to you, not to the resource companies that have the rights to develop them—it is an appropriate thing that those resources are ultimately developed. If they are developed in a way that is incentivised to be more efficient, that is incentivised to be developed in such a way that, globally, the overall emissions effort in the world takes the benefit, then I think that is the sort of sensible policy reform that when there used to be a Liberal Party in this state it used to believe in.

Mr NICHOLLS: So is it your contention, then, that the new carbon tax is, in fact, an incentive for the development of the resources industry in Queensland? Given the fact that you have said that, in the main, the growth in private capital investment, or business investment, of 27 per cent that you anticipate this year will be in the resources industry, do you contend that a new tax is going to incentivise people to continue to develop at that rate?

Mr FRASER: I expect that you will not see a material difference in what takes place. I greatly contend the notion that is being advanced by sections of the resources industry that in a couple of years time you will be able to point to 2,600 people—or whatever other 'pick a number' they have landed upon—and say that they are the people who have lost their jobs because of the carbon reform. I do not accept that that is going to take place. I, in fact, accept the evidence, which is that the number of jobs in the resources sector will continue to grow but it will grow in a way that takes account of the great market failure that has led to climate change across the globe. That is what you are dealing with here. It is a classic externality that is not priced into the equation.

So even for the antediluvians who want to dissemble and argue against the science of climate change, there is a very strong economic argument that any finite resource should be priced. In that regard, achieving a price on carbon—which I note for the record is something that the federal

government did commit to at the last election; that is, to put a price on carbon—is a sensible economic reform. What this will drive is the resource development that takes account of carbon emissions and thereby, economically and most efficiently, reduces the level of emissions that has taken place by resource development. So with the technology assistance but also through the pricing mechanism you will see resource development that, by definition, is economically incentivised to take place in a merit order that sees a lesser impact of emissions on the globe's environmental footprint.

Mr NICHOLLS: Treasurer, in terms of the impact on the gencos—and I know we will be looking at that in the Finance portfolio later this afternoon—has any consideration been given to what, if any, impact this will have on the cost of generation for those gencos and the feed-in to the tariff or the price that people pay?

Mr FRASER: As you will see from the documents that were released on Sunday, the federal Treasury forecast different state-by-state electricity price impacts. For Queensland that is 10 per cent, or around \$170 a year. That is factored into their overall CPI movement of 0.7 per cent and that is the precise reason that households have been compensated for those arrangements. So the generators will face, by definition, higher costs in terms of carbon pricing and the inputs. Obviously the market will determine the pass-through of those input costs, which result in the increased price in electricity, which is the reason for compensation.

I note that around half of all households will be overcompensated—that is, not just provided with compensation for the carbon price but indeed better off. I am sure it is a matter of great regret to the federal Liberal and National parties and, I presume, the Liberal National Party in this state that some people—in fact, the vast bulk of people on low and middle incomes—will in fact be better off. But let us be clear about what occurs here. There is no double counting here. The cost is once through the process, and that is reflected in an increased electricity price. That is a fact of life that will occur under a carbon price. I do not think anyone has sought to be anything other than clear about that, and that is the reason the compensation arrangements exist.

I note, to round off the answer, that the reason there is a write-down in the asset value of the generators is indeed because they face a higher cost base because they now have to take account of the cost of emissions. That is the reason those generators are now worth less and, indeed, more efficient generators are commensurately treated. It is also worth noting for the record that the state has a range of other investments in gas fired generation and renewable generation, particularly hydro. They, conversely, have an increased value in the near term because of the introduction of a carbon price. However, accountants require you to be dismal creatures—that is, they seek to invite the write-down in the accounts—but there is an economic upside for the position of the generation fleet, which is not just coal fired power stations that the government owns. The taxpayer also has investments in gas and renewable energy and they will commensurately be worth more in those circumstances. Obviously the boards of the gencos will need to take account of other movements in the marketplace when they do their asset valuation, but, restricting my remarks here to the impact of a carbon price, the write-down is \$1.7 billion in the asset value. That is a book entry from those generators. It does not flow to the operating bottom line, per se, as a \$1.7 billion entry; it just means that those assets are worth less. But that is an impact on the state's overall network and balance sheet and one which we believe we are entitled, on behalf of Queensland taxpayers, to pursue commensurate with the treatment of other states with the federal government.

Mr NICHOLLS: Just on the issue of the write-down in the value of the generators by \$1.7 billion, I think you indicated that it was going to be something that would be booked in the 2010-11 year. Is that the case—that it will be taken on board in the 2010-11 year—or will it be the 2011-12 year?

Mr FRASER: I will stand to be corrected in a moment but, according to the advice that I have, the accounting standards require that, when the directors of the company sign off on the accounts as at 30 June 2010-11, post balance date events need to be incorporated where there is sufficient certainty that, in the directors' judgement, they impact on those accounts. That is why they will be reflected in the 2010-11 accounts—unless I am providing you with mistaken advice. No, that is correct.

Mr NICHOLLS: You have had discussions in relation to compensation with the write-down in the value. There was a report today in the *Financial Review* which indicated that the federal government would have to approach the Queensland government in relation to those discussions. Surely, that cannot be right and that it should be the case that the Queensland government would approach the federal government to have those discussions.

Mr FRASER: As ever I read the *Financial Review* this morning, as I do every morning. It is a quality newspaper and I think, for what it is worth, to editorialise for a moment, it also has the best photography—certainly from a Queensland perspective.

Mr NICHOLLS: What? Did they take a photograph of you?

Mr FRASER: I think they have even treated you kindly on occasion, Tim.

Mr NICHOLLS: Yes, but I am not flattering them.

Mr FRASER: Certainly, it is a discussion that I have already commenced and which would, of course, come as no surprise to anybody, and certainly it is something that we will continue to pursue with the federal government. I am not sure why the report implies that there is any way around. Certainly, I have Wayne's number on speed dial and he has heard from me and he will hear from me into the future.

Mr NICHOLLS: Can I then ask again: what is the impact if the federal government says, as they seem to have said, 'This is it. This is the package. There is no change. We have put the \$1.2 billion for coal and we have made all the other compensation arrangements. There are no further funds available. You have to take the hit'? Does that then mean that the carbon tax is acceptable to the Queensland government or will you say, 'No, we are going to fight against it'?

Mr FRASER: We have indicated, as I have said again today, that pricing carbon is an economic reform that the nation should pursue. The element of the package that we believe is most disadvantageous to Queensland and which we do not accept and which we are pursuing with the federal government is the compensation arrangements. Certainly, that is a negotiation and a discussion that we will pursue in earnest on behalf of Queensland taxpayers.

Obviously, no industry is being granted 100 per cent compensation. Certainly, we will pursue arrangements that do not seek to disadvantage Queensland commensurate with the treatment in other parts of Australia. We accept the reality that there are dirtier coal fired power stations in terms of higher emitter coal power stations compared to ours, but we want not to see a situation where there is an all-or-nothing equation between some power stations and other power stations. That is something that we will pursue very vigorously with the federal government. How we arrive at a point that sees an appropriate return to the taxpayer of Queensland is something that we will have some earnest and robust discussions with the federal government about.

Mr NICHOLLS: Let me put it this way: are there any aspects of the carbon tax as proposed that would lead you to oppose the carbon tax and say, 'No, this is not good for Queensland'?

Mr FRASER: I support pricing carbon for the future benefit of our environment and our economy. Within that, there are going to be parts of the package that we will pursue with the federal government. But the notion that we can engage in a debate here that is about the black-and-white basis of whether or not you support pricing carbon I think denies the reality. It is a lot easier for the climate change deniers that the LNP in this state have suddenly become.

I might note for the record, Mr Chairman, and seek leave to table for the benefit of informing this committee an erudite bill and debate that occurred in 2007, the Voluntary Carbon Credit Trading Bill 2007, which was, in fact, introduced by the Liberal National Party. A good many members of the Liberal National Party stood up and espoused the economic arguments for pricing carbon into the future. I seek leave to table those documents.

Leave granted.

Mr FRASER: In that regard, what a difference a couple of years makes. The next thing we know the Liberal National Party members of this parliament will be turning up with their speedos on the outside as they seek to channel Tony Abbott and engage in his one-word sloganeering which is meant to pass for public debate in this nation. I yearn for a time that the debate can move beyond that amoeba level. Most species are capable of evolution, and I think that this debate should evolve as well.

Mr NICHOLLS: Yearn away, Treasurer, that is what I can say to you. Because we all know that that was a voluntary carbon trading scheme and it was one that, in fact, the Labor Party voted against. If it was so good I am sure you would have found it within yourselves to vote in favour of it in 2007. However, that did not happen and, of course, we had the promise then of the greatest moral challenge of our time being addressed by the then government and that did not work terribly well and now we have had the Greens-Labor carbon tax inflicted on us after a direct promise that there would not be a carbon tax. So if you want to go around and around in those circles that is something you are welcome to do all the time.

Mr FRASER: Is that your question?

Mr NICHOLLS: I am asking the questions, actually.

Mr FRASER: I invite you to.

Mr NICHOLLS: I have asked you the question and I will continue to ask it. There was an eight point plan that you put forward to accept the Labor carbon tax. You said if those eight points are not adhered to or delivered we will not be supporting it. Are there any points that have arisen out of the current proposal that you do not support that would lead you to say this carbon tax is not a good carbon tax?

Mr FRASER: As I have said previously, and I am happy to say it again in different terms, we are a government that accepts the science on climate change, we are a government that accepts that action needs to take place, we are a government that accepts the most economically efficient and responsible way to do that is to price carbon. We also are a government that accepts the reality of the support being

telegraphed within the federal parliament for carbon pricing to be introduced. So, there is not a vote that will take place for the Queensland government or, indeed, for the Queensland opposition about whether or not carbon pricing is introduced into this nation. But within the principle of whether or not we support carbon pricing, and unambiguously we do for the benefit of the environment and the future of our economy—and our position has never changed on that—it is the case that we reserve the right to oppose elements of that package which are not to the benefit of Queensland.

We will pursue that doggedly with the federal government in order to secure a result that best advantages Queensland. But make no mistake about it, my view is that the option of doing nothing, the option of imperilling our future environment for not just the current generation of Queenslanders but Queenslanders ahead, is not an option that I think is open to any responsible member of parliament who wants to accept the vast bulk of evidence from both the scientific community and from economists that the best way to do it is by efficiently pricing carbon. It is only those who seek to abuse and deny the body of evidence and the weight of expert opinion who seek to pursue that course of action. Maybe I could ask if there are any circumstances in which you would support pricing carbon.

Mr NICHOLLS: I understood what you said. I have understood what you have said each time.

CHAIR: Treasurer, you have supplied your answer.

Mr NICHOLLS: And I have understood it and I understand the fact irrespective of people having other views about the effectiveness of a carbon tax on addressing the issues of climate change, which is what we are discussing here, not the science of climate change but the issues of a carbon tax on climate change. I am happy to accept that I perhaps need to put the question another way. Let me put it as simply as I can for you and see whether this works. Does the carbon tax meet your requirements?

Mr FRASER: The package overall I think is acceptable to the people of Queensland save for those parts which I outlined on Sunday and again today that we do not agree are in the interests of Queensland and that is why we will pursue them.

Mr NICHOLLS: That is, it is acceptable but it does not meet the requirements that you have?

Mr FRASER: Well, Rumpole, I think I have been pretty clear about the position of the Queensland government.

Mr NICHOLLS: It either does or it does not. If I can put it this way to you, Treasurer: it either meets your requirements or it does not meet your requirements. You have set out these are the eight points. You have written to Canberra and said this is where we want to see the carbon tax. These are the things that we will need in order to be able to accept the carbon tax. Does it meet those eight requirements set out in your letter?

Mr FRASER: Not yet.

Mr NICHOLLS: Thank you.

Mr WATT: I thought I might ask a question relevant to the Queensland budget and initiatives contained within it. In reference to page 11 of budget paper No.2, can the Treasurer update the committee on the status of the most recent actuarial report into the state's long-term superannuation liabilities?

Mr FRASER: I can and I thank the member for Everton for his question. As members of the committee may be aware, there is, as part of the government's normal financial management arrangements, a review that is undertaken every three years—on a triennial basis—by the independent State Actuary of the long-term superannuation liabilities of the state of Queensland. It is a matter of great pride to the state of Queensland, and credit should be here passed through to the last generation of people who have worked in government and for government, that Queensland has maintained a fully funded superannuation liability uniquely amongst the jurisdictions of Australia, uniquely amongst the states of Australia, unlike the Commonwealth of Australia and indeed, as far as I can detect, unlike any of our peers around the world but I am always happy to take advice about those who might be in such a position. However, let us be clear that uniquely Queensland is in the position of having enjoyed for a generation or more a fully funded superannuation liability—that is, there will be no future call upon the taxpayers of Queensland to meet the superannuation costs for those doctors, teachers and nurses, police officers and others in the public sector who have been part of the state's defined benefit superannuation scheme during their working lives.

Obviously the actuary made a report which has now been completed and which QSuper is publishing the results of from today that made an assessment of the scheme as at the balance date of 30 June last year. Clearly it was impacted by the returns that existed in the global marketplace encapsulating those years of the global financial crisis. In anticipation of an assessment which would demonstrate the negative impact from the global financial crisis, members would be aware that the government resolved at the end of last year to transfer Queensland Motorways Limited as the toll road business, with a CPI linked income stream, to the benefit of the state's superannuation liability management arrangements.

That provided a new asset into that scheme that now results in the scheme being adjudged to be in surplus by some \$400 million as at the transfer of the QML business to the state's superannuation arrangements. Therefore, that means that we can continue to maintain our unique position amongst the jurisdictions of Australia as having a fully funded superannuation scheme in Australia and, indeed, as I mentioned, amongst our peers around the world. That means that the assets that exist against the defined benefit scheme are in the order now of \$24 billion and beyond that the accumulation scheme—that is, the scheme to which employees contribute—has assets of around \$32.5 billion which means around \$56 billion worth of liquid assets are maintained by the state's superannuation arm QSuper. Those reserves were protected during the global financial crisis.

One option for the state obviously at the time would have been to draw upon those reserves rather than making tough decisions. I held the view and, indeed, I think I speak for the Treasury here also, that the protection of those investments for the long-term benefit of the state was something that was utterly important and therefore the government chose not what would have likely been an easier political option in seeking to access that as investment set aside and undertook a fiscal reform program, which means that two years down the track I can report to this committee and indeed to the parliament that the state of Queensland maintains a fully funded superannuation liability. In generations to come, when all of your children are taxpayers and are hearing of their contemporaries in other states having to pay increased taxes or those in other states at the time having to face reduced services because the state budgets of New South Wales, Victoria, South Australia and Western Australia are being dipped into to pay for superannuation liabilities, the state of Queensland will have a unique position of strength.

CHAIR: Following on the same page, can you please advise the progress against the government's fiscal principles? This is at page 11 of budget paper No. 2, table 1.3. Do you have that there?

Mr FRASER: Yes. It is clear that for the state we saw significant losses in the economy over the last 12 months because of the effects of natural disasters. Around \$6 billion—just under \$6 billion—in the resources sector, around \$1.5 billion in agriculture and the loss of tourism export revenue of around \$400 million, saw particular revenue streams such as royalties being impacted and that, of course, had an impact on the overall revenue position of the state during the last 12 months. Beyond that we also saw an increase, at the same time as facing constrained revenues, in the expenditure of the government's budget position to fund natural disaster relief arrangements. But if you net out the effect of those natural disaster relief arrangements given the unique set of circumstances that faced the state at that point in time then you see that our commitment under the fiscal principles that are published each year in the budget paper is met in the first instance—that is, that our own purpose expense should not exceed inflation plus population growth.

So, it is also part of the arrangements that are in place that own purpose expenditure should sit below that population plus inflation growth ceiling, which is at five per cent across the forward estimates. In fact, as the budget papers detail or as can be adduced, that figure is 4.87 per cent across the forward estimates. We remain on track to achieve a budget surplus in 2015-16. Our taxation effort per capita remains below that of the average of other states. In fact, it is \$501 below the average of other states. That is also in furtherance of the other fiscal principles contained in the budget's position. We have stabilised the balance sheet position thanks to the reform program and the balance sheet reform that we have undertaken over the last two years. Finally, we have committed to maintain a fully funded superannuation scheme, and as of the report that is released today we can say that that commitment that has also been achieved.

Ms CROFT: I refer to SDS page 1-119 and the decision by the government to remove the transfer duty concessions. How does Queensland's transfer duty compare with other states and territories?

Mr FRASER: I thank the member for Broadwater for this question. It is important that in the lead up to 1 August, when the Queensland Building Boost commences—that is, the \$10,000 grant available for all new construction and newly committed construction in Queensland—that the government is seeking to fund that and other budget initiatives such as the removal of the ambulance levy that has been proposed in the budget papers and which the LNP in this state voted against despite pretending that they otherwise supported it. Those reforms are funded by a change to the discount regime, the breadth of which is not maintained in any other state. It is important to make this very, very clear point and that is this: that at each and every price point across all the other states of mainland Australia post 1 August Queensland will continue to have the lowest stamp duty rates in Australia. To say that again: post the change on 1 August Queensland will continue to have the lowest stamp duty rates of all the states of mainland Australia at each and every price point. That is a fact that needs to be incorporated into the debate. For instance, at around the median of \$400,000, stamp duty in Queensland will be \$1,665 less than New South Wales, it will be \$1,190 less than in Western Australia, it will be \$4,505 less than South Australia and \$4,545 less than Victoria. In that regard, I think it is important that this is a debate that needs to be put in the context that when we make this change it will continue to deliver a stamp duty regime in Queensland that will be not only competitive, but, in fact, the cheapest of all the mainland states of Australia.

Mr WATT: I refer you to budget paper No. 2 and the deposition that is now \$17.5 billion lower than forecast in the 2009-10 budget as a result of the asset sales reform program and I ask that you provide further detail to the committee on how these reforms were achieved?

Mr FRASER: I tabled earlier the sale summary documents that I reported to the parliament at the conclusion of the transactions, which was achieved by 1 July this financial year in terms of the finalisation of the last transactions, and it is clear that the reform program undertaken by our state was significant. It details the way in which that was conducted, the most significant factor of which, both in fiscal terms and in terms of the nature of the task, was the public offering of QR National. For the record, I note that there was much commentary levelled by some participants in public debate in Queensland about the impact that a carbon price would have on QR National and much was done to try to talk down the prospects of QR National at the mere spectre of a price on carbon being visited upon it. I noticed yesterday that the share price of QR National is in fact rather robust compared to (a) its listing price and (b), more relevantly, where it was last week. Far be it from me to point out such plain facts that deserve reporting in the nature of this debate.

I make the point that, with the transactions that have taken place, the budget papers recorded previously that \$186 million was appropriated to meet the costs associated. In fact, the consultancy and commissions come in at \$186 million and the overall sale costs, including other costs such as employer costs inside the government and other costs, are \$225 million. That represents 1.85 per cent of the proceeds to date, obviously not including the fact that the government maintains an investment in QR National which today is worth more than \$700 million more than it was at listing point.

On any standard and on any measure, this process has been conducted efficiently. Certainly, it has been conducted in a manner that I think is streets ahead of the way in which other asset sale programs have been conducted in other jurisdictions. It means that this is a budget that bears the burden of the natural disasters that have hit our state, but it is not a budget that bears for one minute the burden of having to expand coal terminals at Abbot Point, or to repair coal track that is now the province of QR National, or to fund expansions at the Port of Brisbane or in any of the other candidate businesses that are now the responsibility of private sector ownership. In the long run, this will be a reform program that, in a generation's time and beyond, will be seen as a far-sighted and important reform to the state's finances and, indeed, to the way in which the balance sheet of this state is operated and positioned for the future. Of that much I am confident.

Mr DOWLING: Treasurer, in your opening address you referenced jobs as being critical in the coming years and that there was certainly an optimistic viewpoint. In her opening address earlier today the Premier suggested that there will be 144,000 jobs over the coming years. What industry sectors are those jobs likely to come from?

Mr FRASER: As I indicated in my opening remarks, the economic recovery that is driving employment generation is being led by the resources sector. I certainly expect that to continue into the future. For the record, I note that Peabody Energy, by its move today on Macarthur Coal, presumes that there is a future for the coal industry in Queensland and, indeed, globally. In that regard I think it is worth noting that the continued expectation of investment in the resources sector is clear.

It is the case that we expect that the economic recovery that is forecast in 2011-12 out to five per cent would be broad based and, therefore, I would not expect many sectors of the economy to miss out on seeing growth through those 12 months. In particular, the rebuilding effort taking place is obviously going to have an economic benefit to the state. I think that is very much a plain fact that everyone would expect. Obviously, we see dwelling investment increasing and there is a strong employment multiplier in the dwelling construction sector also.

We see, in the broadest terms, that there is a fundamental change taking place in the economy, from growth that in the past was fuelled by consumption—and much of that was credit fuelled consumption as the nature of financial services in the nation changed over the past decade. Over the next decade or, indeed, the next half decade, I expect you will see an investment led recovery that is very much a different economic growth story from that of the last decade. That is going to present a tremendous number of challenges. That is why Glenn Stevens gives very different speeches to what you might hear when you talk to many small business owners at this point, but I for one think the macro policy settings are appropriate at this point in time and need to take account of that fundamental step change in the Queensland economy.

Mr DOWLING: With the heavy reliance on those jobs coming through the resource sector, the mines sector generally is saying that the carbon tax will jeopardise some of its programs. It will not happen in every case, but certainly there is sufficient unrest and uncertainty within the industry as to what it will do for employment. This morning the Premier announced 140,000 jobs. How close to that are you likely to get? What is the wriggle room on that? Is it 140,000 firm or 140,000 over coming years? What allowances have you built in with the announcement of the carbon tax?

Mr FRASER: At this point I do not expect there will be a material difference. I think everyone would be well advised not just to listen to what people say but, more importantly, to observe what they do. At the point in time that I see resource companies disclosing to the market, as they are obliged to

under the ASX rules, the material impact they believe it will have on their future investment plans, their current financial position and the expansions they might otherwise have planned, I am happy to take on board that assessment. However, whilst there is a gap between the rhetoric advanced and the facts of what companies might, as they are legally obliged to do, report to the ASX about the material effects, I think we would all be well advised to take a sanguine view about the gap between rhetoric and reality.

I say very clearly that, obviously, in the macroeconomic assessment that we undertake, based on the full detail of the carbon-pricing arrangements that have now been put into the public arena, I expect that the change will be at the margin. I expect that none of that will be visited, obviously in a material sense, in the near term. But in the longer term, it is clear that in a theoretical sense the number of jobs that would otherwise be produced under a no-change scenario would be different to that under which a carbon price exists. But similarly, the policy arrangements that are being pursued to advantage investment in renewable energy are going to generate jobs that otherwise would not be created. I think you need to take a whole-of-economy approach.

As I said, I am more than happy, at the time at which the companies concerned provide acute advice that discloses the material impact on their own financial position, to take account of that. But until such time as they do, I would recall 2008, when I removed the discount that existed on coal royalties in Queensland, where the 10 per cent legislated royalty rate was discounted to seven per cent in order to provide for industry development. In 2008 I concluded that the coal industry had developed and, therefore, we removed the discount. I am old enough to remember when they said that would be the end of the coal industry in Queensland. It is my observation from the past few years that something different transpired.

Mr NICHOLLS: Treasurer, if we can address the issue in relation to managing the state's balance sheet and the fiscal reform that you describe, is it not the case that after \$15 billion worth of asset sales and after all the pain that that led people—not least yourself—to go through, we are still heading towards an \$85 billion total public non-financial sector debt and that that, in fact, is higher than the debt that was projected back in 2009-10, when the asset sales were first mooted?

Mr FRASER: The answer is, as I detailed in the budget papers and indeed from my recollection in the budget speech, that Queensland today has \$17.5 billion lower debt than we forecast at the time of the 2009-10 budget, when we set about embarking on the fiscal reform program. It is the case that we need to ensure that the comparison here is one that takes account of the true circumstances. In that regard, the fact is that as of 31 June the debt in Queensland was \$17.5 billion lower than that forecast. I note in passing that the forecasts that are contained in the budget papers have, at various times, been trashed by members of the opposition and, indeed, extraparliamentary members of the opposition when it suits their political convenience. However, whenever there is a forecast contained in the budget papers that might suit their political purposes, they seem to treat it as gospel. Once again I merely point out the political convenience of putting faith in the forecasts on one occasion but on a separate occasion declaring that those forecasts are open to question and interpretation, as if there is some lack of independent rigour in the Treasury budget papers that are produced in the parliament.

I will be clear about what has changed since 2009-10. Back then, when the forecast was out to \$85 billion, the financial assets of the state—that is, the financial assets of Queensland taxpayers—were forecast to be \$36 billion. Now, at the same time, those financial assets are forecast to be \$9 billion higher, at \$45 billion. Secondly, back then our total assets were forecast to be \$278 billion and now our total assets will be \$35 billion higher, at \$313 billion. Our net worth then was going to be \$150 billion and our net worth now is forecast to be \$36 billion higher, at \$186 billion. Therefore, it seems to me that any useful and informed comparison that deals with the facts needs to take account of the fact that the financial assets of Queensland are \$9 billion higher on a like-for-like comparison. Our total assets will be \$35 billion higher and, indeed, our net worth \$36 billion higher. On any measure, at the end of a reform program if I am told that the financial assets of the state are \$9 billion higher and our net worth is \$36 billion higher, I would begin to conclude the very bold statement that that sounds to me like the balance sheet is better off.

Mr NICHOLLS: Isn't total state worth going down by \$1 billion as well?

Mr FRASER: As you see across the budget papers, net worth is forecast to accelerate. You choose to use the fourth year in your question and the commensurate entry in the fourth year is \$186 billion.

Mr NICHOLLS: In effect, the state debt will still be \$85 billion in 2013-14, as it was projected to be when the asset sale program commenced back in 2009-10.

Mr FRASER: I think the best way to explain this is if we remove all the zeroes. That might help those people who want to prosecute this argument. In essence, you are talking about a household that—

Mr NICHOLLS: No, let me—

Mr FRASER: I am happy to answer your question. If a household has \$85,000—

Mr NICHOLLS: You are trying to rewrite the question for me.

Mr FRASER: No, I am not at all.

CHAIR: Order! I know that the member for Clayfield is trying to make sure that you have the question right. I will ask the member for Clayfield to re-ask the question.

Mr NICHOLLS: At the time, the public non-financial sector total debt was going to be around \$84.5 billion when the asset sale process commenced. Now, by 2013-14, in the forward estimates, after the completion of the asset sales and the next couple of years, the total debt will still be \$85 billion, after the assets have been sold.

Mr FRASER: If we remove the zeroes in order to inform the way in which a like-for-like assessment can be made, your stated concern is with a given Queensland household having \$85,000 outstanding on their mortgage. At the time of your concern, when that was a problem, the same Queensland household had \$36,000—

Mr NICHOLLS: My concern is the question, not what you say it is.

Mr FRASER:—invested on the stock market. They had total assets worth \$278,000 and their net worth was, in fact, \$150,000. Now, while you say there is nothing to show for the effort of the past couple of years, at the same time—which is, in fact, a number of years henceforth and beyond the time frame that you seek to use for the purposes of your question—when the Queensland household has \$85,000 outstanding on its mortgage, that very same Queensland household will have \$45,000 on the stock market when they used to have \$36,000; their house will be worth \$313,000, not \$278,000; and their total net worth will not be \$150,000 but \$186,000. The chairman of the committee is a qualified accountant, but I am sure every other member of the committee is qualified to conclude that, by definition, that balance sheet is a lot better off.

CHAIR: Before the member for Clayfield interjects, I understand the scenario that the Treasurer is using, but it does not specifically answer the question that the member for Clayfield asked. Does he want to ask again?

Mr NICHOLLS: Let us remove all the zeroes and do it this way. Back when you started selling the assets, it was \$85 billion. After you have sold the assets, the projection for 2013-14 is \$85 billion public non-financial sector debt; is that correct?

Mr FRASER: Not true!

Mr NICHOLLS: What is it, then?

Mr FRASER: In 2014-15 it is 84.9.

Mr NICHOLLS: 84.9? So it is not 85?

Mr FRASER: In 2014-15? Your question was about 2013-14.

Mr NICHOLLS: Sorry, in 2014-15 it is \$85 million?

Mr FRASER: I like to be precise.

Mr NICHOLLS: At the outside of the forward estimates—

Mr FRASER: If you could make your question precisely, I am happy to answer it precisely.

Mr NICHOLLS: Let me make it this way. At the commencement of the asset sales it was 85. Is it now going to be 85 at the end of the forward estimates in the budget—84.9?

Mr FRASER: Let us call it 85. The figure 85 was a forecast in 2012-13. The figure 84.9 is a forecast in 2014-15—different years, different scenario. I have answered the question three times. The unfortunate part of asking your question is that, unquestionably, on any measure—and I challenge you to find an accountant of any repute that would otherwise suggest the balance sheet is not better off because the fact is that, unless you hire them and pay them off and they are willing to risk their own reputation, you will not.

Mr NICHOLLS: Treasurer, let us move on from that number there that we are talking about and go to some of the other issues that you raised in terms of the fiscal principles and the return path back to surplus. In the budget document for the current year you propose, without having to put any numbers to it because it is beyond the forward estimates of the current budget, a return to surplus in one of the charts here—I think it is on page 5—in 2015-16. But in the meantime, of course, deficits continue to return. You do that based on the statement that ‘a return to surplus depends on economic growth in the state as well as policy decisions of government’. It seems that you are basing the return to surplus beyond the time for which any figures are provided in the budget simply on a growth spurt, if you like, in 2011-12 of five per cent which then levels out quite dramatically from 2012-13 through to 2014-15 and then swings miraculously up again in 2015-16. Is that the fiscal plan for the return to surplus?

Mr FRASER: The answer is: yes, it is. We seek to then—

Mr NICHOLLS: Good.

Mr FRASER: I am happy to answer your question.

Mr NICHOLLS: No, you have answered the question.

CHAIR: I think it is appropriate that the minister be allowed to provide a fuller answer.

Mr FRASER: Your question is advanced on the basis that the last year of the projection, that is 2015-16, is not included in the four-year forward estimates. The budget of course goes out to 2014-15. So for the next four years there is in detail the way in which that pathway takes place. Your suggestion is that we cannot conclude that the budget will return to surplus in 2015-16 because somehow what occurs in 2011-12 is not explained. I just make the point that 2011-12, 2012-13, 2013-14 and 2014-15 are the forward estimates years and they are all set out in detail in the budget papers. Furthermore, if your suggestion is that somehow this is made up or that I have grabbed a piece of paper and drawn a line on it, then I, frankly, think that the implied criticism that is one again visited upon the Queensland Treasury by the opposition in this state does it no credit whatsoever. I know that the extra parliamentary leader of the LNP holds this view and, frankly, I think it is abhorrent.

Mr NICHOLLS: You say it is there in detail, but there is only one prediction which is the five per cent growth for next year which comes through. Then we go to the fiscal principles on page 11. I noticed you raised some question marks about that. If we look at, for example, the growth in own purpose expenses we see in 2010-11—the year just gone—that the prediction last year was for 5.97 and the outcome was 10.72 per cent. We see in 2011-12 the projection last year was for 3.13 per cent and this year it is for 8.98 per cent. We see in 2012-13 last year it was predicted to grow at 3.46 per cent but this year it is predicted to grow at 2.3 per cent. Then in 2013-14 which, in last year's budget, own purpose expenses were predicted to grow by 3.99 per cent, we have a 0.7 negative growth in own purpose expenses. Treasurer, when was the last time there was negative growth in government own purpose expenses?

Mr FRASER: In 2009-10 the expense figure was well below inflation plus population. I am happy to get that figure. From memory it was two—

Mr NICHOLLS: No, negative growth. In 2009-10 it was 3.74 per cent.

Mr FRASER: And I remain happy to answer your question. The reason that the growth profile looks like that is the tail-off of natural disaster expenditure. If you look at the entire budget position of 2011-12 relative to 2010-11, to coin an unfortunate phrase, the watermark of the budget is all higher, that is, there is a higher level of receipts into the budget because of the flow-through of natural disaster grants to the state from the federal government and that, commensurately, has to be spent appropriately on natural disaster expenditure. So what is driving that position and why does that profile take that hump and then tail off? That precisely aligns with the effect of natural disaster expenditure, the vast bulk of which flows through the bottom line as an expense.

CHAIR: I would like to ask a question and I know the member for Broadwater has a question she would like to ask as well.

Ms CROFT: I refer to the revisions of transfer duty that you expanded on in answer to my previous question and the Queensland Building Boost that is mentioned on page 54 of Budget Paper No. 4. I ask: what assessment has been made of the potential impacts of these measures on the existing housing market?

Mr FRASER: I thank the member for the question. As I said earlier, it is important to put the reform that the government is making to the principal place of residence reduction in context. There were around 45,000 households that accessed the PPR deduction in the last 12 months. Conversely, the abolition of the community ambulance cover levy, which the LNP voted against, is a permanent saving that will apply to 1.4 million electricity accounts not just this year but next year and beyond. It will continue to be the case that first home buyers in Queensland—because of our nation leading reforms for first home buyers up to \$500,000—will pay zero stamp duty. It will be the case that the increase in stamp duty will apply from 1 August in order to fund all the other initiatives that the government has pursued in terms of supporting tourism in this state, kick-starting the property sector and delivering cost-of-living relief to all households.

In that regard, the duty on the medium price represents around 1½ per cent of the median price, the legal incidence of which sits with the buyer obviously. I want to make this point however. If one took a long-term scenario and long-term analysis of the position of the Queensland housing market relative to other housing markets in Australia, then between 1982 and 2010 the average number of housing finance approvals for owner occupied dwellings, which excludes in that data collection refinancing—so that is new purchases—per 1,000 people was 16.4 in Queensland and 16.4 in the rest of Australia. There is no evidence in the longer term that the different arrangements in Queensland led to a higher turnover rate. However, it is the case that we would accept—and, indeed, the final budget figures that are included in the budget papers accept this reality—that a difference in turnover will be anticipated because of the changes in the stamp duty regime. That is factored to be around negative \$50 million to the budget position relative to a base case scenario per annum and ongoing. Obviously, that translates to around a turnover reduction of 3½ per cent for all market activity. In that regard we are looking not just to turn over activity, which is the exchange of existing dwellings which does not have a huge economic benefit, but to also transfer our effort into employment generating such as new home construction, which I think is very important to increasing the housing stock in the state of Queensland but, more importantly, providing for the employment benefit that flows more broadly through the economy.

CHAIR: Treasurer, I refer to another nation building investment in infrastructure in the 2011-12 budget of around \$15 billion. I was interested to ask you: how does Queensland's average infrastructure investment compare with other states over the last decade?

Mr FRASER: It is an important point to emphasise and one which, again, if you look over the last decade, really does underscore the significant investment that has been undertaken by the Labor government in the capital stock in the infrastructure of the state of Queensland. Indeed, on budget, that is in the general government sector, Queensland has spent \$1,191 per capita over that 10-year time frame since 2002 compared to a spend of \$704 for the rest of Australia. So over the decade from 2002, it was 1,191 per capita in Queensland and \$704 per capita for the rest of Australia. Across the broader public sector the figures are again in Queensland's favour, that is, \$2,381 per capita compared to \$1,467 per capita, reflecting the investment that we have made particularly in energy infrastructure, transport infrastructure and other commercial infrastructure to facilitate the development of the state.

The \$15 billion capital program, which is again at the forefront of investment in this nation, is delivering investments this year alone of \$581 million into housing and \$723 million into the hospital rebuilding program, in particular into the three new tertiary hospitals: the Gold Coast University Hospital, the Queensland Children's Hospital and beginning the work on the Sunshine Coast University Hospital. There is \$54 million in terms of the continued development of the new police academy at Wacol, \$118 million towards the \$417 million that goes towards the dual track rail line from Richlands to Springfield which is vitally important for the growth of the western corridor and, indeed, \$175 million towards the Gold Coast Rapid Transit project, which is the largest light rail system outside of a capital city in Australia. I think it is a fundamentally important infrastructure investment that will transform the city of the Gold Coast. To make the point, the investment effort of the Queensland government in infrastructure has been streets ahead of the rest of Australia not only in this budget but also for the last decade.

CHAIR: I know the member for Everton has another question. We have about three minutes left.

Mr WATT: Budget Paper No. 2 details the growth of Queensland's financial assets and net worth. Can the Treasurer please update the committee on how the state is continuing to grow its asset base?

Mr FRASER: This is an important question that goes, frankly, to the line of questioning being pursued before. The facts bear out that Queenslanders today are worth more on a whole-of-state, whole-of-government basis and, indeed, on an individual basis than they were before the global financial crisis. At the time of the global financial crisis it was concluded that our net worth in Queensland would be \$30,297 per capita for the financial year that we just closed off. In fact, our net worth will be right up at the forefront of other states in Australia—in position two, in fact—with our net worth per capita at \$38,143 compared to the average of \$26,165 for other states. I want to make this point abundantly clear. Queensland's net per capita worth is 46 per cent greater than the average per capita net worth of other states. That is a quantum leap ahead of the financial position of other states.

So when the debate takes place in this state that focuses only on one line in the budget papers—and that is the total outstandings—never ever does that take account of the financial investments, the liquid financial assets, let alone the other assets of the state. What does that mean? Queenslanders, in fact, do not owe a net amount. In fact, each and every Queenslanders right now has a net worth position of \$38,143, which is 46 per cent above the position in other states. As I said earlier in answer to the shadow Treasurer's question, our financial assets are forecast to be \$9 billion higher in the out years than they were at the time of engaging in the structural reform program and our total assets will be \$35 billion higher than at the time of engaging in the structural reform program. It is important, therefore, to recognise that Queensland's and the Queensland taxpayer's net worth position has not only advanced over the last couple of years but it is 46 per cent ahead of the average of the other states. On any measure, on any credible policy measure that assesses the true financial position of this state, that is a fact that is very hard to argue with.

CHAIR: Thank you, Treasurer. Considering the time, we might take a short break and this committee and the hearing will resume at 3.20 pm sharp. Thank you very much.

Proceedings suspended from 3.04 pm to 3.20 pm

CHAIR: The estimates hearing for the Finance and Administration Committee has now resumed. I call the member for Clayfield.

Mr NICHOLLS: Just before the break the Treasurer was going through some figures on net worth and those sorts of things. I regret that I did not manage to get them all down. I am sure they will be there in *Hansard* and I am sure he will tell me about them if I volunteer the opportunity to him. When I go to table 9.6 in Budget Paper No. 2, the non-financial public sector balance sheet shows net worth for 2010-11 at \$188.5 billion. Then the outcome for 2010-11 is \$177 billion. Obviously that takes into account your \$15 billion worth of asset sales. That is why your number comes down once you have netted all your receipts and expenses out. So the net financial worth goes down as well, which is understandable. But then it shows that in the subsequent year of 2011-12, when there are not asset sales that we know of, the net worth goes down by another \$900 million, almost \$1 billion. Then the net worth starts to climb

back up again to \$185 billion. So in the out years it is nearly back at where it was before the asset sales. Then we find that the net financial worth starts declining over that period of time down to negative \$81 billion and the net financial liabilities increase from, in the year just gone, \$51 billion to \$80.5 billion. Is that correct? Is it not the case, then, that, while that net worth figure is going up, as the balance sheet shows, the net financial worth is getting worse and the net financial liabilities are in fact increasing?

Mr FRASER: All the figures in the budget are correct.

Mr NICHOLLS: Excellent.

Mr FRASER: But let me make a point about your interpretation of the change in terms of the budget position between 2010-11 and the estimated actual outcome. In talking about net worth, you will appreciate that that by definition is a net—that is, it nets out assets off liabilities.

Mr NICHOLLS: Yes.

Mr FRASER: So whether or not you hold the physical asset as against a line of credit and then you no longer own the physical asset or have the liability, your net worth position should be the same. So the change that you see from \$188.5 billion to \$178 billion is in fact due to a revaluation based on discussion with the Auditor-General of the accounting basis of the land under which the roads of Queensland are built. So it is actually an accounting treatment of the change of the land on which roads are built in Queensland which includes—

Mr NICHOLLS: So our roads are worth less?

Mr FRASER: I am not sure that the roads which comprise the vast network of Queensland have anything other than an accounting value. Based on new accounting treatment there was a change in that valuation. That is what is changing that. So there is no net change. But in terms of your focus on net financial liabilities, I could similarly talk to you about the line which reads 'Total Financial Assets'. It is also true that it was budgeted at \$34 billion. The end result is \$40 billion and then it climbs up to \$45 billion.

Mr NICHOLLS: Yes.

Mr FRASER: The point I make and that I want to emphasise here is that the concept of net worth is the appropriate concept—that is, everything you own and everything you owe when it is all netted off together. What are we worth? We are worth more now than we were and we are going to be worth more into the future under the government's projections of this economic plan. I would love to be able to compare it with the economic projections and the economic plan of the LNP, but I would be picking up this weighty tome of great work and comparing it with a blank sheet of paper. So I think that would be a futile exercise.

Mr NICHOLLS: Net financial worth, though, is going from \$52 billion estimated actual for 2010-11. Net financial worth is actually declining to \$81 billion in 2014-15. That is the projection. So the net financial worth is getting worse.

Mr FRASER: As I said, all of those figures in all of that table reflect that the net worth is increasing.

Mr NICHOLLS: Sure, but you just said that net financial worth is the one we need to keep an eye on. You just said that.

Mr FRASER: Net worth. For instance, as terrible a thought as it is, when you pass on into the next life the executor of your will will make an assessment of the disbursements of your net worth, not just of your net financial worth.

Mr NICHOLLS: Yes. They will be sadly disappointed.

Mr FRASER: That will take account of the fixed assets and the financial assets that the enterprise Tim Nicholls has. At that time your true worth will be your net worth—not either your non-financial assets or your financial assets but in fact everything you own and everything you owe. Therefore, under the concept of net worth—which is the appropriate standard, I think you would agree—it is unambiguously the case. If you would like to selectively quote from one line, I could selectively quote from another, as I just did. But I think the end point is that most people would say that what matters is the net—what happens when it is all said and done—and that is going to be more.

Mr NICHOLLS: A discourse on my financial worth—that is very handy, thank you.

Mr FRASER: I am just trying to always bring it down a level to assist in that communication of complex concepts.

Mr NICHOLLS: A level that you understand, indeed. That is appreciated. We were talking again about financial worth and also the detail of how the funds are appropriated. Looking at the QML sale summary—which you will appreciate I have not yet had time to go through in detail—I see that the net proceeds in returns to the state were \$14 million. So we sold at the sale amount of \$3.088 billion inclusive of transaction duty. That was the disposal proceeds. The application of proceeds, the repayment of QML debt, was \$3.053 billion. The sale cost \$21 million. Equity returned to the state was \$14 million. As part of that, the footnote says that QML has been transferred to QIC and is now an asset of the state's public sector defined benefit fund, which you have been through. The QML purchase was

funded through borrowings in the general government sector with disposal proceeds applied to repaying debt held by QML. At a whole-of-government level, total borrowings remain unchanged as a result of this transaction. Does that mean that after the entire sale process—in fact at a whole-of-government level over the entire sector—there was no net benefit to the state other than the \$14 million that came in through the transfer to the defined benefit fund? The borrowings would have had to be taken up by QIC in order to fund the purchase.

Mr FRASER: I understand the point that you are making. In fact, because it was an asset of the state—in terms of the \$3.014 billion, owned by the state and it remains owned by the state but a different part of the state—the answer is, on a plain fact, that there is no net change. But the reason for the transaction is that the asset is now considered a financial asset of the state. Therefore, that helps with the credit metric assessment that the ratings agency makes.

So the benefit in undertaking this was, first, as I have just outlined, that it now means that the asset as an asset of the superannuation scheme is now one which means that that scheme remains fully funded and uniquely amongst jurisdictions in Australia. But, secondly, now that it is a financial asset held against the superannuation liability in the defined benefit scheme, which is a liability of the state as opposed to a liability of the employee or a liability of QSuper or a liability of QIC—QIC is the investment manager on behalf of the state in terms of the legal concept—it is the case that the asset is now held as a financial asset, and that improves the state's liquid position in terms of the credit metric assessment of the key net financial liabilities ratio that agencies such as Standard & Poor's undertake.

So the benefit of the transaction is twofold: first, the state superannuation scheme is fully funded with the transfer of that enterprise into the assets that are held for the defined benefit liability; and, secondly, it improves the credit metric assessment that is undertaken by the ratings agency. That much, I should say, is contained in the budget papers on page 14 of BP 2.

Mr NICHOLLS: Turning to the AAA credit rating, now that that has come up, if I look at chart 1.2 on page 9 of Budget Paper No. 2—'Net financial liabilities to revenue ratio'—that chart still shows that, despite the transfer of assets and the sell-off and the rejigging of the assets into QIC, Queensland is still trending away from a return to the band where we would need to be to get the AAA credit rating back in the foreseeable future. On top of that, there are other issues in relation to—and you and I have had this debate—the imbalance between the state's revenue powers and its expenditure responsibilities which causes problems for the state's credit quality. In that sense, then, what is the government's plan, or what is your plan, to get back that AAA credit rating any time soon, given that the underlying original rationale for the asset sales was to get back within the band? If we go back in the budget papers we will see that was what was forecast to occur, but it has not occurred. In fact, it is still trending away.

Mr FRASER: I think there are a couple of points to make which are relevant to the discussion on this front. First, when you look at the relevant representation of the net financial liabilities to revenue ratio—which is that key metric that I was just talking about in answer to the last question—in last year's budget, you see that it in fact trends into that band line. The difference is that the effect of natural disasters has re-based the state's financial position because of the costs from less revenue over the last 12 months and indeed a higher level of expenditure. So that contributes to a deficit that needs to be funded, and that moves that metric away from the current position.

It is worth noting that at this point in time, as this graph shows—and indeed at every point in time in the past—the state has never breached the 100 to 110 per cent band, which is used as a guide—and I emphasise that it is used as a guide—by the ratings agency in making this assessment. As you can see, the position of the state at the moment is that we stand—I think the number that attaches to the graphical representation is 87 per cent from memory, but an official is going to correct me if my memory does not serve me right—89 per cent. So at this point in time—and indeed at every time prior to now, including the time at which we were downgraded—the state has never breached that key metric of the 100 to 110 per cent. It is therefore important to point out that the benefit of the reform program that we have undertaken is longstanding—that is, at the moment there is a process underway for the terminals 4 to 7 development at the Abbot Point Coal Terminal which will not reside on the state's balance sheet. The arrangements of the Wiggins Island Coal Terminal are being met amongst the coal companies and therefore without a call on to the state's balance sheet.

Mr NICHOLLS: But they never were.

Mr FRASER: Otherwise it would have been the case, save for a decision that the government took in order to invite private participation in that terminal. It is a terminal being built on Gladstone Ports Corporation land. Otherwise, for instance, RG Tanna Coal Terminal is built on the state's balance sheet. I make the point that the decisions that we have taken about commercial infrastructure, either through the asset sale program or otherwise, have enabled the state's balance sheet to gain the benefit of that. In social infrastructure, for instance, the schools that we are building under the PPP still reside on the state's balance sheet because the state maintains the ultimate responsibility for those. Similarly for hospitals, the Sunshine Coast University Hospital—dare I mention its name—will remain fully accounted for on the state's balance sheet in that regard and there is no ability for anyone to suggest that anything other than the full account of that resides on the state's balance sheet.

So what you can see in this regard is a trajectory that from last year to this year is affected by the re-basing effect of natural disasters. But in terms of the future, the task here is to return the budget to surplus as soon as possible. That is the precondition that avoids further need to fund an operating position. That reduces the net financial liabilities on the return-to-surplus pathway that is contained in the budget papers. Also, a couple of pages earlier, at chart 1.1, you can see that the reduced deficit position improves the circumstance.

Ultimately, I believe with the state's position that, should it be the case that heaven forbid the LNP are put in charge of the state's finances inside the next 12 months, you will inherit a position where the net financial liabilities of the state are under the key metric of 100 to 110 per cent. At that point in time, thereafter it would be your responsibility to avoid that taking place. And thereafter, given that that is what would be bequeathed, I can only once again implore, at this stage almost in forlorn hope rather than with great anticipation, that the LNP might dedicate some time and effort to setting out an economic policy and explaining if you so object to the numbers that are detailed in the budget papers what alternative numbers you might present.

Mr NICHOLLS: Let us go back to those figures in the budget papers you were talking about and look at what they said last year in terms of what your net financial liabilities to the revenue in a non-financial public sector were versus what they are now projected to be once they have gone through. An observation will lend you to realise that the ones that are printed this year are completely different from the ones that were printed last year, in the same way that the growth in own-purpose expenses in the general government sector are completely different this year from what they were last year and in fact the year before. I still am yet to hear whether there has been any time where the growth in own-purpose expenses has been negative before, but I will leave that with you.

In terms of where it is going, the current financial year is projecting growth in that key metric that is used by the ratings agencies to 112 per cent, then 117 per cent, then 125 per cent, then 127 per cent. So it continues to trend upwards; it does not continue to trend back into it, even though it may be sitting now at the 89 per cent figure that you referred to just previously. What is then the key to getting that figure back down in the forward years from what you have said it is now?

Mr FRASER: As I explained in the answer to the last question, the task here is about a metric which is against net financial liabilities versus revenues. That is, when you get a circumstance such as has occurred over the last 12 months that not only does your revenue fall and therefore the operating position means you have to fund an operating deficit—that is, your liabilities increase—you get, if you like, the double whammy. At a time when you get a 12 months where, as I think will be the case over the coming years, your revenue increases and therefore the need to fund a deficit position decreases, at that point in time you get the double effect increase on the ratio that the ratings agencies use. There are obvious limitations to the methodology that ratings agencies undertake in that regard and it is a matter of debate around the world, but that's the rules. So in that regard what I think is relevant to the assessment here is that, as I said, the first task is reducing as quickly as possible the operating deficit that exists on the budget position on the operating position of the budget, and that thereafter improves the ability for that net financial liability to revenue ratio to improve and thereafter be able to be in a position to be within the range that the ratings agencies have set.

Mr NICHOLLS: Just to carry on down that path then, what you are now saying is that you are pinning, if you like, your hopes about moving towards a situation where that metric meets the requirements of the rating agencies to get the AAA back on deficit reduction. If I understand your answer, that is—

Mr FRASER: That is an element of it. I described it as a pre condition.

Mr NICHOLLS: Okay. Previously, the asset sales though when they were mentioned were about getting that metric back into—

Mr FRASER: Don't be mistaken. I am taking—

Mr NICHOLLS: Has the circumstance changed from a few years ago?

Mr FRASER: No, I am taking the fairly plain presupposition that the asset sales program has been completed because in fact it has.

Mr NICHOLLS: Sure.

Mr FRASER: The point I am making here is that there are two elements to this if you like. Structural reform is utterly important. In fact, let us explain it for those people not sitting there with Budget Paper No. 2 in front of them, as incomprehensible as that is to me. If you look at the range without asset sales, you can see the effect of the change that the government has made to the state's reform balance sheet. That is, without that, the numbers that were detailed in the column that you were reading from a moment ago are a quantum above that. That means that the future call on the state's balance sheet for funding coal terminal expansions at Abbot Point, for funding new rail stock in Western Australia and New South Wales—all of that—is now avoided. That is the critical structural reform that has taken place in order to get us back in a position to achieving a AAA credit rating.

I am saying to you that because of the natural disasters the deficit position has deepened last year and this year—plain fact, not a revelation. Thereafter, that puts pressure on this key metric and, therefore, by conclusion, what is different between then and now? The operating position has been impacted by natural disasters. That is why it needs to be reduced in order to get that metric back towards the range. That is a matter of logic.

Mr NICHOLLS: If we go back to the original hit, if you like, that you forecast would occur because of the global financial crisis back in the 2009-10 budget, and that was I think originally forecast to be \$15 billion, a hit to the forward revenue projection. In fact, we were not going backwards but we were not going to get as much as would otherwise have been projected on the way through. Then last year in 2010-11, things had picked up, the GST receipts were up, there was an anticipation of an increase and the total hit was going to be about \$7½ billion, so it was, if you like, an improvement on the situation of 2009-10. Then this year you are saying that it has been hit again to the extent of probably about another \$1½ billion so the total loss over the forward estimates from the original 2008-09 budget going back—we are talking lots of dates and times—is now about \$9 billion.

Mr FRASER: On page 75 it is there for you, and it is \$9.2 billion.

Mr NICHOLLS: So about \$9 billion. So we are all agreed on that?

Mr FRASER: That is what is written on page 75.

Mr NICHOLLS: In fact you are about nearly \$6 billion better off than you were in 2009-10 projected?

Mr FRASER: Projected.

Mr NICHOLLS: You have sold assets, undertaken so-called structural reform, yet we are still no closer to getting the AAA rating back.

Mr FRASER: Yes, we are at 89 per cent which is a long way below the 100 to 110 per cent band.

Mr NICHOLLS: So when do you foresee that the AAA rating will come back?

Mr FRASER: At the end of last year, Standard & Poor's issued a statement where they thought that, based on the successful conduct of the balance sheet reform program and asset sales that the state had undertaken, a positive re-rating, to use their language, was possibly one to two years away. My view has always been that it is a five- to 10-year proposition because the plain fact is that ratings agencies downgrade you on your outlook and upgrade you on your performance. What I therefore think is relevant is: look at the performance over the last couple of years and you can see that that liability has been driven down and driven well below the range at which ratings agencies consider the breach to occur.

We were downgraded therefore not on the circumstances of the day but on the outlook. Indeed, what you can see here is that what has come to pass is very much below that. Now with being able to overcome the hits of the last 12 months—yes, there is something different that has occurred over the last 12 months and that is a pretty big massive flood and a dirty monster of a cyclone that kind of interrupted things, to say the least.

So that is what has changed and that is what has affected the overall budget position. It affected the economy, everyone knows that, but it is worth stating for the record if the implication is that there is some gap between last year and this year; in fact, yes, there is something that is different and it is the effect of that.

Mr NICHOLLS: So at this stage we are no closer really to getting back the AAA credit rating than we were three years ago when the asset sales program was embarked upon.

Mr FRASER: Let me put it this way: even if you win next year, you should be able to get it back. I have given you a massive head start.

Mr NICHOLLS: Let me put it this way then: is there any prospect of it going down?

Mr FRASER: No.

Mr NICHOLLS: Like it did when you were there?

Mr FRASER: No.

Mr NICHOLLS: So you are confident it is not going to get any worse.

Mr FRASER: Absolutely. In fact I am confident that, when the ratings agencies do upgrade the rating of Queensland, the assessment that will be issued on that day is that the reform program we have undertaken in terms of both the changes to the outgoings from things like the fuel subsidy and also the asset sales program will be the principal reason for re-achieving it.

Mr NICHOLLS: What has been the cost of having lost that AAA credit rating over the last couple of years in terms of the increase in the cost of borrowing as a result of going from AAA down to AA-plus? There have been various numbers put around—some figures are \$200 million additional a year and those sorts of things. Do you have an idea of what that cost accumulatively has been over the last three years?

Mr FRASER: The direct cost in terms of the fee that is paid on the guarantee of the issuance of our bonds with a AAA credit that was available under the guarantee scheme that the Commonwealth put together from memory is \$142 million. That is certainly the latest figure; I think that may have been an end of May figure rather than an end of June figure.

Mr NICHOLLS: That scheme has finished now but you are still paying a fee for the debt—

Mr FRASER: Well, it is closed for new issuance but you will recall that the bond lines that have been issued are guaranteed to maturity so obviously those lines go out into the 2020s so a guarantee is maintained on those. Because credit markets have improved and because I think of a range of things, frankly, not the least of which are the changes that APRA has made but also a general appetite for the availability of semi sovereign bond issuance—that is, a level below a sovereign government, below a nation government—and indeed strong investor sentiment in Australian prospects, we have seen strong demand which has driven demand in our bond lines and therefore made them a more competitive proposition. The end point of that is that many holders of our bond lines have been happy to switch, to consolidate out of guaranteed lines into the state government guaranteed line.

It is important to make the point that all bond lines issued by QTC, the Queensland Treasury Corporation, carry the guarantee of the state and they always have. It is contained in the Queensland Treasury Corporation Act of I think 1990. I am not sure of the year; I am looking to be corrected on that, but we have lost corporate knowledge here!

Mr NICHOLLS: I am not going to hold you to account on the year of the act, just the expenditure.

Mr FRASER: Just to finish the point, that is a guarantee that is contained in that act.

Mr NICHOLLS: Sure. As at 4 July, the QTC announcement of its indicative borrowing program was only available in Japanese on the QTC's website.

Mr FRASER: I am sure it is not. I have seen it reported in many other places, including in the *Financial Review*.

Mr NICHOLLS: Someone has reported it in Japanese. That is the announcement in Japanese.

Mr FRASER: We provide it bilingually, given the importance of the Japanese financial markets, which is something that has been an article of faith for the governments of Queensland since the 1970s and one that has served us in good stead. We can do it in crayon as well if it helps others.

Mr NICHOLLS: No, that is all right; it is not caucus. Just to go then through the Capital Works Program which you discussed being done—

Mr FRASER: You have prompted the Under Treasurer to get on the QTC website.

Mr NICHOLLS: In terms of the capital expenditure which you have detailed previously, in 2010-11 obviously because of the impact of the floods and the cyclone, the capital spend was down by \$2 billion roughly.

Mr FRASER: Yes.

Mr NICHOLLS: And the outlay for capital expenditure for 2011-12 is about the same, \$15 billion, so it is about \$2 billion less than the previous two years highs, or proposed highs. Then, as part again I guess of the program that you are outlining, you are looking at a reduced capital program to under \$10 billion as part of your fiscal strategy there. In that sense, how does something like, for example, Cross River Rail fit into what you are proposing to do there and how does that fit into today's Queensland infrastructure plan that was announced?

Mr FRASER: The point you make is an obvious one: that there is a gap between the total amount of work that was expected to be undertaken over the last 12 months and that work which was undertaken. For many building sites, particularly in North Queensland, there were months when they were unable to get on site. Certainly a lot of those projects were unable to be worked upon and therefore things like progress payments were not made this year when they otherwise were expected to be. All of those projects are still being built but obviously they have been interrupted by the rain.

In terms of the taper down of the investment that we are making, the first very important structural difference to the capital program into the future is the one that I have alluded to a couple of times already—that is, we would otherwise be looking at funding billions of dollars worth of expansion in the Abbot Point Coal Terminal in budgets, either the next one or the one ahead of that. We would otherwise be looking to fund the next expansion of the port of Brisbane motorway within the Port of Brisbane Corporation leasehold area which we will not otherwise be doing. We would also be making and I would be continuing to write cheques to purchase rolling stock—that is, trains and carriages in Western Australia to carry grain and other commodity in Western Australia and to carry coal in New South Wales—and they are cheques that the state balance sheet will no longer be writing.

So by definition that means that that task has reduced into the future, and that enables the capital program to come back. In terms of Cross River Rail, it remains a project which we have always said is of national significance and will require a significant contribution from the federal government of the day,

and that is a position that the government has always advanced. If you take a look at the Victorian fast rail project and the investments that are undertaken there, that is only being undertaken with billions of dollars worth of support from the federal government because we do thankfully now have a federal government in this nation which is keen to make its contribution to infrastructure in the state. I think it is important that we welcome the start they have made. I look forward in the future to federal governments of both political persuasions not only maintaining that effort but increasing that effort, because I think the infrastructure investment that has taken place at a national level in the past could greatly be increased into the future. As you know, one of the decisions we made in the midyear review in terms of looking at the state's overall capacity to fund infrastructure into the future was to delay the timetable for commencing Cross River Rail. It is a project that one day will need to take place given the constraints of having only one crossing of the river for the rail network, something that I know you appreciate. So into the future, as the position allows, that project would be brought on to the books, but it currently remains not on a schedule that includes being funded in the out years of the budget.

Mr NICHOLLS: Thank you for that.

Mr FRASER: For the record I am reading the statement about the QTC's borrowing program in English—although I did do Japanese at school—on the QTC website. Maybe it is some setting on your iPad that has been messed around with by a child. That has never happened to me before!

Mr NICHOLLS: Could well be. With respect to what has been happening, perhaps I might ask the Under Treasurer a question. In the budget speech the Treasurer claimed that the government's \$15 billion building program will leave room for the investment surge being driven by the private sector. Recently though there was an article in the *Australian* on 21 June which said that Future Fund boss and former Commonwealth Bank CEO David Murray was warning about the incremental indebtedness of governments crowding out the private sector. Under Treasurer, do you have any concerns that increases in, if you like, debt by governments do pose a threat to crowding out of the private sector given the reliance that there will be on the private sector to continue to fund the growth in Queensland, particularly the capital investment of 27 per cent?

Mr Bradley: I think certainly by international comparisons Australia has relatively low government debt as a nation. All of the international comparisons would suggest that indebtedness in other countries around the world is at much higher levels relative to GDP, and indeed Australia is a relatively low-debt economy by comparative terms. Certainly the debt of the state of Queensland is increasing, although the impact of the asset sale program, as the Treasurer has outlined, has seen a substantial reduction in the debt level as at the end of the current financial year of some \$17 billion. So we do not have a view that there is a difficulty in either the state financing its current capital program. In fact, QTC's capital-raising efforts have been very successful in recent years and we have no expectations following our usual presentation to investors that we would have particular difficulty in funding the state's program this year or indeed that the private sector itself would have difficulty in raising funds required for their requirements. Many of the large projects which are underway in the state are being undertaken by large corporates with a substantial balance sheet capacity in their own right and we have had no views expressed to us by private sector proponents that they will have difficulty in funding their capital needs.

Mr NICHOLLS: Just to go back then in terms of the concerns that were raised in the article, you are not concerned that there will be a crowding out of the private sector in terms of competition for capital?

Mr Bradley: I cannot comment on Mr Murray's particular comments. I am not sure what context—

Mr NICHOLLS: No, I am not asking you to do that. So you are not concerned that there will be a crowding out?

Mr Bradley: I do not believe so, no.

Mr NICHOLLS: That is fine. That is all I was after.

CHAIR: Member for Clayfield, I have something that I particularly wanted to ask while we are still with the Treasurer. I refer to Budget Paper No. 3, Treasurer, which details a number of successful PPP projects, and I ask: what is the government's policy position in relation to future PPPs, something that is of interest to me?

Mr FRASER: Thank you, Mr Chairman. It is an important point to make which follows on in fact from some questioning just undertaken. The government has pursued a range of commercial opportunities for private sector participation in the delivery of infrastructure. Airport Link is but one example as is Wiggins Island, which I have already mentioned. There are also the expansions at terminals 2 and 3 which are being promoted by BHP and Hancock respectively at Abbot Point Coal Terminal—not strictly PPPs but private sector investment in infrastructure that otherwise would have been built by the state—as well as the undertaking of PPPs now in the social sector. One of those is our very successful schools delivery program which is delivering seven schools this year and next. Schools have already opened under that arrangement and the government has announced that we will also be undertaking the delivery of the Sunshine Coast University Hospital as a PPP.

In that regard I want to make sure that there is a very clear public record of knowing how to account for the PPP of the Sunshine Coast University Hospital on the budget papers of the state as is required by relevant standards, and that is this: unless there is a proposal that the services to be supplied at the hospital are to be commercially paid for and therefore self-supporting, then the full cost of the hospital is a cost to the state. Therefore, the facile notion that is being advanced that there are somehow savings to harvest out of the Sunshine Coast University Hospital is either economically illiterate or deliberately misleading or, frankly I think, just cavalier. In the end there is no ability whatsoever to pull hundreds of millions of dollars out of the Sunshine Coast University Hospital without delivering the hospital in full as is planned. Let me be frank about this: so far in terms of the questioning the logic has so far progressed that the opposition did not know how much money they were pulling out. When asked they then said to the *Sunshine Coast Daily* that it would be \$100 million a year for four years, so No. 1 was \$400 million. Then more latterly they produced a couple of pages and provided them to some journalists which said \$180 million. Thereafter the member for Kawana said it would be around \$200 million. So at the moment we have a smorgasbord of either \$400 million out of the Sunshine Coast University Hospital, \$200 million or \$180 million. Whatever the figure might be—and I greatly encourage for the benefit of Sunshine Coast residents that the LNP defines what that figure is; lo and behold they could contemplate the concept of writing it down and putting it on a piece of paper and getting a stamp and putting 'policy' on the front of it so that people might be assisted in the public debate that will be taking place in this state over the next nine months—the notion that there is any ability to pull money out of what is a public hospital that will provide free public services I think is one which needs to be exposed for the economic illiteracy that it portrays.

Frankly, anyone who wants to subscribe to a view that Campbell Newman can go and extract money out of a PPP needs to look only at the example of the Clem7 tunnel—a PPP which he presided over which he said would cost in the first instance \$850 million, in the second instance he said it would cost \$1 billion, in the third instance he said it would cost \$2 billion, in the fourth instance he said it would cost \$2-plus-plus billion and of course in the end we know it cost \$3 billion. So if he says we should trust him on his ability to run a PPP given the journey from \$850 million to \$3 billion, I think that there is a very real question to ask why he believes he should take one cent away from the Sunshine Coast University Hospital. I note moreover that the LNP has said that they will not keep those savings on the Sunshine Coast. In fact, they have attempted to say that the savings that they would acquire out of the Sunshine Coast University Hospital they would apply to discount the principal place of residence under the stamp duty regime—that is, a one-off saving that they can achieve out of building one project. They profess that that gives them the funds to forevermore each and every year fund an ongoing liability—that is, they are going to use the capital program in order to fund a position on the operating statement. I think this exposes fundamentally a massive problem with the grade 3 effort that has so far been put forward by the LNP to attempt to explain how it is that they are out promoting savings in the Queensland budget. When asked the question, first they could not answer it. Since then they have come up with three answers. Frankly, I think the people of the Sunshine Coast deserve just one answer. If they could write it down and stand by it, I think the public debate, at least on the Sunshine Coast, would be advanced.

CHAIR: Thank you, Treasurer. The member for Broadwater has a question.

Ms CROFT: Treasurer, with reference to the Queensland Building Boost again, can you please update the committee on the consultation that you have undertaken with the industry?

Mr FRASER: I thank the member for Broadwater for the question. Indeed, the Building Boost is going to be vitally important on the Gold Coast where we know that the property sector in particular has been challenged. One of the most important components of the Gold Coast property market is multiunit development whereas in other parts of the state it is broadacre development, but detached housing development is the wellspring of property development on the Gold Coast. We know that it is very much a story about unit development and multiunit construction. In that regard the consultation that has been undertaken with industry bodies like the Property Council, the Urban Development Institute of Australia, the HIA—the Housing Industry Association—and the Master Builders has been about making sure that we get the best bang for buck out of the Queensland Building Boost. In that regard some elements and indeed all of the industry groups conjoined in both their support for the program but also in putting a case to government that the original time frame which suggested that multiunit dwellings be completed by 31 July 2013 would present difficulties. In terms of marketing a new development in achieving through the six months between 1 August and 31 January sufficient commitments in order to get a bankable project to proceed, the time frame then to undertake and secure construction is obviously longer than undertaking the construction of one single unit dwelling.

In that regard the government has agreed to a submission from the industry bodies to extend the time frame through to 31 January 2015. To be clear, the Building Boost runs only from 1 August to 31 January next year. But in terms of providing time for that boost to flow through to multiunit development to get finance secured, to get the development applications and to get that development underway, we have agreed with the industry submission to extend that time frame to 2015, with construction to commence by 31 January 2013. So that change is one that I think will ensure that the Building Boost is a policy that delivers the best opportunity for jobs-generating growth for delivering new housing stock

into the market. We have also settled on other arrangements. There were some people who took the view that the boost should be available to non-Australian residents. The government's view is that it should be provided to Australian residents given the nature of the task that we are seeking to pursue. It will apply in full to other schemes as well such as the National Rental Affordability Scheme. So where we have made investments in the NRAS scheme—the National Rental Affordability Scheme—there will also be the ability to gain the benefit of the Building Boost in order that we get that construction starting whereas the Rental Affordability Scheme provides an ongoing benefit to those people who live in those units and those houses beyond.

CHAIR: Thank you, Treasurer. Member for Everton?

Mr WATT: Nothing from me.

CHAIR: We have no more questions. I call the member for Clayfield.

Mr NICHOLLS: Thanks, Mr Chairman. I go then to the subject of the Building Boost. So, Treasurer, in fact this is policy on the run because you have changed it now in respect of a number of issues since it went through the parliament. You have now extended the date by which the funds need to be expended to January 2015 and you have now determined, in answer to a question that you could not answer when I was debating the bill late on the Friday night, whether it actually applied to Australian residents or nonresidents.

Mr FRASER: My recollection of that debate is that I provided the same answer then. I am merely placing it on the record because since that time the industry has come to the government in various guises and sought that change and that it be available to nonresidents of Australia. If my memory of that debate—which as you say was late on the Friday night of budget week—is different then I am happy to check the record. But certainly my view the whole way through has been that. I merely take the opportunity to provide a public record of the advice that we provided to industry that it will not apply to non-Australian residents.

Beyond that, the government has undertaken a detailed consultation with banks, with financial institutions, with the legal profession and with the industry and I have accepted their submission that not changing the time frame that the boost is available but indeed the time frame for the completion of projects for multiunit developments is a change that the government believes will serve the appropriate policy outcomes that are being pursued.

Mr NICHOLLS: So these are changes subsequent to the announcement in the budget speech and the debate in budget week? If you looked at the papers that came out—

Mr FRASER: The only change is the time frame, yes.

Mr NICHOLLS: And the non-resident issue, too. I do not believe that was covered at the time—certainly not on the fact sheets that were available as to who was eligible for a grant.

Mr FRASER: There has never been any doubt about that in my mind. I am really making the point that there are those who asked the question and in that regard the government's settled position is that the answer is that it applies to Australian residents. But you are right: the time frame is changed because I think that that would give a better bang for the buck. In fact, the scheme will operate under an administrative arrangement from 1 August. There will be a set of legislative amendments that are progressed during August that provide a confirmation of those arrangements.

Mr NICHOLLS: Just on that then, what is the expectation—or the modelling if you have done it—in relation to the impact it will have on the construction industry in terms of stimulation, given that I think the ABS reports indicate that the total number of new apartment dwellings commenced every three months is around about 7,500. So with \$440 million, 14,000 applicants, \$10,000 each, is that going to take up just available stock or do you anticipate a return to some growth in the industry and also given the ABS figures yesterday of housing finance commitments in Queensland being down for the seventh month in a row?

Mr FRASER: Those were figures that relate to May.

Mr NICHOLLS: Correct.

Mr FRASER: Obviously, the boost is all about increasing activity in that sector. So there will be a base level of activity. The numbers from memory—and someone is going to correct me if I am wrong—were in round terms 10,000 dwelling starts over the financial year. We expect that that will be in the order of 14½ thousand this financial year. So the evidence, therefore, points to a substantial increase in activity through the next financial year. Beyond that, because we are talking here about construction that starts in this next 12 months for detached housing, for owner builders you have to get on with it within six months of the signing of the contract, of accessing the grant, and then complete it within 18 months. So it has already in its original design an impact across 2011, 2012 and indeed into 2013. The answer to your question about what is the marginal increase over the next 12 months is a move from around 10,000 to 14½ thousand.

Mr NICHOLLS: What impact does the GST have in relation to the payment to recipients of the boost? Do they have a GST liability as a result of that grant coming through or is there a GST component to the delivery of that grant to people?

Mr FRASER: I am not sure that there is a perverse or unexpected GST result, but I am happy to take that one on notice.

Mr NICHOLLS: Okay. I just wondered whether there was because it is a receipt.

Mr FRASER: The Under Treasurer makes the point that it is the same treatment as the first home owner's grant.

Mr NICHOLLS: As the other grants. Okay.

Mr FRASER: Yes.

CHAIR: So do you need to take that on notice?

Mr FRASER: I do not think so. If there is some need to clarify that—

Mr NICHOLLS: I am happy to take that.

CHAIR: Thank you.

Mr NICHOLLS: No worries. I take you to section 4, page 5 of the Appropriation Bill for 2011, which is the supplementary appropriation. So this is the changes that were introduced in relation to covering the year before's supplementary appropriation of \$1.05 billion for 2009-10, which is the unforeseen expenditure—that is, the additional expenditure—that was included in the Consolidated Fund financial report. The Consolidated Fund financial report is based upon the cash accounting methodology subject to the Auditor-General's scrutiny under the Financial Accountability Act.

The Auditor-General gave an unqualified opinion on that fund for the 2009-10 financial year but that was after all the reporting on the 2009-10 budget had been concluded. The fund showed an operating cash deficit in 2009-10 of \$4.358 billion. That is the year to which the supplementary appropriation relates. In contrast—if you will bear with me—the Financial Accountability Act does not require the Auditor-General to scrutinise the figures presented in the uniform presentation framework. So you have two methods: the UPF and the cash method. The Auditor-General looks at the cash method but is not required to look at the UPF figures when they come out in the budget. So you get estimated actuals at the end of the day but you get the final cash account through the Consolidated Fund report, which is lodged in the parliament.

So if I look at table 9.1 of the general government sector operating statement of the UPF for the 2010-11 budget—last year's budget—it shows the estimated actual deficit for 2009-10 to be \$287 million, which is substantially less than the \$4.3 billion cash outcome that has been put into the operating statement. So the cash position is far worse than the UPF position all the way through. So there is a sort of a mismatch between, if you like, the final report, which deals with the appropriation for the unexpected additional funding that is required for which the supplementary appropriation is required, and the estimated actual that comes through in the budget papers. At what stage do we ever know the true amount of the deficit for preceding years?

Mr FRASER: All of it is true. The point here is that the UPF is required as a presentation regime that is required of all government whether you are Labor, Liberal or Callithumpian and that uniform presentation framework, as the name reveals, enables cross-jurisdictional comparisons between budget positions of different jurisdictions of Australia and is informed by relevant government undertakings for all governments of Australia.

The cash position is a very different concept from an operating position. The operating position is an accounting treatment. A fiscal balance is merely one part of an operating position and all companies account under relevant accounting standards just as the state is required to. But in terms of reconciling the two, which is the fundamental basis of your question as I understand it, the Auditor-General audits the report on state finances, which is tabled after the Consolidated Fund financial report and in the report on state finances—I am happy to give you a copy of last year's and also a heads-up on the tabling of that document, which usually occurs around September, October each year—is a reconciliation between the two presentations that you point out back to the uniform presentation framework.

Mr NICHOLLS: But in the sense that you seek an appropriation of over \$1 billion in order to deal with the operating position as detailed in the cash statement that goes in versus the appropriation that is used to deal with the UPF position that is provided in the budget, how do we ever track down what the final actual is as opposed to the estimated actual, because there is no final determination made until a much later time than when the prior year's budget comes through?

Mr FRASER: The report on state finances provides that reconciliation. The 2010-11 report on state finances was published back in late September last year, or October—sorry, it was done in December last year because of the circumstances around completing the QRN transaction. But it is tabled subsequent to the CFFR—the Consolidated Fund financial report—and it reconciles the two and thereafter the appropriation is made in order to provide the reconciliation. So the final amount—the number that you are looking for—is in the report on state finances.

Mr NICHOLLS: Thank you. I appreciate that.

Mr FRASER: Welcome to my world.

Mr NICHOLLS: You do not know how much work went into the question. The voluntary separation program that is being undertaken to address the efficiency dividend that the government is seeking is rising to \$500 million, I think, in 2014-15. Can you give us some details of the projected uptake? I think it was originally programmed at 3½ thousand of the program through the various departments and what they have opted into. For example, some areas were to be ring fenced, if you like, in terms of service delivery and those sorts of things. Have you got details of that voluntary separation program and its take-up and where it is going to go and where it is not going to go?

Mr FRASER: At this point each agency is at different stages. For the benefit of the committee the Treasury has undertaken an EOI process across the agency. So that has enabled broad participation and around 150 expressions of interest have been put forward by the staff of Treasury to participate. We are now at the point for Treasury as an agency to make assessments about where offers might be made relevant to people's skill set and also the operational and organisational requirements of Treasury as an agency. So that will occur into the future.

In other agencies, for instance the Department of Employment, Economic Development and Innovation, for which I am also responsible, is running a different process rather than a call across the agency for expressions of interest. They are offering particular offers in parts of the agency and they are undertaking that process at the moment. I think there are around 51 or 53 that have progressed at this point. Other agencies are further down the track, such as the Department of Transport and Main Roads which certainly believes that they will be accessing the arrangements above what others are in terms of the numbers that they might be pursuing. Education is less advanced at this point. Obviously, teachers are outside of that process as front-line service officers. So the answer to your question is agencies are at different points in making their assessments about how they will undertake the process. But it is certainly something that I would presume will be the subject of ongoing inquiry and certainly one that I will be happy to provide through the usual channels.

Mr NICHOLLS: And with the—

Mr FRASER: I should say—sorry—for the benefit of your question at this point do I expect that we will be around the 3½ thousand that was put into the original estimation? The answer to that is yes.

Mr NICHOLLS: With that program there was some speculation that, because of the way it was structured, the advantages that are otherwise available under the federal tax law in relation to the concessional taxation treatment of payments are not available. Is the concessional taxation treatment of payments received by those employees available under this program or are they not available because this program is a voluntary separation program as opposed to a VER type of program which sits within, if you like, the rulings that relate to it?

Mr FRASER: We have as a government, both through Treasury and through the Public Service Commission—which, as you know, reports to the Premier—undertaken extensive work on this front. There are two broad pathways. One is through a VER program, as you were talking about. There is an ability to gain a private ruling about a VER program, which provides for concessional treatment for the tax in the hand of the employee. The limitation on those arrangements is that you essentially are obliged to offer it on a first-come basis. That is, the ability for the employer—in this instance the agency, the director-general, the Under Treasurer, the CEO, the department—to be able to target it to sections of the department that they believe are appropriately targeted is greatly reduced because you get an order of turning up, merit-order scenario under those arrangements.

So in order to provide the flexibility, for instance, the best example is here in Treasury, in fact. The Office of State Revenue is moving from five years ago everything being essentially paper based to within a very short period of time the vast volume of transactions being electronically lodged. That greatly reduces the labour-intensive processing of everything from land tax to payroll tax returns to stamp duties. As you would recall from your time as a solicitor, everyone electronically lodges now and it is a very different process. You do not have to send the gofer—

Mr NICHOLLS: I can recall the old stamps office.

Mr FRASER: To make it there before five to four et cetera. So ultimately, in the Treasury example I am using we would foresee that a significant focus would be in the Office of State Revenue, because of the changing nature of the work that occurs there. That flexibility is available to us as an employer, if you like, because we are outside of the VER scheme that the tax office runs, but it is the case that there is,

under a public ruling, concessional arrangements that are in place for the VSP program. The end point is this: in the end what you have got is that the employee who chooses to leave—to retire early or to move on or to otherwise go and undertake something else—is left in the same position, therefore the incentive and the benefit for the employee is preserved, but from an employer perspective you have the ability to target the way in which the program applies to the benefit of the organisation rather than just having to respond to a merit order list.

Mr NICHOLLS: Is the net result then that it is more expensive to undertake it in the manner that is being undertaken as a voluntarily separation program? You say there is a public ruling that deals with the effect of the payments which are much higher, if you like.

Mr FRASER: I am reminded that the tax ruling is on the Public Service Commission website so it is there in detail which sets this out. The point is that—

Mr NICHOLLS: My question is not in relation to the tax ruling, my question is: is it a more expensive process to go through a VSP than it would have been to go under the VER process which there were rulings previously in relation to?

Mr FRASER: In order to achieve both employees being in the same position and therefore given the same level of incentive and support to make the decision and the ability to purchase, if you like, the organisational flexibility then the outlays in the first instance are higher.

Mr NICHOLLS: So it is a more expensive process. Does that result in a transfer then from Queensland Treasury to the Federal Treasury as a result of not getting the same concessional tax treatment?

Mr FRASER: There are still concessional arrangements but they are different and they are lower.

Mr NICHOLLS: They are not as generous as the other ones were.

Mr FRASER: Correct.

Mr NICHOLLS: So it is a more expensive process, as you say.

Mr FRASER: The alternative is that the offers are only made in levels of seniority which I do not think is a useful organisation principle on which to run any organisation.

Mr NICHOLLS: In SDS 1-116, staffing of the Office of Economic and Statistical Research area is going to increase in terms of some additional staff coming on regarding the national 2011 Census of Population and Housing project. However, I note that there were 14 per cent fewer responses for requests for information. So more people but fewer requests for information with a further decrease in requests for information in the 2011-12 year and a decrease of 50 per cent in the formal products and services delivered to other clients. Can you say why we possibly need more staff when there are fewer requests being provided out of that office?

Mr FRASER: I am their client.

Mr NICHOLLS: So you are not working as hard?

Mr FRASER: I think what you will find is that—

Mr NICHOLLS: You are expecting something different?

Mr FRASER:—during the last 12 months in particular the vast bulk of work that has occupied the officers of Treasury has been in structural reform through the commercial transactions team and indeed that is what has occupied much of my time, the Under Treasurer's time and the Deputy Under Treasurer's time. The increase in staff that is there for the coming 12 months is because every four years the Office of Economic and Statistical Research plays a support role in census collection and census activities. That is an important investment. I want to take this opportunity to say, as the budget papers detail, that we are going to be conducting a public program to encourage people to be counted. It is especially important, (a), in Indigenous communities; (b), for Indigenous people outside of the communities but in broader urban environments and; (c), in mining communities where the ability to count non-resident workers—that is, the fly-in, fly-out workforce—is particularly important for the basis of evidence for future policy decisions. But most particular, it is important because levels of population in particular areas and the count of the proportion of Indigenous Queenslanders is directly relevant to the way in which many federally funded funding programs operate—that is, there are different calculations and different formulae which provide for increases in funding based on remoteness of location and based on the proportion of Indigenous residents in a community. So we are very much keen to see all Queenslanders standing up and being counted because it is good, fundamentally, for the level of information that the nation has as a whole. Secondly, it is important because it supports the level of funding that is provided to the state of Queensland to deliver services under those arrangements and, thirdly, the answer to your question about why there is an increase this year is that it happens every census year and then it falls away.

Mr NICHOLLS: If I can just go back to the ClimateSmart Home Service. A number of issues have been raised in relation to the funding program that you have put in place out of the Queensland Future Fund. It refers to the \$60 million extension to the ClimateSmart Home Service to have the potential to reduce electricity bills by a further \$190 and to reduce household electricity bills by up to \$480. There

are two numbers that are being put forward for the same expenditure of \$60 million that you gave us in an answer to a question on notice. Can you explain how the \$60 million which is proposing to give us \$190 to reduce electricity bills in one answer to a question on notice will also then deliver another \$480 in savings using the same program?

Mr FRASER: Sure.

Mr NICHOLLS: It is in a question on notice, I should be clear about that. It was in response to an earlier question on notice that was answered yesterday.

Mr FRASER: From?

Mr NICHOLLS: You.

Mr FRASER: Right. In relation to the 2009-10, 2010-11 cost of the Commonwealth guarantee, I said \$142. It is \$146. I want to make sure that the precise figure is provided to the committee. The question on notice that you refer to has the difference between the cost savings that are possible from moving to the standby remote control mechanism that is part of the new service. You will recall that we have a new service which commences from now that is an upgraded service. The biggest difference between the previous service and the new service is the remote control standby electricity zapper, for want of a better term.

Mr NICHOLLS: The zapper?

Mr FRASER: About 10 per cent a technical term. I am much better on accounting standards than I am on the technicalities of the ClimateSmart Home Service. Standby power can be about 10 per cent of your electricity bill so the \$190 relates to the standby costs, but \$480 relates overall to the saving that can be gained from not only the standby zapper but the hot water system adjustment that is also part of the service, the energy audit that takes place, the reduction in usage from the monitor that is put in place and the reduction in hot water usage from the shower rose and the light bulbs which are contained in it. So overall the saving that can be achieved is the \$480 figure. The other number relates to the saving that can be achieved out of the standby zapper. I have seen the zapper in action. I commend it to you. If you have already had the ClimateSmart Home Service, under a very generous initiative of the Queensland government, whereas it retails for much more, you are able to contact the ClimateSmart Home Service and have two bites at the cherry and be able to access a zapper in a once-only offer for \$50.

Mr NICHOLLS: Right. That is a very good sales pitch.

Mr FRASER: You will join thousands of Queenslanders in accessing the zapper.

Mr NICHOLLS: I, in fact, have had the ClimateSmart Home Service.

Mr FRASER: If you have already had it pre zapper, I am inviting you to access the operation to get the zapper.

Mr NICHOLLS: I do know how it is meant to work. Can I go back one point though and that is to take us back to where we were some time ago. It is your contention that the return to surplus, the path for economic sunshine for Queensland, is entirely predicated around your five per cent growth rate that you are projecting in the budget for the future years. I guess the question is then, in terms of that, when has Queensland ever experienced a five per cent leap, if you like, in growth and how certain are you of that five per cent number?

Mr FRASER: I am confident in the projections, as I always am, of the independent officers of Queensland Treasury. If my memory serves me correctly, the 2007-08 annual economic report, which I tabled shortly after becoming Treasurer, had a 6.8 per cent economic result in that financial year and thereafter, if your question is to imply that because of the pricing of carbon that all of this will be 'rooned', I want to perhaps put all of this in final context and that is the GST in this nation collects \$48 billion, the carbon pricing mechanism next year will collect \$7.7 billion. For the side of politics that has been out there saying that this will be the end of all things, they were the ones that said the GST would be a mere speed bump on the economic trajectory of Australia. I invite the people of Australia to look at the facts not the rhetoric. I think in the future, in 25 years time people will look at the development of an LNG industry in this state as a key transition fuel, they will look at the reforms we made to the state's balance sheet program as setting us up as a state for the future and they will look at the reality of carbon pricing being something that all the developed nations around the world do and in that regard I am happy to be judged not only by this estimates committee but by history as well.

Mr NICHOLLS: No doubt that was the argument you advanced in 2000 when the GST was being promoted. Nonetheless, the question was not when the growth was over that 6.17 per cent I think you said, but was the increase, in fact, at five per cent or better? So not the rate, but did it go from zero to 6.1 or did it go from 3 to 6.1 is what I am saying? When has it ever had a five per cent leap in economic growth?

Mr FRASER: It has done it in the mid eighties, in the early nineties and generally happens when the economy moves from recession. It is on page 33. I recommend it to you.

Mr NICHOLLS: My apologies if I have not seen that. I appreciate you pointing me in the right direction.

Mr FRASER: I like to.

Mr NICHOLLS: I know.

Mr FRASER: Budget paper No.2 page 33. It is a ripper.

Mr NICHOLLS: Yeah, but—

Mr FRASER: Yeah but no but yeah, it is there.

Mr NICHOLLS: Not when did it get above six per cent but when was there actually a change from, say, three per cent to six per cent?

Mr FRASER: As I said, what looks to me to be like—the numbers are not on the bottom—but certainly 1983—

Mr NICHOLLS: 1983-84, I can see it there. That is fair enough. I appreciate that. I have no further questions.

CHAIR: The time allotted for the consideration of the proposed expenditure for the areas of responsibility administered by the Treasurer and Minister for State Development and Trade in relation to the Treasury Department and related entities has now expired. Thank you, Treasurer, and your advisers for being here today. The committee will take a short break and resume at 4.45. Treasurer, before we do, would you like to say something to the committee or to your staff?

Mr FRASER: I would like to thank all of you for the erudite discussion of matters policy relating to the Queensland budget. I would like to thank the staff that were present, in particular the staff of Queensland Treasury who do a fine job on behalf of the public of Queensland and the staff of my office who do a fine job also on behalf of the people of Queensland and one person in particular. I wish all of you the very best for your deliberations with the Minister for Finance and the Minister for Government Services as you do the hard work that is required to ensure that this process provides accountability to the people of Queensland all the way through to 9.30 tonight. I for one will be watching.

Proceedings suspended from 4.33 pm to 4.49 pm.

ESTIMATES—FINANCE AND ADMINISTRATION COMMITTEE—FINANCE AND THE ARTS

In Attendance

Hon. RG Nolan, Minister for Finance, Natural Resources and The Arts

Ms E Philip, Assistant Policy Adviser

Treasury Department

Mr G Bradley, Under Treasurer

Mr A Beavers, Deputy Under Treasurer

Mr T Spencer, Associate Under Treasurer

CS Energy Limited

Mr D Brown, Chief Executive

Department of the Premier and Cabinet

Mr J Bradley, Director-General

Arts Queensland

Ms L Tabrett, Deputy Director-General

Ms S Rowlands, Executive Director, Arts Strategy Coordination

Ms H Brodie, Chief Executive Officer, State Library of Queensland (Acting)

 **CHAIR:** Good afternoon, ladies and gentlemen. The estimates hearing for the Finance and Administration Committee is now resumed. On behalf of the committee, I welcome to the hearing the Minister for Finance, Natural Resources and the Arts, officers of the department and related entities and members of the public. My name is Wayne Wendt. I am the member for Ipswich West and the Chair of the committee. Joining me on the committee are Tim Nicholls, the member for Clayfield and Deputy Chair; Ros Bates, the member for Mudgeeraba; Peta-Kaye Croft, the member for Broadwater; and Murray Watt, the member for Everton.

The committee will now examine the Appropriation Bill 2011 and the estimates for the areas of responsibility administered by the Minister for Finance, Natural Resources and the Arts in relation to Finance, the Arts and related entities. The committee will consider the estimates in relation to Finance until 5.45 pm. The committee will then take a short break and resume at 5.50 pm to examine the estimates for the Arts. This will conclude at 6.50 pm. The proceedings today are lawful proceedings and are subject to the standing rules and orders of the Queensland parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded by order of the committee in accordance with standing order 208. In relation to media coverage of the hearing, the committee has resolved to allow television and film coverage and photography at all times during the hearing in accordance with the media broadcasting rules as they apply to estimates proceedings.

Before we begin, I ask that all members and persons in the chamber please ensure their mobile phones are switched off, which was not the case previously. There is strictly no eating or drinking in the chamber. For the benefit of Hansard, I ask that advisers and those coming to the table if called give their name and position so that Hansard can record those details. I now declare the proposed expenditure for the areas of responsibility administered by the Minister for Finance, Natural Resources and the Arts in relation to Finance, the Arts and related entities open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, the committee has resolved that you may make an opening statement. Do you wish to do so?

Ms NOLAN: I do.

CHAIR: Minister, you have three minutes.

Ms NOLAN: Thank you, Mr Chair. The fundamental Queensland political debate is not between left and right, as it is in other places, but between old and new, between modernisation and conservatism or between progress and reaction. This budget reflects that choice, as clearly demonstrated in two of my diverse portfolios that are to be examined here today, Finance and the Arts. In Finance, the government continues its agenda of economic modernisation. Having successfully modernised the state's balance sheet through the asset sales program, the government continues in

this budget to provide efficient public services to Queenslanders through the GOC sector. Across the GOCs we will see a capital program of \$5 billion, with major upgrades to the electricity transmission and distribution networks. Ports will see expansion, most notably with Gladstone soon to start a major program for the export of LNG and Abbot Point currently taking expressions of interest for future coal exports, largely associated with the Galilee. The new passenger focused Queensland Rail is expanding rapidly, building Moreton Bay and Springfield rail, both of which had their funding secured when I was transport minister.

While that economic expansion is underway, the government is also assisting Queenslanders with the cost of living. With this budget, we provide a subsidy of almost \$500 million to the cost of bulk water sold to councils in the drought proofed south-east. Government has recently announced decisions to minimise electricity price rises, not just by maintaining the \$580 per customer regional CSO, but by going further and preventing Energex and Ergon from passing on the costs of the natural disasters and a recent competition tribunal decision to customers.

Queensland is changing. The economy is modernising, we are exporting energy, we are developing through this state government a better education system and we have become an internationally recognised arts leader. The flagship of that change is the Queensland Art Gallery, which last year hosted 1.8 million visitors, making it Australia's most visited art gallery. But while the Queensland gallery is the flagship, that is not all. This year's budget provides \$245 million for the arts for everything from GoMA and remote Indigenous art to taking Ron Mueck to Ipswich. We understand that the arts are drivers of modernisation and that is why we remain strongly committed to that sector.

CHAIR: Thank you, Minister. The first question will come from the member for Clayfield.

Mr NICHOLLS: Minister, in the past two days we have seen the announcement of Labor's new carbon tax. Do you support the carbon tax and the impact it will have on Queensland's economy?

Ms NOLAN: I fundamentally believe that we have to price carbon if we are to meet the great environmental challenge of our time. The Queensland government put forward a number of parameters that would influence its position on carbon. For instance, we required that our energy-intensive trade exposed sector be appropriately protected. We asked that there be substantial protection for households, particularly low-income households such as many of those that I represent. We asked that petrol not be included unless there was appropriate compensation. We asked that agriculture be excluded. On a range of points, the things for which the Queensland government asked were appropriately considered by the federal government.

However, there is one notable exception to that, which is that the Queensland government sought appropriate recognition and compensation for the loss of value to its coal fired electricity generators. The Commonwealth government, in the package that is currently on the table, has not acknowledged that request from the Queensland government, so we expect a write down in the value of our generators of around \$1.7 billion. The Queensland government does not support that element of the package. The Queensland government has made that clear to the Commonwealth and in the public debate. We will continue to seek a more proper recognition from the Commonwealth on that point.

Mr NICHOLLS: Do you support the carbon tax proposal as has been put forward or don't you support it?

Ms NOLAN: I do not believe that the carbon tax, like climate change itself, is a simple yes or no proposition. No doubt in Australia right now there is a very active debate around these matters. I think, frankly, that it is the other side of politics, the LNP side, that has a fundamental difficulty with its position. The vast majority of Australians accept the reality of climate change. The vast majority of Australians accept the established science and I am one of those people.

If you are going to argue that there should be no pricing of carbon, you need to do one of two things. You either need to say that there is no such thing as climate change, which makes you something of an outlier in the current intellectual debate—to say that, you have to reject the established science—or you have to argue that you accept the science but you do not think that we should do anything about it. I think that that position, which is the position that is currently taken by the conservative side of politics in this country, fails to recognise the fundamental environmental and, indeed, ethical issue of our time.

Therefore, I think it would be appropriate for all of us to proceed with the recognition that this is a complex debate and that the complexities exist for all of us on both sides of the political spectrum. I do not think it is too complicated for the people of Queensland or for the people of Australia for me as the finance minister to look them in the eye and say that I am part of a government that believes that it is appropriate that carbon should be priced, that as a government we accept the Commonwealth having taken on board many of the recommendations that we put forward, but that we will continue to argue with the Commonwealth for a more appropriate recognition of the devaluing of our electricity generation assets. That is hardly a convoluted position. I think it is one that recognises the complexity of the argument, but it is a fairly simple proposition. I think that it is one that the people of Queensland can understand, accept and acknowledge.

Mr NICHOLLS: Minister, how many of the points of your plan have been met by the federal government's carbon tax proposal, how many have not been met and is it your view that if they are not met you will not be supporting the proposals put forward by the federal government?

Ms NOLAN: As I outlined in my response to your first question, the vast majority of the points that the Queensland government put forward have been acknowledged and accepted by the Commonwealth in this debate. One of the things that I was particularly interested to see, as a person who represents very many low-income households, was appropriate compensation for people on low incomes and particularly for pensioners. The federal government has recognised that point by, on the numbers that have been presented, overcompensating the lowest income households.

Mr NICHOLLS: Which ones have not been, if I can ask that question?

Ms NOLAN: It is the same question that you asked the first time and I am happy to answer it again. The points that we put forward that the Commonwealth did not adopt in its response were that we sought an energy intensity baseline approach to how carbon was applied in the generation sector. That is not the approach that they have adopted. Secondly, and I think more critically, it is well understood that Queensland sought compensation for the value loss out of the generators that we own. It is well understood that the Queensland government supplies about 58 per cent of generating capacity into the market. Those coal fired generators will take a loss as a result of this move—quite frankly, a justifiable move—towards cleaner forms of energy. Those coal fired stations, many of which have been around now for a while, will take a hit off their value. We sought for the Queensland government to be compensated for that change and the Commonwealth is not at present proposing to compensate us for that value loss. The Queensland government is disappointed with that position and is continuing to put a position to the Commonwealth that Queenslanders should be compensated for the loss of that value.

Mr NICHOLLS: Again, if those two areas—the energy intensity baseline approach, which the government has not adopted and the impairment charge, which the federal government has indicated it is not prepared to provide compensation for—are not met, is the scheme that has been put forward something that you will support or is it something that you will not support?

Ms NOLAN: As I said in response to your second question, overall the Queensland government accepts that there is a great deal of merit in the proposition as put forward but we will continue to argue the case on these points.

Mr NICHOLLS: Of the eight points that you put forward, were any of them non-negotiable? Were they all negotiable or were some not negotiable and some were? Were some of greater importance and some of lesser importance? At what stage would you say this scheme is not a scheme you can support because there is a \$1.7 billion loss to the asset value of the state of Queensland. Is that something that the government says, 'We will do our best but if we cannot get the money from the feds we will wear it'? Is that the point you are going to make?

Ms NOLAN: The Queensland government will continue to prosecute this argument that it is appropriate that Queensland people, Queensland taxpayers should be compensated for this loss in asset value. It is not impossible that the federal government will pass the legislation through the federal parliament regardless of that continuing argument.

Mr NICHOLLS: Sure.

Ms NOLAN: That is quite possibly and, indeed, very realistically the way that this may end up going. But the Queensland government will continue to argue, firstly, that overall we support the proposition of putting a price on carbon and, indeed, that we think it would be ethically quite bankrupt to argue something else. We will continue to think it is quite astonishing that the LNP, which used to argue that it believed in climate change, that in 2007 put a bill before the House trumpeting its green credentials by seeking to create a state based emissions trading scheme, now argues that nothing should be done. Firstly, we believe that it is the right thing to do for the environment and for all of our futures to place a price on carbon. Secondly, we acknowledge a number of the positive elements of the program, including the compensation for poorer people in our community but, thirdly, we want to see compensation for our generators. I simply do not think that it is fair to argue that that position is beyond reasonable or is too convoluted for people to understand. The people I represent and Queenslanders broadly are smart people and I think that they can understand a proposition that at the end of the day only has three points to it.

Mr NICHOLLS: So you support a carbon tax but not this carbon tax unless it meets the eight points that you have put forward, or you support a carbon tax, including this carbon tax, even if it does not meet all of your eight-point requirements?

Ms NOLAN: I think that is a misrepresentation of the fairly simple proposition which I just put to the committee and, through the committee, to the people of Queensland. I think it is remarkable that you would fail to understand something that only has three elements to it whilst seeking to walk down the street telling the world that you believe in climate change but you do not believe anything should be done about it. I think that is where the far more fundamental contradiction exists—

Mr NICHOLLS: What I am trying to do is clearly understand—

Ms NOLAN:—not with the position that is being put by this side of the House.

Mr NICHOLLS: What I am clearly trying to understand and get to is the policy position that you, as the finance minister responsible for assets that are going to be impaired by a new tax that is being put in place, support? Do you support that impairment occurring and a carbon tax being put in place or do you not support that impairment occurring? If you say, 'Look, we're not going to have a bar of it, we're not going to support it because of the impact it has—the \$1.7 billion,' that is a clear position. If you say the other, then that is a clear position, but you seem to be not saying either. What is it?

Ms NOLAN: I think I have answered this question quite clearly. I do not think it is too complicated for people to say that we broadly accept the merits of the package but we would like to see this compensation and we will continue to argue for it. Indeed, I think that is a far more simple and intellectually coherent proposition than the one that is being prosecuted by the former members of the Liberal Party on the other side of the House, that is, 'We used to believe in climate change, we used to even come into the parliament putting forward our own bill, but now a more politically easy and populist position has been presented. So we cannot really say if we believe in climate change anymore but if we do, we don't think you should do anything about it.' That is the proposition that the LNP is putting to the people of Queensland. If you are looking for one side of politics that has an intellectually coherent position as opposed to another which is, frankly, all over the place, I think you will find that it is the Labor state government's position that is reasonably simple, entirely intellectually coherent and quite justifiable in contrast to the position that is being put by the LNP.

Mr NICHOLLS: I go back to my question then because we still have not had an answer to it—

CHAIR: Order! Member for Clayfield, I have heard—

Mr NICHOLLS: I think I am entitled to ask the question.

CHAIR: The question has been asked a couple of times. The minister is entitled, under standing orders, to answer any question in the way she believes.

Mr NICHOLLS: Indeed, and I can continue to question her on it.

CHAIR: Order! I hear the minister responding and I hear the arguments she is putting up. I do not necessarily understand—I can appreciate that you might not necessarily agree—

Mr NICHOLLS: You are like most other Queenslanders; they do not, either.

CHAIR: Order! I appreciate the fact that you do not agree with the minister's response. I understand where you are coming from. However, the minister has responded to the question and now we are getting to the issue of repetition. I would ask you to ask your question in a different way and then move on to another question.

Mr NICHOLLS: Thank you, Mr Chairman, for your patience. Minister, if I can go back to you then, in terms of a coherent position—and this is the position that was adopted by the Labor Party in 2007-08, which was the greatest moral challenge of our time, that was abandoned when the former federal leader of the Labor Party was abandoned. At that stage of the proceedings it obviously was not quite so morally important and it is now back again as 'a fundamental issue of our time'. Are we clear in understanding that, as far as you are concerned, it is either a carbon tax or there is no other solution to dealing with the problems of climate change?

Ms NOLAN: I believe that the carbon pricing mechanism, that is a tax moving to a trading system, is the most economically efficient means which is currently proposed in Australia. I fundamentally believe that the market is the most efficient means of allocating resources. I assume that, as a member of the former Liberal Party, you would agree with that fundamental proposition. As we well know, this scheme as proposed begins in its early years with a carbon price and moves towards a trading scheme over time. As I said, I believe that that trading scheme, that is creating a market for carbon, is the most economically efficient way to get to the outcome. Indeed, I would be very surprised if a former member of the Liberal Party argued against a market mechanism in this or in any other instance.

Mr NICHOLLS: To go back then again to my question, which was: from your perspective the policy framework is a carbon tax or there is no other solution to dealing with climate change?

Ms NOLAN: I am not sure if you misunderstood the answer which I provided because it was fairly simple.

Mr NICHOLLS: I understand what you were talking about with regard to economically efficient and I do not want to go there because I had a debate with you about economically efficient when you excluded after market—

Ms NOLAN: I think that the member for Clayfield—

CHAIR: Order!

Mr NICHOLLS: I am asking: is it your perspective that it is either the tax as it is proposed or there is no other alternative to dealing with the issue of climate change?

CHAIR: All I will say, member for Clayfield, is that we can continue to do this all afternoon—and it is your question time. I am hearing the minister provide responses to those questions you are asking in a number of different ways and because you are not getting the answer you want I can understand you are continuing to ask the minister. I can also see the minister is responding in the way that she believes is appropriate. I ask the minister, if she is interested, to provide another answer to this particular question, otherwise I would ask you to move on. If you want to ask that question again I will hear the response.

Mr NICHOLLS: The last question is—and then I will move on—from the minister's perspective, is it a fact that the only way she believes climate change can be dealt with is by moving to the tax that was proposed by the government last Sunday?

Ms NOLAN: Mr Chair, the premise of the member's question is misleading and it is deliberately misleading in that I would be surprised if the member for Clayfield is not aware that the proposition put forward by the federal government is for a tax in the early years which moves to a trading scheme after a couple of years of operation. Indeed, I would be surprised if the member for Clayfield was not aware—his question is a carbon tax or is there an alternative? I would be surprised if the member for Clayfield is not aware—and I think most Australians are—that the alternative proposition that has been put forward for the people of Australia is around what is called the direct action program, which essentially seeks to pick winners for carbon abatement. That is the real context; that is the real world; that is the real political debate in which all of us operate and I think it would be deliberately misleading to suggest anything different. Indeed, in that real world, as opposed to some misleading hypothetical, what I am saying to the member for Clayfield is that I am on the side of the market when it comes to dealing with climate change.

CHAIR: Thank you, Minister. What I am going to do now is ask the member for Broadwater to ask a question and then we might be able to come back and continue that debate.

Ms CROFT: Can the minister please outline how the announcement by the Commonwealth relating to the carbon tax will affect Stanwell and CS Energy, which are referred to on page 161 of Budget Paper No. 2?

Ms NOLAN: I can and I thank the member for Broadwater for the question. One of the factors behind the *Shareholder review of government owned corporation generators* has been the difficult trading conditions that Queensland government generators face in the electricity market. The recently issued Powerlink annual planning report for 2011 notes that electricity usage in Queensland remains below projections. Lower than projected electricity usage exacerbates the excess supply within the market. Usage in the Queensland electricity pool stands at 33 per cent below total capacity. There are expected to be asset write downs of \$1.7 billion for Queensland government generators from carbon pricing. There is also expected to be asset impairment in the generators caused by poor market conditions and contracting. Very early preliminary estimates of these figures have government estimating a \$700 million impairment across the three former generator companies. These write downs have been anticipated as part of the gencos' review. However, these figures will continue to be revised by the individual corporations between now and their annual reports.

Following the announcement of further details on the proposed carbon pricing regime by the Prime Minister on Sunday, 10 July and recent statements made by key Independents and the Greens in support of the package, it now appears much more likely that a carbon scheme will become a reality in Australia. Given the announcement occurred after 30 June, for the 2010-11 accounts the announcement constitutes an event after the reporting period under the Australian accounting standards. This may be considered an adjusting event and require provision to be made for full carbon pricing in the valuation of generation assets. The gencos will review this as part of the finalisation of their 2010-11 accounts and the carbon pricing assumptions used in valuing their generation assets. It should be noted that, should demand improve as anticipated in the Powerlink annual planning report under its standard P50 forecasts over the next few years, this will improve the oversupply situation and uplift the wholesale electricity pool price ex-carbon. With the increasing generation levels, the more efficient genco generation assets would then be able to realise marginal gains in overall profitability.

CHAIR: I call the member for Everton.

Mr WATT: With respect to the *Shareholder review of government owned corporation generators* referenced on page 161 of BP 2, can the minister outline how this review will affect the regional footprint of the generators?

Ms NOLAN: I thank the member for Everton for his question. From 1 July the state's three generator companies, as members know, began operating under a two-generator model, strengthening the economic life of the state's portfolio of power generation assets. As we announced in November last year, the three gencos—CS, Stanwell and Tarong—are now trading as two. Tarong Energy has become a wholly owned subsidiary of Stanwell. Both of these companies have a strong regional presence and

well-developed social and economic ties with local communities throughout the state. It makes good business sense for them to pursue decentralisation strategies as they place their resources in close proximity to their operations.

As part of a strategy to build greater organisational capability in the regional areas where it operates, the restructured Stanwell will keep a strong corporate office in Rockhampton, led by senior executive officers. I am sure the member for Rockhampton will be pleased to hear this. The company's Rocky base will maintain a skilled workforce across a range of disciplines including IT, operations, maintenance, asset planning, projects, human resources and procurement. In fact, of the 1,050 employees of the restructured entity, only about one quarter will be based in Brisbane, with the remainder in Rockhampton, Kingaroy, Mount Isa, Cairns, Ipswich and Tully.

The restructured CS Energy will also maintain a strong regional presence, with more than 300 employees based at power station sites in Biloela, Chinchilla and Wivenhoe. Under the new model, the restructured generators are better placed to meet future challenges, keeping them operating longer and protecting jobs in this sector. This supports continued employment in regional areas, where most of the power stations are located. It is also the government's intent that the boards of the two restructured gencos will continue to hold regular regional meetings each year at key operational locations in keeping with the well-established practice of the old companies. I applaud the commitment shown by the state's generator companies to provide a safe, equitable and socially responsible work environment focused on ensuring the best outcomes for their employees, contractors and the communities in which they operate.

CHAIR: Thank you, Minister. I have just been going through SDS book 1, page 1-24, looking at Queensland Treasury expenditure. Could you outline the Queensland government's progress to go to the market seeking reinsurance for natural disaster liability? It specifically interests me and my electorate, particularly in relation to the damage we suffered earlier in the year.

Ms NOLAN: Thanks, chair. I am obviously very well aware of the extent to which—

CHAIR: As you are.

Ms NOLAN:—Ipswich West was flooded and particularly the damage that was suffered in places like Moores Pocket, Karalee and Fernvale. That natural disaster caused insurance both at a government and at an individual level to become a matter of fairly wide public debate. In February the Treasurer and I announced that the Queensland government would seek reinsurance coverage for our state assets and, given our commitment to this process, \$1 million has been allocated to the task. Insuring something like the assets of the state of Queensland is not the kind of thing that you can sort out by a phone call. You do not ring and say, 'We have this value of roads. What can you do for us?' Rather, it is a fairly comprehensive exercise.

I am pleased to advise the committee that work with our insurance advisers has progressed quickly and effectively. With the cooperation of all government departments and agencies, a comprehensive exercise was in the first instance undertaken to establish the appropriate asset base for insurance purposes. Treasury has collated that information about those assets including the buildings and their contents, as well as our extensive road network. Where we are up to now is that a proposal for insurance coverage is being finalised and we will shortly send representatives, along with our insurance advisers, to visit the major international reinsurance markets to present our program. Personal presentation will be made to over 40 reinsurers to best ensure we see maximum competition for our business.

We go to the international reinsurance market on the back of a series of tragic natural disasters in Australia, New Zealand and Asia. We know that this plays on the minds of reinsurers, but we have a compelling story highlighting the resilience of the Queensland community and the good work being undertaken by and through the Reconstruction Authority. It is important that we personally visit the reinsurers to show our commitment to seeking reinsurance coverage but also, quite simply, so we are in a position to answer their questions about what is obviously a very complex program of reinsurance that we are seeking. It is important to give ourselves the best prospects of being offered appropriate and cost-effective reinsurance coverage.

The government will be seeking coverage for our property—for buildings such as hospitals, schools and other infrastructure. We will also be seeking reinsurance coverage for our road network. No other state with a road network which is anything like as extensive as Queensland's has sought reinsurance coverage. Many states do not insure their road network at all. We will be testing the reinsurance market to see how well they respond to the proposal. Further, we will seek reinsurance coverage for public liability insurance, which the state obviously also holds. After the visit to reinsurers, we will then receive quotations from the reinsurance market and the government will determine what is the most appropriate and cost-effective solution. Our focus has been and remains on ensuring we only purchase value for money solutions from the reinsurance market.

CHAIR: Thank you. I know that the member for Broadwater has another question.

Ms CROFT: Minister, I refer to the SDS page 2-5. Can you provide an update to the committee on the search for the new Business Commissioner?

Ms NOLAN: I can. Thank you. I am well aware that in the member for Broadwater's electorate, as in many but probably hers more than most, there is a very strong small business community. I imagine that that is to some extent the heart and soul of your local economy. At budget time this year the Bligh government announced that a new Business Commissioner would be established to cut red tape and drive reform so that Queensland's business community can make the most of the state's next wave of prosperity. There are 400,000 small businesses in Queensland. They represent over 95 per cent of businesses state-wide and they employ around 50 per cent of all private sector workers. Indeed, the member for Ipswich West used to run one himself. Our government recognises the important contribution that small business makes to the economy.

The decision to appoint a Business Commissioner in my view shows that we want to help those smaller businesses in particular in every way that we can to prosper. I am pleased to tell you that the hunt for the right person for this job has begun. Ads were placed about a week ago now and an extensive national search is underway. The skills that we need in this person I think are probably a little unusual. As we all know, business often complains that government, both at a political level and at a Public Service level, does not necessarily talk the language of business, and indeed those of us who work in a government environment are sometimes conscious that that is a bit of a two-way street. So the challenge here is to find a person who can liaise closely with the business community. We are hoping that the Australian Industry Group and the Chamber of Commerce and Industry will be involved in the selection process so that we can feel that they are confident that we have a person who can speak businesses' language, but this person will have as well a role within government ensuring that red tape reduction can take place and that advice can be provided to regulatory agencies about what are the best ways for regulation to be put in place. So there is an extent to which the appropriate person will need to be bilingual in the language of government and in the language of business.

I think that this is an important role. The Queensland government in recent times has taken quite significant steps in the world of regulatory reform. Just last year the Business Council of Australia brought down a report which recognised that journey in that it upgraded the BCA's view of Queensland's red tape reduction effort. In 2007 the BCA described Queensland as being adequate but with room for improvement. In 2010 the BCA recognised that improvement by giving Queensland a score of adequate to good, which was the equal second highest of any state in the country. So, in the world of regulatory reform, improvements have been made on the part of government. But, in my view, the Business Commissioner will take us further down that path. In establishing the position, the small business minister, Minister Jarratt, and I have sought to work closely with peak business groups, and we will continue to do that. We have been keen to find someone who, as I said, can speak the language of both sides on this one. The hunt is currently underway. So hopefully there is someone listening in internet land who thinks this might be them. It is a very senior executive position within government. So we are looking for someone who is very well qualified, and we hope to have this position up and running by September.

CHAIR: We will have one more question from the member for Everton.

Mr WATT: I note, Minister, that if we are hoping for someone who is listening to the internet broadcast to be the applicant we are looking at a very small pool.

CHAIR: Not necessarily.

Ms NOLAN: That is right.

Mr WATT: Minister, electricity prices are obviously a concern for Queensland households, and that is certainly the case in my electorate. With reference to recent capital investment recorded in Budget Paper No. 3, can you outline what action the government is taking to assist?

Ms NOLAN: I can, and perhaps some of you can say hello to your mum, or perhaps not. The Queensland Competition Authority's latest benchmark retail cost index pricing—that is, the price of power—determined that electricity prices should rise by 6.6 per cent on 1 July this year. That is made up of a number of different parts. First, 3.19 per cent of the increase can be attributed to the Commonwealth's renewable energy target. Investment in additional infrastructure to accommodate population growth and increased per capita electricity usage have also contributed to the price rise—that is, we use more power and more of it is renewable. Additional costs in transmission infrastructure account for just under 80 per cent of the price increase in the latest determination. The investments obviously in the power network are essential for ensuring the long-term reliability of the state's electricity grid. This is something that Queenslanders have obviously repeatedly told us they expect—that is, a strong level of security of supply.

So that is the 6.6 per cent but I think within that it is fairly important to note that two recent policy decisions by the Queensland government have meant that the latest price rise was less than it would otherwise have been had the government not chosen to act. Firstly, the Queensland government directed both Ergon and Energex not to raise prices in 2011-12 to account for the decision by the

Australian Competition Tribunal that the Australian energy market regulator was not appropriately calculating the estimated cost of corporate tax. That sounds complicated but the bottom line was that the regulator made a decision that energy companies could to a greater extent pass through to consumers the cost of their tax, and the Queensland government made a decision to intervene in order to prevent that from happening.

The second government intervention was to prevent Ergon and Energex from passing through the cost of repairing their network after damage was done to both networks by the floods. The net total of these two decisions was a saving to households which was reasonably substantial. If the government had not acted, then household electricity prices in Queensland this year would have gone up by 8.31 per cent. The government did act. We acted to prevent a higher level of profits to the energy distribution companies, Energex and Ergon, which we own. That is, we minimised ultimately government's own profits as a result of our decision. The decision we took was that in this regard we wanted to assist the ordinary electricity consumer, the people we represent, and the upshot of our decision was that a price rise which otherwise would have been 8.3 per cent was mitigated so that the ultimate price rise came in at 6.6 per cent.

CHAIR: Thank you, Minister. I call the member for Clayfield.

Mr NICHOLLS: Just following up then on the benchmark retail cost index and the decision you made, is it not the case that the BRCI for starting 2011 actually recorded a decline in the cost of generating the power by the gencos?

Ms NOLAN: Overall, the greater extent of price rises in recent times, you are quite right, has not really been driven by generation cost. The bigger driver has been in transmission and distribution costs. As I expect you are aware but perhaps not everybody is, Queensland has seen in recent times a great deal of cheap gas being available, particularly as the LNG sector begins to ramp up for exports beginning in the next few years. As a result, the market for generated electricity is extremely competitive, which is related to the point I just made in response to the first government question that the generators are operating in an extremely competitive commercial environment—that is, there is not a huge amount of money around if you are in generation.

What has happened on the other side of the equation is that network costs—that is, transmission, the big wires; and distribution, the little poles and wires—have increased quite substantially. The reason for that in turn has been that over about the last 10 years while the population of Queensland has grown by, from memory, 33 per cent our electricity demand has grown by 99 per cent. Most of us as householders, if you think about it, will not be all that surprised by that point. I know in my little house that 10 years ago I had a smaller TV and I did not have any air conditioning, but those kinds of consumer products have become cheaper so more and more people have bought them so our average household and business electricity demand has grown quite substantially.

While it is the case that a competitive generation market, which exists for other reasons which I outlined, has led to generation prices being reasonably subdued, cheap power at the power station is not all that useful just in and of itself to the ordinary person. That generated power still needs to get to your house or to your business, and the increase in demand—that is, more power going out—has meant that both the transmission and the distribution networks have had to be quite substantially upgraded to deal with the higher amount of power that is going out there and to deal with that in a way that not just maintains but overall improves the security of supply.

Mr NICHOLLS: Aren't there some perverse outcomes though from the benchmark retail cost index? It has been calculated on the basis of a declining supply last year because power usage was down because we had a cool summer. There was some forecasting done around that so we are actually paying a higher rate than we would otherwise have done because of the basis of the calculation that was undertaken.

Haven't we also incurred a substantial increase in cost because of the GECs and the RECs that are taken into consideration in terms of the calculation of the price? The green energy certificates and the renewable energy certificates are also a significant component, if you like. So in terms of paying for solar or other things, you have to pay more for your electricity bill. If you are not able to access those, if you are less well off, if you cannot access a grant, you are actually paying more and subsidising for a solar scheme that you have no likelihood of being able to put on your roof.

Ms NOLAN: A moment ago I mentioned that, of this year's 6.6 per cent increase, 3.19 per cent was due to the requirements that the federal government was making around renewable energy going into the grid. When that became clear, which from memory was at the time that the QCA brought down its draft determination a few months ago now, the Premier wrote to the Prime Minister raising that point and raising the point that the federal government might want to think about how that input into the market operated. So to take your question in its reverse order, those renewables policies do contribute and the Queensland government has already taken that matter up with the federal government and that was a matter of public record at the time.

The second point that you made was around the structure of the pricing mechanism, the way the benchmark retail cost index operates now. You will be aware that a couple of months ago now the Queensland government announced that from next year the structure of electricity pricing would change essentially in simple terms from a declining block tariff—that is, the more power you use the less you pay as a unit cost—to an inclining block tariff, which not surprisingly works the other way around. This I think is an interesting element of the journey that we have gone on as Queenslanders, in that once upon a time there was a view of the world that more power was more progress and therefore we had an electricity pricing mechanism that essentially encouraged people for electricity use. We now understand that less power is better for the environment and so we do a few things. We as a government run a ClimateSmart Home Service which provides people with gadgets and strategies so that they can reduce their household electricity consumption.

Mr NICHOLLS: We have had the dissertation on zappers.

Ms NOLAN: I am sorry to have missed it. Indeed, we will from next year change the electricity pricing structure so that lower usage is rewarded as opposed to the inverse situation.

Mr NICHOLLS: Chair, we have a number of chief executives here from organisations under the minister's portfolio and I wonder whether it is possible to ask them to step forward. We have the CEOs of CS Energy, the Stanwell-Tarong conglomerate, Queensland Rail and QIC. I wonder whether I could ask them some questions.

CHAIR: Bearing in mind member for Clayfield, before anybody moves, that you have about three minutes. So I am not quite sure how you—

Mr NICHOLLS: Perhaps I could ask one of them to volunteer to come forward.

Ms NOLAN: Do I get to choose or do you?

Mr NICHOLLS: I am very much aware of the fact that they have put themselves out to be here this afternoon and I would not want them to have wasted a journey.

Ms NOLAN: They would not want to be anywhere else.

CHAIR: Which CEO would you like?

Ms NOLAN: Are you asking for a volunteer?

CHAIR: Pick one.

Mr NICHOLLS: CS Energy.

CHAIR: Could the CEO of CS Energy please come forward. Bearing in mind we have two minutes, the member for Clayfield would like to ask you a question, Mr Brown.

Mr NICHOLLS: Thanks, Mr Brown. Welcome to the estimates committee. I am sorry we do not have longer to give your colleagues some questions as well and we have singled you out. Can you tell us please what the impact of the proposal for a carbon tax that was issued on Sunday will have to your accounts? What impact do you believe it will have to the cost of generating electricity and the cost at which you supply electricity into the market?

Mr Brown: The price at \$23 a tonne will be our single biggest cost item going forward. It will account for around 50 per cent of our operating costs so it does have an impact on the business. The issue for us going forward is how much of that cost will be recovered through the market. We are in a competitive market so we bid price and volume on a five-minute basis into the market. That bid will now have to include the carbon price costs to us, and the market will determine how much is recovered by us and how much we bear going forward.

Mr NICHOLLS: So are you confident that you will be able to pass through the full 50 per cent that you anticipate, or are you less confident that that will be the case given that you might be competing with gas fired people who are selling into the market or other sources?

Mr Brown: It is a competitive market that will determine how much we can pass through. The scheme is designed to encourage lower emission technologies with less exposure to carbon, so the high-emitting technologies over time will be able to recover less of the costs.

Mr NICHOLLS: So do you have any sense of what impact that will then have on your ultimate profitability or funds available for distribution?

Mr Brown: Really, we are looking at how the market evolves over the period. The generation sector is not the best place to be from a profit perspective at this moment for reasons already stated. How that evolves going forward is dependent on a number of factors—supply-demand, gas prices, carbon price and how those things interact.

CHAIR: Thank you, Mr Brown and member for Clayfield. We are going to break now because we will be starting the estimates in relation to the Arts at 5.50 which is five minutes from now.

Ms NOLAN: Can I add something?

CHAIR: Yes, of course, Minister. Would you like to say something now?

Ms NOLAN: Sorry to interrupt, but I do very much want to thank the officers of the Treasury who have been here with both the Treasurer and with me. In particular, I want to acknowledge Gordon Jardine, the CEO of Powerlink—you should have chosen him—who is attending his last of many estimates hearings this afternoon as he is retiring from that organisation after very long and distinguished service. So thank you to Treasury, thank you to all of the CEOs and in particular thank you to Gordon.

CHAIR: Thank you, Minister. We will be resuming at 5.50 sharp.

Proceedings suspended from 5.45 pm to 5.50 pm

CHAIR: Order! The estimates hearing for the Finance and Administration Committee is now resumed. I acknowledge that Scott Emerson, the member for Indooroopilly, is a visiting member to this committee this afternoon. The member for Indooroopilly will be asking the first question.

Mr EMERSON: Thank you, Mr Chairman. I ask Ms Helen Brodie to come to the table. I want to direct my first question to her, please—the acting chief librarian. Thank you for being here tonight. Why are you acting?

Ms Brodie: The State Librarian is currently unwell.

Mr EMERSON: Unwell? So on leave?

Ms Brodie: On sick leave.

Mr EMERSON: Any indication of how long? That is Lea Giles-Peters; is that right?

Ms Brodie: That is correct.

Mr EMERSON: Any idea how long?

Ms Brodie: We do not have clarity on that at the moment. At the moment we have a medical certificate for the next two weeks.

Mr EMERSON: For the next two weeks; all right, then. You are currently on the board of the Library as well; is that right?

Ms Brodie: I am a board member of the Library Board of Queensland and at a board meeting last evening I believed it was appropriate that while I am acting as the CEO I should write to the chair and step aside, for the time that I am acting as CEO, from being a board member.

Mr EMERSON: So there was a board meeting last night, did you say?

Ms Brodie: There was.

Mr EMERSON: How long have you been acting?

CHAIR: Order! Member for Indooroopilly, this is specifically related to the estimates of the Appropriation Bill. Can you tell me where your questioning is going and what relationship—

Mr EMERSON: It is obviously about the State Library, which obviously is part of the budget. I am interested in the runnings of the State Library. That is what I am interested in—

CHAIR: I would want to make sure that you keep your questions relevant to the appropriations, please.

Mr EMERSON: Certainly.

CHAIR: So move to that area, please.

Mr EMERSON: Certainly, but this is actually obviously of crucial importance because you have become acting in this role. How long ago was that?

Ms Brodie: I began the role on 21 June.

Mr EMERSON: In that interim—that three weeks or two weeks—were there any concerns raised about you holding both positions concurrently?

Ms Brodie: No concerns, actually.

Mr EMERSON: So in terms of the decision last night by the board meeting, you made that decision based on what?

Ms Brodie: There is nothing in the Libraries Act which prevents me being a board member and acting CEO. On the contrary, section 15 of the Libraries Act specifically contemplates the possibility that the State Librarian will be a member of the board.

Mr EMERSON: Are there currently any reviews underway of the State Library internally?

Ms Brodie: No reviews at this present moment, no.

Mr EMERSON: Is the board anticipating any reviews coming forward?

Ms Brodie: Not any reviews coming forward, no.

Mr EMERSON: So there have been no discussions about a possible review internally of the State Library?

Ms Brodie: A review of the State Library or—

Mr EMERSON: The internal management of the State Library?

Ms Brodie: No.

Mr EMERSON: All right; that is fine. You mentioned that Lea Giles-Peters is on leave at the moment. Are any other senior executives on extended leave at the moment, apart from holiday leave?

Ms Brodie: Within the State Library?

Mr EMERSON: Yes.

Ms Brodie: Not that I am aware of.

Mr EMERSON: There was a review of the State Library undertaken in about 2009 and I saw reports going back to the second half of last year talking about the flow-on effects from that review. That review, as it was described in the media, raised a number of concerns about the internal workings of the State Library. Can you tell me what has happened with that review and what changes have been made as a result of that survey?

Ms Brodie: The outcome of the review of governance was advice to the Library Board on a range of matters pertaining to governance and to the relationship between the board and the State Librarian. Steps were also taken to clarify the government's policies on the payment of fees to chairs and members of the board.

Mr EMERSON: So what were the consequences of that? What happened? That was what the review was about, so what was the flow-on effect?

Ms Brodie: So stronger governance processes were put in place and are now being followed.

Mr EMERSON: Why was there a need for stronger governance processes? Why was that identified? What was the problem?

Ms Brodie: I was not a member of the board at the time, so I cannot accurately comment on that.

Mr EMERSON: So when did you become a member of the board?

Ms Brodie: February 2011.

Mr EMERSON: So none of those processes that flowed from that review had been occurring subsequent to your appointment?

Ms Brodie: In terms of those processes, yes, they have been occurring. As a new member of the board I went through an induction process, so I am fully aware of what my obligations are as a board member.

Mr EMERSON: Can you tell me who is the director of corporate services?

Ms Brodie: I do not believe it is appropriate to name individuals in this—

CHAIR: Yes, I do not think there is a problem with naming the director of corporate services. I think it is on the public record.

Ms Brodie: Mr Bruce MacGregor.

Mr EMERSON: He is still fulfilling that role? He is not on leave or anything like that?

Ms Brodie: No, he is in the role.

Mr EMERSON: This question is to the minister. As I said, the State Library did have a review in 2009. You are not aware of any other review underway at the moment into the role of the State Librarian?

Ms NOLAN: I think what you are driving at is that issues have been raised around the performance of the State Librarian. I am not at liberty to describe the nature of those issues because I am advised that to do so would be a breach of that individual's privacy, but those issues are currently being worked through. Should they be resolved, which is likely, a proper public announcement around that will be made.

Of course, it is worth remembering that this organisation is a statutory authority, which means that its governance structure is a little different, for instance, from simply a wing of Arts Queensland, and it is appropriate that the board has a primary role in managing those issues. The board has resolved to appoint an appropriately qualified member as the Acting CEO, which in my view was not an inappropriate thing to do given that there were emergent circumstances. There was not time, for instance, to go out to market for a temporary person to act in that position, and the Acting State Librarian, to whom you have just spoken, is undoubtedly an appropriately qualified person to fill the role. Indeed, given that she is a member of the State Library board, she has a working knowledge of the organisation. That is obviously not something that would continue forever, but it is not unusual, for instance in the corporate world, that something like that would happen in such emergent circumstances.

So that is the current arrangement, as the acting CEO has just indicated to you. Now that it has been a couple of weeks, she has made a decision and the board have made a decision that it would be appropriate for the acting CEO to stand aside from the board role. Again, I think that is probably an appropriate thing to do. As I said, it is expected that the issues will be resolved and that an appropriate public announcement will be made.

Mr EMERSON: Just going back to the comments made a bit earlier, so you are expecting that Lea Giles-Peters may return to that role?

Ms NOLAN: Ultimately that is a matter for the board and for the State Librarian in her position. Given that the State Library, as I said, is a statutory authority, it does have a higher level of independence through that board than would be the case with a regular wing of the Public Service and the matter is being handled by the board, in which I as minister have confidence.

Mr EMERSON: There have been issues in the past, and I refer back to 2009 when the then chair of the Library Board resigned and there were reports at the time that that was because of a clash between the then chair and the chief librarian. In terms of the kinds of issues that are currently there at the moment, are they similar issues to what was occurring then?

Ms NOLAN: As I said, firstly I have advice but, more to the point, I think it is quite proper and appropriate that I would not breach the privacy of the State Librarian by commenting on the nature of the issues at hand. I simply do not think that would be a proper or appropriate thing to do. This person is not really a public figure in the conventional sense of the word—they are not like you and me—so it is not my intention to breach that individual's privacy by commenting on the nature of the issues which have been raised, except to say that it is my view that the board are handling them appropriately and it is my expectation that they would be resolved before too long and an appropriate announcement will be made.

CHAIR: Order! Member for Indooroopilly, I have given you quite a degree of latitude with these first few questions. If you have something to come to in relation to that aspect, I would ask you to bring it up so we can move through.

Mr EMERSON: Certainly, Mr Chair.

CHAIR: Thank you.

Mr EMERSON: You mentioned Mr MacGregor a bit earlier. Are you aware if any complaint has been made by Mr MacGregor about the management or the running of the State Library?

Ms NOLAN: As I said in relation to the other individual named, I do not think it would be appropriate to comment on an unnamed individual's complaint. But more broadly, the matters, as I said, are being handled by the board as opposed to directly by the minister given that this is a statutory authority with a board. Indeed, it would be quite improper for the minister to be directly involved in the nitty-gritty of such a complaint, should that be the case.

Mr EMERSON: I certainly can understand that. I might redirect the question, then, to Ms Brodie.

CHAIR: Order! Member for Indooroopilly, I draw your attention to standing order 180(2). While we do that, I call on the member for Everton to ask the next question.

Mr WATT: Minister, I refer you to page 1-47 of the SDS and the surrealism exhibition at the Gallery of Modern Art. I know that on a number of occasions I have been able to take my son to exhibitions at the Gallery of Modern Art as it has a wonderful children's program. I would be interested to know about how young Queenslanders outside the south-east corner can get involved in the surrealism exhibition.

Ms NOLAN: I hope that while George was on his outing to the Gallery of Modern Art no-one complained about the presence of children. One of the things that our very modern, very progressive Queensland galleries are known for is their engagement of young people in every element of their program. I think that is something that we in a fairly sort of modern, go-forward kind of state should be really very proud of. It is frankly the case that sometimes the more established and, could we say, more conservative elements of the arts world, including those who jealously look over the border from interstate, do not particularly value our galleries' engagement with young people. But I think it is a very good thing. So I am pleased to announce that a record 51 regional Queensland venues will participate in the Surrealism for Kids on Tour as part of *Surrealism: The Poetry of Dreams*, which is currently showing at the Gallery of Modern Art. Just a couple of weeks ago we opened this exhibition and it was, in all of my years of going to public events as a member of parliament, one of the most sensational and exciting events to which I have frankly ever been.

The Gallery of Modern Art has been building up and building up for nearly five years now and has been developing itself a strong international reputation as a progressive, modern gallery. On the night the president of the Pompidou flew all the way from Paris—leaving on a Wednesday to be here on a Friday and back in Paris the next Monday—in order to come to our opening of the Pompidou's exhibition. When he got here he said that he had always wanted to come to Australia and that the Pompidou, which did not regularly display their works in outside institutions, had chosen Brisbane's Gallery of Modern Art—Queensland's Gallery of Modern Art—because it was quickly becoming recognised as the arts hub for the Asia Pacific. Indeed he said on the same night—sorry to go on about it but it was very good—that this was the best exhibition that the Pompidou had ever done outside of the Pompidou centre itself. I think we have really done something quite extraordinary here.

So that is what is happening at the Gallery of Modern Art, but that is by no means the extent of it. A record 51 regional Queensland venues will participate, as I said, in the Surrealism for Kids exhibition. Regional galleries, community centres and children's hospitals will get the opportunity to enjoy activities developed by the gallery's Children's Art Centre from 17 to 25 September. In the state's far north, Indigenous communities in Aurukun, Coen and Woorabinda will take part in the program, as will families from Thursday Island and Darnley Island in the Torres Strait. I think that is really interesting in itself, given that Indigenous people hold in their day-to-day lives this remarkable thing of having an ancient culture but making a very noted contribution to the world of contemporary art. For this major modern art movement—surrealism—to be actively displayed through a very interactive program in Indigenous communities I think is a really very exciting thing.

Out in Western Queensland, kids from Mount Isa will get the opportunity to take part, as will children down south in Stanthorpe and dozens of other regional areas in between. Surrealism for Kids on Tour will also visit the Mater Children's Hospital, the royal Brisbane hospital and the Mackay Base Hospital, which I think will just be a really wonderful thing to have something so exciting in those hospitals.

We as a government are committed to delivering and providing access to innovative learning programs for children in regional and remote areas of the state. Surrealism for Kids on Tour will feature a range of activities involving chance, word play and picture making, all inspired by the games played by the surrealists as creative ways of unlocking their imaginations. The games are part of the Children's Art Centre's Surrealism for Kids@GoMA, but families who cannot travel to Brisbane for the exhibition can still experience all of these fantastic activities. I hope that the member for Broadwater will get to be a part of that, too. Children will be able to engage with the artists through multimedia drawing and picture-making activity, enabling them to capture their very own surrealist visions of the world. I think that is worth understanding—that this is not about 'Gee take your kids and have them look at the painting on the wall and hope they somehow become a little bit more sophisticated than they sometimes seem to be'; this is about children genuinely and meaningfully interacting with that surrealist world, which I think is a wonderful thing for their imaginations. Projects such as the surrealist collage activity, inspired by the mysterious collages of Max Ernst, will encourage children to make their own surreal scenes using illustrations sourced from 19th century catalogues and advertisements.

There is more I could say about this, but I just think that it is very Queensland that we as a modern place have this magnificent internationally recognised gallery, which is right now putting on—world-class is a cliché but a genuinely world-class exhibition—the most innovative exhibition that the Pompidou has ever done outside of Paris. We are not just saying, 'This is good and if you are interested you should come to Brisbane'; we are targeting that exhibition towards children and we are taking it to 51 places across the state, including way out west and the Torres Strait. I think that is good in itself but I also think it says a fair bit about who we are and what we value. I very sincerely want to acknowledge and thank Tony Ellwood and all of his staff at the Queensland Art Gallery and the Gallery of Modern Art for doing just something so exciting for the benefit of Queenslanders.

CHAIR: Thank you, Minister. Following on the theme of natural disasters, which I picked up in recent times as we have been talking to each of the ministers in turn, SDS 1-40 talks about natural disasters. Specifically, I was interested in knowing if you can give us an update in relation to the Cultural Centre's flood recovery program?

Ms NOLAN: I can, because the other thing about who we are as Queenslanders is that we know a good natural disaster when we see one. We have in recent times had a natural disaster which, even by Queenslanders' standards as a fairly hardy people, has been I think genuinely shocking for all of us and, indeed, for many of us has been quite deeply affecting and tragic. When the Brisbane River peaked in January this year, the Cultural Centre at South Bank did not escape damage. All four centres put into action the emergency response plans they already had in place and they were temporarily closed because of inundation.

I am pleased to inform the committee that the arts community rallied around these landmark institutions to assist in the clean-up process and to get our wonderful Cultural Centre back open as soon as possible. At QPAC none of the theatres were directly flooded, which is a good thing—and I guess not a lucky thing but an interesting thing given just how close they are to the river. However, the low-lying basements, the service tunnels and the car parks were inundated with almost three metres of water. This meant significant damage to the power supply, the air conditioning, the electrical systems and the storage areas. More than 200 QPAC staff joined a contract crew working tirelessly to remove around 320 tonnes of mud and over 1,000 pieces of destroyed equipment. Crew members of the musical *Wicked*, which was on at the time and getting really rave reviews, got into it, too. They determined that the show must go on and because they were in Brisbane and this was the action at the time a number of those *Wicked* crew members lent a hand in getting the theatre back on track and *Wicked* then opened much sooner than had originally been anticipated.

At the Queensland Art Gallery the lowest levels of GoMA were affected, although the good thing—the wonderful thing—is that no artworks were damaged. The gallery reopened just over a month after the flood and still managed to break attendance records with the exhibition *21st Century: Art in the*

First Decade, which was on at the time. I think it is worth noting there that while lots of people volunteered to assist, some of those who volunteered to assist were from Santos which, of course, is across the river on the other side of Kurilpa Bridge. They are a really big corporate sponsor of the art gallery, but that does not necessarily extend to coming in and digging up mud. Those staff members there did that at that time, which I think really strengthened the relationship and is a very commendable thing. Unfortunately, only one item from the museum collection was directly affected by the flood and that was the World War I German tank *Mephisto* at South Bank.

The Queensland Museum, like everybody else, was determined to rebuild and they opened in just over a month after the flood. The museum—and I think again this is a real positive—is now in the process of creating an exhibition to commemorate the remarkable community spirit that has been on display throughout the flood recovery. You might recall that not long after the flood both the State Library and the museum commenced a call for public donations of significant memorabilia and records of the flood. Different things mean different things to different people. I threw out my Blundestone boots, which died as I doorknocked in the days after the flood. Now I am the natural resources minister with no boots. But other people kept those—for want of a better word—treasures and some of them are now donating those things both to the State Library and to the museum where they will be kept in perpetuity. It is likely that next year at both of those institutions we will see an exhibition of those things that meant something to us in terms of the flood.

It is a different phenomenon but in the same way as there was a memorial service in the Lockyer just the other day for six months after the flood and lots of people really were allowed to have their emotions flow at that time, I think the flood for many people around the state was a really traumatic event. I think the museum and the State Library commemorating some of those things will allow, for many of us, both the good and the bad emotions to flow. I think that is a really important role for those institutions to play certainly in commemorating what happened and keeping those things for perpetuity but also in allowing Queenslanders to understand what that meant for us and then to recover from the experience.

CHAIR: Thank you. I know the member for Broadwater wants to continue on that same theme.

Ms CROFT: Thank you. Minister, I refer to SDS page 1-6 with reference to building a strong arts and cultural sector here in Queensland. I ask if you can inform the committee of the state government's investment in festivals and if you could highlight some of the festivals for 2011?

Ms NOLAN: Thank you, member for Broadwater, I can. One of the things about Queensland is our extraordinary physical and cultural diversity. There is quite a remarkable array of festivals that happen right across the state. Up in the Torres Strait there is a festival called the Winds of Zenadth—a Torres Strait Islander festival—and also right now it is worth noting if you have not been that there is a great exhibition of Torres Strait Islander art and culture on across at the Cultural Centre. The Laura dance festival is an Indigenous dance festival up on the cape, which is just remarkable. A remarkable group of people come together in a really tremendous spirit of celebration and the government, in quite a small way, provides financial support to the Laura dance festival.

The Cairns Indigenous Art Fair is a marketplace for Indigenous art both from the Torres Strait and from Aboriginal communities right across the state and that provides a connection for those Indigenous artists with the domestic and export market. It does that, obviously, under the auspices of an ethical body through the Backing Indigenous Arts Program that is run by Arts Queensland.

It is a good thing in terms of the art itself, but it also helps to prevent exploitation of Indigenous artists, which is a good thing in itself. At the other end of the state, the Ideas Festival has happened. In Brisbane there is the Writers Festival. I am sure I have missed some out in that mix. I guess the other thing that joins them all together is the Queensland Music Festival, which is just about to get underway. The Queensland Music Festival is just a sensation. I love good music. I love contemporary music. The Queensland Music Festival is about to happen in a whole range of places in the state—I do not have a number in my head but in dozens of places across the state—with its major performance happening not in Brisbane but in Bowen in just a few weeks.

Brisbane, too, has a major festival—the Brisbane Festival, which the state government puts \$5.5 million into. That will happen in September for about three weeks. It is music and arts events in the city and the suburbs. There are 65 scheduled performances as part of the Brisbane Festival. We all know that Riverfire is part of the Brisbane Festival. The state government has a very strong commitment to it. As I said, we put around \$5.5 million into it. The very disappointing thing is that last year the Brisbane City Council, in clear breach of an agreement with the state government to jointly, albeit not equally, fund the festival, pulled half a million dollars of their funding out of the Brisbane Festival. Nobody could use the excuse of flood; it happened before then. I have to tell you that I think that was a really disappointing and, in fact, shameful move.

I think the arts are really central to our sense of community. I am the member for Ipswich: it is not that arts funding is somehow elitist funding; arts funding is for everyone. It brings people together. It celebrates what is good and strong about our culture. It creates real ties among communities. So I think the Brisbane City Council making a decision to support the Brisbane Festival last year by half a million

dollars less than it had previously agreed to, even though the state government was already putting in a far more substantial contribution than it was, can only be understood as reflecting a lack of commitment to the arts and therefore a lack of commitment to people and the things that bring those people together. The Brisbane Festival will go on. Nothing beats Queensland. It will be a fantastic festival, but I think people should know and I think people should be disappointed that this year it will go on with a reduced contribution from the very council that oversees the city that it is in.

CHAIR: I might hand back over to the member for Indooroopilly.

Mr EMERSON: Still on the issue of the State Library, the State Library receives about \$57 million in funding. As the minister, do you have confidence that the board and the executives are focused on delivering services accountably and transparently or are they too focused at the moment on internal matters?

Ms NOLAN: I think it is possible for a board to walk and chew gum. That is, I think it is possible to run a strong, progressive organisation which is doing good things across the state while attending to internal matters and to the management of one's staff. I think this is a strong board under the chairmanship of Professor Roly Sussex, whom many of us know and love from the ABC. He is from other places, but that is why most of us know him. I am confident in this board's ability to deal with the matters at hand.

The State Library is doing some really good things. The State Library this year will distribute around \$21 million to libraries across the state. The State Library in recent years has done some very good work establishing what are called Indigenous knowledge centres, which are essentially modern learning and library facilities in many, many remote Indigenous communities across the state. That is a wonderful thing. As members of parliament we have the opportunity to go to remote Indigenous communities. That is not something that most Queenslanders get the opportunity to do. But as you will know from your own experience, when you go to a remote Indigenous community you are not generally struck by the big 'Library' sign and the dozens of kids sitting around reading books and learning stories. The State Library has done some very good work to develop Indigenous knowledge centres in remote communities right across the state. There are 21 of them. I think that is extremely commendable.

As I said, I think that funding of public libraries which allows them to buy books is a very, very good thing. In contrast, the BCC last year, around the same time, pulled \$928,000 out of the library book budget. My dad is a librarian; I could not get away with doing that. The State Library has recently, just in the last couple of years, established a premise called The Edge, which is essentially a digital media workshop, which is very well regarded and does very innovative work.

In answer to your question about whether I think it is possible to run a major budget—as you said, a \$57 million budget—in a way that is well administered and meaningful for Queenslanders whilst at the same time attending to the day-to-day management of your organisation, including its internal matters around things like staffing, yes, I do think it is possible to do both of those things at the same time.

Mr EMERSON: So, you have confidence—

Ms NOLAN: And I am, to cut to the next question, confident in this board's capacity to manage these issues.

Mr EMERSON: Are you not concerned about how much money is being spent on internal issues rather than on providing services for Queenslanders?

Ms NOLAN: I think you actually asked that question so as to create a bow of relevance to the budget—and I do not dispute the appropriateness of asking these questions in a budget hearing. My only reservation is around individuals' privacy, not around the other appropriateness of the line of questioning. I think they can do this. I have confidence in them to do so. It is occasionally the case that managing your staff will cost money. For instance, if there is a need to get a new person in any position it would be appropriate to engage, for instance, in recruitment costs.

Mr EMERSON: Certainly, but that does not refer normally to disputes between senior executives of an organisation. That is a rare thing. But it has not been a rare thing in this organisation over the last couple of years.

Ms NOLAN: As I have said, I am confident that the board is attending to these matters very, very actively. They are doing that in the current instance by having appointed a very appropriately qualified acting CEO and they are engaging in the appropriate management of those issues whilst still overseeing a State Library which, as I demonstrated in my earlier point, is doing some very commendable work to the benefit of Queenslanders.

Mr EMERSON: Can I turn to the matter of Opera Queensland. I did see you got a mention in the paper today promoting Opera Queensland.

Ms NOLAN: And promoting Opera Australia, too. Again, if the Library Board can walk and chew gum I would hope that the arts minister could, too.

Mr EMERSON: Are you concerned—and those concerns have been raised publicly and in correspondence—about the financial situation of Opera Queensland, especially with Opera Australia coming next year?

Ms NOLAN: Let me say at the outset that I think Opera Australia coming is a good thing for opera lovers in this state. We all pay our federal taxes. That has been the subject of a great deal of these estimates so it is probably relevant.

Mr NICHOLLS: We are going to have to pay a whole lot more.

Ms NOLAN: And none of it will go towards opera. But notwithstanding that we pay to support national performing arts companies through our federal taxes, Opera Australia, the pre-eminent national company, has not been to Brisbane since 1988. It is not my view that Opera Australia should really mean 'Opera Sydney and Melbourne', so the Queensland government is very actively supporting Opera Australia to come to Brisbane and perform both for Brisbane and for regional audiences. It is the case that, as a result of that move, Opera Queensland, which would usually perform three shows through a year, will next year perform two shows. The CEO of Opera Queensland has indicated on the public record that it is his view, to use his words, that Opera Australia coming is 'a golden opportunity for Brisbane opera lovers'. I think that is a notable point.

To cut to your question specifically about the financial impact on Opera Queensland of this happening, long term I think this certainly creates an opportunity to be a very, very good thing. Opera Australia coming creates an opportunity for the opera audience in Queensland to be grown, because more people who do not go to the usual opera will think, 'I will go and see the national company,' and that creates an opportunity for Opera Queensland to grow the size of the domestic audience. The second way that Opera Queensland can grow the size of their audience out of this is that, as I said a second ago, it is not just that Opera Australia are coming to Brisbane; there is also quite a comprehensive 'simulcast' system being established so that the opera will be shown in regional theatres to which Opera Queensland quite regularly tours. So they can grow the audience in Brisbane and they can grow the audience in those regional centres.

Mr EMERSON: But, Minister—

Ms NOLAN: I am happy to come to your point, which is about whether they will lose money in the short term. Opera Queensland has in recent years to some extent eaten into its financial reserves, so Arts Queensland is already working with Opera Queensland to develop a financial sustainability model. I have indicated to Opera Queensland that when that work is done I will be happy to meet with them and hear their case should there be shorter term financial issues.

Mr EMERSON: In your discussions with Opera Queensland, have they indicated to you how much money it will cost them to have Opera Australia come in and take one of their three slots?

Ms NOLAN: No.

Mr EMERSON: Equally, there is a concern there, despite growing the audience, that in the short to medium term Opera Queensland will lose money because it has lost one of its slots because of Opera Australia.

Ms NOLAN: There is no doubt that Opera Queensland does have that concern. I have to say to you that in opera, as in many other things, I am a long gamer and I would hope that Opera Queensland is, too. We have a couple of alternatives here. We can protect the small patch—we can say that we will not make any change because that might lead to an immediate financial hiccup for the existing state organisation—or we can say, 'Here is really quite a remarkable opportunity to bring the pre-eminent national company to Queensland,' which is very widely recognised as the place to be in the arts in Australia right now, 'and out of that opportunity we can certainly cooperatively manage any short-term financial issues.'

Mr EMERSON: So you are going to have to bail them out because of your decision?

Ms NOLAN: No, that is not what I am saying. I am confident that this can be managed and I am confident that this is a huge opportunity for opera lovers in this state. Only two things can happen: Opera Australia can (a) come or (b) not come. If you decided to not have them come because you did not want to lose one of Opera Queensland's shows, in my view that would be the worst kind of myopia. That would be saying that we are not going to do the big national thing and we are not going to grow the audience because there is a short-term financial issue for the local company. That is not the view that I take on this matter. Indeed, I am never philosophically inclined to take such a myopic or short-term perspective. Indeed, given that the CEO of Opera Queensland has said on the public record that the upcoming Opera Australia tour is 'a golden opportunity for Brisbane opera lovers', neither is Opera Queensland. If, as the shadow arts minister, you come to these estimates and put forward the proposition that Opera Australia should not come in order to protect—

Mr EMERSON: I am raising concerns here about—

Ms NOLAN: Let me finish.

CHAIR: Order!

Mr EMERSON: I am raising concerns here about—

CHAIR: Member for Indooroopilly, order! Minister, I think you have answered the question appropriately.

Ms NOLAN: Can I finish?

Mr EMERSON: I am being verballed here, Mr Chair.

CHAIR: We will have that clarified when you have your turn to come back. Minister, if you could quickly finish that particular aspect, I will go back to the member for Indooroopilly.

Ms NOLAN: I support it and Opera Queensland supports it. If the LNP does not support it, you are on your own.

Mr EMERSON: As I said, Minister, clearly you have indicated that you are going to have to bail out Opera Queensland—

Ms NOLAN: And you are complaining about being verballed.

Mr EMERSON:—because you have already indicated that you have to go to a rescue package, for Arts Queensland to organise that. That is what you have just told this committee. Given the fact that it takes about two to three years to plan for an opera, when did you inform the chief executive of Opera Queensland that you had made this decision to have Opera Australia come to Queensland and take one of their slots—given the fact that they would have been planning this for at least two years, it is one of only three slots they have and they have already indicated, in terms of the financial situation, that while they have reserves they have been eating into their reserves?

Ms NOLAN: Again the member has misled the committee in the premise of his question. What I have said is that I am confident that, should they arise, any short-term cash flow issues for Opera Queensland can be managed. However, where we are at right now is not, as the member has suggested, at the point of, to quote him, confirmation of a rescue package. Where we are at right now is that Arts Queensland is working with Opera Queensland to look at the books and get to the nub of the issues. I think we should be clear about that.

The second question that the shadow minister asked was when I told Opera Queensland. The answer to that is that, whilst there had been some discussion of Opera Australia coming and Opera Queensland was well aware of that for many months, long before I became the arts minister—this has been something of an open secret—I spoke to the CEO of Opera Queensland, as a courtesy, before the decision was announced.

Mr EMERSON: So just a week or so ago? I just want to clarify that.

Ms NOLAN: I spoke to him and confirmed it before the decision was announced. As I said, there was a great—

Mr EMERSON: I am sorry, Minister. I am just clarifying when that occurred. You said that you did it before you made the public announcement.

Ms NOLAN: There were two steps. I spoke to him before the formal decision was announced, but before that there had been discussions about Opera Australia coming and I had spoken to Opera Queensland about that some months ago, but at that stage the decision was not confirmed. No-one could claim—and, indeed, it would be very misleading for anyone to claim—that this has not been an ongoing dialogue for quite some time. Indeed, there was a dialogue going on that quite actively involved Opera Queensland well before I became the arts minister. No-one can say that they were excluded in any way from this. However, it was not possible to make a formal announcement until the federal government had confirmed its support. As a courtesy, I informed Opera Queensland that that formality, that formal step, was now to be taken—that is, before it was taken. I think in both regards there was ongoing discussion and then notice before a formal announcement was made. I do not think anyone could claim unfairness in that regard.

We then get to the fundamental underlying point in this. As in everything, Opera Australia are either going to come or they are not going to come. My view as the arts minister is that I am on the side of good opera; I am on the side of Opera Queensland growing and being well supported, as they are. From memory, we put about \$2.5 million a year into this company. It is not that there is not a very active relationship with government and it is not that they are not well supported. Opera Australia provides a real opportunity for opera lovers in Brisbane and across the state. I strongly support that change happening. I think it is for the good of people in Queensland who like opera. I am with Chris Mangin in that I also think it is for the good of Opera Queensland.

Mr EMERSON: Can I turn to funding for some organisations. Youth Arts Queensland, BEMAC and the Queensland Arts Council seem to have seen a reduction in their funding. Can you explain why those areas are being reduced and also what seems to be a general reduction in funding to regional arts?

CHAIR: Minister, you have one minute.

Ms NOLAN: There is a competitive process for small to medium arts grants. Some of them are triennial; some are annual. Quite appropriately, the minister does not make the assessment. Given that some people might say that the arts are a bit subjective, there is an independent peer review process and that is how the decisions are made.

CHAIR: Minister, I beg your pardon. I was a bit presumptuous. You have another five minutes, so you have six minutes. My apologies. Time is getting away from us today.

Ms NOLAN: I will take a deep breath and go into this in more detail. The organisations to which you refer are generally funded under the Small to Medium Organisations Program. That program funds some really interesting and innovative parts of the arts sector. They are organisations such as Expressions Dance Co., which is putting on *Romeo and Juliet*, which I think will be very good, this Friday night. Crossroad Arts is in Mackay. I visited them when we in Mackay for the regional parliament. They are a fantastic organisation that does arts projects largely with people from disadvantaged backgrounds such as migrants, refugees and people with disabilities. A lot of people like that can really find a way—

Mr EMERSON: Are those organisations getting more or less money?

Ms NOLAN: Those organisations are funded through the Small to Medium Organisations Program. Across-the-board, the 2011 allocation for small to medium programs, which is called s2m generally, is \$10.423 million. You asked whether this sector is generally shrinking. The answer is, actually, no. Across-the-board there is \$1 million more for that program in this financial year. However, within that growing funding envelope not every organisation can be a winner, so to ensure fairness everybody gets to apply. As I said right at the beginning, because some people might argue that funding decisions in this field can be a little subjective, there is an independent peer review process that allows for independent informed oversight of funding decisions. There will be organisations that do not get funding through that process or do not get as much funding as they might like. However, given that the pot is growing and there is an independent review, I think it would be harder to argue that that is unfair.

Mr EMERSON: It is important that the money is well spent and we get results from that money. I turn to the regional touring arts program, arTour. Its audience numbers seem to have fallen quite significantly compared to the program it replaced. Can you explain to me why that has happened? Given the fact that we have seen audience numbers fall, does that indicate, for whatever reason, that the program is not servicing regional communities?

Ms NOLAN: I think the root of the change that you are referring to is that a few years ago, before I became the arts minister, there was a shift from the Arts Council essentially running that regional touring program to this new model of arTour. As I said, that change was before my time, but its purpose was in some respect to give regional communities a higher quality but also a greater degree of say in what they got. I am advised that it used to be the case that the Arts Council would make a decision about what was on and would then tour that. Under the new model, there are a series of performances that are essentially up for bid and regional communities can make a decision about—

Mr EMERSON: There seems to have been a significant drop in audiences. That is what I am concerned about.

Ms NOLAN: Sure—about what it is that they want to see. I have not seen the overall audience numbers that you are talking about. I will have to take it on notice.

Mr EMERSON: You would be concerned, of course, if there was a significant drop in audience numbers?

Ms NOLAN: I am happy to have a look at that matter.

CHAIR: Order! Would you like that question to be taken on notice?

Mr EMERSON: Given the time, we will have to, Mr Chair.

CHAIR: Thank you. The time allotted for the consideration of the proposed expenditure for the areas of responsibility administered by the minister in relation to Finance, the Arts and related entities has now expired. Thank you, Minister, and your advisers. The committee has resolved that answers to any questions taken on notice or additional information must be provided to the committee secretariat by 3 pm on Thursday, 14 July—that is, a couple of days away.

Ms NOLAN: I think we have only one.

CHAIR: The committee will take a short break and resume at 7.20 pm to examine the estimates for Public Works and Information and Communication Technology and related entities. Before we do that, Minister, do you have any closing comments?

Ms NOLAN: I do. Thank you for the opportunity. I am sorry I cut in on you before. I very sincerely want to thank the committee and also the officers from Arts Queensland and the various statutory authorities who are here. As you will have gathered from my remarks, I think there are some really quite remarkable things going on in the arts, and that is largely as a result of the efforts of these very passionate, innovative, creative and professional people. I thank them for their ongoing hard work.

CHAIR: Thank you, Minister. The committee will resume at 7.20 pm sharp.

Proceedings suspended from 6.50 pm to 7.20 pm

ESTIMATES—FINANCE AND ADMINISTRATION COMMITTEE—PUBLIC WORKS AND INFORMATION AND COMMUNICATION TECHNOLOGY

In Attendance

Hon. SD Finn, Minister for Government Services, Building Industry and Information and Communication Technology

Mr M Daniel, Principal Adviser

Department of Public Works

Ms N MacDonald, Director-General

 **CHAIR:** The estimates hearing for the Finance and Administration Committee is now resumed. On behalf of the committee, I welcome to the hearing the Minister for Government Services, Building Industry and Information and Communication Technology, officers of the department and related entities and members of the public. My name is Wayne Wendt and I am the member for Ipswich West and the chair of this committee. Joining me on the committee is Tim Nicholls, member for Clayfield and deputy chair; Ros Bates, member for Mudgeeraba; Peta-Kaye Croft, member for Broadwater; and Murray Watt, the member for Everton.

The committee will now examine the Appropriation Bill 2011 and the estimates for the areas of responsibility administered by the Minister for Government Services, Building Industry and Information and Communication Technology in relation to Public Works and Information and Communication Technology and related entities. The committee will consider the estimates until 9.20 pm.

The proceedings today are lawful proceedings and are subject to the standing rules and orders of the Queensland parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded by order of the committee in accordance with standing order 208. In relation to media coverage of the hearing, the committee has resolved to allow television film coverage and photography at all times during the hearing in accordance with the media broadcasting rules as they apply to the estimates proceedings.

Before we begin I ask that all members and persons within the chamber please turn off their mobile phones. There is a requirement that there be no food or drink consumed inside the chamber. For the benefit of Hansard I would ask all advisers or any of those people approaching the table that, if you are called to give an answer, please state your name before speaking. I will certainly try to remind you of that. I now declare the proposed expenditure for the areas of responsibility administered by the Minister for Government Services, Building Industry and Information and Communication Technology in relation to the public works, information and communication technology and related entities open for examination. The question before the committee is—

that the proposed expenditure be agreed to.

Minister, the committee has resolved that you may make an opening statement. Do you wish to do so?

Mr FINN: Yes, please.

CHAIR: Minister, you have three minutes.

Mr FINN: The Bligh government is committed to building a stronger and smarter state for all Queenslanders. I am pleased to have this opportunity to inform the House of our efforts to deliver better government services, support Queensland's building industry and strengthen ICT systems across government.

Six months on from the most devastating natural disasters in Queensland's history, many communities throughout the state are still rebuilding. The department that I represent has been at the forefront of these recovery efforts, and I want to acknowledge the great job which has been done by many hardworking staff. One of the first things I did as minister was to visit the towns of Tully Heads and Hull Heads to see the recovery works being carried out by QBuild after storm and tidal surges caused by Cyclone Yasi lashing the coast. These teams were out in force removing rubbish from the streets, safely disposing of asbestos from homes and repairing the coastal foreshore. Local residents told me that, without the efforts of these QBuild workers, they simply would not have been able to recover. The Department of Public Works was also instrumental in getting Brisbane back on its feet following the January floods. Within seven days of the Brisbane River flood peak, DPW had restored to full operation all but two state government office buildings in the city's CBD.

It is also full steam ahead with the Bligh government's Capital Works Program, which is worth \$15 billion in 2011-12. Through this program, we are building the schools, hospitals, courthouses and sporting stadiums that Queensland needs for the future. The program is also supporting 93,000 construction jobs and generating economic opportunities for Queenslanders right across the state. Our Capital Works Program has delivered the 25,000 capacity Metricon Stadium at Carrara, which was officially opened in May. The Department of Public Works is also managing delivery of the \$1.76 billion Gold Coast University Hospital; the Queensland Children's Hospital; major hospital redevelopments in Ipswich, Cairns, Townsville, Mackay and Rockhampton; and the \$570 million Supreme Court and District Court complex in Brisbane's CBD.

Earlier this year the Premier appointed me Queensland's first building industry minister. This is a challenging time for the building and construction sector in this state, but I want to assure all stakeholders that we are taking the challenge head on. We are committed to supporting the building industry through these tough times and ensuring it has the skilled workforce it needs to begin the next wave of investment. That is why this state budget contains measures to provide a boost to the building industry through a carefully targeted initiative which is also aimed at encouraging more investors to enter the market.

Earlier this month the Building Services Authority released an independent report into the role it plays in Queensland's building industry. The report by KPMG found that the BSA plays an effective role as Queensland's building industry regulator and consumer protection advocate. The BSA had started examining the review's recommendations, which will be carefully considered to ensure that it remains an effective building industry regulator and consumer advocate.

The Bligh government will invest \$1.6 billion in ICT in 2011-12 to further strengthen ICT systems across government. One of the most exciting developments in ICT in Queensland is the rollout of the national broadband network. The NBN will result in a major transformation of the way we communicate. It will change the way people do business in Queensland. The NBN will also transform the delivery of government services and lead to productivity increases, which will feed into a higher standard of living for Queenslanders. In conclusion, this government is getting on with the job of delivering better services and creating a stronger state for all Queenslanders.

CHAIR: The first question will come from the member for Mudgeeraba.

Ms BATES: Minister, with reference to ICT highlights on pages 2-157 and 2-158 of the Service Delivery Statements regarding the efforts put into establishing the guidelines for an e-service panel arrangement for ICT contractors in Queensland, can the minister inform us what progress has been made in this regard? Who has been appointed as the single, independent procurement party?

CHAIR: Is that SDS 2-158 or 2-157?

Ms BATES: Yes, sorry.

Mr FINN: I thank the member for the question. The e-panel is doing the work in government in procuring ICT projects across government. There is a large number of tenders for that project that the e-panel provides. We are the largest buyer of ICT contract services within the state. We have an estimated annual expenditure of ICT services through our e-panel of some \$200 million. A whole-of-government resource manager as a standing offer arrangement is being implemented by the Chief Procurement Office to provide a one-stop-shop approach for agencies' ICT contingent labour contracting requirements. The establishment of a resource manager working through the procurement office and managing that e-panel is expected to bring savings of some \$43 million over three years.

In terms of these arrangements, the procurement office has started consulting with industry to work through how best that e-panel will operate with the resource manager. I am confident that we will, through those efforts, have a good, continuing relationship with the industry and continue to procure those services.

Ms BATES: Just to clarify, the independent procurement party has been established? So you have a panel already?

Mr FINN: The arrangements for the independent resource manager are underway. The procurement officer is consulting with the industry on that position. The arrangements for the panel are still being worked through. So the work is ongoing.

Ms BATES: Thank you, Minister. Regarding the current expenditure on ICT by the government, as per the SDS page 2-153, it is estimated in the Auditor-General's report to be \$1.5 billion per annum. Why is the minister committing only three per cent of total revenue to ICT when most other states around the country spend five per cent?

Mr FINN: I am not sure about the figures that are spent in other states. What we do have is a \$1.6 billion commitment to ICT across government. Not all of that commitment obviously is in the Department of Public Works. There are significant commitments in this budget across government. For example, the Department of Communities' residential tenancies ICT system has commitments in this budget. The management of the disability information systems has commitments in this budget. There are significant commitments across government totalling \$1.6 billion in ICT.

CHAIR: Before going on, can I please again ask all members to ensure their phones are turned off.

Ms BATES: Minister, with reference to page 2-227 of the SDS, considering that there has been a total review of the Queensland Health payroll project, can the minister now provide a clear and definite estimate as to what it will now cost to successfully complete this project?

Mr FINN: I thank the member for the question. The Health payroll system, as the member is aware, has been significantly reviewed and significantly commented on and reported on by the Auditor-General. I am pleased that the Health payroll system has currently stabilised. It has been stable for many months now, and I was pleased that the Auditor-General in his most recent report acknowledged the improvements that have been made in that payroll system.

When we look at the figures that have been provided to me from Health, which has responsibility for this, fewer than 0.1 per cent of non-payment claims in each pay cycle indicates a stabilisation of that system. The figure that has been provided on many occasions in relation to implementing the PWC report I understand is \$209 million. You will know that it is the responsibility of this department to implement some of the recommendations of the PWC report in relation to shared services, and they are underway.

Ms BATES: So the total cost to fix this system is \$209 million? You cannot see that there will be any future blow-outs in cost?

Mr FINN: I am not advised of any further blow-outs or likely blow-outs. It was reported widely in the parliament and the amount of \$209 million in funding was announced in November 2010 to continue the improvement of the payroll and rostering system and to implement a new payroll operating model. I am not aware of any change to that figure.

Ms BATES: Under CorpTech on page 2-236 of the SDS, note 3 refers to additional staff for Queensland Health human resources solution. How many additional staff have been employed for this?

CHAIR: Can I just check that please? Was that 2-236?

Ms BATES: 2-236.

Mr FINN: Sorry, which note are you referring to?

Ms BATES: 2-236, note 3 refers to the additional staff of Queensland Health human resources solution.

Mr FINN: And that refers to a table on the other side. It is a relatively modest increase I think you would acknowledge yourself. My understanding is that, in terms of doing the work required in relation to that payroll, there have been additional expenses. I would like to offer the director-general an opportunity to give you some more detail.

Ms MacDonald: Additional staff have been employed to support the health project. The volume that the health project is pumping through is significantly greater than when the project started. As an example, the number of SAP users is some significantly larger number than when started. I can give you some figures on that if that is helpful. At 'go live' there were 454 users of SAP; now there are 1,118. All of that takes grunt work behind the scenes, for want of better terminology, to keep the system running and keep the activities of the system each fortnight rolling over. The changes to Queensland Health in terms of staff were an additional 12 public servants and 23 contractors. That has also been a result of the transitioning over from the support of the system from IBM to CorpTech which was part of the original strategy.

Ms BATES: Minister, were these staff invoiced to Queensland Health by Public Works, as in your answer to question on notice No. 14? Were they existing staff or additional employees?

Mr FINN: This is your question on notice you are referring to?

Ms BATES: Yes.

Mr FINN: My understanding is that they were a mixture of staff and they were invoiced to Queensland Health.

Ms BATES: So they were additional staff. So were these appointments permanent or temporary? What duration and what is the total spend for additional staff to fix this system thus far?

Mr FINN: As the member would understand, I am not directly involved in appointing these staff.

Ms BATES: Your director-general might be able to answer for me.

Ms MacDonald: If you would like the details of the individual employment matters for all of those staff, we will have to provide that to you.

Ms BATES: Thank you. So you can take that on notice?

Mr FINN: We have provided the figure of an additional 12 public servants and 23 contractors. We have provided that figure in answer to the question on notice. I think what you are asking is how many were temporary.

Ms BATES: Yes. They are obviously additional, so how many were temporary?

CHAIR: Are you going to take that on notice?

Ms MacDonald: I will just check with the general manager of CorpTech, who is there somewhere. We will get that by the end of the session if we can.

Mr FINN: We will continue on and we will get the information for you.

CHAIR: If you have it before the conclusion of tonight, that is fine. Otherwise we will take it on notice.

Mr FINN: I will be delighted to.

Ms BATES: Following on from question on notice No. 14 and page 2-227 of the SDS, how much additional funding was provided to Queensland Health for the Queensland Health human resources solution? And how much of the existing budget was diverted to fixing the Queensland Health payroll, excluding Queensland Health funds—so from Public Works to Queensland Health?

Mr FINN: I am not sure what you are asking.

Ms BATES: How much additional funding was provided from Queensland Health for the human resources solution? This is from your answer to question on notice No. 14. And how much of the existing budget was diverted to fix the Health payroll problems? In answer to the question on notice, it states that there was invoicing of \$45.6 million.

Mr FINN: Yes, and that is not the answer you are looking for? We announced a total cost, as I have provided, of \$209 million. The answer to the question on notice says that Queensland Health has been invoiced for \$45.6 million.

Ms BATES: Was there more of your existing budget diverted on top of that?

Mr FINN: No.

Ms BATES: Minister, I did note that you said in your address tonight that you left ICT till last and put NBN as your highlight. I guess from a Queensland government perspective the nurses' payroll would be your lowlight. So I do have further questions on that, obviously.

Mr FINN: That was a comment, was it?

Ms BATES: That was a comment, Minister. It was a preamble.

Mr FINN: Excellent.

Ms BATES: Do you think Paul Lucas should have been rewarded with a promotion to Attorney-General for his role in the payroll scandal, which he refused to take any responsibility for, and for what *Courier-Mail* journo Patrick Lion called the 'greatest failure of public administration in our state's history'?

Mr FINN: That sounds like another comment and a preamble, really.

Ms BATES: No, it is a question.

Mr FINN: As you would be aware, it is not the responsibility of this department to make any comment on the appointment of ministers.

Ms BATES: Was the health minister, Geoff Wilson, wrong in not backing down in his overzealous efforts to recoup overpayments to Queensland Health staff?

Mr FINN: I understand that the appropriation for Health is in front of estimates tomorrow, and that might be a question you might like to direct to him.

Ms BATES: This debacle, Minister, has been dragging on for 15 months and it is nowhere near fixed. As a long-term member of the government and as the current minister responsible, can you give any of the nurses in Queensland and any other Queensland Health staff any guarantees or time frames as to when it will be fixed? And, if you cannot meet your own deadline, will you, like your recent predecessor, consider paying back your ministerial salary?

Mr FINN: I thank the member for that question. As the member would understand, in relation to the Health payroll system, the responsibility of the Department of Public Works is to store the system. It is not the responsibility of the Department of Public Works to engage directly in payment issues with Queensland Health employees. That is a responsibility of Queensland Health and a question that should really be raised in the appropriation for Queensland Health. What I am pleased about is that the Auditor-General has reported that the Health payroll system has stabilised. I am pleased that there is a very, very low level of incident reports within each pay cycle, and so I am confident that that system has stabilised. Matters relating to the payment of Queensland Health staff are matters for Queensland Health.

Ms BATES: Minister, this IT system originated out of Public Works. We have seen former Minister Schwarten and Minister Lucas buckpass backwards and forwards for the last 15 months. Whilst you were not the minister involved and associated with this payroll system in the first place—

Mr FINN: I acknowledge that.

Ms BATES:—you have been a member of the government since 2004, and one would have thought that you would have at least researched the background for the part that Public Works did play in this debacle. I would like to gain some assurances because it is still an IT system, regardless of whose department it covers. You are the minister for ICT, and I am sure that the 2,767 nurses on the Queensland Health payroll fightback page would actually like to know what you are going to do about it. With regard to your comments about stabilising the system, there are many, many comments on that website about nursing staff still being paid the incorrect amount. They are being paid overpayments and underpayments and they would like some assurance from you because obviously they are not getting it from any other minister who has been responsible for this.

Mr FINN: I thank the member for the question. I am not aware of comments on websites. What I do know is that this was a joint project between Queensland Health and CorpTech. Queensland Health had their responsibility in determining what they needed for a Health payroll. The Department of Public Works, where CorpTech is located, had responsibility for the build and the store of the program. The program is built and the program is being stored and the program is being updated, as has been reported. It was a joint program. It has been very clearly stated on a number of occasions in the parliament, in the public arena, that this was not good enough. Indeed, the government apologised in the parliament for what had occurred in relation to that payroll system. It has been reviewed by the Auditor-General. The Auditor-General reports its stabilisation. That is not me reporting that; the Auditor-General reports that. This is an outcome that has not been what was desired. Health are working through the ongoing issues with that and we are working through the ongoing build needs.

Ms BATES: Thank you, Minister. The government, you have just said, has apologised in parliament for some of this. Has anyone apologised to the families of the four deceased Queensland Health employees who received overpayment notices, or are they going to be pursued beyond the grave? This morning the Premier said that her moratorium meant that they would be looking closely into these requests to repay overpayments, but nurses today are still receiving telephone calls and letters. If there was no apology, do you think they should have been given one?

CHAIR: Order! I have been listening very closely, member for Mudgeeraba. We are talking about overpayments, which I thought was discussed this morning, as you mentioned quite rightly. I thought it was more of a Health issue, but I will take the minister's view on that. If he wants to answer, that is okay.

Mr FINN: You are correct, Mr Chairman. Matters relating to overpayments and underpayments and any associated impacts are a matter for Queensland Health and those questions should be addressed to the health minister and the appropriation area that he is responsible for.

Ms BATES: Thank you, Mr Chairman, but I think I do recall the Premier saying that these issues would be addressed this evening with the Minister for Public Works.

CHAIR: In fact I think you might find, member for Mudgeeraba, that I said that. I was incorrect.

Ms BATES: Thank you. I refer to staffing levels on page 2-227 of the SDS and as reported in a shared service partner internal scorecard report during the Queensland Health payroll. I seek leave to table page 11 of that report showing standard actual FTEs and standard budgeted FTEs.

CHAIR: Is leave granted?

Leave granted.

Ms BATES: Can the minister please explain this graph? So you will obviously have to give it to him.

CHAIR: Sorry, member for Mudgeeraba. Where is that document from?

Ms BATES: That is from page 2-227 of the SDS and page 11 of that report.

CHAIR: Just bear with me.

Ms BATES: It is the shared service partner internal scorecard report, which is referred to on page 2-227 of the SDS, which was a report during the Queensland Health payroll. I have tabled page 11 of that report.

CHAIR: It is referred to on page 2-227 of the SDS.

Ms BATES: As reported in the shared service partner internal scorecard report. Can the minister state how many additional staff were required from his department during July to September last year to deal with the payroll debacle?

Mr FINN: Can you point to where this is referred to?

CHAIR: It is not on page 2-227, but it is referred to. Whereabouts is this, member for Mudgeeraba?

Ms BATES: It is on page 11 of the shared service partner scorecard.

Mr FINN: I understand that. You tabled that.

CHAIR: I cannot find it referred to on page 2-227. It is probably there, but I cannot see it.

Mr FINN: Mr Chairman, I might just provide some response if I may. I cannot find the reference that the member refers to. I do find it extraordinary that you would table page 11 of a report when we have no idea how many pages that report contains and how one graph out of a report can be contextualised. But I point out that—

Ms BATES: It was showing the standard actual FTEs and the standard budgeted FTEs.

Mr FINN: I can see that. But I do point out that it says QHSSP internal scorecard report. Queensland Health shared services provided an internal scorecard report. It is a report prepared by Queensland Health internal to Queensland Health and is not a matter for the appropriations for the Department of Public Works.

Ms BATES: With reference to the ICT projects, as per pages 2-204 and 2-210 of the SDS, has the minister identified the most strategically important ICT projects and what regular review processes have now been put in place to avoid similar results to the Health payroll debacle?

Mr FINN: Page 2-204?

Ms BATES: Pages 2-204 and 2-210 of the SDS.

Mr FINN: Can you ask your question again in relation to ICT projects?

Ms BATES: Has the minister identified the most strategically important ICT projects and what regular review processes have now been put in place to avoid similar results to the Queensland Health payroll debacle?

Mr FINN: I think that ICT across government, as I mentioned before, is a \$1.6 billion spend. There are important ICT projects across government. Would I, for example, identify the department of police computer aided dispatch system higher than the Smart State investment fund ICT? I do not go through an exercise of identifying those things. What we have across government is a significant number of ICT programs. In relation to the payroll system that you refer to, I think clearly in government ICT contracting is something that is monitored very closely. The methodology used to deliver value for money for ICT initiatives is something that is a very tight process and something that the department would work on as a normal thing. In relation to your question, that is what ICT contracting methodology is all about.

Mr NICHOLLS: Minister, in that sense then, obviously it was not done very well because you have a Health payroll system that failed to pay people and that has cost \$209 million to fix up. So despite your assurances that ICT is monitored closely and it is all looked after, we have got a bungled system without a department that is being responsible for it, we have got two ministers who have walked scot-free and you are reassuring us that the system is under control. What steps are you taking to assure yourself that a similar system that is introduced through the shared services model or through your department does not suffer the same debacle and outcome that happened with the Health payroll system?

Mr FINN: I thank the member for the question. As has been said, the Health payroll system has been apologised for in the parliament by the government. It has been acknowledged—

Mr NICHOLLS: But it is not the apology; it is the reassurance that it is not going to happen again.

Mr FINN: Hang on.

CHAIR: Order! Member for Clayfield, the minister has only just begun to answer the question.

Mr FINN: Thank you. It has been acknowledged in the parliament that this was not adequate. There have been independent reviews done. There have been reviews done by the Auditor-General. These reviews have indicated a need for action to be taken to rebuild aspects of the system. That was the money that was committed and that has been done.

What is important is that we get our programs right in ICT; I agree. I am certain that one of the programs you will ask me about is the IDES program and I think you will find an example there. There has been rigorous work done in contracting that program. I think that indicates that there is significant rigour in the way that we build in ICT. So to the extent that that is a response to an unfortunate outcome in relation to Health, I think it would be normal for us to focus pretty closely on those projects following that event.

Mr NICHOLLS: Minister, to follow up from that, what we know from the last system that did not work—which was the Health payroll system—is that the then minister actually did not ask any questions about the process that was laid in front of him. Now what you are saying is, 'We've learnt some lessons.

We've seen the report from the Auditor-General and PricewaterhouseCoopers.' What steps are you taking to assure yourself that the most strategically important ICT projects are regularly reviewed and that you are not just sitting there saying, 'Here's a piece of paper,' but there are actual steps in place to ensure that it does not happen again? I guess that is the issue. What lesson has been learnt? Have you identified the significant projects and which ones are they?

Mr FINN: I thank the member for the question. You can continue to make statements about what former ministers said and did not say in this process. The most important thing has been working through the need to make sure the Health payroll system has stabilised. Then there are a number of recommendations from PricewaterhouseCoopers about the shared services model and how we establish the shared services model across three pillars within the Queensland government. That is the priority for an ICT organisation in relation to shared services. Those recommendations are being implemented and they are rolling out.

Mr NICHOLLS: What are those recommendations?

Mr FINN: The one that I just mentioned is that the recommendation was that shared services become three pillars. So instead of having one shared services model across the Queensland government there is a shared services model for Health, a shared services model for Education and a rest of government shared services model. This means that the finance and pay systems will be provided across those three service providers. This was a recommendation of PricewaterhouseCoopers to take into account—

Mr NICHOLLS: There is more than one. What are some of the others?

CHAIR: Order!

Mr FINN: I am happy to get the report and read the 23 recommendations to you if that is what you want. They all come to developing the three pillars of shared service. The reason those reports are there is that those three areas of government represent a similar number of employees. There are about 80,000 staff in each of those areas of government that have a section of complexity, and that was the report. The report recommendations relate to bits that you transition: for example, a transition of the Education HR system—already completed—was one of the recommendations. The recommendations relate to the various bits that need to be in place to transfer to a three shared services model, with that environment scheduled to be operating by the end of 2013.

Ms BATES: Minister, could I have your definition of what stabilisation means to this payroll system? What is your definition of stabilisation? I do not want you to spout back to me the Auditor-General's. I would like to hear yours.

Mr WATT: I have a point of order, Chair. We have had repeated questions related to the payroll system of Queensland Health. The minister has answered those questions repeatedly. There have been a number of occasions now where you and the minister have made the point that this is really a matter for Queensland Health. The member has every entitlement to seek leave to appear at tomorrow's estimates committee and ask questions of the Health minister. I just wonder how long we are going to keep talking about a matter that is actually not within the province of this minister.

CHAIR: There is no point of order but the reality is that we have discussed this and I would ask the member to be mindful of those issues we have raised. I will probably ask for another question from the government soon. Would the minister like to answer?

Mr FINN: I think I have answered this question several times, but I will just say this again. The advice that is provided to me from Queensland Health is fewer than 0.1 per cent of employees having issues with pay cycle on each cycle of this year. We have a report from the Auditor-General saying that significant work has been done to stabilise the system. I do not make that up. That is the advice I am provided with, and that is the report of the Auditor-General.

CHAIR: I know the member for Everton has a question in relation to those issues so I will ask the member for Everton to have the call.

Mr WATT: With reference to page 2-155 of the SDS, the Department of Public Works has recently completed three significant government office accommodation projects in Brisbane, Maroochydore and Cairns. Could the minister please advise the committee how these projects have advanced the government's environmental sustainability objectives?

Mr FINN: I thank the member for Everton for the question. I am delighted to talk about sustainable buildings in the Queensland government. In the Department of Public Works, we have a sustainable office building rating policy which stipulates preferred sustainable building rating systems for environmental assessments and provides benchmark targets for energy, water conservation and natural resource conservation. These requirements apply to the design, development and management of the owned commercial office building portfolio.

This policy outlines a minimum standard of a five star green rating for new office buildings including fit-outs, and a minimum 4.5 star office energy rating. We actually set the bar a bit higher though when we do our own buildings and we target a five star office energy rating. I am pleased that we have been able to construct three new office accommodation buildings that meet the six star rating.

The first of these three is the Dandiiri Contact Centre in Zillmere, which is in fact rated as one of the most ecologically sustainable buildings in the country. It has fairly unique design features that relate to the impact on the environment and the minimal use of energy and water and the way they manage waste in that building. The second is the William McCormack Place in Cairns, which is a six star Greenstar rated building that was recently opened.

The third one is the Mike Ahern Centre in Maroochydore which I opened last week. It has 8,600 square metres of office space. Within that building, there will be 530 staff. I was delighted to recognise the contribution of Mike Ahern in the naming of that building and to share the stage with Mike as we drew the curtain on the plaque to open the building. Mike made a significant contribution in his local area as a member for a long time—I think he was the member for Landsborough—and he also made a significant contribution serving as Premier of this state through some pretty tumultuous times. I have got to know Mike over the years as he has served on the board of the Brisbane Markets in my electorate and I was delighted to stand next to him and recognise him with this building.

The other exciting part of that announcement was that I was presented with a certificate from the Green Building Council which acknowledged the six Greenstar star rating of the building. In the address that was provided by the person who provided the certificate, he said that the last three six star Greenstar rating he had given had been to the Queensland government. He said that this is world leading. The certificate that he provided me with acknowledged the Queensland government as a world leader in developing world-leading ecologically sustainable buildings. I was delighted to spend some time with the Green Building Council and talk through those buildings.

We also have future plans for energy efficient buildings in relation to schools and other buildings, but we have three big flagships that we are pretty proud of.

CHAIR: Thank you, Minister. I have had the opportunity to ask every minister so far a question in relation to floods and disaster support, recovery and response. Under SDS 2-158, can you please outline to the committee your department's contribution to the Queensland government's response to the 2011 floods and of course Cyclone Yasi?

Mr FINN: Thank you, Chair. I acknowledge that you, as the member for Ipswich West, represent an area that was significantly affected—

CHAIR: As you do.

Mr FINN: Yes, as was I in my local area of Yeerongpilly. But I thank you for your work in your local area in helping your constituents recover and rebuild from those natural disasters.

I mentioned briefly in my opening remarks the role of QBuild in their work in recovery and rebuilding. I will mention them briefly again but I do want to say that there were other areas of the department that were significantly involved in the recovery process. No doubt the challenges that were thrown up from the summer of 2010-11 have been significant for many people across the state. In relation to QBuild, we had 850 QBuild staff directly involved in emergency response, recovery and rebuilding work. QBuild led the clean-up and recovery of approximately 2,500 government assets including schools, police stations, health facilities, government owned residences and other government infrastructure. Over 1,600 structural assessments were conducted on private residences that were damaged by flooding or cyclone impact.

Also, Smart Service Queensland provided critical communication support services and did so through the disaster events. During the December-January flood events, Smart Service Queensland handled almost 150,000 phone inquiries for disaster services, including responding to calls on the SES hotline answering community recovery calls. There were 900,000 page views of the Queensland flood information site on the website. Smart Service Queensland also managed the online donations to the Premier's relief fund, with some 232,751 online donations totalling more than \$42 million.

Another area of the Department of Public Works is the sales and distribution service. It provides products to the government. It provided more than 215,000 essential items to flood affected communities including water, food packs, air mattresses, bed pumps, high pressure water cleaners, et cetera—the things that people need when they are recovering. As you would have found, sometimes it is a tin of baby formula, sometimes it is a pair of rubber boots. Those simple things we take for granted are highly in need when we are recovering immediately from a disaster.

Also, the office of Goprint worked around the clock to print information and daily newsletters to communities. There was also the accommodation office. As mentioned, they needed to get buildings in the Brisbane CBD back and running and they had all but two up within a week. Project Services carried out structural and building services, engineering inspections and condition assessments. The list goes on. There was a significant role for the Department of Public Works. I thank all of the staff who were involved in the recovery and rebuild efforts and commend the department for their work.

CHAIR: Yes, I agree, Minister. The mighty QBuild did a mighty job. I call the member for Broadwater.

Ms CROFT: Thank you, Minister, I refer to the SDS at page 2-188. Your department has just completed the world-class, 25,000-seat Metricon Stadium on the Gold Coast which is proposed as a potential Commonwealth Games venue. Will you please outline to the committee how else your department is contributing to the Queensland government's Commonwealth Games bid?

Mr FINN: I thank the member for the question. This is a matter very close to her heart given her work on the Gold Coast. I was delighted to join with you at the recent community cabinet at Metricon Stadium and to meet with some of your community who are similarly excited about the opportunities provided to the coast with the Gold Coast games bid. As you will know, the Commonwealth Games Bid Co. was formed on 1 July 2010 to prepare the bid submission which was lodged by the Premier with the federation on 11 May. The bid company executive director chairs a weekly facilities coordination group that includes representatives from key state and local bid stakeholders, including the Department of Public Works as a project manager. The Commonwealth Games Federation delegation, with representatives of 17 African countries, were recently welcomed by the Premier on Sunday, 3 July on the Gold Coast and presentations to the delegation on the bid occurred over a three-day period. The Commonwealth Games Bid Co. is currently preparing for federation member country delegation inspections to occur on the Gold Coast between July 2011 and October 2011 prior to the announcement of the successful bid on 11 November. So I expect as the member for Broadwater and the parliamentary secretary with responsibility you are going to be very busy during that time meeting with delegations and advocating the great opportunities that come with the Gold Coast's bid for the Commonwealth Games.

I am excited to tell you that there are currently a total of 20 new, existing or temporary sports venues being considered. The Department of Public Works through Project Services has commissioned three consultant architectural firms to prepare bid block plans for proposed sports venues and a consultant quantity surveyor to provide sport venues concept post planning reviews. Project Services's architectural section has also been providing computer drafting services to the bid company. This work has centred on a number of key sporting venues including Metricon Stadium—home of the mighty Gold Coast Suns—and we have been investigating a 40,000-seat overlay for that stadium, a full redevelopment of the Southport aquatic centre, new indoor community sporting arenas at Carrara and Coomera and a new indoor velodrome. So there are significant opportunities here for the coast. One of the things that the Commonwealth Games will bring to that area is opportunities to build new sporting facilities, and they will be enjoyed, if we are successful in this bid, for many years by the families and children who live on the Gold Coast and indeed many people from the broader area of South-East Queensland.

Mr WATT: Minister, I refer you to page 2-156 of the SDS which discusses the government's decentralisation agenda. I have an interest in this because the proposal to decentralise some offices to Carseldine is not too far from my electorate. Minister, can you please provide an update on the status of these projects?

Mr FINN: Yes. I thank the member for Everton for the question and I acknowledge your interest in decentralisation and your regular raising of this as an issue with me in relation to Carseldine. One of the biggest challenges facing Queensland as a state, particularly in South-East Queensland, is the management of growth pressures. Members will be aware of the significant growth in South-East Queensland in recent years. Whilst we might have slowed a little right at this point in time, future projections show that significant growth will continue for some time. The decentralisation initiative is about initiating government space outside of the CBD and a few locations have already been announced—some 58,000 square metres of government accommodation at Carseldine, Ipswich and Bowen Hills. I think, Mr Chairman, you might have an interest in decentralisation as well.

CHAIR: Certainly do.

Mr FINN: In 2011-12 \$53.8 million has been provided to commence the procurement of property solutions as part of a significant program. That program amount is a little over \$363½ million. The projects that make up the property solutions are the refurbishment of existing buildings at the former QUT campus at Carseldine. That will provide 13,000 square metres of space at Carseldine. It also provides for the provision of a fit-out for a new leased office building of some 15,000 square metres at Ipswich and, as well as that, construction of a new office building of 30,000 square metres in Bowen Hills.

The design is well advanced for Carseldine. Refurbishment and a demolition contract will commence in late July. The main contract is expected to commence in October and it is anticipated that the project will be completed in late 2012. When complete, the new government office precinct at Carseldine will provide for the decentralisation of some 1,000 government workers. So it is a significant development on the north side of Brisbane. In terms of Ipswich, the lease negotiations for office space in the Ipswich city centre redevelopment are proceeding. We are expected to be finalising those negotiations within the next month. This will facilitate the relocation of up to 1,200 workers by the end of 2013. The department is currently preparing the evaluation process to deliver the new government office building at Bowen Hills. So I thank the member for the question. Decentralisation is an important government strategy. The role of the Department of Public Works is to be in that space in terms of getting the buildings right in the various models that I have just outlined.

CHAIR: Thank you, Minister. With reference to the SDS at page 2-188, your department through Project Services has been recognised by industry for its successes. Could you please outline some of these achievements for the committee?

Mr FINN: I would be delighted to outline some of these achievements, Mr Chairman. Project Services has been recognised again by the building and construction industry for the quality of the work that it produces and the professionalism of our staff. I mentioned earlier the Dandiiri Contact Centre at Zillmere with a six-star Greenstar rating. That centre won the building and structures category at the Engineers Australia Queensland awards as well as the most prestigious award of the year, the RW Hawken Award. Project Services was also well represented at the Australian Institute of Architects—the AIA—Queensland awards in June 2011, with four projects having progressed from the regional award judged earlier in the year. Three of those four projects were successful in being recognised at the state awards and will progress to the national awards in November.

The Kangaroo Point Park—you may be aware of that development—received a state commendation for urban design. This project involved the redevelopment of the former Kangaroo Point TAFE College into a spectacular cliff-top park, which is much appreciated and extensively used by the people of Brisbane. The Dandiiri Contact Centre was again recognised at these awards and received the Harry S Marks Award for sustainable architecture—the highest award in its field by the Institute of Architects in Queensland. That building was constructed by the Department of Public Works as a contact centre for the Queensland Police Service and the Smart Service Queensland. It was a multidisciplinary project team. It delivered an outstanding result and has been widely recognised in the industry in the short time since its completion. As I mentioned, it was awarded a green star office building rating for design by the Green Building Council of Australia. This represents world leadership. The building achieved 92 points on its ranking which, at the time of its construction, was the highest ranking of any building in Australia. The building has also been the subject of a national presentation by the AIA in each of the mainland state capitals in Australia which are focused on its outstanding environmental credentials.

There are a number of other projects including the Cobb & Co. Museum project in Toowoomba which was recognised with a prestigious award—the FDG Stanley Award for public architecture. It is a project that not only has great merit in its own right but has a relationship with a larger precinct of the Southern Queensland Institute of Technology and the combined contribution that that organisation makes to the city of Toowoomba. The Dandiiri Contact Centre also won the Australian Lighting Energy Efficiency Award as well as the top honour, the meritorious International Award of Lighting Design Excellence. We are fairly proud of these buildings that provide us with significant awards and recognition. Project Services have been acknowledged in the state awards for the Australian Institute of Project Management in 2010 in four areas—the end-of-trip facility at 61 Mary Street for the small projects category, the Dandiiri Contact Centre for sustainable projects and two individual awards to Project Services staff in the categories of project manager and project team member. We can be proud of the work of Project Services in the Department of Public Works.

CHAIR: Thank you, Minister. That is quite extensive. I call the member the Mudgeeraba.

Ms BATES: Thank you, Mr Chairman. Minister, as per question on notice 11 from this committee, the minister states that 296 of the 513 ICT systems currently operated by the Department of Public Works have been identified for decommissioning. Is the minister able to take on notice a request for the names and purposes of these systems and the reasons for their decommissioning?

Mr FINN: I am just having a look at this. This relates to dot point 3, does it not?

Ms BATES: Yes.

Mr FINN: I am happy to get a list of those.

CHAIR: The member is seeking that that information be provided. We will take that on notice.

Ms BATES: Thank you. Minister, is it usual practice to leave redundant systems in place to the extent that they account for more than half of the operating systems?

Mr FINN: I am not sure where you are getting that figure from. Could you just—

Ms BATES: From the question above; the one I just asked you before.

Mr FINN: Yes. In terms of the figure 513 and the figure 296?

Ms BATES: Yes. It is more than half the operating systems.

Mr FINN: It is more than half the number of systems. I am not—

Ms BATES: What would the cost of continuing these systems be and what will be the cost of decommissioning them?

Mr FINN: I do not have the detail for each of some 513 systems and 296 decommissioned ICT systems. I will give the director-general an opportunity to make a comment to you if you are after that kind of detail.

Ms BATES: Thank you.

Ms MacDonald: These can be things like versions of software that perhaps still have documentation in them. In accordance with information management principles, we will not decommission them until such time as we are assured that the data that is in those systems can be retained for the record of the state, which we are expected to do. So that process has to be worked through properly to ensure that access to the information that sits in those systems under an archival process can continue to be accessed if it needs to be into the future. So it can be quite a complex process. For example, computer-aided design systems can still hold information in them that may be required some 20 years down the track and it is an important process that we work through system by system to make sure that the data that is available on those systems can still be accessed into the future.

That is what the decommissioning process is about. It is not as simple as turning it off and disposing of it into the ether somewhere. It is actually a very important records management and archival process that we and every other agency needs to go through. The department was proactive in identifying these processes. This is a process we are going through to identify areas that we actually can consolidate, so it is part of a consolidation process to identify systems that we no longer require or we in fact would like to upgrade into the more modern version of the system and try to bring that data forward into that system.

Ms BATES: Which brings me to my next part which the minister may prefer the director-general to answer.

CHAIR: Member for Mudgeeraba, you also asked about cost. Can you just repeat that so we can make sure we have got—

Ms BATES: Yes—cost to continue these systems and what will be the cost of decommissioning?

Ms MacDonald: That is a process we are working through now.

CHAIR: No, the question is being asked so we can actually have a written response. That is what you are seeking?

Ms BATES: Yes.

CHAIR: So you will take that on notice?

Ms MacDonald: I guess what I am saying is that we can provide the information that we have at this point in time. This is the point of us actually going through this process—through applications rationalisation.

CHAIR: Yes, but what we are asking is at the point of time—that is, as of today.

Ms MacDonald: Whatever information we have at this point of time we can make available.

CHAIR: That is what we are after; thank you.

Ms BATES: How many of the current ICT platforms are operating on old versions and what costs will be incurred to keep these platforms up to date?

Ms MacDonald: The Department of Public Works is operating on a finance system—that is, SAP 3.1i. It is a system that is being supported through CorpTech but is a system that is no longer under support by SAP. That is the primary system.

Ms BATES: Could you clarify for me if the current Queensland Health payroll system is actually running on a current version of SAP?

Ms MacDonald: Yes.

Ms BATES: Can the minister give me a guarantee that solutions currently in place will permanently fix problems such as the payroll system? You have safeguards in process now. My understanding was that there were numerous memos about not going live with this system in the first place when it was an ICT system for Public Works. Are there safeguards in place now where those memos that obviously some ministers missed out on seeing will not occur again?

CHAIR: I think this is very similar to the question asked by the member for Clayfield a few minutes ago; is that right? Is that what I am hearing?

Mr NICHOLLS: I am interested to hear the answer again

Mr FINN: I am not aware of hearsay reports about memos. Your question relates to the Health payroll system.

Ms BATES: Yes—a similar thing happening again with SAP.

Mr FINN: So it is the same question?

CHAIR: Other systems.

Mr FINN: So it is the same question.

Ms BATES: No—

Mr FINN: The Health payroll system is a supported system provided by SAP. The member, being the shadow minister for ICT, will understand that one of the aspects of ICT systems is that, like any software program you have in your home PC, updates come out and updates occur over time.

Ms BATES: Thank you. I refer to your answer to question on notice No. 19 to this committee in which you detail losses on sale, impairment of property, plant and equipment. In particular, I refer to the portion of the whole-of-government HR solution attributed to the DET and Aurion agencies with a decreasing asset value—

CHAIR: Member for Mudgeeraba, they are trying to find question 19.

Mr FINN: Question 19. If it is okay, rather than read the whole thing again just direct me to your core question.

Ms BATES: There is a decrease of asset value of \$27.74 million in the implementation of the whole-of-government HR solution to DET with a \$12.091 million write-down. Why were these assets written off at such significant losses?

Mr FINN: I understand that this is a normal process but for the details of the financial report I will ask the director-general to provide you with some advice.

Ms MacDonald: In relation to the asset impairment information that you have requested, it is a normal accounting practice at the end of each year. In fact, the Auditor-General requires us to go through a process of assessing whether the assets are still intended for the use for which they were purchased, or built, or intended originally to be utilised. With the change of direction recommended by the PricewaterhouseCoopers report, and accepted by the government, it is moving the Shared Service environment to three entities—no longer one—and that required us to go through a process of assessing the value of the assets that we were holding on the books that had originally been intended to service what are now three entities, or will be three entities. It is a normal accounting practice to do that and that is what it is in relation to.

Ms BATES: With reference to the whole-of-government ICT, which is at pages 2-204 to 2-210 of the SDS, the Auditor-General's report No. 4 of 2011 found that whole-of-government information security could be more effective and that the extent of information security risk is not well understood at the whole-of-government level. Why has the minister not guaranteed security of online dealings with government for Queenslanders? What measures will be taken to provide this in the next 12 months?

Mr FINN: I thank the member for the question. I understand that you refer to the Auditor-General's report. We are unaware that he makes comment about the online payment security management system. Is that the area that you are referring to?

Ms BATES: Yes.

Mr FINN: Okay. The Auditor-General made some comments about the security management and the report highlights that we need to implement adequate controls to mitigate risks in relation to online payments. What the Auditor-General's report recognises is that several of the controls commonly deployed in government information systems are in place but acknowledges that some further improvements are needed. I am pleased that the Auditor-General has not identified aspects of fraud in his report. He identifies our need to ensure that we are monitoring and adequately managing data security. The department of works is working towards compliance with the Payment Card Industry Data Security Standard and that work is well underway.

Importantly, though, there is something that you need to understand about online payments. When a person makes an online payment through this system, their financial data is not recorded by government. The Auditor-General does not identify a security issue in relation to people's financial data. Those numbers are not collected, or collated or kept by government. But—and this is something that the Department of Public Works had identified prior to the Auditor-General's report—we are working with the Commonwealth Bank to provide that system through the Commonwealth Bank. This work will make our systems the most secure in the nation.

Ms BATES: So, Minister, since they were allowed to fall below standard, this is now becoming a priority for you to fix the system as per the recommendation?

Mr FINN: This is ongoing work with the Commonwealth Bank. This matter was identified prior to the Auditor-General's report.

Ms BATES: In terms—and the reference is 2-204 to 2-210 again—of disaster response the Auditor-General found, again in his report No. 4, that not all government agencies have an IT disaster recovery plan in place or are still developing plans for critical business systems. What role does your department play in ensuring that plans are developed and maintained? Why was this found lacking at the time of the Brisbane floods?

Mr FINN: I am not sure that there is reference in this report to disaster management plans being found lacking in relation to the floods and in relation to the Department of Public Works. Obviously, disaster recovery plans are needed to be held in relation to ICT. In the whole-of-government ICT

framework, they need to have disaster management plans. This is not necessarily about natural disasters; this is also about a data centre going down for a power supply reason that is not necessarily as a result of a flood or a cyclone.

We have a data centre strategy that is, as you would know, the ICT Consolidation program. We are developing secure systems in two data centres. We have the Polaris Data Centre and we have the CBD data centre in Edward Street. I would say that the success of the strategy was actually highlighted through the flood disaster in the Brisbane central business district area, where we had a number of CBD buildings inaccessible. CITEC were able to keep their services running 24 hours, seven days a week remotely—without having to access the Brisbane buildings.

The Auditor-General's report identifies a need for agencies to have disaster management plans for their ICT. We acknowledge that and to the extent that it is a responsibility of the Department of Public Works we will work with agencies and give them advice on how best to develop business continuity plans to see them through significant disruptions.

Ms BATES: So there is no truth in the rumour going around in the ICT industry that Polaris actually went down for 24 hours?

Mr FINN: A rumour—

Ms BATES: The government—

Mr FINN: A rumour going around.

Ms BATES: Yes.

Mr FINN: Let us be clear: the Polaris Data Centre is a centre that we lease two floors from.

Ms BATES: Yes, I understand that. It is your floors that the rumour was about.

Mr FINN: No, I think actually there was an event at the Polaris Data Centre. In fact, I would be happy to give you some information about it so that you do not need to peddle the rumours of the ICT industry, whatever they may be. The Polaris Data Centre is a three-tier data centre. It is a highly secure data centre. It is of very high standard. It meets all of the state-of-the-art international criteria for design, power and cooling systems.

There was an event that occurred on 25 February 2011. I recall that day as day 4, I think. It occurred at 10.40 in the morning. There was a human error in relation to a subcontractor testing the diesel generators at Polaris and for 25 minutes power distribution to each of the tenanted floors in the facility was disrupted. This resulted in a degradation of service. The Queensland government was only one of the tenants that was affected. The Polaris Data Centre has a number of tenants. The power was restored by the Springfield Land Corporation at 11.05. CITEC then immediately began restoring the computer system, with a gradual return to service by 5 pm. Technology suppliers had restored their respective services. The final system was restored by 12.30 am the next day with assistance from Hewlett-Packard. We continued to liaise through CITEC with Springfield Land Corporation's facility manager on their power restoration procedures. In fact, the director-general and I met with the Springfield Land Corporation and talked them through this very event. We talked to them about the procedures that they followed. They assured us that they had documented the event adequately and they have developed a procedure to follow. This was an accidental event from a subcontractor. It should not have occurred, but it did, and I am pleased that Springfield are addressing the issue.

Ms BATES: Thank you. That brings me to my next question. Is there a whole-of-government IT systems backup? Is this adhered to by all departments, for example Public Works? Is there a department-wide policy for these backups if there is a major systems failure? What is the process for alerting you? Is notification given to all relevant ministers or are you, as the minister for ICT, responsible?

Mr FINN: There are a lot of questions in there in one.

CHAIR: I was going to say let us deal with them one at a time.

Mr FINN: I will have a go and I will see if it is okay with you, Mr Chairman, that I have answered them. Each of the agencies in the government have an ICT section. This is a changing environment, but the ICT Consolidation program is about the issue where we have departments storing their data in their own data centres, if you like. The ICT Consolidation program has been to bring together that storage, that hardware and that equipment into two data centres, one being at Polaris and one being at the CBD, so that there are central storage centres for data and for backup. The IT Consolidation program requires each agency to determine the amount of backup that they need, the kind of space that they need and their procedures for storing their data. We are progressing with that consolidation so that we have systems in place for two central data centres. This will enable the development of the government cloud as well. Further to this, we have begun a business case to develop a third data centre.

Ms BATES: Thank you. The other question was whether you, as the ICT minister overarching of all the ICT platforms, are notified if something like—

Mr FINN: If an agency had an issue with their storage then they would advise their minister. The example I can give you is that Springfield advised CITEC about the Polaris incident that you mentioned. They got straight to work on that and they advised me about it. But if an agency had an issue with their ICT storage, they would advise their minister.

Ms BATES: In regard to the income statements for CorpTech in notes 1, 3 and 4 in the SDS on page 2-236—

Mr FINN: Yes.

Ms BATES: I note that there is additional revenue and expenses under 'Supplies and services' for the Queensland Health HR solution and it would appear to be around \$20 million. Are you saying that—

CHAIR: Have you found that?

Mr FINN: Which note is it, sorry?

Ms BATES: Under 'Supplies and services'. It appears—

Mr FINN: Sorry, what page are you on?

Ms BATES: 2-236 in the notes 1, 3 and 4.

Mr FINN: Right.

Ms BATES: There is additional revenue, expenses, supplies and services for the Queensland Health HR solution and it would appear to be around \$20 million. Are you saying from that report that the new payroll solution for Queensland Health is costing an additional \$20 million per annum to run? If so, how can that be the case when the system is supposedly stabilised?

CHAIR: So I understand, the notes on page 2-236 actually relate to CorpTech's income statement on 2-233? That is what I am seeing—1, 3 and 4?

Ms BATES: One, 3 and 4.

CHAIR: One is to do with income and three and four are to do with expenses.

Ms BATES: Additional revenue and expenses where it says 'Supplies and services'. So it appears that the Queensland Health HR solution is \$20 million. Is the new payroll solution for Queensland Health going to cost an additional \$20 million per annum to run under CorpTech's banner?

Mr FINN: I have answered this question in acknowledging that the figure for the rebuild of the system was reported to the parliament in November last year. That is the cost of rebuilding the system. I am not advised of any additional costs. These are costs that you are asking about in relation to additional staff to address the requirements of rebuilding that solution, I thought. What further detail are you looking for?

Ms BATES: Is the \$20 million included in the \$209 million and if it is not was Queensland Health aware before they went live in March 2010 that CorpTech was going to charge them another \$20 million for the new solution?

Mr FINN: That is a completely different question. The advice that I am provided with is that \$209 million is what is required to rebuild the system. It was allocated and reported to the parliament. I have been given no advice that there is additional money required. Would an agency know that they pay a fee to CorpTech? Of course they would.

Ms MacDonald: Just to add to that, you have already asked a question about contractors and staff. If you like I can answer that now as well, if you are comfortable with that. There are 12 additional Public Service positions which were referenced in your question on notice. They are all temporary Public Service positions. Eleven of them are filled at present. There are 23 contractors and they are all on various fixed terms, as you would expect with contractors.

Mr FINN: So that signs off on your previous question about the numbers that were temporary.

Ms MacDonald: In relation to the funding arrangements between ourselves and Queensland Health, we have a service level agreement with Queensland Health, where Queensland Health meet the costs of running the Queensland Health payroll. When the health payroll transitions to Queensland Health, the structure and the processes that go with that will go with the staff that go. The arrangements for CorpTech have changed over the last couple of years. They have moved from a quarantining base shared service arrangement, where an amount of money some many years back that each agency was originally paying when their systems were transitioned into CorpTech was quarantined by Treasury and that was the payment amount that was being paid over a long period of time to CorpTech. The arrangements have now changed. The government has asked CorpTech to move to a full fee-for-service arrangement and that is the process which is now in place and that is where the funding amount, the service level agreement amount between Health and Queensland Shared Services, is on a full fee-for-service basis. So it is no longer on the quarantine fund amounts which in most cases did not reflect the actual cost of running the systems.

Ms BATES: Would it be fair to say then that CorpTech never actually anticipated the additional costs associated with the new solution? Was there a business case for it, because it seems that there is a very high reliance on external contractors to keep this solution going.

Ms MacDonald: I do not believe it is fair to say that CorpTech did not anticipate the cost of the system. The business case was done at a whole-of-government level for the move to SAP when the Shared Service Initiative was initiated.

CHAIR: How long ago was that?

Mr NICHOLLS: A billion dollars ago, let us put it in a round figure.

Ms MacDonald: 2002 was the original business case, I am told.

Ms BATES: I refer to green leases as per page 2-164 of the SDS. As everyone knows, the Cairns CBD area has had a chronic shortage of parking for some time. Why did the government override the local town plan and grant itself a major relaxation over the number of parking spaces at William McCormack Place?

Mr FINN: Your reference is to the procured green leases?

Ms BATES: There was a relaxation over the number of parking spaces for McCormack Place.

Mr FINN: I am just trying to find the reference to the parking spaces.

CHAIR: Are you using the SDS?

Ms BATES: Yes.

Mr FINN: I can see procure green leases. I cannot see anything about car parking.

Ms BATES: It is the building that you were talking about last week. You mentioned McCormack Place in your answer earlier.

Mr FINN: I am happy to make some comment on it. I cannot find the reference that you make. William McCormack Place is a building in Cairns. It is a six-star Greenstar rated building. Part of developing six-star rated buildings is providing opportunities for people to attend to their workplace without having to drive their car to their workplace.

Mr NICHOLLS: No-one turns up so you do not have any greenhouse problems.

CHAIR: Order, member for Clayfield!

Mr NICHOLLS: Sorry, I am just anticipating the lovely government answer.

CHAIR: Member for Clayfield, order!

Mr FINN: I acknowledge the member for Clayfield's anticipation of a lovely government answer and also a sort of faint acknowledgement there that maybe climate change was as a result of human activity. The important aspect of green star buildings is to provide opportunities for people to attend their workplace by public transport, cycling, jogging—whatever people want to do. It is about having end-of-trip facilities. What I acknowledged in the previous answer to a government question about recognition of our project services was that these buildings get awards. One of the awards was for end-of-trip facilities at Mary Street. It is acknowledged that green star ratings are about providing those facilities. If we are to provide those facilities, we also need to provide incentives for people to make full use of them. There are 194 car parks at William McCormack Place in Cairns to service 9,638 square metres of office space. Cairns has a climate that encourages walking, running and cycling. Cairns has a public transport system. This is about green star buildings.

Ms BATES: I do understand though that a building of this size under normal circumstances, if there was not a major relaxation, would have around 550 parking spaces available. You have just confirmed for me that there are only about 200. Why are there two rules when it comes to providing the proper amount of parking spaces—one for the government and one for the private sector? Surely if the parking spaces are required they should be provided no matter who has constructed the building. Could the minister point to any other instances of overriding local town plans to cut the number of parking spaces in government constructed buildings?

Mr FINN: That question needs to be directed to Minister Lucas who has responsibility for local government and planning in relation to the various planning instruments and development applications that are around building approvals.

CHAIR: That might be an appropriate time for us to put some questions. You seem to have changed tack. Is that a good time?

Ms BATES: I have not finished this question on McCormack Place. I understand there is no public parking around this busy precinct except for street parking. To alleviate problems the local council, which owns a vacant one-hectare block of land next to McCormack Place, has temporarily made that block available for government employees only. It holds around 350 cars. However, council apparently has earmarked this block for sale. Once this happens the problem will become much worse.

Is there any plan to cater for parking once this happens or should Cairns motorists take the advice of the member for Barron River and leave their cars at home and pedal in on his bike bus service and, if so, what would they do in the wet season?

Mr FINN: Green star rated buildings are about providing opportunities for people to get to and from work using public transport or alternative methods other than driving their cars. There are a number of government buildings in this CBD where there are hundreds and hundreds of workers who come in on public transport and do not drive their cars. Green star rated buildings are about finding those alternatives to people driving their cars. We deliberately target high-rated green star buildings to reduce greenhouse gas emissions and to reduce our carbon footprint and we make it quite clear that we encourage that kind of building design.

Ms BATES: This is a key government service hub. In addition to the government department housed in McCormack Place, it also includes the city's major police station and courthouse. What plans are available for people with disabilities or mobility impairment to access these government services if there is no car parking and they cannot ride a bike?

Mr FINN: Are you saying there is no disability car parking at this building?

Ms BATES: No, I am saying people with disabilities, if they have to park blocks and blocks away because there is no adequate car parking at this facility—

Mr FINN: So you have no evidence of a person with a disability being unable to park in a disability car park at this building?

Ms BATES: That was not the question. I am saying if they did have and they were going to visit the police station or the courthouse—

Mr FINN: They would park in a car park that is provided for a person with a disability and they would use the access to the building that is provided for people with disabilities.

Ms BATES: Not everybody who has a disability has a disability car parking space. There are people who have broken legs who do not get a card to put on their windscreen. What I am saying is it is a hub. Ordinarily there should have been over 500 parking spaces. This would have been the requirement put on the private sector if they were building this building. So how is it that there are so few car parking spaces in a government built building?

Mr FINN: Are you quoting the Cairns development plan, are you? How have you determined the number of car parks?

Ms BATES: You actually mentioned before how many car parks they were.

Mr FINN: I have stated the number of car parks. You are telling me how many you think it should have.

Ms BATES: The local town plan normally grants X number of car parking spaces. It should have been 550 for this building.

Mr FINN: What are you referring to?

Ms BATES: It appears there has been a major relaxation.

Mr FINN: Can I ask you what you are referring to?

CHAIR: The minister is asking do you have a document there?

Ms BATES: No, I do not have a document to table on your behalf.

Mr FINN: I am just trying to establish how you reached the figure of 500 and whatever it was.

Ms BATES: Based on the size of the building that you quoted before.

Mr FINN: I understand your premise. What I was asking was how you made your calculation and whether you were actually quoting from a document or whether you were making that assessment for yourself.

Ms BATES: No, I was not making the assessment for myself, it was from local government information which I do not have here to table, my apologies.

Mr FINN: As I have stated, green star buildings require us to provide incentives for people to access their place of work without the need to drive their vehicle. They also need to be located in places that provide adequate public transport options. The building in Cairns does that. It is recognised highly for its ecologically sustainable design as a six-star green rated building. Subsequently it was assessed with those design criteria and provided with a level of car parking determined adequate for the building.

CHAIR: I am going to change tack now. I know the member for Broadwater is very keen to ask the next question.

Ms CROFT: I would like to stay on the theme of being green and refer you to SDS page 2-160. What initiatives has the government put in place to implement sustainability in procurement?

Mr FINN: I thank the member for her question and for her deep and ongoing interest in sustainability in procurement policy—something that is very important within the Department of Public Works. Indeed we as a state have a procurement policy that represents the strongest policy position on sustainable procurement amongst the Australian government jurisdictions. The policy requires agencies to integrate sustainability within their procurement and to incorporate sustainability considerations in key significant spend areas by setting, achieving and reporting on sustainable procurement targets. This is a policy that is proactively supported by the chief procurement officer through the development of resources that provide guidance to agencies as well on sustainable procurement but also the provision of training and advice and assistance to procurement officers across the sector.

Some examples of the resources that the chief procurement officer developed include product guides for six high priority goods and services that identify key sustainability impacts and provide suggested minimum and best practice responses to address these impacts. Additionally, the guide provides detailed guidance for officers on how to integrate sustainability into all stages of the procurement process and it also includes a supplier questionnaire that can be used to assess the sustainability credentials of suppliers that procurement officers are dealing with and also enable those suppliers to develop a better understanding of what government expectations are with respect to sustainability.

There are some very detailed measures contained in this policy. We see it as important for the Chief Procurement Officer to provide that leadership across the government sector. The leadership of the office has been recognised nationally. Organisations such as the Australian Procurement and Construction Council, which sets sustainability procurement agendas, recognises the leadership of Queensland in relation to sustainable procurement. To give you a practical example, one of the things that the Chief Procurement Officer did in relation to sustainability was, through proactive demand management, to manage the average lifespan of ICT products and extend it out to four years. We do this through things like reducing the consumption of raw materials, packaging, transport and end-of-life disposal requirements. By bringing those requirements into our procurement arrangements and extending the lifetime of our ICT, we get better sustainable outcomes. We can also place provisions on suppliers. We can say through the arrangement that suppliers are required to limit hazardous substances such as lead and mercury in their products and must have take-back options to address the growing global and national concerns regarding e-waste. That is an example in the ICT scene. We have also developed some well recognised arrangements in the provision of furniture, which have seen the encouragement of suppliers to use sustainable products. One particular supplier has moved to supplying only low-emission particle board for furniture, for example. That is about using the strength of government procurement across the government sector to drive sustainability outcomes and to provide that advice, support and assistance for procurement officers in each of the agencies so that they know how to achieve those targets.

Mr WATT: Minister, with reference to SDS 2-157, can you advise how the Queensland Government Agent Program, or QGAP, continues to deliver efficiencies for government and good outcomes for rural Queenslanders?

Mr FINN: I thank the member for the question. It is important that government is able to deliver services across a vast state. As you know only too well, in South-East Queensland we have a significant population but we are a small part of the state's geography. QGAP offices deliver counter services in 78 Queensland offices across the state. As at May this year, those offices handled in excess of 277,000 transactions. Through Smart Service Queensland, the network provides for rural Queenslanders access to government services that are similar to those provided to people living near major regional centres. They are operated under franchise-style arrangements. They utilise existing organisations' facilities and they use those resources to deliver a broad range of government services and information. We have offices as far west as Birdsville and Camooweal and as far north as Cooktown and Weipa. Those counters allow people in remote areas to access all of their interactions with government. Through Smart Service Queensland, we coordinate the counters but we also operate a whole-of-government call centre and the government's main internet site, www.qld.gov.au. We are seeing more and more government interactions happening online. One of the benefits of the federal government's National Broadband Network will be that we will have a network that reaches across rural and regional Queensland, which will enable better e-services to be provided in conjunction with the 78 counters that enable human contact for people in rural and remote areas in their interactions with government.

CHAIR: On the opposite page, SDS 2-156, under 'Whole-of-Government service reform', the last dot point talks about the National Broadband Network services being implemented in a way that provides maximum benefit to Queenslanders. You mentioned that in your opening address. Can you tell us a little more about how the Queensland government plans to maximise that strategy?

Mr FINN: I thank the member for the question in relation to the National Broadband Network, which is one of the most exciting opportunities on the ICT agenda across our nation. It is a significant project and is probably the biggest infrastructure project attempted by a federal government. In Queensland alone, we see an estimated \$9 billion worth of investment during the construction phase and the employment of some 5,500 people during that construction phase. The National Broadband Network is a significant project in relation to what it delivers to the Queensland economy.

We are working in partnership with NBN Co to see the ways that we, as a government, can assist and maximise the opportunities for roll out in the geographic region with the deployment of optical fibre. Basically, the NBN is a roll out of optical fibre across the nation that aims to link up households, government buildings, businesses, schools, hospitals—all of those things. The federal government has announced that 93 per cent of the nation will have fibre to the premises and that the other seven per cent will be able to access high speed broadband services through wireless or satellite services.

From a technology point of view, it is quite a simple project in that a cable runs past your house and a cable connects to a box on your wall. I notice that earlier in this estimates hearing the Speaker was asked whether the electorate offices are NBN ready. I can tell you that of course electorate offices are NBN ready, just as my house is NBN ready. All you have to do is run the cable past, run the cable to a box and connect it to the wall, in the same way that I get copper fibre now. Every house within 93 per cent of Australia is NBN ready. It is a matter of rolling out that project and delivering that cable into the households of Queenslanders.

As a department, we have released a discussion paper to gain Queenslanders' views about what they want to see from the National Broadband Network. We recognise that whilst the National Broadband Network is a federal government project, we need to work in partnership with NBN Co and the federal government to maximise the opportunities for Queenslanders. That is why we consulted Queenslanders on their views about the NBN. The feedback that we received from stakeholders was probably not that surprising if you are involved in the industry or if you have some knowledge of the NBN. However, it was really important feedback in terms of focusing on what the challenges are.

For example, our feedback said more information is required through community and other forums on the emerging benefits Queenslanders can derive from the NBN. Queenslanders want to know more about it and know what are the benefits of this network. We were told that further collaboration is required between government, councils, local businesses and communities to maximise returns. So our feedback from stakeholders and the community is: 'Work together guys, get the levels of government together and businesses together, and maximise collaboration through the NBN.' There was an identified need to access digital literacy courses at all levels for people to develop their skills to best use the NBN. People are saying, 'I am going to have this high-speed network. I want to use it. What skills do I need? What is the particular digital language I need to learn to best advance my business or the service that I provide?'

We were told that NBN persuasiveness should be used to help improve disaster management through enabling greater information flows between communities and emergency response agencies. I think there was a bit of discussion about communication and disaster response earlier today in this committee's deliberations. With a high-speed broadband network, we will be able to use the NBN in delivering emergency response. We were told that the NBN should be used to distribute expertise and improve levels of services in areas such as health and education, to close the gap in service delivery between regional and urban Queenslanders. For me that is probably the most important focus of the feedback received from stakeholders and the community, and also the great opportunities the NBN provides. The mayors of Barcoo and Diamantina have been in my office on their way to Canberra to talk to NBN Co about how they can get the NBN into their areas. When people living in their communities can have similar access to e-government services that people can access in your electorate of Ipswich West or my electorate of Yeerongpilly, that will break down the rural/urban divide in many ways. In my view there is a great challenge for government to talk about digital equity policies and to ensure that we provide that equitable access into the future. Certainly in terms of breaking that rural and urban divide the NBN will be a fantastic benefit.

I could speak for a long time about the NBN and the benefits it provides. I should say one thing about levels of government working together. The federal government, through Minister Conroy, has announced two health projects. One of them is the diabetes tele-health trial in Townsville and another is the Princess Alexandra Hospital online outreach service. For those two health services, one in Townsville and one in Brisbane, the federal government has committed \$5.5 million. Through Queensland Health, we have committed matched funding for those projects as well. We started to leverage the opportunities of the NBN to plan and deliver direct health services to Queenslanders.

CHAIR: I could certainly listen to that forever as well, but I know the member for Broadwater is more interested in some other subjects.

Ms CROFT: Minister, I know that you could probably talk a lot about the subject I am going to ask you about, too. I refer you to page 2-180 of the SDS, which notes QBuild was involved in the reconstruction effort following the impact of statewide flooding and Tropical Cyclone Yasi. Can you outline QBuild's involvement and some of the work that they did?

Mr FINN: I thank the member for the question and for the opportunity to acknowledge in more detail the work of QBuild in relation to the natural disasters. I can actually talk about this at length as well, which I know the member for Everton is delighted about. QBuild has a proud history and a strong track record in responding to the recovery and rebuilding efforts needed following the impact of disaster events. At the beginning of 2011, Queensland was again at the forefront during responses to the statewide flooding events and the impact of Cyclone Yasi. We need to remember and acknowledge that the combined nature of the natural disaster events formed the biggest natural disaster faced by our country. When you consider that more than 90 per cent of the land area of Queensland was flood affected or disaster affected in some way, these were significant events.

Because we had QBuild on tap as a standing labour force, we were able to rapidly respond, not only mobilising QBuild staff but also our contractor base to get straight into the clean up and straight into rebuild and recovery. When you are coming out of a natural disaster probably the most important thing is to get the recovery happening straightaway. Mr Chairman, you might have heard in your area—as I certainly did—feedback from the community about the rapid response, how quick the clean up happened and how that was vastly different from the 1974 experience where the clean up took a lot longer. The rapid response that we were able to utilise QBuild to do was critical to your immediate sense of recovery and your immediate sense that there is somebody there to give you a helping hand to recover.

QBuild was able to deliver \$57 million worth of recovery and rebuilding work to 2,500 government schools, houses and facilities. We also engaged in clean-up work and recovery work on government infrastructure in terms of some 1,600 structural assessments on private homes for the Department of Communities. We were able to work with the Department of Communities to identify those private residences and rapidly get out structural assessments. It can be very difficult for people living in homes affected by natural disasters to make an assessment of whether or not there is structural damage to their property. We were able to work with the Department of Communities to get out to 1,600 residences.

Through the Darling Downs regional office QBuild also played a key role in the rebuilding and recovery in the Lockyer Valley, in Grantham and in other communities such as Murphys Creek, Gatton and Helidon. QBuild coordinated the delivery of temporary housing, accommodation and recovery facilities and services for residents and volunteers. Also the strategic regional location of QBuild's officers combined with our extensive contractor and supplier network meant that we could ensure contractors could be engaged quickly and vital supplies and services could be delivered into the community. When I was in Tully Heads, which was very early in the piece in terms of my current position but not too long after the natural disasters, there was already a range of contractors out providing services that we were able to get straight out there because of our contractor network. We know the asbestos removalists in Cairns that can do the work. We know the people who can provide the service to do the clean-up that we need and we can rapidly engage them. That is what I mean when I talk about our extensive contractor network. Additionally, QBuild played a significant role throughout the CBD and the greater Brisbane area in the response to the floods.

There was a significant contribution by QBuild. I could outline a lot more of their activities, but I do just want to acknowledge their work in schools. Following on from the natural disasters, we were able to have all but three schools open and up and running on day 1. One of the schools that was not able to be up and running was the Rocklea State School in my electorate. There were workers straight away on the ground there fixing that school. Another such school was Brassall State School in the electorate of the chairman, which sustained significant major damage to numerous buildings and grounds. QBuild was very active out at that school doing reconstruction work; removing asbestos; providing an additional module of buildings; doing extensive internal works with new floor coverings, wall resheeting and repaints; and significant external works with clean-up of sandpits, removal of soft fall, new concrete pathways and replacement of fencing. I was delighted with QBuild's work out at Brassall State School. I trust that you as the local member have had an opportunity to look at the work that QBuild was able to achieve at that school. I could go on further. QBuild played a big role, but I might just leave it there.

CHAIR: I know the member for Everton has one final question.

Mr WATT: Minister, I know that you are a very keen supporter of the government's Toward Q2 initiatives. With reference to page 2-165 of the SDS, could you please advise the committee of the department's achievements in 2010-11 in relation to the Toward Q2 through ICT initiative?

Mr FINN: I thank the member for Everton for the question. The questions with long answers which contain all of the things I like to talk about are all coming at once. I also know the member's commitment to Q2 and his passion for the five planks of Q2 which set the government targets through to

2020 and his keen involvement in working towards reaching those targets. Basically, the Toward Q2 Through ICT strategy goes across government. It is a whole-of-government strategy which requires all agencies to make a major commitment to its success. There is CIO leadership team that runs the strategy. There is a number of subcommittees that work with that leadership team. Those subcommittees are chaired by CIOs in the various departments and they have been very successful in delivering the actions in the Toward Q2 strategy. Of the 33 actions for 2010, 30 have been completed.

Without going through all of them in significant detail, I will put them in the context of broader strategies within the Toward Q2 strategy. The strategies are accessible government, efficient government, effective government and strong partnerships—that is industry and government partnerships. In terms of the objectives achieved in the accessible government strategy, these include changes to improve Smart Service Queensland's pricing and funding; sustainability, transparency and certainty for agencies; increased capability to reach large customers through lower telephony costs and convenience for customers through the use of short messaging; strategies to actively encourage agencies to commence planning for changes needed to transform service delivery through the national broadband network; increased online capacity for Queenslanders to be kept informed and to have input to government policy; and a range of other objectives. That is under the accessible government strategy.

Under the efficient government strategy a number of objectives were achieved. These include a vision and a mission for the Queensland government chief information officers in driving and influencing ICT and information management agendas; the share before, buy before build concept which has been embedded in ICT procurement. That is about saying if you have an ICT solution, share it before you buy something else and buy something else before you build it yourself. That is about getting the most efficient strategy for ICT. They have also worked on the intended direction for data centre usage, which I have commented on tonight, a detailed understanding of agency alignment through the Queensland government enterprise architecture, and a range of other measures which have been achieved in relation to that strategy.

In terms of the strategy for effective government, achievements have included a method for prioritising Queensland government ICT policy development; a one-government approach to ICT investment and development governance; greater collaboration and potential for partnerships across the state government, local government and tertiary sectors; improved visibility of Queensland government investment in ICT mechanisms to reduce procurement time frames and ensure industry engagement and improved project outcomes for the Queensland government.

Finally, the strong industry government partnership strategy has resulted in agreed standards, behaviours and engagement practices for government and the ICT industry to improve collaboration and intended direction for environmentally sustainable Queensland government ICT. It also had a role to play in relation to the share before, buy before build embedding in planning process and procurement. The Toward Q2 through ICT strategy provides a direction for whole-of-government ICT. It is regularly reported on through the cabinet process and continues to provide whole-of-government direction in ICT.

Ms BATES: Minister, Western Australia recently handed down its final report on shared corporate services in the public sector. One of the findings states—

... the shared services project will never deliver a net cost saving for the Western Australian public sector.

Has the minister had an opportunity to look at this report? Does he find a comparable situation in Queensland with the Shared Services Initiative?

Mr FINN: I thank the member for the question. I acknowledge that the LNP likes to rely on the Western Australians for their policies and policy directions. I remember well the cuts to the Public Service that were Western Australian Liberal Party policy. I acknowledge the guidance that the Western Australian Liberals give the LNP here in Queensland. I have actually seen the report that was presented on the shared services model in Western Australia but I have not had an opportunity to read it in complete detail. You probably have the information. I think the shared services model started in 2003 in Western Australia. Is that right?

Mr NICHOLLS: Just answer the question.

Ms BATES: Just answer the question, yes.

Mr FINN: Indeed, I will. The question from the shadow minister was that she was sure that I had an opportunity to read the document and I was reflecting on that, member for Clayfield, because I have had a chance to look at the document. What the Western Australian review has found is that the shared services model is not suitable for the Western Australian government environment. What we found here in Queensland is that the PWC report into shared services found that Queensland did not need to abolish its shared services model. It found that what Queensland needed to do was break its current shared services model into three pillars that recognise complexity of service delivery across government.

Ms BATES: Is it not just the same services with different names?

Mr FINN: I am answering your question. You asked me a question about Western Australia. I am actually putting it into the Queensland context.

Ms BATES: I am actually asking you if you thought that there was a comparable situation here in Queensland based on the findings of the Western Australian—

Mr FINN: That is exactly what I am answering: is there a comparable situation in Queensland? In Western Australia their report was done on their government environment. In Queensland our report was done on our environment. In terms of comparing the two reports, the Queensland report from PWC said that the shared services model can serve the Queensland government well but it needed to be refocused into three pillars, and that reflects the complexity of the Queensland government environment. I will just read for the member from the recommended options of the Western Australian report. This Western Australian report says—

The findings of this review are specific to the Western Australian general government sector and its particular circumstances. It should not be taken as evidence for the performance of any other shared corporate services arrangements in the public or private sectors, which should be evaluated on their own respective merits.

Given that the member refers to a report that actually says that it should not be used to compare other services in itself, I think there is a problem with the premise of the question.

Ms BATES: Thanks for that, Minister. Can you guarantee, though, that shared services—or whatever you would like to call it these days—will not be the same sinkhole of public moneys that the Queensland Health payroll debacle has been?

Mr FINN: PricewaterhouseCoopers undertook a report into shared services. They came up with 23 recommendations and they say the principles behind the current shared services model are sound. It is in the PricewaterhouseCoopers report. Shared services models are used widely internationally. They are used extensively in the private sector. The simplistic shared services model of the private sector is the head office in Brisbane and the other offices around the various capital cities. The head office provides the finance and the HR systems and they are used by the satellite offices in capital cities.

Shared services models work in many places and the PWC report in Queensland said that the principles behind the current shared services model are sound. However, they made some recommendations regarding how best to model shared services in Queensland. They made those recommendations based on managing the three pillars which reflects the size of the Queensland public sector workforce and the relative complexities in delivering corporate service solutions to those three areas of the Queensland government.

So the recommendations that we will follow as a government arise from an independent review of shared services. We will rely on the report that has been provided for us. We are committed to implementing those recommendations, and that is what we are currently doing. Clearly, agencies will have accountability for project delivery and centralised portfolio management and project support provided when that environment is established. In relation to your question, the Queensland government will be following the report of PricewaterhouseCoopers in relation to its shared services model.

Ms BATES: So you cannot guarantee that shared services will not become a sinkhole. You have not got the IDES program off the ground and so far you still have not guaranteed that the Health payroll system will be fixed.

Mr FINN: You are actually misleading the House in relation to the IDES program.

CHAIR: Minister, you have one minute.

Mr FINN: Your statement was that we have not got IDES off the ground. I am happy to inform you that the IDES program is built. The IDES program is currently being populated. It is currently being—

Ms BATES: How long has it been delayed, though?

Mr FINN:—rolled out through the Department of Public Works. You will know that this is a 10-year project. You will know from having read the Auditor-General's report that the Auditor-General outlines four aspects that impacted on the delivery time frame of that program. There is nothing to hide here. It was a 10-year program affected by the issues raised by the Auditor-General. The program is built. It is being populated in DPW now. There are users using it now. It has a program to roll out. If you look at the costs model—

Ms BATES: Has a business case been completed for it?

Mr FINN: All of this is in the Auditor-General's report. If you look at the costs model, you will find a program that has costs at one end of the project and revenue at the other end because you spend the money to build it and then you recoup the revenue through populating it. So as—

Ms BATES: But in other cases you have had to spend the money to fix it and it is still not fixed.

Mr FINN: As we see with the IDES project, it is built; it has been done with rigorous work to ensure that it operates; it is being rolled out right now.

CHAIR: The time allotted for the consideration of the proposed expenditure for the areas of responsibility administered by the minister in relation to public works, information and communication technology and related entities has now expired. Thank you, Minister, and your advisers. The committee has resolved that answers to any questions taken on notice or additional information must be provided to the committee secretariat by 3 pm on Thursday, the 14th. We currently have one question on notice, but we also have the issue that was asked in relation to another member at the back—

Mr FINN: I thought we answered the question on notice. That was about temporary staffing contractors. Did we come back with that?

CHAIR: Order! The time allotted for the consideration of the proposed expenditure for the areas of responsibility administered by the Minister for Government Services, Building Industry and Information and Communication Technology and related entities has now expired. Thank you, Minister, and your advisers. The committee has resolved that answers to any questions taken on notice or additional information must be provided to the committee secretariat by 3 pm on Thursday, 14 July. We currently have one question on notice. But we also have the issue that was asked in relation to another—

Mr FINN: I thought we answered the question on notice in relation to temporary staff and contractors. We came back with that.

CHAIR: Thank you.

Mr FINN: In terms of the redundancies, my understanding was that the shadow minister sought a report on the current status. My concern is that there may be extensive work involved in going through 296 software changes and those sorts of things.

CHAIR: Minister, we will take that on board. Certainly if that is an issue—there are a number of systems and it was to do with numbers and costs.

Ms MacDonald: I can provide the costs now.

CHAIR: It is too late now, but you can provide it to us by 3 pm on Thursday, 14 July.

Mr FINN: You have been going for a long time, Mr Chairman. It has been a long day.

CHAIR: Yes, we have been going for a long time.

Mr FINN: The member for Everton is looking tired.

CHAIR: The committee has conducted its examination of the matters referred to it by the parliament. On behalf of the committee, I thank officers of the Parliamentary Service for their assistance with today's hearing. I do appreciate the fact that our committee has had a long day and I do appreciate the goodwill we have all shown to the new system. Our parliamentary team, our research team, have done a fantastic job. To the other parliamentary officers who are here tonight, thank you very much. I think it has been a very fruitful day. Minister, would you like to say anything in relation to your staff?

Mr FINN: Thank you, Mr Chairman. Can I begin by thanking you and your committee members for the work that you have undertaken. I am very familiar with sitting on that side of the table to undertake this scrutiny. I am normally sitting next to the member for Clayfield on day 1 of estimates. I appreciate the work that the committee puts in and the effort that goes in on behalf of all members to wade through a significant amount of documentation and to work through the scrutiny that goes with the estimates process. I acknowledge the shadow minister for the portfolio that I am responsible for and thank her for her work in the scrutiny. I thank my director-general and officers of my department for their work and the significant effort that they go to to prepare this material for this scrutiny. I thank the members of my staff in my office for the work that they do and for putting up with the stress that I put them under in trying to get all of the information that I want at my fingertips right now. I thank them for their contribution. I also acknowledge the parliamentary staff who have provided service to this committee.

CHAIR: Thank you, Minister. There being no further business, I declare the Finance and Administration Committee's estimates hearing closed. Thank you very much.

Committee adjourned at 9.22 pm