

WEDNESDAY, 20 JULY 2011

ESTIMATES—ENVIRONMENT, AGRICULTURE, RESOURCES AND ENERGY COMMITTEE—ENERGY AND WATER

Estimates Committee Members

Mrs CE Sullivan (Chair)
Mr AP Cripps
Mr JM Dempsey
Mr SL Dickson
Ms DE Farmer
Mr PJ Lawlor

In Attendance

Hon. S Robertson, Minister for Energy and Water Utilities
Department of Environment and Resource Management
Mr T Wall, Director-General (Acting)
Ms D Best, Deputy Director-General, Water and Ecosystems Outcomes
Mr K Beardmore, Manager, Business Support
Department of Employment, Economic Development and Innovation
Mr I Fletcher, Director-General
Mr D Hunt, Associate Director-General, Mines and Energy
Queensland Water Commission
Ms K Waldman, Chief Executive Officer
South-East Queensland Water Grid
Mr B Dennien, Manager
CS Energy Limited
Mr D Brown, Interim Chief Executive Officer

Committee met at 9.00 am

 **CHAIR:** Good morning, everybody. I declare this meeting of the Environment, Agriculture, Resources and Energy Committee to order. I start by first acknowledging the traditional owners on whose land we meet. My name is Carryn Sullivan. I am the state member for Pumicestone and chair of this committee. Joining me on the committee today—and I ask the committee members to nod in case there is someone here who does not recognise you—is our deputy chair and member for Hinchinbrook, Andrew Cripps; Steve Dickson, member for Buderim; Jack Dempsey, member for Bundaberg; Di Farmer, member for Bulimba; and Peter Lawlor, member for Southport.

We are here today to examine the proposed expenditure contained in the Appropriation Bill 2011 for the portfolios as follows: the Minister for Energy and Water Utilities; the Minister for Agriculture, Food and Regional Economies; the Minister for Employment, Skills and Mining for parts pertaining only to mining; the Minister for Main Roads, Fisheries and Marine Infrastructure for the parts pertaining only to fisheries; the Minister for Finance, Natural Resources and the Arts for the parts pertaining to natural resources; and the Minister for Environment. We are examining the estimates in that order.

The proceedings today are lawful proceedings subject to the standing rules and orders of the 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, we have adopted the guidelines prepared by the Committee of the Legislative Assembly for committee hearings. These guidelines have been distributed to the parliamentary press gallery and copies are also available here this morning. The hearing is being broadcast live via the Parliamentary Service's website, and we extend a warm welcome to everyone who is picking up on these broadcasts.

The estimates process is an important part of the parliament's scrutiny of the budget and administration by departments. It supplements the opportunities that we get in the House each sitting day to question the responsible ministers. Estimates hearings are a little special in that they give us, the members, a better opportunity to question in detail relevant issues. It also gives a chance to hear directly from the people who run the departments, agencies and officers and put services on the ground.

Committee members may ask questions directly of senior public servants—that is, directors-general and relevant CEOs of statutory authorities listed in schedule 7 of the standing orders. A minister's director-general or CEO may refer a question to an adviser. If they do that, I ask that they state their name for Hansard. Directors-general and CEOs of statutory authorities and GOCs may be questioned on aspects of the budget and their agency's performance such as costs, time frames, the coverage and the outcomes. As laid out in the new schedule 8 at the back of the standing orders, we expect you to provide us with full and honest answers to questions about your administration and how public moneys have been and will be spent. If you are unable or unwilling to provide an answer, you should be prepared to give us the reasons. I also remind you that you are not here today to give opinions on the merits or otherwise of the policies of the government. That is for your minister to answer. Finally, before we begin I ask that you turn your mobiles either off or to silent, please.

The first item for consideration is the estimates for the Minister for Energy and Water Utilities. Welcome, Minister, and your advisers. We will examine estimates of your portfolio until 11 o'clock. For the benefit of Hansard, I ask advisers if you are called to give your name. I now declare the proposed expenditure for the Minister for Energy and Water Utilities open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, we have agreed that you can make an opening statement of up to five minutes.

Mr ROBERTSON: Thank you, Madam Chair and members of the committee. As this is my last appearance before an estimates committee, it would be remiss of me not to take up the offer to provide an opening statement. In today's current environment, cost-of-living pressures are front and centre of most people's minds. The Bligh government is very conscious of the impact that rising electricity and water prices have on Queensland families and their household budgets. I was as disappointed as the rest of the community to learn that the independent Queensland Competition Authority's final decision on electricity prices for 2011-12 was to increase prices by 6.6 per cent. The impact of the Commonwealth government's revised renewable energy target contributed significantly to this decision. Without it, Queenslanders would have only been facing a price rise slightly lower than the current consumer price index of 3.6 per cent.

The Bligh Labor government understands that times are tough. That is why we are doing everything we can to ease the burden on Queenslanders. From 1 July electricity and gas rebates increased for pensioners, low-income households and Queenslanders with special medical needs. We also abolished the community ambulance cover levy, which will save approximately \$113 for each and every one of the 1.4 million electricity account holders in Queensland.

The Bligh government recently introduced the Electricity Price Reform Amendment Bill 2011, which supports the development of a new pricing methodology and tariff structure that will be used by the QCA to calculate electricity prices from 1 July 2012. This will deliver a new pricing system that is more flexible and fairer for Queenslanders. In addition, we launched a new Bligh government energy strategy called the Queensland Energy Management Plan, which will also help Queenslanders better manage peak electricity demand and ease pressure on prices. It will also help avoid the need for a new 1,000-megawatt power station by 2020, saving more than \$3.5 billion in avoided network and generation costs.

We are also taking strong action to put downward pressure on water prices. The fairer water prices for South-East Queensland legislation, which was passed at the last parliamentary sitting, capped water distribution and retail charges to CPI from 1 July for the next two years, delivering definitive action to cap the rising water and wastewater prices proposed by council owned distributor-retailers. The Bligh government listened to the public when their councils would not. We have also increased the pensioner water rebate to \$120.

The Bligh government is also looking to the future, a cleaner energy future. Since its introduction in 2009, the Queensland Renewable Energy Plan has achieved strong results, with our renewable energy generation capacity increasing by almost one-third to 982 megawatts of installed capacity.

Twelve months ago, the Bligh government committed to doubling Queensland's use of solar energy in five years to contribute to our virtual solar power station. We have not only hit this target; we have smashed it out of the ballpark.

The take-up of the small-scale solar program, solar hot water and solar rooftop panels, which feed excess electricity generated into the electricity grid, has exceeded all expectations. We are now also achieving some early successes identifying opportunities for larger scale renewable energy projects such as the Kogan Creek Solar Boost project, the 1.2-megawatt rooftop flat panel solar power and research system at the University of Queensland, the Birdsville geothermal power station and the Townsville Solar City project. Just last month the Premier also announced the Solar Dawn project, which is a 250-megawatt solar-thermal-gas hybrid power plant proposed for Chinchilla, which will be one of the world's largest and most greenhouse-friendly renewable energy projects. The Bligh government is committed to a clean energy future and is determined to transform Queensland into a clean energy state.

CHAIR: I now open up to questions.

Mr DICKSON: My first question is to Minister Robertson. When did the Bligh government decide to delay the construction of the Wyaralong Water Treatment Plant and the connecting water pipelines to the water grid?

Mr ROBERTSON: When did it? From memory, we decided on that late last year, if I recall correctly. We did so on this basis: as part of our commitment to do everything we can to put downward pressure on water prices, we conducted a full review of the capital works project going forward in terms of the South-East Queensland water grid. Whilst the Wyaralong Dam was nearing completion, there was a further stage, of course, connecting that dam into the South-East Queensland water grid. From memory, that connection and treatment was worth over \$300 million. If we had gone ahead with that project then that \$300 million would have had to be recovered over time. How would that be recovered? It would be recovered in the prices of water that we all pay in terms of the bulk water charges. Because of the significant turnaround in the water balance for South-East Queensland—the fact that our dams are, in effect, 100 per cent full—it would have made little financial sense to continue with that project when it was not needed. All that would have done is put further pressure on bulk water prices.

If you want to criticise us for not proceeding with that project then I think you would need to also explain away why you would be putting a \$300 million plus pressure on bulk water prices when that project is not needed at this point. Of course, we will keep those projects under review; that is the role of the Queensland Water Commission in their annual reviews. If our water balance significantly changes, if we start to see a return to drought conditions that require us to connect Wyaralong Dam to the water grid, then we will be able to act in the appropriate time to do that.

As you would be aware, Wyaralong Dam sits at 100 per cent capacity as a result of the significant rain received over the summer period. Connecting it into the water grid, I am informed, is not a project that would be rolled out over a long period. If it is needed for the purposes of maintaining the security of our water supply in South-East Queensland, that project would be brought forward. That is the responsible thing to do.

Mr DICKSON: I would like to take that a bit further. Is the construction of the Wyaralong Water Treatment Plant and connecting pipelines due to commence in 2014-15, or is the construction start date subject to an annual review, which you alluded to a moment ago? Can you take it a bit further?

Mr ROBERTSON: Part of the process that the Queensland Water Commission goes through—and I will ask the CEO to come forward and provide you with those details—is that it is required to do annual reviews of the water balance and make timely calls on when new infrastructure needs to be brought online. Karen Waldman, can you add further detail to that?

Ms Waldman: The Wyaralong Water Treatment Plant is subject to an annual review as part of the annual update of the water strategy. That strategy is to be reviewed by the end of this year as the first annual review of the strategy that was launched on 15 July 2010.

Mr ROBERTSON: I might add that I am informed that my department is, in the interim, engaged in discussions with relevant agencies regarding possible arrangements to make water from Wyaralong Dam temporarily available for rural users prior to the construction of the Wyaralong Water Treatment Plant and associated pipelines. Again, that is appropriate and responsible action. If rural users can access that water in the interim, even though Wyaralong was built primarily for the purpose of urban and industrial water supply, that water should be made available if that can be achieved.

Mr DICKSON: Ms Waldman, roughly what is the level of service yield for the South-East Queensland water grid?

Ms Waldman: South-East Queensland has a regional water security program and that specifies at a high level the actions to maintain security into the future. The regional water security program specified the desired levels of service objectives for South-East Queensland and that includes a number of the works projects which together will ensure water security for the region going forward. So the

levels of service objectives are those factors that are considered as part of the level of service going forward and they cover topics such as the frequency of restrictions that might be brought forward and implemented into the future.

Mr DICKSON: Thank you, Ms Waldman. I have another question for you as well. Does the capacity include the Wyaralong Dam or the Wyaralong Water Treatment Plant?

Ms Waldman: If I could just get my water strategy, I forgot to bring it.

Mr DICKSON: Certainly.

Ms Waldman: At this stage the yield does not include the capacity associated with the Wyaralong Dam.

Mr DICKSON: The answer is no.

Ms Waldman: No.

Mr DICKSON: Thank you. While I have you at the table, we might as well continue moving forward in a reasonably fast manner. How much water do Queensland consumers use per year?

Ms Waldman: From memory, I think it is around 250,000 megalitres per annum.

Mr DICKSON: That is pretty close to the figure I have too, so you are well and truly on the ball. Ms Waldman, has the commission done any modelling to look at what the rebound in water use may be over the next few years?

Ms Waldman: As part of the review of bulk water prices that was conducted in November 2010, the commission looked at a number of sensitivities of water demand going forward and continues on an ongoing basis as part of its demand-supply balance assessment to review the potential for rebound going forward. We have seen that South-East Queenslanders have responded to the previous low 17 per cent levels that were received during the drought and as a result have continued to undertake very successful water conservation behaviour such that currently since water conservation measures were introduced in December 2009 the consumption of average litres per person per day over that time has been around 157 litres per person per day. However, in our modelling that underpins the South East Queensland Water Strategy and certainly as part of the annual review, we will continue to look at whether there are any changes to consumption and that, along with population growth and impacts of climate change, will be considered as part of that review.

Mr DICKSON: You do not think that number would start to be enhanced a bit in the future?

Ms Waldman: I am not sure I can give that opinion.

Mr DICKSON: Thank you.

Mr ROBERTSON: If I may, there is nothing on the horizon at this point in time that would cause a radical rethink from where the current consumption levels are at around that 160 litres per person per day. That has been a remarkably consistent figure now for the last couple of years, obviously aided and abetted by ongoing commitment to water conservation measures by the people of South-East Queensland. Even the people of the Sunshine Coast have now come on board. But also we are obviously going through a wet cycle. Again, there is nothing before us that suggests a radical departure from where we are currently in terms of weather patterns. As the CEO indicated, that is something that we monitor on a regular basis. We conduct those annual reviews for the very purpose of ensuring that we remain ahead of the curve should there be any changes that would cause a rethink in terms of consumption levels—again, not repeating the mistakes of the past that arguably councils and state government did in not acting soon enough when faced with changing weather patterns. I think we have all learnt some very, very valuable lessons over the last decade and are wiser for it.

Mr DICKSON: Thank you, Minister, for your input. I would like to continue asking questions to Ms Waldman, please.

CHAIR: Before you continue your questioning, could I just introduce Dr Alex Douglas, the member for Gaven. Thank you, member for Buderim.

Mr DICKSON: Ms Waldman, the South East Queensland Water Strategy states—

The next major supply will be triggered by demand increasing to the point that exceeds the level of service system yield or by drought caused by dam levels to fall to 30 per cent of capacity.

Have you provided any advice on when this may occur and, if so, what was that advice?

Ms Waldman: The South East Queensland Water Strategy is our plan to manage for sustainable and integrated water security for the region to beyond 2050. Water supplies are now secure certainly for at least the short to medium term. And, as we just discussed, present consumption is indicating that if it maintains at around this level and below 200 litres per person per day then a new water source may not be required until around 2027.

Mr DICKSON: Thank you very much for that. Ms Waldman, again, given the predicted residential usage, would it be fair to say that 2027 appears to be a much more likely time frame when water supply infrastructure will be required and is that the earliest date that you believe new infrastructure will be required?

Ms Waldman: There are a number of factors that impact on that and, again, that is the purpose of both the annual review of the water strategy and a major review every five years in line with the South East Queensland Regional Plan. There are many factors that impact such as population growth and consumption levels. We in the water strategy look at a range of options for when the earliest infrastructure might need to be brought forward, and some of those options suggest that if there is very high population growth and high usage it could be as early as 2017. Under other scenarios, it might be 2021 or it could go out to 2032 or even later.

The purpose of conducting an annual review is to continue to monitor those levers in order to be aware. The strategy also has two key principles. One is about preserving options for the future. So, as well as looking at the demand factors of growth and consumption and climate change impacts, we also look at the supply side and ensure through our work that we are able to preserve options going forward so that we continue to be ready as the situation changes.

Mr DICKSON: Thank you very much. I appreciate your answering these questions. My next question is to the director-general, Mr Ian Fletcher.

Mr ROBERTSON: Surely not.

Mr DICKSON: Has the department determined any estimate for the total construction cost for the infrastructure required to optimise the Wyaralong Dam?

Mr Fletcher: I fear you are asking the wrong director-general. It is a DERM question, not a DEEDI question.

Mr DICKSON: Madam Chair, I am not allowed to ask the director-general that question?

Mr Fletcher: I am sorry, but I fear you are asking the wrong director-general.

Mr ROBERTSON: Mr Fletcher is the director-general of DEEDI. I assume you are asking the director-general of DERM.

Mr DICKSON: Are you telling me that the director-general of DERM can answer this question?

Mr ROBERTSON: Can I help you out? Karen, you should be able to answer that question.

Ms Waldman: Can you repeat the question?

Mr DICKSON: Yes, I am very happy to. So, Ms Waldman, you can answer this question. Has the department determined any estimate of the total construction cost for infrastructure required to optimise the Wyaralong Dam?

Ms Waldman: I am not sure about what you mean by 'optimise' the dam. Is that in terms of when the water treatment plant and the connecting corridors would be built?

Mr DICKSON: If you would like me to clarify that, what I am looking for is what it will cost for the implementation of the water treatment plant and associated infrastructure to connect into the grid.

Mr ROBERTSON: Madam Chair, if I may, to help you out, member for Buderim, preliminary estimates are available of the cost of the connection of Wyaralong Dam to the water grid. If acceptable to you, we will take that on notice and provide you with those details. We may not have them readily available. Karen?

Ms Waldman: I think, as the minister indicated earlier, it is over \$300 million. I do not have the exact figure.

Mr DICKSON: Would you like me to help out with those answers? I am aware of what the numbers are, so I am pretty sure the government would be aware if somebody would like to be forthcoming.

Mr ROBERTSON: Sure.

Mr DICKSON: My understanding is that it is roughly \$545 million, consisting of the Wyaralong Dam treatment plant stage 1, \$160 million; the Cedar Grove Connector, \$150 million; cross-connecting south to Logan, \$35 million; the Kuraby Connector, \$150 million; and the Bromelton offshore storage pipeline to Wyaralong Dam, \$50 million.

Mr ROBERTSON: Sure.

Mr DICKSON: If somebody could confirm that on the side of the government—we are just the opposition over here. We do not get all the information; you do.

CHAIR: Do you want to take that on notice or are you happy to answer that now?

Mr ROBERTSON: According to the Capital Statement for the Coordinator-General, the total estimated cost of the Cedar Grove Connector is \$6.5 million and the Wyaralong Dam is \$348 million, so my recollection was pretty accurate. That is what is contained in the budget for 2011-12.

CHAIR: Are you happy with that, member for Buderim?

Mr ROBERTSON: If you want further details on estimated amounts or confirmation of your figures, I am happy to take it on notice.

Mr DICKSON: Minister, it is very straightforward. These figures are in your documents. I need to know whether somebody could state that it is ballpark \$545 million.

CHAIR: The minister has clearly indicated that he is happy to take that on notice and provide extra information. Can I just suggest that it be back by Friday?

Mr ROBERTSON: If what the member for Buderim has indicated that those figures come from the budget papers, then I have no reason to suspect that he is wrong. Let us take them as accepted for the purposes of discussion.

Mr DICKSON: Thanks, Minister. My next question is to Ms Waldman. Does the current bulk water price path calculation include the associated construction costs of the \$545 million?

Ms Waldman: The review of the bulk water price path that was undertaken in November last year assumed that the first phase of the Wyaralong Water Treatment Plant would be constructed following 2014-15. So that is included in the price path as an assumption for that time going forward.

Mr DICKSON: Thank you very much. Ms Waldman, approximately how much does this inflate bulk water prices per megalitre?

Ms Waldman: As part of that review of the bulk water price path last year, by deferring the water treatment plant and looking at the other assumptions that were taken into consideration there was actually the opportunity to reduce \$5 off the predicted increase of \$59 per annum this financial year to achieve a \$54 increase in the bulk water price path. As you may appreciate, there are a number of factors that go into that calculation of which that piece of infrastructure, when it is assumed to come on, is only one.

Mr DICKSON: We are talking about roughly half a billion dollars and I can imagine that would have a significant impact if not this year then next year.

Ms Waldman: While that is certainly a significant amount of money, the other significant infrastructure assumption that was included in that was the removal of Traveston from the calculation—so in the order of almost \$2 billion. That is just one infrastructure, and there are a number of infrastructure assumptions that are included in that review of a capital nature and also opportunities for operating efficiencies.

Mr DICKSON: Would it be fair to say, and I will use this as a rough number, that it would include an extra \$60 per megalitre to that price? Would that be close to the mark, do you believe?

Ms Waldman: I would not like to comment on that.

Mr DICKSON: Ms Waldman, does the current bulk water price path as calculated include the \$350 million construction costs of Wyaralong Dam?

Ms Waldman: I believe it does.

Mr DICKSON: Thank you. I have another question for you and you are doing extremely well. Approximately how much does this inflate bulk water prices per megalitre?

Ms Waldman: I am sorry, I cannot answer that question. I just do not have those figures at my fingertips.

Mr DICKSON: Again, with the figures we have from our backroom calculations I think it is roughly \$40. I have a question to the minister. Minister, why is your tired, long-term Labor government passing on to the households the associated construction costs that may not take place until 2026, taking into account that the price of water for next year is still going to hit people in the hip pocket and that this price of \$545-odd million will be associated in the bulk water costs?

Mr ROBERTSON: That total figure will only appear in the bulk water costs if it actually is spent. I think what we have heard from the CEO of the Queensland Water Commission is that, whilst the cost of the dam is reflected in the bulk water price—as it should be because it has been constructed; that money has been spent and needs to be recovered—the other works that you have talked about do not appear in the bulk water price because they have not occurred. The indication is that that work may be undertaken at the earliest in 2014-15 but, again, if it is not needed as a result of a continuing strong water balance then it would be a matter for the government of the day to decide not to proceed with that project at that point in time. Therefore, the cost of those deferred projects would not appear in the bulk water price of that time. In my view, that would be the responsible thing to do, but that will be a decision for people who come after me. In the meantime, the investment in the Queensland water grid—that is, capital works that have been completed to date—must be recovered which informs the bulk water price.

Of course, what has changed since the water grid was first designed and construction commenced is that the very severe drought conditions that applied at that time are no longer with us. Therefore, various parts of the water grid are not operating at their optimal level. There is nothing surprising about that. Suggestions I have read that the desalination plant, for example, is a white

elephant are nonsense, but neither would you continue to run it at capacity if all you were doing is producing more water than is actually needed and it would end up spilling over the dam wall and being wasted. It makes sense in terms of your operating costs to run whatever assets at their most efficient level given the circumstances that apply.

So if you are suggesting—and I can probably write your press release for you now based on the nature of your questions—that we are paying for assets that are not needed, I think that would be in many respects misleading, given the variable nature of rainfall in Queensland and indeed in Australia. We go from an abundance of the resource to the worst droughts we have seen over the last number of years. The important thing is that we have in place the assets, the infrastructure, the grid to ensure that when the tough times return—as they will, because we know that our weather goes through cycles and that droughts will return—we have the infrastructure in place to ensure we never repeat the very tough circumstances that we experienced just a few years ago when this part of Queensland, this part of Australia, almost ran out of water.

Mr DICKSON: Minister, thank you very, very much. I have a question for the director-general, Mr Ian Fletcher. Has the department done any modelling on the impact of the carbon tax on the price of electricity in Queensland?

Mr Fletcher: No, the department has not been undertaking modelling. I presume, Chairman, that the question refers to the proposal announced by the Commonwealth government some days ago. There has been modelling, of course, by the federal government. I am told that within Queensland the Treasury department is involved in coordinating some modelling.

Mr DICKSON: Mr Fletcher, I understand that New South Wales and Victoria have already done their modelling and they have just gone through two elections. I understand that the Prime Minister of this country expects all the mining industries and the electricity industries to be ready. Are you telling me that the Queensland government is not ready?

Mr Fletcher: I do not think that is an opinion I am in a position to offer. It might be a question that the minister is better equipped to answer.

Mr ROBERTSON: I am happy to help you with that because I would refer you to the answers provided to the Treasurer's estimates committee last week, when he went into some detail with the member for Clayfield about the work done by Treasury in terms of modelling the anticipated impact on electricity prices—

Mr DICKSON: Minister, I do not mean to be rude, but I did ask that question of the director-general. I do appreciate his answer and I would like to move on. I do appreciate your time for trying to clarify that, but I accept that the question has been answered. I would like to move on to another question to minister Fletcher.

Mr ROBERTSON: He is the director-general; he has not assumed ministerial responsibility yet.

Mr DICKSON: My second question is to the director-general, Mr Ian Fletcher. How much will the carbon tax add to the average electricity bill of roughly \$1,700 per year?

Mr Fletcher: I am grateful for the question. The information that I have is of course not from our own department. The only information available to me to answer that question is the modelling that the Commonwealth Treasury has done. I am happy to repeat that, because the Commonwealth Treasury estimates that under the proposal—and this is clearly not a Queensland government view or a departmental one—its modelling points to an increase of \$3.30 per week to household weekly expenditure, and I guess that is Australia-wide. Chairman, that must be accompanied by all of the caveats that one must put around any use of averages in a society where people live in a wide variety of circumstances, not only social and economic but geographical as well.

So while that is, I believe, the factual answer from the Commonwealth, I would have to say in offering it that one would want to be extremely cautious in taking that sort of view and applying it to any particular household or any particular part of the state. That is the answer that I have, but I offer it with a sense that the caveats and interpretive judgements that one would wish to put around it may well in the long run—perhaps even in the short run—be very much more significant than the number itself. I hope the answer is clear, because it is not our data and averages from Darwin to Hobart and Perth to Queensland must be approached very cautiously, in my view.

Mr DICKSON: Thank you for your answer. My next question is to Ms Waldman again.

CHAIR: Are you swapping topics?

Mr DICKSON: Yes.

CHAIR: While we are on the subject of electricity prices, the member for Bulimba has a question.

Ms FARMER: My question is to the minister. Minister, I refer to page 1-118 of the Service Delivery Statements and the reference to the abolition of the community ambulance cover levy which will save approximately \$113 for each of the 1.4 million electricity account holders in Queensland. What other measures is the government taking to address rising power costs?

Mr ROBERTSON: I thank the member for Bulimba for the question. The Bligh government understands that any increase in the cost of electricity is felt by Queensland families that are already under financial pressure. That is why in this year's budget the Bligh government abolished the community ambulance cover levy. This change means that 1.4 million Queensland households and small businesses will have a \$113 reduction in their electricity bills.

On top of this, the government's \$60 million extension of the ClimateSmart Home Service, including the new standby power eliminator, has the potential to further reduce bills by up to \$190 per year. Another significant measure put in place to address rising power costs is the Queensland Energy Management Plan. Initiatives in this plan will help Queenslanders manage peak demand and electricity growth in a more cost-effective manner. The QEMP aims to save the state up to \$3.5 billion in network infrastructure costs by initiatives that directly engage electricity customers, distributors and the broader community to lower demand for electricity. We have also made two directions recently to Energex and Ergon to minimise rising power costs this year by preventing the GOCs from recouping additional revenue from a recent appeal decision and also passing on the costs resulting from Cyclone Yasi and the floods to customers.

To lessen the impact on those consumers who are most vulnerable to increased electricity charges, the government also offers a number of rebates and concessions which have been increased to reflect the 6.6 per cent increase to electricity prices. We also are providing \$720 per household to people experiencing difficulty paying their home energy bills due to unforeseen emergencies through the \$3 million Home Energy Emergency Assistance Scheme. Regional Queensland is also supported by the government by ensuring that they pay no more for electricity than consumers on regulated electricity prices in South-East Queensland. The community service obligation payment is the equivalent subsidy of about \$600 per customer in regional Queensland.

The Bligh government is also committed to keeping downward pressure on electricity prices in the long term. As I mentioned in my introductory comments, I have recently introduced the Electricity Price Reform Amendment Bill into parliament which supports the development of a new pricing methodology and tariff structure that will be used by the QCA to calculate electricity prices from 2012. This will deliver a new pricing system that is more flexible and fairer to Queenslanders. The two major features of this will be inclining block tariffs and voluntary time-of-use tariffs. These are just some of the initiatives that the Bligh government has in place to help Queenslanders reduce electricity bills.

CHAIR: Thank you, Minister. I call the member for Southport. He has another question for you.

Mr LAWLOR: Thank you, Madam Chair. I have a few questions on water, which we might get back to. With regard to electricity, Minister, I refer to pages 158 and 159 of Budget Paper No. 2 and the \$411 million that is budgeted in 2011-12 for the energy community service obligations, and I ask: how does this assist rural and regional Queenslanders?

Mr ROBERTSON: We are committed to continuing our long-term commitment that regional Queenslanders will not pay more for the cost of supplying electricity than those in the south-east corner through our community service obligation payment, the CSO. The uniform tariff policy ensures Queenslanders are able to access regulated electricity tariffs regardless of where they live. Distributing electricity to rural and regional customers costs more than for metropolitan customers due largely to the greater distances, sparse population and electrical losses associated with sending electricity over vast distances. Ergon retails electricity to approximately 689,000 rural and remote customers and is compensated by government via a community service obligation payment for the difference between the cost to supply electricity and the revenue recovered from customers.

For 2011-12 the Bligh government's assistance to rural and regional Queenslanders for electricity represents a subsidy of, as I mentioned just before, approximately \$600 per customer. In total that subsidy is worth some \$411 million to rural and regional Queensland. The Bligh government's commitment to rural and regional Queensland has seen the subsidy increase by \$240 per customer since 2009-10. So as you can see from these figures, the CSO does help reduce the cost of supplying electricity to rural and regional Queenslanders. Further to the CSO, the Bligh government also provides a number of rebates to assist Queenslanders with their electricity bills. In 2010-11 electricity rebates of \$101 million were provided to customers. For 2011-12 this will include support for pensioners and seniors under the electricity rebate and support for households experiencing an unforeseen emergency or crisis under the Home Energy Emergency Assistance Scheme. People using oxygen concentrators at home and people using kidney dialysis machines at home are also supported by these rebates.

Mr LAWLOR: Minister, I refer to page 153 of the Budget Strategy and Outlook paper where pricing framework reform is discussed. The section on voluntary residential time of use tariff refers to customers in Queensland with interval meters. Minister, how many of these meters are currently in place in Queensland? What is the difference between interval meters and smart meters and why is the government not deploying smart meters?

Mr ROBERTSON: As committee members might be aware, other jurisdictions—other states—have faced some significant issues in rolling out smart meters, particularly Victoria, where the rollout program had enormous cost blow-outs and smart meter installations resulted in consumer bills

significantly increasing. That is why I took responsible action last year and suspended Queensland's smart meter trial program. We are instead examining alternative technologies like advanced digital interval meters which provide the benefits of smart meters without the pitfalls and dangers we have seen in other states. Smart meters have a number of functions including two-way radio communication, remote disconnection, optional in-home display and an interface to connect home area networks. By contrast, interval or multifunction meters measure and record energy consumption in half-hourly intervals. Where necessary, the interval data can be downloaded either manually or remotely by Energex and Ergon.

Currently there are around 350,000 interval or multifunction meters in Queensland. These meters have been used for many years for larger commercial industrial customers. These interval or multifunction meters will be installed on a new and replacement basis at residential premises in Queensland to ensure we are building the integrated high-capacity electricity grid of the future using best and appropriate technology. Using Victorian figures, Queensland Treasury has estimated that if smart meters were to be rolled out in Queensland it would cost the state around \$1.8 billion. This would cost consumers around \$72 per household. It is important that a thorough assessment be made of the impact of any rollout to ensure it delivers real benefits to Queensland customers. We are not prepared to deploy smart meters until there is concrete evidence to show that they are beneficial and can save money for average Queenslanders.

Unfortunately, committee members, it appears that the state opposition do not share our views in relation to this matter. I note with interest reference in the opposition budget reply speech to smart meters as a strategy to help Queenslanders curb their electricity costs. They said—

... an LNP government will work with the energy industry to pursue optional initiatives to give customers an incentive to reduce electricity consumption. Options that customers might want to consider include the installation of smart meters for those who choose to have them installed ...

It beggars belief that some would suggest such a discredited policy in an attempt to obtain an outcome that stands exactly contrary to the experience of other jurisdictions. It is simply a bizarre move by the LNP and should send alarm bells ringing in homes all across Queensland that Queensland under the LNP would replicate the Victorian disaster when it came to the adoption of smart meters.

Mr LAWLOR: Minister, with reference to pages 57 and 58 of the Capital Statement and the \$124.6 million in expenditure from Energex for distribution and subtransmission augmentation on the Gold Coast, could you please advise what benefits Gold Coast communities will receive as a consequence of this very significant investment?

Mr ROBERTSON: Significant investment is planned by Energex on the Gold Coast in the upcoming financial year. Among the major projects funded are the completion of the \$42 million Molendinar to Bundall subtransmission upgrade and about \$15 million for a new substation at Parkwood, primarily to support the new hospital but with additional benefits to surrounding suburbs. All of this and the hundreds of other ongoing or planned projects will build on some \$550 million already invested by Energex into the coast's electricity network over the past five years. Today I want to take the opportunity of advising the committee, particularly yourself, member for Southport, that plans for the electricity upgrade project on the southern Gold Coast, locally known as the Mudgeeraba to Tugun project, have been placed on hold pending a review of that project. Judging by the strong representations made to me particularly by the member for Burleigh and community groups with an interest in this project, I anticipate that this review will be welcome news.

Energex is obliged under the National Electricity Rules to pursue the most cost-effective solution to address future network limitations and to ensure that network developments only occur when required on any project. Detailed planning analysis over the past few months has revealed that key drivers for the Mudgeeraba to Tugun project have changed, so Energex has decided that work should be stopped and a detailed assessment of alternatives should commence immediately. While domestic energy use in the area has been maintained within forecast ranges, there has been a slowdown in growth in the commercial industrial sectors since the start of the global financial crisis. This has delayed the need for major reinforcement to the southern part of the Gold Coast network.

Gold Coast members would also be aware there are long-term plans to widen the highway and extend the rail line on the same corridor. These projects will impact the availability of space for electricity supplies, which was already limited. As part of the project, a proposed undergrounding of a 4.5-kilometre section of the line through Palm Beach will no longer be possible after detailed technical investigations identified that existing services, including water, wastewater, sewerage and telecommunications, would make the installation of the proposed double-circuit underground cable almost impossible at certain points along the route. When Energex undertakes its review, this constraint will be taken into consideration by planners.

The recent moderation in energy demand in the region has provided a window of opportunity to investigate alternates. On that basis, Energex believes it now has some additional time in which to undertake analysis of different options. The future energy demand of the area will continue to grow and network improvements will be required to ensure safe and reliable supply of electricity to almost 48,000

customers in the area. However, this does not simply mean a delay to the current project. A complete reassessment of network solutions will be undertaken. Energex will be assessing numerous other solutions, including upgrading existing powerlines and substations, lower voltage solutions and alternative corridor configurations. The review will take into account all issues raised by stakeholders and all technical and environmental factors identified during the process to date.

Energex anticipates that the review will be complete in early 2012. I want to assure the committee and indeed the people living along this corridor that Energex will consult with large electricity users and key stakeholders to ensure specific requirements and concerns are considered. I know I speak on behalf of Energex in thanking the local residents, members of the community reference group and elected representatives for their input into the project over the past few years. The information that stakeholders have provided during consultation will be invaluable in assisting Energex in its investigations for alternative network supply options for the southern Gold Coast.

CHAIR: Thank you, Minister. The member for Bulimba has two questions for you.

Ms FARMER: Minister, I refer to pages 19 and 20 of the Capital Statement and the significant budget expenditure in Queensland electricity transmission and distribution networks. I am sure the minister will be aware of recent numerous media reports and industry associations reports into the security of supply standards in various states. There have even been accusations of gold plating of electricity networks. Minister, will you please outline to the committee the rigorous regulatory assessment framework that applied to power infrastructure investments projects such as those planned by Powerlink, Energex and Ergon?

Mr ROBERTSON: I thank the member for Bulimba. Recent claims about gold plating of the transmission and distribution networks in Queensland have been made in the media in response to the release of a report by the Energy Users Association of Australia. The report included a comparison of the average capital cost of network expenditure per connected customer which showed that the costs in a geographically disperse state like Queensland were higher than for a geographically compact state like Victoria. For those of us who know something about Queensland, that should come as no surprise. It should come as no surprise that it costs more in a state the size of Queensland to operate an electricity network than it does in a state the size of Victoria. Queensland, after all, is six times the size of Victoria. Therefore, it is misleading to compare the two networks due to the differences in network requirements to provide reliable electricity supply across the vast state of Queensland.

Ergon, for example, services around 680,000 customers across an enormous area of one million square kilometres incorporating 97 per cent of the state of Queensland. That means it operates one of the largest networks in the world. In line with national requirements, all proposed major network augmentation projects undertaken by Energex, Ergon and Powerlink are subject to a public process in which these corporations must clearly establish the need for their capital expenditure projects and undertake a rigorous approval process under the National Electricity Rules for the capital expenditure budgets to be approved. The National Electricity Rules provide a comprehensive and rigorous regulatory assessment process for approving these network investments. The application of these rules are overseen by an independent national regulatory body, the Australian Energy Regulator, which is part of the ACCC.

The capital expenditure budgets of Energex, Ergon and Powerlink are determined by the Australian Energy Regulator. In setting their capital expenditure allowances, the AER is required to comprehensively understand each of the organisation's capital and operating investment plans and electricity demand forecasts for the next five-year period. Energex, Ergon and Powerlink each publish reports containing an economic assessment of their proposed capital expenditure budgets. These reports are assessed by the AER, which makes a determination of the amount of capital expenditure required to meet the growing demands for electricity in Queensland. As customer-driven organisations, Energex, Ergon and Powerlink work with their customers to understand and anticipate the needs while providing them with an electricity service that is cost-effective and reliable. They do this by delivering a reliable supply of electricity to customers while prudently investing and efficiently delivering the capital expenditure and operating expenditure programs within the revenue cap approved by the AER. In summary, there is a robust and well-established regime overseen by an independent national regulator to ensure that networks are augmented to meet electricity demand growth at the least cost to electricity consumers.

Ms FARMER: Minister, page 154 of the Budget Strategy and Outlook refers to Powerlink, Energex and Ergon investing in network to ensure it is sufficient to meet the growing Queensland peak electricity demand. The same section on demand growth and pricing impacts also refers to the electricity and demand management initiatives package. Can you outline some of the aspects of that initiative and how Queensland stands with regard to its counterparts interstate in this crucial area of electricity provision?

Mr ROBERTSON: Peak electricity demand and the costs of infrastructure to meet it are key factors in upward pressure on power prices. The government is very happy to report today on the overwhelming successes we are seeing in the implementation of the \$44.7 million energy conservation

and demand management initiative packages that we funded back in 2009. In collaboration with Energex and Ergon, DEEDI's Office of Clean Energy developed a range of energy management initiatives to encourage customers to use electricity more efficiently and reduce electricity use, particularly during times of peak demand.

Nationally, Queensland is leading the way in peak demand reduction programs. The Australian Alliance to Save Energy survey, published in June, reported that Queensland's estimated peak demand reduction for 2010-11 is the largest contribution to peak demand reduction of any state in Australia. Queensland has delivered a massive 90.4 per cent of the total demand reductions achieved in Australia. The alliance's recognition of our success in curbing peak demand is testament to how seriously the government is taking the challenge of demand growth. The success of these programs will pay dividends in lower future power prices.

These initiatives comprise the residential targeted initiative, the demand management for commercial and industrial customers initiative, the rewards based tariff initiative and the energy conservation communities initiative. The initial targets from this demand management funding is an estimated reduction in peak demand of 40 megawatts, which equates to savings of an estimated \$140 million in avoided transmission, distribution and generation infrastructure costs. These initial targets will be easily surpassed. For example, Ergon and Energex have now contracted commercial and industrial customers for load reductions of 47.6 megavolts—or MVAs. This will save the equivalent \$76 million in distribution and delivery infrastructure alone once work is completed. Energex has further identified opportunities for a potential peak load reduction of over 71 MVAs from its commercial and industrial customers going forward.

Four energy conservation communities are now active in South-East Queensland, with the most recent being launched on the Gold Coast in late June. More than 4,200 customers have embraced this initiative in the targeted communities, resulting in demand reduction of over four megawatts. Both Energex and Ergon will spend \$74.6 million in 2011-12 to further demand management initiatives and anticipate a reduction of 46 megawatts from the networks as a result of this work. The positive results obtained by the conservation and demand management initiatives package to date have assisted Energex and Ergon to secure funding approval of \$221 million through the Australian Energy Regulator for demand management projects over the period 2010-15.

The success of these programs gives cause for great optimism for the recently launched Queensland Energy Management Plan, as many of the successful initiatives trialled in the energy conservation and demand management initiatives package will now be greatly expanded under the plan. The Queensland Energy Management Plan aims to save the state up to \$3.5 billion in network infrastructure costs by driving a range of programs that directly engage electricity customers, distributors and the broader community.

By 2020, the successful implementation of the Queensland Energy Management Plan will help avoid the equivalent of 1,000 megawatts of necessary electricity generation and \$3.5 billion worth of network infrastructure that would otherwise be recouped through higher electricity bills. The Queensland Energy Management Plan will deliver 28 specific initiatives to drive efficiencies in existing programs and provide opportunities for government collaboration and leadership.

Mr DICKSON: How much will the carbon tax add to the bulk water supply operating costs?

Ms Waldman: The bulk water entities that make up the water grid are not part of the initial 500 businesses subject to the carbon tax announced by the federal government. In this sense, the bulk water entities are not directly affected by the carbon tax. It is expected that the water grid may be indirectly affected through electricity prices, supply, construction and maintenance. Electricity prices make up only 1.66 per cent of the total operational costs of the grid.

Mr DICKSON: Will we see those costs passed on to the householder?

Ms Waldman: The bulk water entities will continue to monitor the costs that may rise due to the carbon tax as it is rolled out. When the bulk water price is reviewed in 2012-13 there will be a review of not only the demand factors as we discussed earlier to do with consumption and population growth but also supply factors, and they include operational and capital costs. There will be reviews of efficiencies and costs at that time.

It is important to note that the Gold Coast desalination plant is one of the most energy-efficient membrane desalination plants in the world due to its design characteristics and the use of high-energy-efficient technology. The plant has been designed to minimise its energy consumption through the use of energy-recovery devices and highly efficient pumps. The plant's energy efficiency has exceeded expectations, resulting in a reduction of 27,000 tonnes of carbon dioxide a year and substantial energy cost savings in addition to the purchase of renewable energy certificates to fully offset the plant's energy consumption. There has always been a savings in energy consumption across the grid by only using the desalination facility when it is required.

CHAIR: Can I remind members that policy questions should be directed to the minister.

Mr ROBERTSON: Indeed, and on that basis I would like to add that that is a matter for government to determine a policy on. I would remind the member, firstly in relation to what the Queensland Water Commission CEO just said, that electricity prices are only 1.66 per cent of the total operational costs of the water grid. As to whether there would be a material impact on the cost of energy to run the water grid from the carbon price, that has as yet to be determined. Can I say—

Mr DICKSON: Madam Chair, if you could excuse me, I did ask the last question to Ms Waldman. I thank her for the answer and I have a question for the minister if we can move on.

CHAIR: Okay.

Mr DICKSON: Minister Robertson, on 12 July 2011 Mr David Brown, the CEO of CS Energy said during the Finance estimates that the carbon tax will be the single biggest cost item for electricity generators going forward, accounting for around 50 per cent of their operating costs. Do you expect those costs to be passed on to the consumer?

Mr ROBERTSON: As I was about to say, matters such as this—as to how the carbon price would affect or be passed through in relation to bulk water costs or energy costs—are matters for policy. As previous estimates committees have been informed by the Treasurer, now that the carbon price has been revealed by the federal government we are now engaged in a detailed assessment of its impacts. Once those impacts are understood, government will be in a position to determine its policy as to whether, in light of any possible price impact, they will be passed through.

In relation to electricity prices more generally, the member would be aware that as part of the overall package released by the federal government there is a significant compensation package in place for Australian, including Queensland, households. The modelling that has been done by the federal government—and with all the caveats that the director-general quite correctly mentioned in answer to a previous question by you—estimates that there is around a \$3 or \$3.30 average impact on household weekly expenditure from the carbon price of \$23 a tonne. The Commonwealth estimates that average assistance to households will be around \$10 per week.

But in terms of how the Queensland government determines how the carbon price will be passed through, that is a matter that is currently being considered in detail by Treasury. Once that work is completed we will be in a position, I would imagine—without pre-empting the processes of cabinet or decisions by the Premier in particular—to inform you and the public as to the impact, such as it would be, on those costs. But in terms of saying, as no doubt the press release you will release at some stage today will say, that bulk water prices will increase as a result of the carbon price, you cannot in fact make that assumption. You cannot make that in all honesty, given that electricity prices are only 1.66 per cent of the total operational costs of the water grid.

Mr DICKSON: Minister, thank you for your answer. As at 30 June 2010, CS Energy, Tarong Energy and Stanwell reported total assets of approximately \$7 billion. As approximately 80 per cent of the electricity-generating plants owned by these three companies are run by coal, what impact on the value of these assets does the government expect Labor's carbon tax to have?

Mr ROBERTSON: Again, I just find it a shame that you have not kept pace with the proceedings of other estimates committees. If you had, you would know that the Treasurer provided very detailed answers in response to the same questions asked by the member for Clayfield. We have said all along that a carbon price will have an impact on the asset values of our generators, particularly those that have a high content of coal fired power stations as part of their asset portfolio. Queensland's government owned coal fired generators are estimated to face an accounting loss of \$1.7 billion as a result of a carbon price.

Mr DICKSON: Excuse me, I did not quite hear that. I am sorry, I have a hearing aid.

Mr ROBERTSON: \$1.7 billion.

Mr DICKSON: Thank you.

Mr ROBERTSON: This is the figure that the Treasurer provided to the member for Clayfield last week. So \$1.7 billion is the estimated asset value loss. That is why we are continuing to make representations to the federal government, seeking compensation for that loss in asset value. The package released to date by the Commonwealth government provides financial relief principally to brown coal generators—both privately owned brown coal generators in Victoria and South Australia—with none or very little provided to generators in the black coal sector. We think that is unfair and we are making those representations and have made those representations in the past. We will continue to do so with the Commonwealth government.

Mr DICKSON: Thank you so much for your answer, but I do wish you luck with that.

Mr ROBERTSON: That is subject to further discussions with the Treasurer.

Mr DICKSON: Thank you, Minister. My next question is to the CEO of CS Energy, Mr David Brown. I believe that Mr Tim Nicholls asked you a question during the Finance estimates but you may have been under some time constraints, so I would like to give you the opportunity to elaborate. Do you have any sense of the impact of the carbon tax on your profitability?

Mr Brown: We have a sense of the cost that we will incur at the announced price. I would caution that we do not have all the details of the scheme yet. It has not been fully detailed. So we have an initial view only. We do not have a final view based on a complete set of rules of the proposals.

At a carbon price of \$23 a tonne we have a forecast of our generation for the year ahead and we have a forecast of our emissions for the year ahead. So multiplying the two together we are, in essence, looking at over \$200 million of cost. We compete in the generation market—in the national market—which is a competitive market. We bid in volume and price on a five-minute basis in competition with other generators. We will include costs, including carbon costs, in our bids and we will recover what the market allows us to recover.

Mr DICKSON: Thank you. Mr Brown, as an estimate, how much would you need to increase your charges to maintain your profitability?

Mr Brown: We incur an extra \$23 a tonne so we will include, effectively, that equivalent in our bid price—our bid offers.

Mr DICKSON: Actually, I have another question for you, Mr Brown, and this may help: if electricity generating accounts for around 40 per cent of the cost of electricity and the carbon tax is going to account for 50 per cent of the operating cost, just following down the chain, could the potential increase of electricity prices be 20 per cent or more? I have a document that I would like to table.

Mr Brown: The price of electricity wholesale or the price of electricity retail?

Mr DICKSON: Would you like me to read that question again?

Mr Brown: Yes, please.

Mr DICKSON: If the electricity generation accounts for around 40 per cent of the cost of electricity and the carbon tax is going to account for 50 per cent of the operating costs, just following that down the chain, could that potentially increase electricity prices by 20 per cent or more?

Mr Brown: The short answer is we do not know what we will be allowed to recover through the market. So we can forecast, we can estimate, but what the market will allow us to recover—

Mr DICKSON: My understanding is that the generation costs, as I have articulated very clearly, 40 per cent. We do the sums at 20c a unit, we do that division and we end up with 4c out of that 20c and that is 20 per cent. Is that a fair statement?

Mr Brown: That is in the consumer market. The regulated market, the regulated allowance for generation, is calculated in a certain way and we compete in a five minute market. We get what the market will allow us to get, not necessarily what the calculations say and it varies depending on our portfolio of plant, how much we run, what our costs are as a business. Your question is about the overall average whereas our view is about specifics for our business.

Mr DICKSON: My question is directed at generators. I understand the NIM process. You and I will not go there because it would take six hours to go through it, but very, very clearly we are talking about the impact on the generators. We have been told over the last week or so that the operating costs will account for 50 per cent.

CHAIR: Can I just remind members that there is no legislation before the federal parliament yet, nothing has been passed, so we have to be mindful that we do not actually have all of the detail yet.

Mr ROBERTSON: Perhaps we need to put this in an appropriate context. What the member is referring to is media reports emanating out of New South Wales. That is an assessment that has been done by the LNP government in New South Wales which has come up with those figures. Those figures are disputed.

Mr DICKSON: Excuse me, Minister, my question was to Mr Brown and those figures have come out of this meeting.

Mr ROBERTSON: No, I will not excuse you because you are misleading this committee by suggesting that reports have emanated from this estimates process which they have not.

Mr DICKSON: Madam Chair, may I put a point of order?

Mr ROBERTSON: It has come from reports from New South Wales which are disputed.

CHAIR: Minister, there is a point of order.

Mr DICKSON: My last question was to Mr Brown and I would like to move on to my next question, if that is possible. If I wish to ask the minister a question I will do so.

CHAIR: I am happy for that, and the member for Bulimba would really like to ask a question on the same topic.

Mr ROBERTSON: If you mislead this committee I will keep interrupting.

Mr DICKSON: My next question is to the Director-General, Mr Ian Fletcher. Is the department currently seeking feedback on the proposal for electricity retailers in Queensland to offer green power products as first retail options to new customers?

Mr Fletcher: I am going to take a bit of advice before I answer that and I am going to ask Ms Sue Ryan, who is the Deputy Director-General responsible for that area in the department, to respond to the member's question, if I may.

Mr Hunt: Can I answer that?

CHAIR: Are you happy with that?

Mr DICKSON: Absolutely.

Mr Hunt: There is a proposal to look at green power that we are consulting on that has come from the Premier's climate change council. There will be a regulatory impact assessment statement prepared by the department and that will go out for public consultation.

Mr DICKSON: So the answer to that question is yes?

Mr Hunt: We are consulting on that, that is right.

Mr DICKSON: Thank you very much. I appreciate that.

Mr ROBERTSON: But there is no final decision by government on it.

Mr Hunt: There is no decision on that at this stage.

Mr DICKSON: I have another question for Mr Fletcher. How much could this proposal potentially add to electricity bills for new customers unaware of their need to opt out?

Mr Fletcher: I will refer the question to Mr Hunt, if I may.

Mr Hunt: That is one of the issues that will be canvassed in the regulatory impact statement.

Mr ROBERTSON: That is why you have a RIS.

Mr DICKSON: While we are on that topic, why is the opt-out policy rather than an opt-in policy being considered?

Mr Hunt: I am not aware of that. Again this is a proposal that has come from outside government that the government is considering. It will go out to public consultation. That is the sort of thing that would be assessed in the design of the proposal if the government decided to proceed with it.

Mr DICKSON: Still on that topic, how much potential revenue would this proposal generate for the government?

Mr Hunt: Honestly, Mr Dickson, I do not know. This is a proposal that is being looked at. It is something that will go through a public process, but we honestly would not be able to answer questions like that at this stage.

Mr DICKSON: I have one last question to Mr Fletcher. Has the department provided any advice to the government on privatising electricity generators? Would you like me to read that again?

Mr ROBERTSON: I would be happy for you to.

Mr DICKSON: The question is to Mr Fletcher, the Director-General. Has the department provided any advice to the government on privatising electricity generators?

Mr Fletcher: I will ask Mr Hunt to answer that question.

Mr Hunt: If I could answer again. I have been in this role now for close to five years. The answer is no.

Mr DICKSON: Thank you very much. I greatly appreciate that.

CHAIR: Any questions on that, member for Southport?

Mr LAWLOR: I have two questions. Getting back to water, I refer to page 65 of the capital statement, budget paper No.3, regarding the \$394.8 million upgrade to the Hinze Dam and I ask the minister to please provide an update on the progress of this project and the benefits that it will bring.

Mr ROBERTSON: As you, member for Southport, well know, the Gold Coast is one of the fastest growing areas of the state. The \$394.8 million stage 3 upgrade of Hinze Dam ensures water security for that very important part of South-East Queensland for the next 50 years. The upgrade has doubled water storage capacity and provided increased flood protection for more than 3,000 homes in the lower Nerang River catchment. The tragic events of last summer have highlighted the importance of planning for these types of rare events. While major floods cannot be avoided, investments such as these will ensure their impacts are minimised.

By raising the dam wall by 15 metres it has almost doubled the size of the existing storage capacity from the current 161,000 megalitres to 309,700 megalitres, the equivalent of more than 123,800 Olympic sized swimming pools. This will increase the surface area of the dam from 972

hectares to 1,500 hectares and increase water supply capacity to 225 megalitres per day. The upgrade ensures the dam complies with new safety standards and guidelines, avoiding any risk of the dam collapsing in an extreme flood event. It is now the highest central clay core and rock dam in Queensland. The Bligh government is committed to supporting industry and jobs. This project employed about 350 workers, 75 per cent of them Gold Coast residents.

The upgrade of the spillway, main embankment and saddle dams have been completed and the dam is now in the first-fill phase, storing water to the new full supply level of 94.5 metres. The project has been undertaken by the Hinze Dam Alliance which comprises four partners, Seqwater, Sinclair Knight Merz, Thiess and URS, and has involved extensive community consultation. Seqwater gained ownership of the project as at 1 July 2008 as a result of a 2007 state government decision to take control of the state's bulk water assets which included the Hinze Dam. Despite above average rainfall since late 2007, the Hinze Dam stage 3 upgrade provided flood mitigation, increased water supply and improved dam safety standards by the regulated date of 31 December 2010.

The above average rainfall has impacted on the alliance's ability to complete the development of the recreational facilities which will continue according to the amended construction schedule. This will provide additional time for landscaping plantings to mature prior to the official opening in the next couple of months and improve the visual amenity of the facility. The recreational facilities will include an interpretive centre at the site which will include a cafe, lookout points and information on the history of the area. There will also be numerous barbecue areas, walking trails and picnic spots around the dam. Despite some weather challenges this project was delivered on time and within the \$395 million budget. The alliance should be commended for their efforts. I look forward to officially opening the upgrade within the next few months.

Mr LAWLOR: With reference to page 3-133 and the Queensland Water Commission's key priorities for 2011-12, which includes implementing institutional and regulatory water reforms and giving local councils the opportunity to withdraw from the current retail arrangements, I ask will you please update the committee on the current status of these reforms?

Mr ROBERTSON: Since the commencement of the council owned water distributor-retailers, water and wastewater prices have increased significantly. The Bligh government had no choice but to step in to address concerns from South-East Queenslanders about unmanageable price increases. The Fairer Water Prices for SEQ Amendment Act 2011, which received assent on 27 June, imposed a price cap on the annual distribution and retail water and wastewater prices for households and small businesses from 1 July 2011. The cap ensures that any increase to water prices will be no more than the consumer price index for the next two years. Where councils have failed to act, we have provided much-needed relief to households and small businesses. Under the act councils are also required to consider long-term prices for when the CPI price cap ends. They must have a price mitigation plan which will show how they will manage price increases, inform the community about increases and support customers. By March 2013 councils must have at least a five-year price path in place. The price path must show the dollar increases for each year over the course of that price path.

Following claims from some councils that they could deliver water more cheaply themselves, the Bligh government offered councils a once-only opportunity to withdraw from their distributor-retailers and return to operating their water and wastewater businesses within councils. South-East Queensland councils were required to advise government by 1 July 2011 of their preferred water business structure. Gold Coast City Council was the only council to make a preliminary preference decision to opt out. However, Gold Coast City Council has advised that a final withdrawal decision is dependent on the state paying for any disestablishment and re-establishment costs and accepting a deferred commencement date for the Gold Coast City Council water businesses of 1 July 2013.

Logan City Council has resolved that it will not make a decision on its preferred position until the Gold Coast City Council has made its final decision. Somerset Regional Council has made a preliminary decision only to remain with its distributor-retailer Queensland Urban Utilities. We have stated and consistently advised councils that taxpayers would not pay for any costs associated with their decision to withdraw from their distributor-retailers. This has not been forced on councils by the state government, as alleged by the Gold Coast City Council. Councils were advised that they must consider the customer and the impacts of any decision on the customer, including the cost of reestablishing council's specific water business. Councils have until 1 August to advise the state of their final decisions. If councils choose to withdraw from their distributor-retailers, the change is required to be implemented by 1 July 2012. In another step towards making South-East Queensland councils more accountable to their ratepayer, the Bligh government has proposed amendments to the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009 to allow sitting councillors, including mayors, to sit on the board of their water distributor-retailer.

I note in today's *Gold Coast Bulletin* that Councillor Shepherd has called on the state government to allow this to occur. We are delivering. Under the proposed amendments, no council would be able to have more than one councillor on a board and councillors would be appointed for a maximum term of four years. The government proposes to progress the amendments as soon as practicable to address

once and for all the argument that councils need more control of and direct involvement with their distributor-retailer businesses. These proposed amendments would ensure councils have more immediate access to and involvement with the strategic decision-making process of their water businesses. Councils would also gain a better understanding of specific day-to-day operational issues and how they impact on customers and the broader communities that they represent.

Ms FARMER: I turn to the matter of solar power. Minister, on page 2-12 of the Service Delivery Statements I note the reference to the increase in small-scale solar power by 160 megawatts as part of the virtual solar power station. What proactive actions has the government taken to promote the uptake of solar?

Mr ROBERTSON: As the member for Bulimba would be aware, we are committed to encouraging the continued investment in renewable energy to secure a clean energy future for Queensland. In 2011-12, 120 megawatts of new renewable energy generation will be met by solar projects here in Queensland. However, as we move forward with implementing the Queensland Renewable Energy Plan, a range of renewable energy projects will be part of Queensland's clean energy mix.

In relation to bioenergy, the Mackay Sugar co-generation plant is an example of an innovative renewable energy project that will deliver important economic and environmental benefits to the Mackay region. To this end, the Bligh government had committed \$9 million in funding to Mackay Sugar, Australia's second largest sugar-milling company, for the completion of a new co-generation plant at the Racecourse mill in Mackay. The Mackay Sugar co-generation plant represents a total project investment of some \$120 million. Scheduled for commissioning in March 2013, this plant will generate 36 megawatts of electricity from stored sugarcane waste and gas. The co-generation plant will export up to 27 megawatts of renewable energy from the gas into the Mackay electricity network during the crushing season, which runs for around 23 weeks each year. This is the equivalent of up to 30 per cent of the Mackay district's average annual electricity consumption. This project will ensure that we continue to lead the way in renewable energy development.

In relation to the virtual solar power station, to which the member for Bulimba referred, last year we set a target to double Queensland's use of solar energy in five years to 500 megawatts by 2015 and encourage Queenslanders to get involved to build our virtual solar power station. This morning I announced that not only had we met this target but also we had smashed it and are more than three years ahead of schedule. The virtual power station has exceeded all expectations, and this month we have hit 500 megawatts. We want this to continue to grow, and the public can track the progress of the virtual solar power station on the government's Do the Bright Thing website.

The Bligh government's Solar Bonus Scheme pays eligible householders and other small customers for the surplus energy generated by solar power systems, which is exported to the electricity grid. Uptake of the Solar Bonus Scheme has also exceeded all expectations. To date, Queensland has over 100,500 customers connected to the Solar Bonus Scheme. These customers have a combined generation capacity of over 224 megawatts.

The solar initiative package has two more initiatives designed to support Queenslanders in integrating solar into the business as usual and save money. Through the Solar Kindergarten Funding Program, the Queensland government is providing funding of \$5.76 million for the installation of solar PVs on up to 240 new and 180 existing not-for-profit kindergartens. The Solar Sport and Community Group Grants program is providing grants to not-for-profit sporting and community groups to install solar technologies. It is estimated that \$10 million will fund the installation of up to 1,300 solar power or solar hot-water systems over three years.

Further still, the Bligh government's Solar Hot Water Rebate offers a \$600 rebate or \$1,000 concessional rebate to eligible households that replace their electric hot-water system with a solar hot-water system or heat pump. Households replacing an electric hot-water system with a solar hot-water system could save up to 25 per cent on their power bill. More than \$15.3 million has been paid to Queenslanders since 1 July 2010. This equates to over 20,500 Queenslanders who have received a rebate under our scheme. The raft of solar programs initiated by the Bligh government is accelerating the uptake of solar technologies in Queensland. In turn, this is assisting Queenslanders to save money and reduce their carbon footprint.

Ms FARMER: A recent audit by New South Wales Fair Trading found that a majority of solar panel systems tested were defective. Can you provide an update on the audit and safety processes in place in Queensland regarding licensing of installers and the safety of installations in Queensland to ensure there is not a similar situation here?

Mr ROBERTSON: As I have already said, we are committed to a clean energy future. That is why we are stimulating the uptake of solar energy by investing in initiatives such as the Solar Hot Water Rebate and the Solar Bonus Scheme. As I mentioned earlier, those schemes have been so popular that this month we hit our target of building a 500-megawatt virtual power station three years ahead of schedule. This clearly demonstrates that Queenslanders are embracing the opportunity to contribute to

a clean energy future through solar technologies. Before Queenslanders install either of those technologies, though, I recommend they shop around for a suitable system and ensure they engage appropriately licensed suppliers and installers.

Largely due to the success of our Solar Bonus Scheme, the number of solar PV systems installed in Queensland households has exceeded 95,000. Queensland's installation numbers are second only to New South Wales, where approximately 120,000 systems have been installed. A recent New South Wales government audit found that nearly 20 per cent of solar PV installations had major defects. Whilst most of the issues identified through the audit related to incorrect marking and signage, some houses were found to have had the DC circuit breaker or isolator switch incorrectly installed.

In Queensland, PV installations are required to be conducted by licensed electrical contractors. The Electrical Safety Office, within the Department of Justice and Attorney-General, conducts regular audits of Queensland electrical contractors as part of its ongoing statewide auditing activity. This includes audits of electrical contractors engaged in the installation of solar PV systems. The federal government's Office of the Renewable Energy Regulator has an ongoing inspection program of solar installations. If electrical safety concerns are identified, the Office of the Renewable Energy Regulator will take appropriate action, which can include referring the matter to the Queensland Electrical Safety Office for investigation and compliance action where necessary.

For the 12 months ending 30 June 2011, the Electrical Safety Office conducted 179 scheduled audits of electrical contractors engaged in the installation of solar PV and hot-water systems. Of those audits, a total of 83 were specifically undertaken for electrical contractors who installed solar PV systems. While those audits resulted in the issuing of four noncompliance enforcement notices, none related to an immediate electrical safety risk.

In addition to its audit program, the Electrical Safety Office conducted 153 investigations into reported events related to solar PV and hot-water system installations. Of those investigations, 102 were associated with PV solar panel installations, with some cases related to wiring issues. In Queensland, there has been one reported incident of a solar panel isolator catching fire. No further damage occurred to the property and no-one was harmed. Due to fire damage to the isolator, investigators were unable to determine the cause of the fire. The 51 investigations into solar hot-water system installations are generally about licence discrepancies. No immediate electrical safety risks have been identified.

Queensland's Electrical Safety Office will continue its audit programs of licensed electrical contractors and maintain information sharing with the federal Office of the Renewable Energy Regulator. Queenslanders, too, can employ steps to protect themselves. Before installing any of these technologies, I recommend they shop around for a suitable system and ensure they engage appropriately licensed suppliers and installers.

Mr DICKSON: Minister Robertson, do you recognition this quote—

A carbon tax could cost Queenslanders billions of dollars.

Mr ROBERTSON: You will have to remind me.

Mr DICKSON: I will help you out. I will table this document. It is from a Labor ex-minister, Henry Palaszczuk, dated 2006.

Mr ROBERTSON: Okay.

CHAIR: You would have to have a remarkable memory to remember that.

Mr ROBERTSON: I used to hang off Henry's every word, but I couldn't quite remember those ones.

Mr DICKSON: It is pretty significant now, isn't it? Carbon tax is going to cost us many millions of dollars.

Mr ROBERTSON: He was a clairvoyant, was our Henry.

Mr DICKSON: I am very happy to move to the next question. Minister, do you accept that your government's promise that 'nobody—not one Queensland—will be worse off' is a broken promise that has left Queensland families struggling to deal with rising electricity bills?

Mr ROBERTSON: I would refer the member to the federal government's compensation package, which was released at the time of the announcement of the carbon price. It is, in the first instance, the responsibility of the Commonwealth government—

Mr DICKSON: Minister, I remind you of the question. It has nothing to do with the carbon tax.

CHAIR: Member, I would ask that you at least let the minister answer the question.

Mr ROBERTSON: Remind me of the question again.

Mr DICKSON: Do you accept that your government's promise that 'nobody—not one Queenslander—will be worse off' is a broken promise that has left Queensland families struggling to deal with rising electricity prices? It is nothing to do with the carbon tax.

Mr ROBERTSON: Are you referring to—

Mr DICKSON: The sale.

Mr ROBERTSON: I think the quote is—

... it does not matter where you live, nobody ... will be worse off under the government's proposal—

to sell the electricity retailers. That is, nobody will be worse off as a result of the sale of them.

Mr DICKSON: Close enough. Can you answer that one?

Mr ROBERTSON: Yes, I am happy to, because the privatisation of the retailers has not been a driver of significant increases in electricity prices. As you would be aware, retail costs make up approximately 10 per cent of overall electricity costs. As we have seen over the past number of years in both government and independent reports, the driver of electricity prices has not been the privatisation of electricity retail but the increase in demand for electricity, which is the driver of significant record investment, particularly in the network. It has nothing to do with the retailers; it is the record investment in the network. Driving that record investment in the network is the fact that we are seeing peak energy demand increasing at many times population growth. That is what is driving electricity prices.

I know that it is cute for the opposition and some media commentators to reflect on comments made by previous and current Premiers. However, an honest assessment of what was said at that time would lead you to appreciate the real driver of electricity prices, not just here in Queensland but in other states as well. If we are to have an honest debate about electricity prices in this state, we should stop trying to be so cute in taking out of context comments made in 2005 or 2006.

I would remind the honourable member that at the time we privatised the retail arm of Energex his own Treasury spokesperson commended us for that action. He was full of praise and in fact said that we should go further, that we should sell the poles and wires as well. Let us be honest here about the difference between our policy and what you would do in government, because at the time that your Treasury spokesman was lauding the Beattie government for selling the retail arm of Energex and allowing competition in the retail sector he clearly said that we should go further and sell the poles and wires. That is clearly your policy. It was said by Tim Nicholls, the member for Clayfield and shadow Treasurer—the person who aspires to be the next Treasurer of Queensland. Let us not be too cute about who said what, when.

Mr DICKSON: I have never thought I was very cute, actually.

Mr ROBERTSON: Never a truer thing said!

Mr DICKSON: You might have to guide me with this next question. It is to the South-East Queensland Water Grid Manager. Would that go to DERM now under the new break-up? I will read the question and the minister may direct it to whichever director-general he would like. How many employees are employed by the SEQ Water Grid Manager? Would that go to DERM? I do apologise; there have been a lot of changes in your ministers in the last few weeks.

CHAIR: Could I have the tabled document back when you are finished?

Mr ROBERTSON: Sure. Which one?

Mr DICKSON: The Henry Palaszczuk one.

Mr ROBERTSON: That one came out of left field.

CHAIR: That is one we would really like back.

Mr Dennien: The answer is 29.

Mr DICKSON: That is 29, not 16?

Mr Dennien: No, 29 employees. There were 16 last year. Through the year we had some temporary staff as we were a new, establishing business. Those positions were filled over the last year. So there are 29 full-time employees.

Mr DICKSON: Thank you for that. I do have another one for you. What is the salary of the CEO and other executives for SEQ?

Mr Dennien: For the Water Grid Manager?

Mr DICKSON: Yes.

Mr Dennien: The Water Grid Manager's—the CEO's—salary last year including superannuation and appropriate allowances was over \$400,000.

Mr DICKSON: And the other two executives?

Mr Dennien: The other two executives were in the order—it varied a little bit—of \$220,000.

Mr DICKSON: The figures that I have from the 2009-10 annual report are \$219,000 and \$279,000.

Mr Dennien: As I mentioned, it did vary between the two.

Mr DICKSON: For an organisation that now has 29 employees, as you said, is that level of executive pay appropriate—almost a third of the wage bill for SEQ Water Grid Manager is spent on three executives?

Mr Dennien: To put it in context, the South-East Queensland water grid's operational costs, as was mentioned before, for this year are around \$950 million. The budget for the Water Grid Manager this year, excluding two IT projects, is \$7.5 million. So we are \$7.5 million out of \$950 million. The roles that we carry out include directing the operations of the grid—the desalination plant was mentioned before—being able to put desalination plants on standby at the appropriate times and operating and directing where water comes and goes to ensure the security outcome of South-East Queensland. We have a very small engineering department of only seven staff that does that. Having an executive director in charge of that is appropriate.

The other function we have is a communication function. We have a very small group of five people who coordinate community education and call centres. We have had an unprecedented level of interest in our website, interest in water, interest in where the water security position is at. We run call centres and websites and have a whole lot of media interface around those issues. Our website, for example, has seen a 5,000 per cent increase in the number of hits this year due to that interest. So we have our small communications group that looks after that.

The other main function is our financial function. We are the wholesale market operator. So we purchase services for the treatment, storage and transport of water and we sell bulk water services to the councils, to the power stations and to other clients. So we have a large Treasury component of our business and financial management part of our business. Those functions require the staffing levels, yes.

Mr DICKSON: Why did the expenditure for consultants and contractors go from \$1.445 million in 2009 to \$3.082 in 2010, an increase of almost 113 per cent?

Mr Dennien: That is a good question. On the basis of the two projects I talked about, we are in the process of putting in some ICT projects to speed up, if you like, the operations and the directions of the grid. I will give an example. One of the projects involved the instructions that go out to the authorities. We are dealing with three council owned entities that give us demand forecasts and we give volume estimates to them. That is now done electronically. So we have been able to use ICT—internet computing technology—to allow this type of process to happen automatically. This is why our numbers are being kept down.

There are two other ICT projects. One, which I am very proud of, is the automation of the decision making on how we operate the different components of the grid. We are using two or three computer programs and using very sophisticated computing algorithms in deciding inflows into dams, yields from dams and estimates of levels of storages. It brings economic costs into it and short-run marginal costs. We look at opportunity costs. In the model, as I said, we are able to use genetic algorithms to make decisions on where is the best place to store water and what water is best transported around the grid. We have had some interest from the industry itself looking at the sort of computing we are doing, looking at where we are going, trying to be innovative in what we are doing and having a smart grid. That is what the projects are about.

Mr DICKSON: What has been allocated in the budget for expenditure on consultants and contractors for 2011-12?

Mr Dennien: I do not have the exact number in front of me here. I believe contracts and consultancies are around the \$3 million mark. I can confirm that later.

Mr DICKSON: Can you supply an aggregate number later on?

Mr Dennien: If the minister is happy with that, yes, we can.

Mr DICKSON: Thank you. The 2009-10 annual report shows that the SEQ Water Grid Manager had cash holdings of \$12,577,000 for 2010 compared to the \$1,719,000 in 2009. What was the reason for that change?

Mr Dennien: As I mentioned earlier, we have forecasted outgoings this year of over \$900 million. We have revenues of over \$500 million. As you are aware, we have a large cash flow management component as part of our Treasury and financial management part of our business. What you are seeing there in those numbers—the \$12 million and the small amount—is purely at the point when the accounts were taken what cash we had as a result of the management of incomings and outgoings.

Mr DICKSON: Did the SEQ Water Grid Manager use these funds to retire debt? Are they required to do so to reduce the debt burden on water users?

Mr Dennien: Yes and yes.

Mr DICKSON: I am very pleased to hear that. What were the cash holdings at the end of the 2010-11 financial year?

Mr Dennien: I would like to take that one on notice as well and supply that information with the contract one.

Mr DICKSON: That would be fine.

CHAIR: Are you able to comment on that?

Mr ROBERTSON: No.

CHAIR: Take it on notice.

Mr DICKSON: The annual report notes that Queensland Treasury Corporation borrowings went from \$294,348,000 in 2009 to \$648,858,000 in 2010. This was a monumental change. What was the reason for this?

Mr Dennien: Could you repeat the question?

Mr DICKSON: I am very happy to. The annual report notes that the Queensland Treasury Corporation borrowings went from \$298,348,000 in 2009 to \$648,858,000 in 2010. This was a monumental change. What was the reason for this?

Mr Dennien: As has been widely publicised, the government policy is to have a 10-year price path for bulk water. To explain that, there was a 10-year price path on the wholesale price of water to allow the investment that went on—the \$7 billion of new investment on top of the \$2 billion of existing bulk assets. Under full cost recovery 10 years was set aside to allow that to be fully reflected in the bulk price and then a further 10 years for our business to pay back that debt. What you are seeing, as I mentioned, this year is \$950 million of costs and just over \$500 million of revenue. The differential between the two is debt that we hold. What you saw in those numbers is reflective of our debt starting to rise as we are getting less coming in the door and we are paying costs back to the entities.

Mr DICKSON: Is revenue to the state down compared to the forecast due to the lower demand for water?

Mr Dennien: The revenue this year was down marginally, correct. The litre per capita consumption, as the CEO from the Queensland Water Commission mentioned earlier, is something that is subject to the weather as well as behavioural change. We have had a significant wet year this year. I think we were all witness to that at Christmas time. That wet year dampened demand. As a result, we were down \$80 million.

Mr DICKSON: If the revenue continues to track below the forecast, will that require the state government to borrow more or put up bulk water prices?

Mr Dennien: We are continually reviewing that. We have reviewed that as part of the budget process this year. We review that on a quarterly basis and we give that advice back through to the Queensland Water Commission and the minister. So at this stage, no.

Mr DICKSON: Not at all?

Mr Dennien: No.

Mr DICKSON: You are not tracking to change that in the future if the use is dropping?

Mr Dennien: As I mentioned, we track it on a quarterly basis. We look at demand very closely. We look at the resulting revenues and costs and give that advice through to the Queensland Water Commission and the minister quarterly.

Mr DICKSON: We are not looking at any changes in the base rate in the foreseeable future?

Mr Dennien: The base rate for bulk water prices?

Mr DICKSON: Bulk water charges.

Mr Dennien: The advice we are giving to the minister, who makes that decision, at this stage is that our revenues will not change based on what we have put forward in the budget for the coming year, which we have already put forward in the budget documents. The answer is no at this stage.

Mr DICKSON: Madam Chair, I have made a commitment that Alexander Douglas can have the last three minutes.

Mr ROBERTSON: We have made a commitment not to increase bulk water prices this financial year as the decision maker in these matters.

CHAIR: The member for Gaven would like to ask a question.

Dr DOUGLAS: Minister, why are the councils being asked by the government to pay compensation to one another prior to and after potentially exiting from the distributor-retailer?

Mr ROBERTSON: Simply because it is a voluntary decision by the council. As I mentioned earlier, we have given them a one-off opportunity. Given the comments by some councils—and I have to say a minority of councils—particularly the Gold Coast, that they believe that they can provide water cheaper than is currently the case through Allconnex, we have provided councils with a one-off

opportunity to demerge from their distributor-retailer. Despite claims to the contrary that we have forced this decision on councils, an allegation made by the Gold Coast, this is a decision to be taken voluntarily by councils. The reality is that, if they chose to go down that path, that would result in not just costs being incurred by the council who chooses to demerge but also costs being incurred by councils who chose to remain with their distributor-retailer. It would be clearly unfair on those councils who want to continue to participate with their distributor-retailer to have to suffer the costs which they were not responsible for incurring which would then have to be passed on to ratepayers for recovery. That is why I have indicated very strongly and consistently to all councils, in particular the Gold Coast City Council, that if they chose to go down that path they should do so on the basis of understanding that they will have to meet their own costs of demerging and any subsequent costs or flow-on costs incurred by the other councils, being Redlands and Logan.

If the shoe were on the other foot and it were Logan council who was seeking to demerge and, as a result of that, Gold Coast City Council would have incurred the costs of Logan demerging, I can imagine what the mayor and councillors would be saying down on the Gold Coast. They would be screaming from the rooftops about having to meet those costs. It would be clearly unfair to put those costs on to councils who want to continue to participate with their distributor-retailers. I have indicated that to council in a very detailed response to a range of questions that they have asked following their meeting of just over a week ago. As I said earlier, I note Councillor Shepherd is in today's *Gold Coast Bulletin* calling on the Queensland government to reverse its policy on allowing councillors, including mayors, to sit on the boards of distributor-retailers.

I have announced today that we will be moving to amend legislation to remove that restriction that will allow a maximum of three councillors to sit on the boards of each distributor-retailer, with no one council having more than one representative. That means that the Gold Coast City Council will have a councillor or, indeed, the mayor sitting on the board of Allconnex. That will ensure that there can be no suggestion whatsoever that (1) these are council owned business entities and (2) the councils themselves have direct input into the decision-making process of how prices are determined in particular council areas.

CHAIR: Minister, it is now 11 o'clock. So that brings our time for questions to a close.

Mr ROBERTSON: May I just close by acknowledging the very hard work of my staff and departmental officers. As I said, this is my last appearance before an estimates committee. Can I just place on record someone who has been with me for every estimates committee that I have attended—and I have attended every one of them—and that is a very loyal staff member of mine by the name of Jenny Downie. Jenny has helped keep this show on the road for every year that I have been a minister appearing before estimates. I particularly acknowledge her very hard work.

Finally, it is also the last estimates committee for very respected CEO Gordon Jardine who is moving on from his position of CEO of Powerlink. I just place on record my appreciation for the work that he has done in the years that he has headed that organisation and I wish him well for the future. Thank you for your indulgence, Chair.

Mr DICKSON: I would like to thank the minister and staff for their answers to my questions today. Thank you.

Mr ROBERTSON: And thank you to you, Steve.

CHAIR: I am sure that all of those comments will be very much appreciated. Thank you, Minister, and your advisers for your patience today. We will now take a short break and resume at 11.30 am with the Minister for Agriculture, Food and Regional Economies.

Proceedings suspended from 11.02 am to 11.30 am

ESTIMATES—ENVIRONMENT, AGRICULTURE, RESOURCES AND ENERGY COMMITTEE—AGRICULTURE, FOOD AND REGIONAL ECONOMIES

In Attendance

Hon. TS Mulherin, Minister for Agriculture, Food and Regional Economies

Department of Employment, Economic Development and Innovation

Mr I Fletcher, Director-General

Mr R Setter, Associate Director-General, Science, Agriculture, Food and Regional Services

Mr M Bermingham, Associate Director-General, Employment and Economic Development

Dr R Symons, Chief Veterinary Officer

Mr J Thompson, Chief Biosecurity Officer

Mr J Chapman, Managing Director, Agri-Science Queensland

Australian Agricultural College Corporation

Mr T Rayner, Executive Director



CHAIR: Welcome everybody to the second session of the estimates hearing for the Environment, Agricultural Resources and Energy Committee. My name is Carryn Sullivan. I am the state member for Pumicestone and chair of this committee. Joining me on the committee today—and I ask the committee members to nod in case there is someone here who does not recognise you—is the deputy chair and member for Hinchinbrook, Andrew Cripps; Steve Dickson, member for Buderim; Jack Dempsey, member for Bundaberg; Di Farmer, member for Bulimba; and Peter Lawlor, member for Southport. The member for Clayfield, Mr Tim Nicholls, will join us a bit later and I will introduce him to you then.

The proceedings today are lawful proceedings subject to the standing rules and orders of the 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 today's hearing, we have adopted the guidelines prepared by the Committee of the Legislative Assembly for committee hearings. These guidelines have been distributed to the parliamentary press gallery and copies are also available here this morning. The hearing is being broadcast live via the Parliamentary Service's website. Finally, before we begin can I ask that all mobiles be turned off or switched to silent mode and that nobody bring tea or coffee into the chamber.

In this session we will examine the proposed expenditure contained in the Appropriation Bill 2011 for the portfolio of the Minister for Agriculture, Food and Regional Economies. Welcome, Minister, and your advisers. We will examine estimates of your portfolio until 1.30 pm. For the benefit of Hansard, I ask advisers if you are called to give an answer to please state your name before speaking. I now declare the proposed expenditure for the Minister for Agriculture, Food and Regional Economies open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, would you care to make an opening statement? We have allocated up to five minutes for you.

Mr MULHERIN: Thank you, Madam Chair. I would also like to welcome the member for Gaven. I want to thank my parliamentary colleagues who form the Environment, Agriculture, Resources and Energy Committee for the opportunity to address them this morning and answer questions regarding the Agricultural, Food and Regional Economies portfolio.

Queensland stands ready to lead Australia through the next wave of opportunity. The Bligh government came up with a strong economic plan to steer us out of the financial crisis and the summer of natural disasters. As a result, we are ready for the future—a future which is planned and supported by infrastructure and anticipates growth.

One in eight jobs in Queensland is supported by the agricultural supply chain. As such, the Bligh government is building a stronger agribusiness sector and delivering more jobs, with over \$310 million invested in agriculture, food and regional economies in this year's state budget. As the Minister for Agriculture, Food and Regional Economies, I commend the Bligh government's commitment to growing liveable and prosperous regional communities.

Ensuring the recovery of our regions has been critical. The Queensland government has committed \$10 million to the \$20 million joint state and Commonwealth government Rural Resilience Fund. This includes Operation Clean Up, which employs 500 labourers helping to clean up debris, clear

waterways, build industry resilience and provide support from industry recovery officers. Another \$7 million will support rural and regional initiatives under programs such as the Regional Development Australia initiative and the Building Rural Communities Fund, which offers grants of up to \$10,000 to community projects. The Bligh government has also committed \$7.52 million over four years to the Queensland Regional Development Initiative to fund projects delivered by regional organisations that generate jobs and support local businesses.

To drive productivity and efficiently grow the agribusiness sector, Agri-Science Queensland will undertake up to \$110 million of research and development over the coming financial year. Our beef and grain genetics research is world-class, maximising quality and profitability for Queensland producers. This funding is on top of more than \$413 million that has already been invested in capital programs to make Queensland home to the best science technology research centres in the Southern Hemisphere. This includes facilities such as the Ecosciences Precinct, a centre with a critical mass of scientists dedicated to solving some of the country's biggest environmental issues.

The recently released *Food for a growing economy* policy creates an industry development framework to grow Queensland's \$18 billion food industry. Given that this sector employs a workforce of around 267,000, it is critical that we plan for the future. In planning for the future we recognise the importance of emerging industries such as bio based industrial products. Queensland aims to be recognised as a leader in bio based industrial products and technologies in the Asia Pacific region by 2020, with the sector contributing up to \$1 billion to our clean and sustainable economy.

We know that Queensland is the front-line state for biosecurity in Australia. We will continue to ensure that Queensland's economy is protected from invasive pests and diseases both now and into the future by continuing to invest in programs such as \$7.4 million as a contribution to the \$21 million national cost-sharing program to battle national red imported fire ants and \$0.8 million to assist Queensland respond to myrtle rust through a combined program.

I believe Queensland stands ready to lead the nation in economic growth and prosperity as we have done over the last two decades. I believe the \$310 million investment in Queensland agriculture, food and regional economies in the state budget will help drive this economic growth and prosperity. I am now pleased to answer questions from my parliamentary colleagues in relation to the portfolio of Agriculture, Food and Regional Economies.

CHAIR: Thank you very much, Minister. Could I just apologise. It was very remiss of me to not introduce Dr Alex Douglas. He is our guest today. My apologies. I am going to hand over to the member for Hinchinbrook. He is going to start the questioning.

Mr CRIPPS: Good morning, Minister, and good morning to your staff. Minister, I refer to page 2-2 of the SDS in relation to DEEDI pursuing the Q2 objective of creating the conditions for business success in Queensland. What modelling has your department undertaken to quantify the impact of the federal government's proposed carbon tax on farm businesses and businesses that process and add value to Queensland agricultural products in terms of the increases in the cost of inputs into those enterprises such as electricity, agricultural chemicals and fertilisers? How much more difficult will it be for DEEDI to achieve this Q2 objective as a result of the federal government's proposed carbon tax?

Mr MULHERIN: Just responding to your last question, business success is not an objective of Q2. It is about growing the economy. The impact of carbon pricing on regions will vary depending on how the major industries are affected and the mix of industries in each region. At the broad sectorial level, structural change due to carbon pricing is forecast to be smaller than the effects of ongoing changes in terms of trade or market trends. The effects on individual industries will vary widely. Commonwealth modelling notes the difficulty in quantifying the impacts of carbon pricing at a regional level due to limitations on level and quality of data. Commonwealth modelling anticipates that under a carbon price 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. The modelling also shows that our major regional industries will continue to grow, with mining expanding by 45 per cent over the next eight years.

Agriculture is excluded from the scheme but can generate compliant offsets. Whilst there are concerns about increased input costs in the sector, these need to be weighed against the opportunities for agricultural businesses to generate extra income from agricultural farming initiatives. Accordingly, the Commonwealth government's modelling suggests agriculture will grow faster under a carbon pricing regime. We will be taking up with the Commonwealth the impacts of fuel costs on heavy freight which could affect farmers hauling products to market. There are, however, some other regionally significant industries such as tourism where the impacts may be variable. DEEDI is providing support to such industries that are already facing structural adjustment as part of the global financial crisis, natural disasters and ongoing uncertainty of global markets. There are also questions around the impacts on the LNG industry as the tax might discourage further investment.

Given the complexities of the carbon pricing package, the Queensland government, like the New South Wales government, is undertaking an independent analysis of the Commonwealth model which should be available in about six weeks time. The Queensland government will continue to work with the Commonwealth on these issues to make sure affected businesses get the right support. In relation to

agriculture, there are a number of initiatives that we have already undertaken in relation to preparing industry for climate change with regional profiles—I think it is a \$3.5 million investment over four years, working with industry. We will also be exploring the opportunities with the Clean Energy Future plan.

In my opening statement I made reference to the potential of the bio based industrial products. Scientists independent of government have told me that by 2020 we should be able to achieve a \$1 billion industry. If you look at the sugar industry, for example, there are great opportunities there particularly in using cane products as feedstock for the next generation of biofuels, industrial products and industrial chemicals. This will certainly create new investment in regional areas and create the new jobs for the future. The Bligh government—

Mr CRIPPS: In short, Minister, what you are saying is that you agree that there is likely to be impacts as far as the cost of inputs into agriculture is concerned. Indeed, you indicated that you are going to take up one particular input and that is the cost of fuel.

Mr MULHERIN: Yes.

Mr CRIPPS: So you do agree that there is likely to be significant impacts as far as the cost of inputs into agriculture in Queensland is concerned under the proposed carbon tax.

Mr MULHERIN: As I said, the Queensland government through Treasury is engaging independent analysis of the impacts on the Queensland economy. Agriculture will be part of that assessment. It will look at the whole of supply chain impacts on a number of industries in Queensland.

Getting back to my point on the bio based industrial products, we have seen the Queensland government invest \$3.5 million in a trial bio based factory at Racecourse mill, where researchers can carry out precommercialisation. Following world bio, there has been significant interest in the sort of research capability that the department offers, along with universities such as QUT, the University of Queensland and James Cook University. We believe that having a price on carbon moving to a trading system will have a positive impact in the development of the bio based industrial products, but we also acknowledge the impacts that the carbon tax will have on some sectors of the economy.

As I said, my response to you is that Queensland Treasury will be undertaking further analysis of the impacts and we will have a clearer picture on the impacts on the Queensland economy in six weeks—

Mr CRIPPS: I would like to ask another question in relation to this issue. That first question was an issue about input costs into agriculture in Queensland. I want to talk now about the global competitiveness of Queensland's agricultural sector—again, in relation to 2-2 of the SDS and DEEDI's Q2 goal of developing a globally competitive economy in Queensland. What modelling has your department undertaken to quantify the impact of the proposed carbon tax on the global competitiveness of Queensland's agricultural industries? In view of the fact that many agricultural products produced overseas and imported into Queensland will not have the cost of the carbon tax incorporated into their retail price, how much more difficult will it be for DEEDI to achieve this Q2 objective as a result of the proposed carbon tax?

Mr MULHERIN: As I said in my opening statement, we are investing \$110 million in research and development. Research and development is an ongoing investment to ensure that we drive productivity in the sector, particularly around agriculture, so that we can be globally competitive. We are driving productivity in Queensland through an integrated approach by looking at every aspect of the value chain so that we can compete globally.

I think Australia and in particular Queensland have great opportunities into the future, particularly with food, with the population expected to peak by 2050 at around nine million people. We are a net exporter of food; we consume roughly about 20 per cent. If you look to the countries to our north, they will undergo population growth and increased wealth and we will see a demand for goods and services, particularly food, in that part of the economy. Fifty per cent of the world's population will live in the tropical world on 30 per cent of the world's land mass and have 80 per cent of the world's biodiversity. It is expected that that tropical world economy will be worth about US\$40 trillion by 2035. Countries with a strong R&D platform in tropical sciences will be a beneficiary of that. It is expected that that will generate wealth of around \$8 trillion to the Australian economy—

Mr CRIPPS: Can I draw you out a bit more on that issue. I certainly welcome the investment in research and development; it is something I am passionate about. Did you mention a figure of a \$110 million investment in R&D?

Mr MULHERIN: Yes.

Mr CRIPPS: That is a great investment. Following on from my original question and the partial answer you have given to it, are you saying to the committee that you believe that \$110 million worth of investment in R&D in the agricultural sector in Queensland will drive productivity gains in agricultural industries in this state that will overcome the cost burden and the exposure that agricultural industries will suffer as a result of the proposed carbon tax?

CHAIR: Could I ask the member for Hinchinbrook to allow the minister to answer the question in full.

Mr MULHERIN: Thank you, Madam Chair. The most recent available data shows that the Queensland multifactor productivity has been growing steadily over the period from 1988-89 to 2004. The Queensland average multifactor growth is estimated at 1.7 per cent, which is significantly higher than the rest of Australia.

I think the real challenge for the national and state economy is to have that focus on R&D. The government is not the sole investor in R&D; there are many private sector organisations that invest in that. Whilst we acknowledge that there will be an impact on the economy with the introduction of a carbon tax, we are not quite sure yet of the extent of the impact it will have on industries. It is really important that we look at how we can further drive efficiency and productivity, and that will come through the R&D.

I think the Queensland government should be commended for the level of investment that we have undertaken. You can have a look at the budget announcement where we announced \$100 million over three years to the Smart State fund. If you have a look at Smart State funding in the past, it was investing in facilities and then people and now we are also looking at investing in innovation and technologies that will drive that productivity and put us in a competitive area. With the carbon tax, the European Union, the United Kingdom, New Zealand and about eight states within the United States of America have a form of carbon tax or emissions trading system. In fact, California, the fourth largest economy in the world, is one of those states.

CHAIR: Thank you, Minister.

Mr CRIPPS: Minister, I refer to page 2-4 of the SDS in relation to the proposed Queensland Regionalisation Strategy which includes the development of employment and economic growth in regional Queensland. What modelling has your department undertaken to quantify the impact of the proposed carbon tax on DEEDI's Regionalisation Strategy in view of the fact that the three pillars of the economy underpinning employment in many communities in regional Queensland—being agriculture, mining and tourism—will be seriously impacted on by the proposed carbon tax? How much more difficult will it be for DEEDI to implement its Regionalisation Strategy as a result of the proposed carbon tax?

Mr MULHERIN: The Regionalisation Strategy is a consultation paper that is going out to consult with the regions. If you look at Queensland, the state is made up of probably 12 regions. Each region is quite dynamic and unique in its character but the themes that have underpinned those economies since European settlement have been mining and agriculture and probably, with the advancement of transportation infrastructure, tourism. Along with the energy sector, they are the key economic drivers. Sitting underneath that is a service sector that provides support to those regions.

Under the Regionalisation Strategy, we are taking a whole of economic catchment approach to regionalisation. If you look at the history of the development of this state, development occurred from west to east with agriculture and mining, from west to east where goods were exported out through port cities such as Townsville, Mackay and Cairns. I suppose the rail connections were made west to east and it was not until late 1915 through to about 1925 that the main line from Brisbane to Cairns was constructed.

Our approach is to look at what will be the key economic drivers in those regions in the coming years. What will be the market? What we do know is that it will be the energy market driven by global demand and also the demand for agriculture. Having that approach, we are taking a whole of value chain looking at the impacts of the resource sector on the whole of the economy. Underpinning that is a 20-year infrastructure plan which is a first for any state in Australia.

In relation to the impacts of a carbon tax or an emissions trading system on those regional economies, as I said the data that has been provided by the Commonwealth does not get down to that regional data. That is why Queensland Treasury is undertaking an analysis of that and the impacts it will have on the Queensland economy. That information will give us a clearer picture into the future.

What we do know is that all of the regions are interconnected across those economic catchments from Cairns to Brisbane, from Mount Isa to Townsville, from the Galilee Basin, from Alpha back through Mackay, through Gladstone and the Surat Basin and also Brisbane. We have already said that we had some concerns about the impacts in relation to transportation costs and different effects on different sectors of the economy. By undertaking this analysis, we will have a clearer picture in six weeks time.

Mr CRIPPS: Thank you, Minister.

Mr MULHERIN: The data that has been provided by the Commonwealth suggests that with a carbon tax we will continue to grow at 3.6 per cent. Without a carbon tax, it might have been 3.7 per cent but we will be able to determine that once we get the information from the consultation with the Treasury.

Mr CRIPPS: Thank you. I would like to move to another subject if I might. Can I take you to page 2-13 of the SDS in relation to the development of DEEDI's biosecurity emergency response capability. I refer to the current emergency response by Biosecurity Queensland to the multiple outbreaks of Hendra virus across Queensland. In terms of ongoing monitoring of flying fox colonies, does DEEDI undertake periodic testing for Hendra and other viruses of individual flying fox colonies?

Mr MULHERIN: What was the last bit of the question?

Mr CRIPPS: In terms of ongoing monitoring of individual flying fox colonies, does DEEDI undertake periodic testing for Hendra and other viruses of individual colonies?

Mr MULHERIN: Currently, we have had Hendra outbreaks in six locations throughout Queensland, we have got 11 properties quarantined, 83 horses have been tested and monitored, and eight horses have died in the last month in Queensland as a result of the virus. About 250 tests are being received each week, which is about four to five times higher than the usual workload.

What we have done in relation to Hendra is we have set up the Centre for Emerging Infectious Diseases which is headed by Dr Hume Field, an eminent scientist who is recognised globally. Hume's area of expertise is the transmission of diseases from animals to humans, particularly with flying foxes. That Centre for Emerging Infectious Diseases is a joint Queensland Health and Biosecurity Queensland facility. We announced that we would provide \$1.5 million over three years at the last budget—

Mr CRIPPS: Minister, my question—and I also repeated the question for your benefit—

Mr MULHERIN: That centre also works with the Department of Environment and Resource Management—

Mr CRIPPS: I asked if you monitor individual flying fox colonies.

CHAIR: Member for Hinchinbrook, you are asking quite complex questions and you are not giving the minister the opportunity to answer the question. I ask that you cease your interjections and allow the minister to finish the answer.

Mr MULHERIN: Thanks, Madam Chair. I just wanted to give the member for Hinchinbrook background information to the investment prior to inviting our Chief Veterinary Officer, Dr Rick Symons, to the table. Before inviting him to the table, I want to say that with any Hendra outbreak we have the Centre for Emerging Infectious Diseases scientists who go out and collect samples. We constantly do research in this area. Queensland is probably the most advanced of any state in relation to our knowledge and understanding of flying foxes and the interaction with the horse community.

Recently, we announced that we had also set up a joint task force between the eastern states of New South Wales, Victoria and Queensland. That task force will look at what further research needs to be done in relation to flying foxes. It will also provide advice around how we engage better with communities in terms of how to live with flying fox colonies. I think that is a positive initiative that has been welcomed by the other two states that have demonstrated a willingness to join. On that task force will be Dr Martin Jago from the CSIRO's Animal Health Laboratory at Geelong, a federal government representative from DAFF and also the chief veterinary officers, chief health officers and CEOs of the biosecurity agencies along with the Chief Scientist of the state. There is another meeting scheduled for that task force here in Brisbane on Friday. Following that meeting, the Queensland component of the task force will meet with the horse industry market access group to brief them on where we are all at in relation to the current outbreaks of Hendra. I call on Dr Rick Symons now to give you more scientific information around that.

Mr CRIPPS: Minister, after all of that, please, I ask you to answer the question: in terms of ongoing monitoring of flying fox colonies, does DEEDI undertake periodic testing for Hendra and other viruses of those individual colonies that they are monitoring?

Mr MULHERIN: This is an operational issue but, as I said, with the Centre for Emerging Infectious Diseases it is about ongoing research and part of that research is into the actual flying fox colonies. I will ask Dr Rick Symons to provide further information around the operational side of it.

Dr Symons: In answer to that question, yes, we do. We do do monitoring as the minister said under QCEID, the Queensland Centre for Emerging Infectious Diseases. Obviously we do not monitor every colony but we monitor distinct colonies and monitor the level of Hendra virus in those colonies. During times such as at the moment when we have incidents, we actually then do ongoing monitoring on a weekly basis of some colonies to monitor the level of virus excretion in those colonies.

Mr CRIPPS: Minister, the current outbreak of Hendra virus in multiple locations across Queensland has resulted in Biosecurity Queensland facing a significant logistical challenge of mounting biosecurity responses in several regions at once. Necessarily, private veterinarians are taking on the responsibility of responding to suspected cases of Hendra virus. The costs associated with responding to these suspected cases are substantial and the Australian Veterinary Association has called for the reimbursement of these costs to private vets for personal protective equipment when responding to suspected cases of Hendra. Is the minister willing to support this request to ensure that there is adequate professional capability across the state to respond to suspected cases of Hendra?

Mr MULHERIN: Just for the record I want to state that we do not provide an ambulatory care service to the animal industry. Our role is in providing the expertise in research development and also through Biosecurity Queensland research into diseases such as Hendra virus. With regard to the request for, I think it was, \$500 for each vet who visits a property if there is a horse that is sick to pay for the cost of personal protective equipment, I think that is the responsibility of the veterinary profession. With any occupation there is always a risk. If you look at the incidents in mining in New Zealand, a number of miners were killed. Are you suggesting that we should be providing as a government personal protective equipment to every occupation? The answer would be no. But if you look at the cost of disposable personal protective equipment, it works out at roughly, after doing a Google search, around about \$9.65 per kit. I would suggest that that is a consumable which should be passed on to the client—the client being the horse owner. It is just like any pet owner. If you own a pet, you have lifetime responsibility for the care and the protection of that animal and they take that into account before making a decision around that. But we will continue to work with the Equine Veterinary Association and the Australian Veterinary Association around Hendra.

Mr CRIPPS: Thanks, Minister. A vaccine to prevent horses from contracting Hendra virus is currently being developed by the CSIRO Australian Animal Health Laboratory in Geelong. I understand the Queensland government has previously made a contribution to the development of that vaccine. Is that correct?

Mr MULHERIN: That is correct. We made a contribution of \$300,000 towards the development of that. After we made an announcement, the Commonwealth government also provided another \$300,000 towards that research.

Mr CRIPPS: I certainly acknowledge that. I just wanted to establish that as a fact. Given the importance of this vaccine to many local communities and to the recreational and commercial horse owners in Queensland, can the minister guarantee the committee that any current delay in the delivery of a commercialised Hendra vaccine for horses is related to the essential scientific testing requirements in developing such a vaccine and not in any way related to a lack of funding or resources being made available to the Australian Animal Health Laboratory?

Mr MULHERIN: My understanding is that it is not a lack of investment. They have successfully trialled a vaccine. What they are trying to do is accelerate the approval process of that vaccine so that this trial vaccine could be available in 2012. The regulator that regulates the licensing of vaccines is the Australian Pesticides and Veterinary Medicines Authority and they are the appropriate Commonwealth agency that licences that. I understand that there are discussions with the Animal Health Laboratory at Geelong and APVMA. I will ask Dr Rick Symons to provide further information.

Dr Symons: The vaccine trials relate to two things. One is about efficacy—that is, how effective it is—and that obviously requires some time. You can vaccinate a horse and then you can challenge the horse and see whether it is effective, but you actually have to see how long that effectiveness lasts, and that can be up to a year. So it takes a while to do that. The other part of that is the safety of the vaccine and they have to prove that the vaccine is safe. Then there is, as the minister said, a process through the Australian Pesticides and Veterinary Medicines Authority to actually register that. What we are doing is working with AAHL to minimise any bureaucratic process to make sure that the due checks and balances occur but are not held up through that.

Mr MULHERIN: The commercialisation is still probably a year away, Andrew.

Mr CRIPPS: But very clearly the point of my question was I am seeking from the minister or the government a guarantee that any further time period that the vaccine is not available is as a result of those very important efficacy tests and rigorous scientific testing in relation to the effectiveness of the vaccine and not any lack of funding or resources being made available to the Australian Animal Health Laboratory in Geelong.

Mr MULHERIN: I will get Rick to answer that.

Dr Symons: We have provided \$300,000. To my knowledge we have not had anything back from AAHL to say that they need more than that to actually develop the vaccine.

Mr CRIPPS: Thank you, Doctor.

Mr MULHERIN: Can I add that setting up this eastern seaboard task force with Dr Martin Jago, who heads up the Animal Health Laboratory, means that he will have input into that. The Queensland component of the interstate task force will continually advise government on where we are at and what further research we do need. So I think we have a good process in place. It also involves the federal government which will have a representative from DAFF there and the interagencies of each of the state's jurisdictions and the Chief Scientist will also assist in prioritising the research that may need to be done into the future around the flying fox colonies on the eastern seaboard. You realise, coming from the tropical part of the state, the importance of the forest. Flying foxes of course are pollinators of the forest and they have a role to play in the overall ecology.

CHAIR: Thank you, Minister. I think we are going to move on to the beef industry.

Mr CRIPPS: Yes. Minister, I refer to page 2-8 and 2-15 of the SDS in relation to the development of an industry supply chain recovery plan for the beef industry and the development of the 2020 Beef plan. I note the beef plan aims to grow Queensland's beef industry, increase its outputs and create more jobs in the industry through the development of the whole supply chain. How much did the federal government's decision to suspend the export of live cattle to Indonesia damage North Queensland's live cattle export industry and how will it impact on the 2020 Beef plan?

Mr MULHERIN: If the federal government's decision to suspend the export of live beef cattle into Indonesia had continued it would have had an impact on Queensland live exports. The beef industry is worth about \$3.4 billion currently at farm gate to the Queensland economy. The live export component is worth about \$100 million to the Queensland economy, but it is a very important part of the overall beef industry, particularly for communities and producers in the north-west, lower gulf and western parts of Queensland. The live export market does provide an opportunity to direct cattle into another market rather than just the beef processing sector. The advice given to me by my department in terms of the Queensland industry is that the period for exports is probably around the October period, but I am pleased that the federal government working with states such as Queensland, Western Australia and the Northern Territory were able to announce the resumption of that trade where we now have a whole-of-supply chain approach closed-loop system so that we can meet those international animal welfare standards.

But the suspension of the live cattle trade really highlighted to me the risk to the northern Australian beef industry of a reliance on a single market where about 73 per cent of the cattle go into that Indonesian market. In discussions with industry we will be undertaking a feasibility study into the opportunities of establishing a processing facility in North Queensland. That information will be available to any prospective investor. In discussions with AgForce and a number of other agencies, they have welcomed that. 2020 Beef was a strategy that was developed by the government and industry partners such as AgForce. It takes a whole-of-supply chain approach to the industry. In fact, through the northern Australia ministerial development forum various state and territory ministers responsible for regional economic development have met. The task force have now adopted 2020 Beef. It has gone national. At a state level we have been working with the whole industry. Industry tells me it is the first time ever that we have got every aspect of the industry in the one room, and there are a number of things that we are looking at to improve the profitability and the productivity of the industry across the whole value chain.

An example of that is looking at a multimodal transport strategy for the beef industry. So we have representatives from the Department of Transport and Main Roads and from the office of the Queensland Manufacturing Institute who will be looking at different pinch points. I think Cyclone Yasi really highlighted the importance of transport infrastructure in the overall agribusiness sector. As a response to Cyclone Yasi and the floods in central and southern Queensland, I established a control group that looked at those supply chains to get a better understanding of the just-in-time principles that the processes work on. We brought together the meat and dairy processors along with transport operators and other government departments so that we could look at that. So I think it is the work that we are doing through 2020 Beef that will really highlight the importance of bringing everyone together.

Mr CRIPPS: Minister, I note that you elucidated an opinion in your answer to government question on notice No. 3 that you think putting all of our eggs in one basket as far as the northern beef industry is concerned is a bit of an issue.

Mr MULHERIN: Do you think it is?

Mr CRIPPS: Yes. I just want to build on that point and ask you a further question. You have indicated that as part of your 2020 Beef initiative you have been working with the department of main roads as well. Can you elucidate on that opinion and give an indication of what you think the ban on the live export of cattle to Indonesia has highlighted as far as the failure of the government over many years to maintain the state's rail services for cattle? Obviously, you think the role that our transport industry plays in the development of the beef industry in northern Queensland is important. What is your position in relation to providing cattle trains to service those North Queensland cattle producers if indeed we are trying to diversify the markets available to North Queensland cattle producers? Do we need the reintroduction of more cattle train services to northern Queensland to ensure that they have access to more than one market, as you have already offered an opinion on?

Mr MULHERIN: Yes, and that is why we are taking this multimodal transport strategy approach. If you look at the shipment of cattle on rail—and I will need to check this because it is not within my agency's responsibilities—from memory it is only about 10 per cent of cattle that goes by rail. What industry is saying to me is that they want to develop, to look at how we have a multimodal transport strategy where you develop a spoke-and-hub model. As you know, rail access is open to third parties. So there is probably potential there. As you realise, with the seasonal nature of the industry it is not something that is transported 24/7, 365 days a year. In the past we have also provided a subsidy to the industry for rail transport. We will continue to do that into the agreement for the next three years.

That is why we have this industry group. It is not public servants. We have an industry group working with Transport and Main Roads looking at what we need to do there, because we all recognise how important the transport infrastructure is in the agribusiness supply chain—or any other supply chain. That drives productivity. What we hope through this process is to start to identify where the investments need to occur.

Mr CRIPPS: Could the relatively small numbers of cattle moved by rail be a reflection of the lack of services available to producers in northern Queensland to move cattle by rail rather than a lack of interest in those producers to move their cattle in that way?

Mr MULHERIN: I think for many years you have seen now the role that road transport plays. Producers want flexibility. Some want just small shipments to processors. They want to operate when the market best suits them. If you go and talk to producers they all see that a multimodal approach is the best approach—that rail will have a role to play. But having the transport sector involved is critical to getting a better understanding of what infrastructure will be needed into the future.

Mr CRIPPS: Page 2-5 of the SDS mentions the establishment of a \$17 million biosecurity laboratory at James Cook University.

Mr MULHERIN: Lavatory or laboratory? Laboratory?

Mr CRIPPS: I beg your pardon?

Mr MULHERIN: You said 'lavatory'—laboratory.

Mr CRIPPS: Laboratory at JCU in Townsville. Can the minister indicate what additional biosecurity threats to Queensland will the new lab at JCU be targeting following its \$17 million capital upgrade?

Mr MULHERIN: I thank the honourable member for Hinchinbrook for the question. As I said in my response to your question on notice, the tropical biosecurity laboratory has a primary focus on tropical and aquatic animal health. This includes research and development into livestock diseases such as arbovirus, which is a disease that is transmitted by insects, and diseases in aquatic animals. What we are doing there is through our disinvest to reinvest strategy we will build this new laboratory at the Douglas Campus of James Cook University. I think it is a great initiative—how you can partner with the university sector—because it will also give opportunities to undergraduates in veterinary science to pursue careers in research, particularly around production animals. Some veterinarians will probably want to go on to be epidemiologists. That is the sort of skill sets that we will need to deal with modern biosecurity.

You asked the question around the tick vaccine. As you realise, we have one centre for that—that is at Wacol—where we produce the tick fever vaccine. But what we have also been doing, through industry collaboration—the state has put in around about \$1.4 million and the Beef CRC has put in about \$1.6 million—is develop a vaccine for ticks. That will have a positive impact on the industry if we are able to commercialise that. In fact, we had to search worldwide to find someone who had an understanding of these things and we pulled a fellow out of Cuba.

Mr CRIPPS: I would like to clarify, if I might, just some of the costs associated with the development of that vaccine in relation to tick fever. I refer to the answer to non-government question on notice No. 2. That answer states that Meat & Livestock Australia fund a project at the Tick Fever Centre at Wacol to improve that tick fever vaccine. The answer also states that the budget to make the existing vaccine available for 2011-12 is \$3.12 million. Where are those funds sourced from, particularly to make the existing vaccine available in the coming financial year, as opposed to the MLA program, which is being funded to improve the vaccine?

Mr MULHERIN: You have research into a tick vaccine and you have a vaccine that we manufacture for tick fever.

Mr CRIPPS: That is correct.

Mr MULHERIN: So there are two separate issues. The budget in relation to tick fever is around about \$3.12 million. Industry pays for the use of that vaccine. I will get John Chapman to come forward—he heads up our science area—to provide further information to you.

Mr Chapman: We do not have a specific breakdown. I think the question was around the breakdown of our investment; would that be right?

Mr CRIPPS: That is correct.

Mr Chapman: We do not have that breakdown clearly. We would have to get back to you with that information.

Mr MULHERIN: I will take that on notice

Mr CRIPPS: Okay. Fair enough. It is just that the answer to non-government question on notice No. 2 gives some figures and gives some information about—

Mr MULHERIN: It gives two figures. It is the figure around what we budget for the Wacol facility but then it goes on to say that we are also working through the Beef CRC, which MLA is part of. They have invested \$1.6 million and we have invested \$1.4 million. We are getting close to commercialisation. It has been a project that has been ongoing for over five years. If we can crack that—get a commercial partner to take up the commercialisation of the vaccine—not only will it be good for the Australian beef industry but also it will do its bit for global food security, because ticks are not just an issue for cattle-producing states like Queensland. So it has an opportunity to obtain a return on the intellectual property around the development of the vaccine.

Mr LAWLOR: Thank you, madam chair. Minister, I refer you to page 2-15 of the Service Delivery Statements, the first dot point. Could you update the committee on the developments of the \$10 million-plus Spyglass Beef Research Facility?

Mr MULHERIN: In December last year we purchased the Spyglass and Lucky Break properties, where we aggregated the properties to form the Spyglass Beef Research Facility. The process of identifying this property also involved industry in the selection. This property will become an iconic beef research facility. Beef research development, education and training will be boosted significantly from the establishment of this new cattle property near Charters Towers. The more than \$10 million investment in the property and facilities has once-in-a-generation significance for Queensland's beef industry. It will be one of Australia's peak locations for projects to advance beef breeding and will be a key driver of profitability in the beef industry.

The property will provide world-class infrastructure that will meet the scientific research requirements for the future of the beef industry. The facility is just over 38,000 hectares and is located 110 kilometres north of Charters Towers and 130 kilometres west of Townsville.

Mr CRIPPS: Peter McKechnie's old property.

Mr MULHERIN: Yes, it is. It is one that he developed. So we are very fortunate to get these two properties. It will run about 4,000 adult cattle and has 13 kilometres of Burdekin river frontage. The location of the facility in the Charters Towers district recognises the importance of the extensive cattle breeding systems of North Queensland. Breeding is critical to the overall productivity and profitability of the beef industry and for the industry supply chains overall. Longstanding agricultural research facility manager, Steve Anderson, was recently appointed to manage the facility. Steve has had over 20 years of experience in the northern beef industry and will manage the facility to enable the industry to position to lead in technology and research.

The principal aim of the planned research program will be to adopt and demonstrate a holistic approach to livestock production and landscape management underpinned by business analysis. On-farm profitability will be a key theme for guiding decision making. Collaboration with research partners, such as MLA and other industry bodies, AgForce and NRM groups will be necessary to achieve this aim.

Research, education and training at Spyglass will increase the productivity of the beef industry by addressing the issues of beef cattle genetics, reproduction, growth, welfare and husbandry. It will also improve cattle growth rates by examining ways to maximise the nutritional value from pastures and optimising food supplement strategies. It will also promote cost-effective stocking rates, spelling and rehabilitation strategies to better manage the land. Further, it will continue the development of new systems and tools that help the beef businesses better understand the herd structures and market opportunities that improve long-term productivity. Finally, the research, education and training at Spyglass will quantify the impact of climate change, water quality, reducing methane emission, soil and vegetation recovery, soil carbon storage and pest and weed control on beef production.

This facility will be part of a network of new and established beef research centres. For example, we have got, in the southern part of the state, Brian Pastures, which is an AgForce facility that we lease. In Central Queensland we will be partnering with the ag. college through the property called Berrigurra. On top of that, of course, we have got the Centre for Advanced Animal Science at Gatton, which is a joint University of Queensland and DEEDI facility. That will also link into the Ecosciences Precinct at Boggo Road and the Health and Food Sciences Precinct at Coopers Plains, and will also have a link with the Queensland Agriculture, Food and Fibre Institute, which is a virtual institute set up by the University of Queensland in partnership with DEEDI.

Mr LAWLOR: If I could just go back to the racing industry and refer to the second paragraph of page 2-17 of the Service Delivery Statements, could you please update the committee on any infrastructure funding developments in the Queensland racing industry?

Mr MULHERIN: I thank the committee member for the question and the interest. I know that the member for Southport is fond of horse sports and particularly trying to pick a winner on a Saturday. I am pleased to announce that the Queensland government has provided an extra \$20 million for the Queensland racing industry in addition to the \$80 million that it had already been promised as part of the Racing Industry Capital Development Scheme. That takes the total for this scheme to over \$100 million over five years.

The funding will be provided immediately to Racing Queensland in the form of a loan from Queensland Treasury Corporation. This will allow industry to progress immediately with priority infrastructure development around the state and provide improved race facilities for local communities. Racing Queensland will also access the \$10 million previously committed by this government as compensation for the loss of the Parklands as a greyhound-racing complex in 2008. This will take the total funding from the Queensland government up to \$110 million and will allow the immediate implementation of the revised Racing Industry Infrastructure Plan, which was developed by Racing Queensland.

The revised industry infrastructure plan will enable work to commence on projects regardless of the outcome of the Albion Park legal proceedings. It has become increasingly clear that without action the broader racing industry would suffer as a result of these ongoing legal proceedings. As a result, we have approved the revised industry plan submitted by Racing Queensland. I think our investment shows that we are backing the racing industry to ensure its growth into the future.

Projects proposed under Racing Queensland's revised major facilities upgrades include \$35.4 million for the Gold Coast, \$7.27 million for Beaudesert, \$1.96 million for Cairns, \$6.34 million for Townsville, \$7.4 million for Mackay, \$1.6 million for Rockhampton and \$39.9 million for the redevelopment of the Deagon training complex to a dual-purpose harness-racing and greyhound facility to replace the Gold Coast Parklands harness-racing and greyhound facility. The government has already provided \$2.35 million to Racing Queensland from the scheme to fund repairs to infrastructure damaged in the January floods and Cyclone Yasi. As part of that allocation, \$900,000 has been provided to help small country and regional thoroughbred clubs meet Racing Queensland's workplace health and safety standards.

In the original proposal, the redevelopment of the Ipswich thoroughbred racing complex as a multicode venue has been delayed because of the legal actions regarding Albion Park Paceway by the former harness racing control body, Queensland Harness Racing Ltd. It is unfortunate that this has occurred. Racing Queensland has assured me that when the current legal action is resolved they will move on with the Ipswich redevelopment. I think that demonstrates that this government is totally supportive of the racing industry in partnership with Racing Queensland.

CHAIR: Thank you, Minister. That is great news. We are just going to move back onto biosecurity. The member for Hinchinbrook has some questions.

Mr CRIPPS: I refer to the answer to non-government question on notice No. 2 which states that in 2010-11 there were 21 new significant biosecurity incidents in Queensland. Unfortunately, the answer did not fully address the question that I asked on that occasion and provide a breakdown of those biosecurity incidents. Will the minister please advise how many incidents related to animals and how many related to plants, how many incidents in each category have been finalised and how many are ongoing?

Mr MULHERIN: I think that is an operational question. I will get Jim Thompson to answer that. To give examples of some of the responses, there is the Hendra virus at Kerry near Beaudesert which continued in 2011-12, along with Park Ridge and Mount Alford. We have had the control of spur throated locusts across Central and Western Queensland. That is funded by state and local government contributions to the state Plague Pest Contingency Fund. There was possible bovine Johne's disease incursion on three properties in South-East Queensland—ensuring the movement of animals was restricted, providing risk assessment and implementing and monitoring an eradication plan.

There was mango malformation disorder in Bundaberg and Childers. Exotic mealybug was detected on illegally imported hoyas at a property in Witta near Maleny. There was trace-forward surveillance for bacterial canker of kiwifruit in South-East Queensland and Northern New South Wales. That was linked to a New Zealand detection. There was potato spindle tuber viroid at Yandina and cocoa pod borer at Port Douglas. European wasps were detected in produce purchased in Cairns and traced to a property in South-East Queensland. Then there was the green iguana in Townsville. How in the hell they ever got that through, I don't know. It was actually trapped and euthanased. When I first got the brief I thought it was a joke.

Mr CRIPPS: A pretty bad joke.

Mr MULHERIN: It was. You just wonder how these people smuggle it in. A scab disease of finger lime was detected at a commercial property near Childers. Banana blast disease was detected in banana nursery stock from Mission Beach, up your way. White smut of mist flower was detected in Lamington National Park. This disease is actually used overseas as a biocontrol agent for mist flower. As it is host specific, CCEPP, which is the national body which looks at these issues with other biosecurity agencies, recommended no further action. We had the Indian house crow in Innisfail in late 2010. Remember that one? It got plenty of media coverage. There were the Indian star tortoise and the spotted turtles at Kuranda. Then, of course, we have had myrtle rust and the ongoing stuff around electric ants, crazy ants and red imported fire ants. What else are we dealing with? I will ask Jim to add more to it.

Mr Thompson: I guess the answer to your question—and the minister has gone through that list—is really that the breakdown is probably 10 plant, two animal. The Hendra ones come in under animal, and there are a number of those. The rest would be considered to be invasive plants and animals, which is a separate component—so not a pest of plants or a pest of animals but invasive plants or animals in themselves.

Mr CRIPPS: That is the information I was looking for. Once again in relation to non-government question on notice No. 2, the answer states that the cost of responding to these new significant biosecurity incidents was over \$1 million in the previous financial year. It is not quite clear from that answer precisely what the cost was. If the cost was over \$1 million, was it \$1 over \$1 million or was it \$100 million over \$1 million? Was it just marginally over \$1 million?

Mr MULHERIN: I think we will probably have to take that one on notice and get back to you. Or do you know, Jim?

Mr Thompson: The cost that is listed there is part of our normal operations to deal with all these pests. These are the additional costs on top of that, and \$1 million is a rounded figure to about the amount that we spent over the top of our normal budget.

Mr MULHERIN: Are you satisfied with that?

Mr CRIPPS: It is about \$1 million? It is not massively over \$1 million?

Mr Thompson: No, that is the estimate of cost.

Mr CRIPPS: In relation to non-government question on notice No. 2 once again, if the total cost of the responses to 21 new significant biosecurity incidents in the previous financial year, 2010-11, was marginally over \$1 million, that would indicate that the approximate average cost of responding to each new significant biosecurity incident was about \$50,000. Obviously that will not be a hard-and-fast rule—some of them would have cost more and some of them would have cost less—but it seems to me to be a relatively small amount of expenditure. Does that really reflect the cost of responding to what the minister has described in his answer to my question on notice—these new and significant biosecurity threats?

To me, an average of \$50,000 does not seem to be a tremendous amount of money, especially when the answer to the question on notice also indicates that more than half a million dollars alone was spent on a risk reduction strategy following the floods and cyclones that recently occurred in Queensland. So I have 21 cases of confirmed new and significant biosecurity incidents in the last financial year, the cost of responding to which was just marginally over \$1 million, but I have a risk reduction strategy—granted in relation to very significant events—which cost half a million. So reassure me, Minister or Jim, that we are responding adequately to 21 new significant biosecurity incidents with funding of just over \$1 million.

Mr MULHERIN: As Jim said, it varies from response to response. I refer to the response to Asian honey bees, for example. Before the national partners agreed to a national approach to dealing with that issue, I think we spent somewhere in the vicinity of \$879,000 in responding to that. So each response is different. I refer to the \$2.35 million that the state put up for the Southern and Central Queensland floods. A lot of that was to do with the spread of parthenium weed and working with local government and providing support to them in dealing with it. This year, the overall budget for biosecurity was \$76.322 million in total. For each response we have to do a risk based assessment. Some of it could take on a national response. For example, bovine Johne's disease probably did not cost as much as some of the other incursions.

Mr CRIPPS: I seek clarification: does the answer that the minister gave to question on notice No. 2 reflect the real cost of responding to those 21 new significant biosecurity incidents or does it not?

Mr MULHERIN: That is the advice given to me from Biosecurity Queensland. You heard from Jim what the cost was. The point I am trying to make is that we are a frontline state and we have these outbreaks. We make the assessment around eradication or containment, whether it fits in a national scheme, whether it is the responsibility of the property owner if it is a weed. There are various ways that we tackle these problems.

Mr LAWLOR: Minister, you have touched on this, but I refer you to page 2-6.4 of the SDS. Can you please update the committee on how Biosecurity Queensland continues to protect the state's industries against invasive pests and diseases by investing \$3.5 million to deliver the biosecurity strategy and a single biosecurity bill?

Mr MULHERIN: The draft biosecurity bill will be released for public consultation shortly. It is a key initiative under the \$3.5 million Queensland Biosecurity Strategy 2009-14. The proposed biosecurity bill 2011 will be the most significant piece of biosecurity related legislation introduced in Queensland history. The landmark bill aims to modernise legislation and provide a cohesive flexible tool to respond to both current and future biosecurity challenges. It will also aid in securing Queensland's national and international reputation in biosecurity standards. Currently, Biosecurity Queensland is regulated by seven separate acts, part of another act and subordinate legislation. The draft bill delivers a major reform to the current regulatory framework and a significant reduction in red tape.

For the first time in Queensland, biosecurity legislation will clearly address biosecurity risks to production, human health, environment and the economy. The bill incorporates shared responsibility, risk based assessment, prevention and management of the issues. Traditionally, legislation is chiefly limited to directing obligations towards government and primary producers, whereas the draft bill offers a more local proactive approach. Under the legislation, people will be required to actively identify and mitigate risks associated with pests, disease and contaminants. It will support local area or industry level risk management decision making and prioritising of biosecurity activities. This will improve the capacity and the capability of Queensland's biosecurity system by improving coordination across government and non-government stakeholders.

The proposed legislation will also further support the work of local government in safeguarding the health of their community and local environment. Local government will continue to play an active role in partnership with the Queensland government in managing invasive plant and animal threats. Registration and identification will be maintained as a priority, with animal identification systems recognised in the bill as an essential for the control and eradication of animal diseases. The proposed biosecurity bill will continue to provide significant powers to deal with emergency situations. It also aims to introduce strong penalties for biosecurity related offences and ensure that the penalty corresponds with the offence.

The exposure draft bill will be released soon. I urge all interested parties, including this committee, to provide feedback on the legislation during that consultation process. I give an assurance to this committee that people from Biosecurity will be available to take you through the bill and answer questions in your deliberations. I look forward to the response from the committee system.

I congratulate industry for the way that it has played a role in developing this bill. When we established Biosecurity Queensland, we formed an advisory committee chaired by Peter Kenny, who is a pretty well respected in agribusiness. We included stakeholders from industry, NRM, conservation groups, local government and other people with expertise. Their role was to work with BQ to develop that strategy. From that strategy we have involved industry in the development of the draft legislation. They have had input through every aspect of the draft. A couple of exposure drafts have already been put out. Industry has been very supportive of that approach. Normally, draft legislation is put out for public consultation; we had industry working with us in building the draft. There has been extensive consultation over a couple of years. For this financial year, we have provided \$3.5 million in developing this legislation.

CHAIR: I am sure that industry will appreciate your comments.

Mr LAWLOR: Minister, I refer to the Service Delivery Statements page 2-11.2. Can you please update the committee on the *Surat Basin Future Directions Statement*?

Mr MULHERIN: I seek leave to table the *Surat Basin Future Directions Statement*.

Leave granted.

A year on from the release of the *Surat Basin Future Directions Statement*, we have delivered a series of initiatives that address the challenges and opportunities stemming from the new multi-million dollar energy industry. The Surat Basin is currently experiencing growth unlike any other region of Queensland, largely due to the expanding energy and resource sector. These initiatives will ensure we manage this growth to ensure the boom region continues to be a place where people want to live, work and raise a family. We have delivered a series of headline initiatives that addresses the challenges and opportunities stemming from the new multi-million dollar energy industry.

From the beginning, we have been determined to learn from our experiences in the Bowen Basin and improve our approaches to the pressures of fast-growing communities. We did this by ensuring that all stakeholders have a say in the Surat Basin's future directions and have planned for the challenges together. We are conscious that government needs to maintain a balance between future economic benefits and the protection of the environment, quality of life and landholders' rights. The collaborative approach between community, industry and government has resulted in clear strategies that address the critical need of the Surat Basin region, including planning and settlement patterns, economic development, skilled labour and workforce development, housing availability, transport, strategic cropping land, land access and coal seam gas water management and social impact management plans. Those practical strategies provide an effective framework to guide the government and our regional partners in responding to the needs of the region. The strength of this achievement is in the collaboration and effective community consultation undertaken on planning the future of the Surat Basin region. In the past year, there has been extensive progress in the development of those strategies through that collaborative process, resulting in a direction that is truly representative of the Surat region.

I place on record my appreciation for the input and advice from the local mayors: Councillor Ray Brown of the Western Downs Regional Council, Councillor Rob Loughnan of the Maranoa Regional Council, Councillor John Hooper of the Banana Shire Council and Councillor Peter Taylor of the Toowoomba Regional Council. If people want more copies, they can access the *Surat Basin Future Directions Statement* at www.regions.qld.gov.au

I call on John Chapman to provide the member for Hinchinbrook with some further advice or details on the tick vaccine and expenditure.

Mr Chapman: I have taken some more advice from Dr Peter Johnson, the general manager of animal science in Agri-Science Queensland. He tells me that of the combined \$1.4 million investment by Agri-Science Queensland in the new tick vaccine, three-quarters is spent on the new vaccine. We hope it is within about 12 months of commercialisation. The COC for beef funding is critical. Dr Ala Leu, who runs that project, has a team of about five scientists and technicians. That is where that load of money goes. A sum of \$3.12 million is directed at ensuring vaccine supply for tick fever. We are advancing the science from tick fever vaccines into a vaccine that will actually prevent ticks infecting the beasts. It is a great innovation and is almost to commercialisation, but it requires strong investment for about five operatives to make it happen.

Ms FARMER: I refer the minister to Service Delivery Statements 2-13.1. Minister, can you update the committee on what the government is doing to address the wild dog issue in Queensland, please?

Mr MULHERIN: I seek leave of the committee to table the Wild Dog Management Strategy 2011-16.

Leave granted.

The strategy is the result of an extensive review of the Queensland Wild Dog Management Strategy 2002 by the Queensland Dog Offensive Group known as QDOG. It incorporates the results of public consultation on the draft strategy. The draft strategy was made available for comment from September through to November 2010. It was published on our website, publicised in the media and invitations to comment were sent to key stakeholders, including relevant state government departments, all local governments, animal welfare and conservation groups. Sixty-six submissions with recommendations from the consultation were received and presented to QDOG, suggesting changes to the strategy. Seventeen themes were identified that were common to multiple submissions, including inclusion of the role of integrated pest management; inclusion of humaneness of control methods; highlighting the importance and the potential role of guardian dog animals; improving compliance—Biosecurity Queensland will develop policies and procedures to support local government to enforce compliance; promotion of exclusion fencing; highlighting the importance of domestic dog control to reduce interbreeding with wild dogs; acknowledging the mental stress that wild dog predation causes landholders; and expanding the understanding of the role of dingoes in the ecology.

Some observation and modelling studies indicate that dingoes may protect some smaller native species by reducing the density or changing the behaviour of smaller predators such as foxes and cats. Further assessment of the ecological role of the wild dog in a range of environments is needed. We do know that predation on small remnant populations of native species such as bridled nail-tail wallabies and tree kangaroos threaten their viability. We have taken on board stakeholder views and I am confident the strategy will allow for greater control of wild dogs in Queensland while maintaining a balance with conservation. The aim of the latest strategy is multipronged: addressing the social, economic and conservation issues. The strategy will assist stakeholders in developing integrated management plans for their sites to effectively manage wild dogs in the longer term.

I want to place on record my appreciation to the QDOG committee, chaired by Brent Finlay. It was initially chaired by Peter Kenny. They have done a lot of work and have worked closely with Biosecurity Queensland in this review. We look forward to continuing to work with the QDOG committee to achieve the outcomes.

CHAIR: Thank you, Minister. I am sure they will appreciate those comments. Before the member for Bulimba asks a question on food, I will introduce the member for Clayfield, Mr Tim Nicholls, who has joined us.

Ms FARMER: I refer the minister to the Service Delivery Statements at page 2-4, paragraph 2. Can the minister please update the committee on how the Queensland food policy, currently out for public consultation, will benefit the Queensland food industry?

Mr MULHERIN: I thank the member for Bulimba for the question. I know that in her electorate there is a lot of value-adding in the food sector. During budget week I released for consultation Food for a Growing Economy, a food policy for Queensland to further build on the state's multibillion dollar food industry. This is the first food policy of its kind in Australia. As part of the state's budget, \$2 million was allocated to support initiatives related to the policy. With the Queensland food value chain worth \$18.7 billion to the state's economy and a workforce of around 267,000 people, it is critical that we plan for future growth in the industry, increasing demand for food stemming from population growth and rising affluence in developing countries, which present significant opportunities for Queensland as a food exporter. The policy is, first and foremost, an economic development policy to maximise the economic growth of businesses across the food sector.

Through this policy, the Bligh government intends to deliver on its commitment to develop an investment framework to maximise growth in the Queensland food sector. This is being supported by this \$2 million grant program to pilot food supply chain businesses with food technology and business

development skills. Grants ranging from \$25,000 to \$100,000 will provide practical funding to help businesses develop and trial new food products or processes. Grants will be aimed to diversify the producers' market options by allowing them to explore new ways of selling, packaging or processing their existing products. For example, a fruit producer may look at new, long-lasting packaged, ready-to-eat products. It is anticipated there would be a mixture of smaller and larger grants, reflecting the diversity of the sector. Incentives would be awarded for projects that create the conditions necessary for economic growth, embrace new processes and technologies and increase opportunities for value chain collaboration and embedded innovative practices.

I will announce the opening of the grant program in the coming months and expect that grants will begin to be allocated in the first few months of 2012. The draft food policy is open for public consultation until 15 August. I encourage all interested parties to have their say through DEEDI's website. We will also work with other states and the federal government around the development of food policy. As you realise, the federal government has also released a policy on food, which is out for consultation.

CHAIR: Thank you, Minister. That was quite a detailed explanation.

Mr CRIPPS: My question is to the CEO of the Australian Agricultural College Corporation. I note the answer to government question on notice No. 9 that a new training delivery centre will be established in Ayr. In relation to the existing Burdekin campus facility at Clare, what plans are there for the future management of that facility?

Mr Setter: Negotiations are very advanced with an independent school, a Catholic school, operating in North Queensland about how they might have access to that facility. It is the Shalom group. Their intention is to—

Mr MULHERIN: I do not think it is Catholic.

Mr Setter: It is not Catholic? I apologise.

Mr MULHERIN: It is a Christian school.

Mr Setter: That is fairly well advanced, and negotiations are continuing around how we might proceed with the use of that facility in that way.

Mr CRIPPS: What does that mean? Will they be purchasing the facility? Will they be leasing the facility? What arrangements are being made for the future management of that facility?

Mr Setter: The intention is that the particular facility will be made available to them and they are seeking to purchase land surrounding that for production purposes.

Mr CRIPPS: Can you clarify the meaning when you say 'it will be made available to them'?

Mr Setter: My recollection—and I will ask Tony Rayner to confirm it for me—is that we will be gifting it in return for us continuing to have access to the property.

Mr Rayner: The proposal is for the gifting of the residential campus to Shalom Christian College and the possible purchase of adjacent land.

Mr CRIPPS: Could you advise the value of that part of the Australian Agricultural College campus at Clare that will be gifted to the Shalom Christian College group?

Mr Setter: We will have to take that on notice.

CHAIR: Are you happy with that?

Mr CRIPPS: Okay.

Mr MULHERIN: I will take that on notice.

Mr CRIPPS: Thank you, Minister. I look forward to that answer. In relation to page 56 of the Capital Statement and the \$3 million allocation for the Australian Agricultural College Corporation, which represents a decline from the previous year—and I refer also to page 2-55 of the SDS, which states that one of the enabling priorities of the AACC is the renewal of infrastructure—can you advise the committee how the AACC will be pursuing infrastructure upgrades at college campuses when the capital allocation for the AACC is declining?

Mr Setter: That represents maintenance allocations for purchase of equipment going into the next financial year. What is not factored in there, because we have only just realised the proceeds from sale of land at Dalby, is how we will then reinvest that consistent with the implementation of the reconnecting education plan. Those sales only went through at the end of the financial year. So we were not sure when that would be available.

Mr CRIPPS: Okay. I refer to page 2-55 of the SDS in relation to the recent achievements and future developments of the AACC, including the delivery of training hours and efforts to revitalise full-time residential training through industry engagement. Can you advise, Mr Setter, whether student enrolments increased or decreased for the 2010-11 year in comparison with the previous year? Can you also provide comparative student-to-instructor ratios for the four existing AACC campuses?

Mr Setter: I can report that for last financial year the overall output for training and training hours increased some 16 per cent in terms of hours of training delivered from all forms of training. In terms of your question about hours to staff ratio, I do not have that figure.

Mr CRIPPS: Student-to-staff ratios. Minister, would you mind taking that on notice to provide those staff-to-student ratios for the four main college campuses?

Mr MULHERIN: No problem.

Mr CRIPPS: I might return, if I may, to—

CHAIR: Are you going to change the topic?

Mr CRIPPS: No, I am not going to change the topic. I am just going to return to my first question in relation to the future management arrangements for the facility at Clare. Can you please, Mr Setter, clarify that it is the residential and administrative assets at Clare that are planned to be gifted to the Shalom Christian College group? As I understand it, there are two other parcels of land—production land—associated with that existing campus at Clare in the Burdekin. Can you clarify that one of them presently produces sugarcane and the other parcel is for beef cattle?

Mr Setter: That is my understanding.

Mr CRIPPS: What will be the future management arrangements for those two parcels of production land at Clare?

Mr Setter: They are part of the reconnecting education disinvest-to-reinvest scheme and, hence, Shalom has expressed interest in purchasing those particular blocks.

Mr CRIPPS: Both blocks?

Mr Setter: I believe so.

Mr MULHERIN: Just the cattle block.

Mr Setter: I beg your pardon, just the cattle block.

Mr CRIPPS: In relation to the cattle block, that will be purchased in a normal commercial transaction between Shalom and the AACC?

Mr Setter: That is the state of negotiations.

Mr CRIPPS: In relation to the production block that produces sugarcane, do you have any estimate in relation to the tonnages that that yields? I know there can be seasonal variations. What is the size of that property?

Mr Rayner: We do not have those details here.

Mr CRIPPS: What is the future management of that particular production property? Will it continue to be connected to the residential administrative activities of the Clare campus when it moves to being administered by the Shalom Christian College group or is it for sale?

Mr Setter: It will be put on the market.

Mr CRIPPS: The sugarcane production area land will be put on the market as well?

Mr Setter: As part of the disinvest-to-reinvest scheme.

Mr MULHERIN: With the reforms in the agricultural colleges, we undertook—both the associate director-general and I—about 60 hours of engagement with community and industry and we invited opposition members to attend the consultation. As a result of that we put out a draft strategy for reconnecting the agricultural colleges to the sector. We announced a number of reforms including a disinvest-to-reinvest strategy. In relation to the Clare college, as the associate director-general indicated, we are currently negotiating with Shalom Christian College for them to take over the administration, residential and teaching blocks. We have also given an undertaking to the Burdekin Shire Council for a trial plot which they can access. If there are new, emerging industries, it might have a crop base and we can trial that. We have agreed to that.

CHAIR: Thank you, Minister. You are going over the information.

Mr MULHERIN: In relation to the two beef blocks—

CHAIR: I ask that you do not reiterate the information that has already been given.

Mr CRIPPS: Mr Setter, lastly, in relation to the production block which grows sugar cane, can we safely assume that the AACC has historical records of the production value of the sugar cane that came off that block? Would you be able to make that available either now or take that on notice?

Mr MULHERIN: I will take that on notice.

Mr CRIPPS: Thank you, Minister. I appreciate that. I would really like to see those historical records of the production value of the sugar cane on that block.

Mr MULHERIN: If you look at the agricultural college and the staffing ratio there, at one stage about 60 per cent of the staff were involved in production—that is, running state run farms. I think we have all moved on from there. Maybe the member for Clayfield supports state run farms.

CHAIR: Thank you, Minister. I will pass over to the member for Bulimba, who has a burning question for you.

Ms FARMER: Minister, I refer you to page 2-55 of the Service Delivery Statements. Can you please inform the committee of the achievements under the Fresh Approach plan of the Australian Agricultural College Corporation?

Mr MULHERIN: I am committed to doing everything possible to ensure that industry can reach its economic potential of \$34 billion by 2020. In June 2008, I launched the Fresh Approach initiative to provide a platform for Queensland primary industries to reach its economic potential of \$34 billion by 2020. DEEDI is embarking on a major revitalisation of research stations to deliver better science and improved biosecurity. It focuses on building skills for the future, creating research and development platforms that accelerate growth and establishing a network of modernised services. So the agricultural colleges play a vital role in that Fresh Approach to revitalising the agricultural sector.

As I alluded to earlier to the member for Hinchinbrook, we have embarked on a major reform of the agricultural colleges through extensive consultation with industry and the community and opposition members. I know that not all opposition members supported the approach, but I think most of them did. This is to reinvest \$20 million into the corporation through a disinvest to reinvest strategy. We want to increase training delivery sites from five to 14. The *Reconnecting agricultural education* implementation plan includes significant upgrades to residential campuses at Longreach and Emerald; the non-residential training centres at Ayr, Gatton, Dalby and Mareeba; and delivery sites located at Cunnamulla, Bundaberg, Innisfail, Ingham, Charters Towers, Bowen and Mackay. The plan will enable the AACC to expand its mode of deliveries and introduce workplace training and more varied training products and services required by industry.

In order to fund this \$20 million, as I said, we will go down the path of selling or leasing surplus assets or underutilised property assets. All money raised through this process will be reinvested. So we expect to get about \$17 million through this disinvestment. My department of DEEDI will also invest \$3 million to take it up to \$20 million. This process is vital to the ongoing future for our industries.

The establishment of the Cunnamulla, Bundaberg and Mackay delivery sites has been achieved, and successful training outcomes have already been obtained at these sites. We have other sites across the state that we are planning—Charters Towers, Ingham, Bowen and Innisfail—as well as upgrades to campuses which will be funded from the sale of land parcels that were attached to Dalby and the Burdekin campus. The recent establishment and official opening of the AACC corporate office at the University of Queensland Gatton's campus will strengthen the pathways for AACC students wishing to progress tertiary qualifications and it increases the AACC's capacity to deliver training to the horticultural sector in the Lockyer.

In my home town of Mackay, where we have had a long association through the cane-growing industry with the AACC, we have developed a partnership with Canegrowers where we operate from their facilities. We deliver point in time and place training for cane growers and we are also looking at recognition of prior learning for those growers. We have run a series of short courses. So it has been a very successful partnership. We have appointed a permanent training coordinator at Cunnamulla. So this has increased our ability to source and deliver training not only for Queensland—for the beef, sheep and wool industry—but also for New South Wales producers over the border.

CHAIR: Can I ask you to round off please, Minister?

Mr MULHERIN: The department of education has also commenced its first intake of secondary students at the boarding school at Dalby which was previously the agricultural college. Year 11 and 12 students will be able to graduate with certificate III qualifications and obtain a Certificate of Education. We are also looking at negotiating a host of online service delivery platforms which will enhance flexibility in the delivery of training. So what industry told us was that they wanted point in time and place training around skill sets. They wanted qualifications and certificates of competency. They also wanted diploma courses. They also wanted recognition of prior learning if they wanted to go on to tertiary. Our approach of reconnecting education and agriculture is about having a pathway from the secondary school through to vocational education through to the university sector.

CHAIR: Thank you very much, Minister. I believe the member for Clayfield has a question for you.

Mr NICHOLLS: Thanks, Madam Chairman, and I thank the committee for allowing me to ask a couple of questions. Minister, just in relation to the racing aspect of the department, it was announced in January 2010 that \$80 million would be made available for capital grants and also there is the \$10 million that has been hanging around for two years that has not been paid to anyone in relation to Parklands—and you have grossed that up I see here today, so you are reannouncing that \$10 million. Can you explain why that money has not been spent up until now?

Mr MULHERIN: As you realise, Racing Queensland went out for consultation around an Industry Infrastructure Plan. They presented a plan to the Queensland government in December 2010. We have had an issue in relation to Albion Park. Part of Racing Queensland's plan was to sell Albion Park and use the proceeds towards the reinvestment in infrastructure, along with the \$80 million that was promised by government—

Mr NICHOLLS: Albion Park was nothing to do with the \$80 million. Why has the \$80 million not been spent?

Mr MULHERIN: Yes, but the whole industry infrastructure development plan was predicated on government contribution—

Mr NICHOLLS: But that announcement was made after the \$80 million.

Mr MULHERIN: Can you let me answer the question?

Mr NICHOLLS: I will if you answer the question. Why has the \$80 million not been spent?

CHAIR: Member for Clayfield, you have asked your question. We would like to hear the minister's answer.

Mr MULHERIN: Thank you, Madam Chair. As I said, there was a wagering tax redirection of 50 per cent which would give the industry \$80 million over four years. Racing Queensland had proposed to sell Albion Park which would take the total investment up to around a couple of hundred million dollars. Racing Queensland outlined where that investment would be. But because of the legal action around Albion Park, I asked Racing Queensland to revise their industry plan, which they have.

The government provided an additional \$20 million—that is, extending the wagering tax redirection out to five years which will enable industry to borrow \$100 million immediately from the Queensland Treasury Corporation to start the redevelopment of facilities across the state. I thought that we could not wait for the outcome of the legal proceedings that are currently before the courts in relation to Albion Park. We will provide this funding to Racing Queensland. Once the issue is resolved around Albion Park, Racing Queensland have indicated that they will then pursue the redevelopment of the Ipswich Turf Club as a multi-use, three-code facility.

CHAIR: Thank you, Minister. Do you have another question, member for Clayfield?

Mr NICHOLLS: I do. Thanks, Madam Chairman. Minister, in terms of the advance then, are you saying that you have now indicated that it is meant to be \$100 million?

Mr MULHERIN: Yes.

Mr NICHOLLS: Where is that additional funding allocated in the budget papers?

Mr MULHERIN: It is not detailed in the budget papers. I went back to cabinet seeking further funding and I was able to get the redirection over five years rather than four years.

Mr NICHOLLS: So the budget papers are in fact not accurate in terms of the projection of the capital grants.

Mr MULHERIN: This happened after the end of the financial year.

Mr NICHOLLS: So this is post the budget.

Mr MULHERIN: Post budget.

Mr NICHOLLS: So post budget you are saying that you found another \$20 million from the redirection of the wagering.

Mr MULHERIN: That is right.

Mr NICHOLLS: In terms of that allocation and those funding grants, will those funds be made available if clubs do not agree to grant equity to Racing Queensland in relation to the ownership of these tracks? For example, the dispute in Toowoomba has dragged out and played out over a period of time. So if, for example, the Gold Coast Turf Club says, 'No, we don't want equity being given to Racing Queensland,' will the money that you have announced today be made available?

Mr MULHERIN: We have provided the funding through this wagering tax redirection through a loan facility at QTC to Racing Queensland. Racing Queensland will negotiate with the relevant turf clubs that they have identified or racing facilities that they have identified for upgrade.

Mr NICHOLLS: So in fact there is no guarantee that that money will go through if Racing Queensland sits on its digs?

Mr MULHERIN: I encourage the turf clubs to work with Racing Queensland for the betterment of the industry—that is, to improve the facilities. This is a huge investment by government. No other government in Australia is putting that much into upgrading infrastructure of racing.

Mr NICHOLLS: Well, you have not put anything in so far.

Mr MULHERIN: Under the Racing Act, Racing Queensland is the responsible body.

Mr NICHOLLS: As I say, you have not put anything in so far, despite announcing it over 18 months ago. Is the case that, if Racing Queensland insist, as they have in the past, on a form of ownership of the track and the club says, 'No. This is ours. We bought it. It is our freehold,' will you insist that the money still be paid to, say, the Gold Coast Turf Club?

Mr MULHERIN: No.

Mr NICHOLLS: No.

Mr MULHERIN: As I said, no business can be expected—and this is Racing Queensland—to hand over millions of dollars and not seek some security around the investment.

Mr NICHOLLS: We are not talking about security; we are talking about ownership here. So if they insist on ownership, for example—as they have on the Sunshine Coast—and the Gold Coast Turf Club says no—

Mr MULHERIN: And they are quite happy with it and so is Rockhampton.

Mr NICHOLLS: No. I am talking about the Gold Coast Turf Club. You have made the announcement today. So if the club says, 'No. We will not give you equity,' will you insist nonetheless that Racing Queensland hand over the capital grant money with other forms of security?

Mr MULHERIN: No. We have provided the capital grants money to Racing Queensland.

Mr NICHOLLS: So you do not care whether they hand the money over to the Gold Coast Turf Club or not.

Mr MULHERIN: We expect Racing Queensland to negotiate with the clubs around the redevelopment. That is why we have given the additional money for that to happen.

Mr NICHOLLS: But if the club says—

CHAIR: Member for Clayfield, the minister is trying to answer your question.

Mr NICHOLLS: Sure. But if the club says, 'No. We are not going to give you equity—

Mr MULHERIN: That is up to the club. Toowoomba said no, but I know that there are plenty of clubs that will say yes. All I can say is that I encourage the turf clubs and Racing Queensland to sit down and work together so that these projects can get underway for the betterment of industry. These facilities are there for the betterment of industry, not for the life of a committee. This is an investment in the future of the industry.

CHAIR: Thank you, Minister. Unfortunately, time has beaten us. That brings our time for questions to a close. I wish to thank the minister and his advisers for their cooperation today. Just before we go, there was a bit of confusion on my part when the minister tabled the *Surat Basin Future Directions Statement*. Minister, you sought leave to table that.

Mr MULHERIN: Yes.

CHAIR: I did not put it to the committee. I apologise. Is leave granted?

Leave granted.

CHAIR: We will now take a short break and resume at 2.30 pm with the Minister for Employment, Skills and Mining.

Mr MULHERIN: Madam Chair, I would like to thank you and your deputy and other members of the committee for the way that you have conducted the hearing this morning. I would also like to put on record my appreciation to my ministerial staff, ably led by Ms Nicole Seils, who has been with me for 18 months. Nicole will be leaving my office and returning to the government sector. I appreciate the hard work and effort that she has put in over the last 18 months.

I would also like to thank my departmental officers—Ian Fletcher, Rob Setter and Mark Bermingham—for the wonderful work they have done, as well as everyone else who has been involved in the estimates process. I would also like to thank the parliamentary attendants and Hansard for the work they have done in recording today's hearing.

CHAIR: I am sure they will very much appreciate those comments. Thank you, Minister.

Proceedings suspended from 1.31 pm to 2.30 pm

ESTIMATES—ENVIRONMENT, AGRICULTURE, RESOURCES AND ENERGY COMMITTEE—MINING

In Attendance

Hon. SJ Hinchliffe, Minister for Employment, Skills and Mining

Mr G Addison, Principal Adviser (Acting)

Department of Employment, Economic Development and Innovation

Mr I Fletcher, Director-General

Mr D Hunt, Associate Director-General

Mr K Beardmore, Manager, Business Support

Mr S Matheson, Chief Inspector, Petroleum and Gas Inspectorate

 **CHAIR:** Welcome everyone to the third session of the estimates hearing of the Environment, Agriculture, Resources and Energy Committee. My name is Carryn Sullivan. I am the state member for Pumicestone and chair of this committee. Joining me on the committee today—and I ask the committee members to nod in case there is anyone in here who does not recognise you—is our deputy chair and member for Hinchinbrook, Andrew Cripps; Steve Dickson, member for Buderim; Jack Dempsey, member for Bundaberg; Di Farmer, member for Bulimba; and Peter Lawlor, member for Southport. I also welcome the member for Warrego, Howard Hobbs, whom we have given leave to participate in this session of the hearing so he will be asking some questions.

The proceedings today are lawful proceedings subject to the standing rules and orders of the parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded in accordance with standing order 208. The media's coverage of today's hearings is subject to the guidelines prepared by the Committee of the Legislative Assembly for committee hearings. These guidelines have been distributed to the parliamentary press gallery and copies are also available here today. The hearing is being broadcast live via the Parliamentary Service's website—welcome back, listeners and viewers. Finally, before we begin I ask that all mobile phones be either switched off or put to silent mode. I also ask that no tea or coffee is brought into the chamber.

In this session, we will examine the proposed expenditure contained in Appropriation Bill 2011 for the portfolio of the Minister for Employment, Skills and Mining for the parts pertaining only to mining. Welcome, Minister and advisers. We will examine estimates for your portfolio until 3.30 pm. For the benefit of Hansard, I ask advisers if you are called to give an answer that you please state your name before speaking. I now declare the proposed expenditure for the Minister for Employment, Skills and Mining open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, would you care to make a brief opening statement of up to five minutes.

 **Mr HINCHLIFFE:** Thank you, Madam Chair and members. Queensland's strong mining and resources industry has set a solid foundation for significant economic growth in our state for this financial year. Treasury predictions have put economic growth across Queensland at five per cent over the 12 months to July 2012. We are also expecting that over the next two years approximately 140,000 jobs for Queenslanders will be supported. As I said, the mining and resources sector, as it continues to grow, is a solid foundation and the flow-on effects are important to the rest of the economy. This is occurring across the board, but I want for the committee's purposes to highlight some particular sectors.

We are predicting significant investment in Queensland infrastructure and thousands of jobs thanks to the sustainable expansion of the coal seam gas and liquified natural gas industries. The three LNG projects with state government and federal government approvals are expected to bring more than \$65 billion in private sector investment, more than \$850 million in royalties and more than 18,000 direct and indirect jobs. This means jobs not only for drillers and geotechnicians working on CSG wells but it also means contracts for roadworks, transport, catering and many other industries as well as a steady stream of off-farm income for farmers.

Benefits to local communities have definitely started flowing in the Western Downs. Toowoomba's Easternwell's \$80 million drilling contract with QGC is just one example. Dalby's Ostwald Bros also has a \$60 million construction contract. It is not just the big guys who are taking all the spoils. Other local small businesses to prosper include Mike Jones Earthmoving from Wandoan and Maguire Coaches and Travel from Chinchilla.

This investment in CSG and LNG, being fuelled by worldwide demand for cleaner sources of energy, comes on top of predicted growth in the coal industry. Following our summer of natural disasters, I am pleased to report that all 54 coalmines affected by water were producing coal by the end of June. The majority have recovered to 80 per cent production and the rest were producing at about 40 per cent production. What this means for the Queensland economy as a whole is that royalty and land rent revenue is expected to increase by \$654 million, or 23.4 per cent, in 2011-12 largely due to a strong recovery in volumes following the 2010-11 floods and coal prices remaining relatively high. These royalties will be invested in vital infrastructure like schools, roads and hospitals in regional Queensland, just like they always have.

We are doing what we can to encourage mining. We have introduced our strategic cropping policy to provide certainty to industry. Nine applications for new mineral exploration are being considered for an area 270 kilometres north-east of Mount Isa and in the Croydon and Normanton regions under our \$18 million Greenfields 2020 program. This is about making sure the minerals and resources industry has the opportunity to unlock deposits and create more jobs for Queenslanders and more wealth for our state.

We are also seeing the Galilee Basin open up and provide what will be a significant source of export revenue for Queensland. It is not just gas and minerals that Queensland exports to the international markets through DEEDI's mines department; Queensland is also well recognised as an international leader in mine safety which gives us the ability to export our knowledge and programs around the world. On top of the \$1.3 million earned through running safety programs in Queensland, we also earn \$850,000 in revenue through international exports and \$14,000 in exports to Western Australia. All up it is worth more than \$2.2 million for Queenslanders.

To this end, I would like to congratulate Mine Safety and Health Commissioner, Stewart Bell, on being awarded a Public Service Medal in June for outstanding public services to DEEDI particularly in the area of mine safety and health. Commissioner Bell is not here today because of his role in the royal commission into the Pike River mine disaster in New Zealand. Paul Harrison is in charge of mine health and safety in the commissioner's absence and he is here to assist and be an adviser to the committee if need be.

This is a budget that tells a story of optimism and opportunity for Queenslanders underpinned by a strong mining and resources industry. It tells a story of economic recovery from a summer of severe natural disasters and it tells a story of jobs growth for Queensland.

CHAIR: Thank you, Minister. I will hand over to the member for Bundaberg for the opening question.

Mr DEMPSEY: My first question is to the minister. Your opening statement has highlighted a predicted five per cent growth and 140,000 jobs and that a lot of other areas will increase in the resources sector. Minister, you would have put a lot of research and analysis into providing those statistics?

Mr HINCHLIFFE: Definitely. Rigorous Treasury analysis has been undertaken that informs that data.

Mr DEMPSEY: And you agree that the current budget relies heavily on the resource sector, with approximately \$3.4 billion in taxation revenues and so forth?

Mr HINCHLIFFE: It is one of the vitally important elements of our economy and there is no doubt it will continue to be for many, many years to come with great prospectivity for future investment and great interest from across the world in ongoing investment in the resources sector here in Queensland.

Mr DEMPSEY: We certainly are a lucky state, aren't we.

Mr HINCHLIFFE: We certainly are.

Mr DEMPSEY: My line of questioning will address the elephant that is rampaging in the room and that is the carbon tax, and I will ask a series of questions in relation to that. Has your department done an assessment of the impact of the federal government's proposed carbon tax on the Queensland mineral and energy sector, in particular the coalmining sector, considering the answers that you have just given in relation to research and thorough analysis?

Mr HINCHLIFFE: Through you, Madam Chair, I want to thank Mr Dempsey for his question. First, let me highlight that there is certainly an ongoing set of work that needs to occur in relation to the broader impacts on the Queensland economy and on the Queensland budget and that is going to be undertaken by Treasury. I know that other committees during this estimates process have heard that Queensland Treasury is doing further work on the details of the Commonwealth's package in relation to placing a price on carbon. I presume that you heard that earlier today as well. Let me reiterate that that is certainly the case.

Understanding the broader implication of your concerns, we know that the prospect of a price on carbon is not a new thing. In fact, when the Howard government was proposing it, it was important that the Queensland government was aware and was looking at the potential impacts. So we have looked at these issues and we understand some elements of the package that is being put before the Australian people at the moment. As I say, further detailed work and modelling will be undertaken.

We have consistently called on the Commonwealth as a government to provide a compensation package to the emissions-intensive, trade-exposed industries and the coal industry that is at least as favourable as that which was agreed under the Carbon Pollution Reduction Scheme, the former CPRS process. I note that the assistance given to our coal, liquified natural gas and mineral processing industries under the Commonwealth's package as proposed now is indeed very similar to that offered under the Carbon Pollution Reduction Scheme. The \$1.3 billion Coal Sector Jobs Package along with the \$70 million Coal Mining Abatement Technology Support Package will indeed greatly assist our very few gassy coalmines to meet the carbon challenge.

The Coal Sector Jobs Package will provide assistance over six years to existing coalmines emitting more than 0.1 tonnes of carbon dioxide equivalent to produce one tonne of saleable coal. Assistance will be provided to eligible coalmines for up to 80 per cent of their fugitive emissions exposure above the 0.1 tonne of carbon dioxide equivalent per tonne of saleable coal threshold.

Equally, the emerging liquified natural gas industry will also bring benefits to Queensland. It offers a sensible solution to reduce carbon emissions. Life cycle analysis has found that every tonne of greenhouse gas emitted in the production of Australian liquified natural gas offsets between four and 9.5 tonnes in client countries when used to displace coal fired electricity generation. So these are all parts of the ways in which we see this package will impact, but the finer, extensive and comprehensive detail and comprehensive analysis will clearly be the subject of that independent Queensland Treasury analysis, as you would expect it to be. I understand the Treasurer committed at a committee last week that that would be reported back to the parliament once that comprehensive analysis was undertaken.

Mr DEMPSEY: I have heard that through the many estimates from the different ministers in relation to putting it back to the federal government as far as that analysis and report, but surely—

Mr HINCHLIFFE: No, I did not say it was being put back to the federal government. I said it was—

Mr DEMPSEY: You were waiting on the federal government, is that correct?

Mr HINCHLIFFE: No. We now have the detail. There is a fair amount of detail and information that has been provided under the package that has been presented—

Mr DEMPSEY: When was that detail to your department?

Mr HINCHLIFFE: There was the further detail contained within the announcement made last Sunday week. That was further detail.

Mr DEMPSEY: Is that enough to go with those overall projected analyses—sorry, through you, Madam Chair—

Mr HINCHLIFFE: Through you, Madam Chair, I understand Mr Dempsey's question now. I apologise, I should make it clear that clearly there is some further engagement that will need to be undertaken between Queensland Treasury and the Commonwealth Treasury and Commonwealth agencies to get some further detail around some of these particular packages.

CHAIR: Have you got a further question, Mr Dempsey?

Mr DEMPSEY: Where are you going to get the money from?

Mr HINCHLIFFE: To?

Mr DEMPSEY: In relation to those packages that you just outlined?

Mr HINCHLIFFE: Those packages are contained within the proposal that was announced last Sunday week.

Mr DEMPSEY: So there will be no need for any increased funding?

Mr HINCHLIFFE: That is part of the funding that will arise out of the revenue that is raised through putting a price on carbon and the raising of a carbon tax. That is where that funding comes from.

Mr DEMPSEY: But based on your forward analysis, as you have just explained, going on to the future of the mining resource sector in Queensland and the finetuning of that analysis, why did your department wait until last week basically to get the information from the federal government in relation to a carbon tax that is going to have a significant impact on your department?

Mr HINCHLIFFE: Mr Dempsey's question seems to presume that there was some prior knowledge of the details of the package that was announced by the government.

CHAIR: Would you like to rephrase that, Mr Dempsey?

Mr DEMPSEY: So you did not have any prior knowledge of how the carbon tax would affect your budget?

Mr HINCHLIFFE: With respect, Mr Dempsey is trying to twist the words I am saying. What I am reiterating is that the details of the various elements of the Securing a Clean Energy Future package as the Commonwealth government delivered last Sunday week were not known.

CHAIR: I think that answers your question, Mr Dempsey.

Mr HINCHLIFFE: It was not known to the Queensland government before that date. So now that that is public, now that that is available and now that that provides for an opportunity for Queensland Treasury and indeed the Department of Employment, Economic Development and Innovation working with Queensland Treasury to engage with the appropriate Commonwealth agencies to draw out that further detail to inform the analysis that Queensland Treasury will undertake, that will occur and that is occurring.

Mr DEMPSEY: Given what you just said then, Minister, would you confirm to this committee that you actually support the carbon tax?

Mr HINCHLIFFE: I make it very clear that I support putting a price on carbon. Putting a price on carbon is the only sensible way to make sure that this—

Mr DEMPSEY: No, that is not the question. The question was about the carbon tax.

CHAIR: He heard the question, member for Bundaberg. He is trying to answer it, so I would give him a bit of latitude to do so.

Mr HINCHLIFFE: Thank you, Madam Chair. Let me reiterate: I do support putting a price on carbon. Putting a price on carbon is the sensible market response as to how to manage this massive and significant economic issue of the impact of carbon emissions on the world's economy. It is something that is happening in economies like the European Union, economies like New Zealand and big economies like California in the United States—indeed, probably the fourth biggest economy in the world. I and, I am sure, many Australians understand that a price on carbon is absolutely the appropriate way to go forward and I am, frankly, quite surprised that the conservative parties in Australia—the parties that claim to be the proponents of a market, that claim to be the proponents of market management—have an Ilie Ceausescu view of how to deal with climate change. Rather than dealing with it by using a market mechanism like a price on carbon, they think you can do it by building more tractors. That is the alternative. That is what the action on climate change appears to be. So I certainly do support putting a price on carbon. I am keen to see the details and comprehensive nature of the impact of this particular package being put forward by the Commonwealth government and how that affects Queensland and how that affects the Queensland economy. That will play an important role in the position that this government takes.

CHAIR: Do you have another question on that issue, or can we move on?

Mr DEMPSEY: Yes. Minister, in relation to the issue of sovereign risk, you would be pretty well aware of the Fraser Institute annual report and how it addresses sovereign risk and the fact that in 2006-07 Queensland was listed eight in the top 10 and now has gone down to No. 38 in relation to policy report carding in having to deal with international companies. Do you agree that the carbon tax will have some significant impact on the sovereign risk of the Queensland mining and resource industry?

Mr HINCHLIFFE: I thank Mr Dempsey for the question. What I would say about the role and importance of the policies that put a price on carbon and how they will impact upon Queensland's economy and the reputation of Queensland internationally is that I am sure it will be in no great way significantly different to the other economies world-wide that have a price on carbon built into their economic arrangements. But Mr Dempsey makes reference to the Fraser Institute Annual Survey of Mining Companies. I should highlight that this is a piece of work that does get a lot of attention, but I think it is vitally important that in considering this issue the committee as a whole understands the background and the nature of that survey. It is a tool that many people do look to in many ways in the industry, but I should highlight that it is indeed a survey of a whole lot of people who have never, ever done any work in Queensland.

The Fraser Institute undertakes a global annual survey on jurisdictions' attractiveness for exploration investment. Nationally, though, Australia improved its ranking in the survey that was released in March this year. Although this is an interesting survey exercise, it is not necessarily a true reflection of the health of the mining sector. The Canadian based survey drew just 430 respondents from an initial list of approximately 3,000. These companies may or may not have operated in Queensland or indeed in Australia. Further, the survey is perception based; it is not really about experiences. Finally, I should note that the majority of respondents assigned the largest portion of their budget to gold exploration—some 43.38 per cent; copper, 16.88 per cent; uranium, 6.49 per cent; and nickel, 4.42 per cent. Just 2.34 per cent of the respondents assigned the largest budget of their operations to coal—clearly Queensland's main commodity. The key thing to really understand about those reputational risk issues is to understand what sort of exploration is going on in Queensland.

CHAIR: If you would like to round up, Minister, that would be good.

Mr HINCHLIFFE: I will round up on this point, Madam Chair. Exploration expenditure in the March quarter to 2011 was \$201.7 million. That is a four per cent increase on the previous March quarter 2010, which was \$193.8 million. What we are seeing is significant growth and significant investment—not just talk, not just filling out a survey form but putting cold, hard cash down and investing. The total mineral and petroleum exploration expenditure in Queensland in the 12 months to March 2011 was a record of over \$1 billion. So people are putting their money where their mouth is, even with the prospect, as has been the case for the last 12 months, of some form of price on carbon, including going back a few years when the Howard government was proposing a price on carbon.

CHAIR: Member for Bundaberg, have you got a final question to round up on this particular issue?

Mr DEMPSEY: I have a couple.

CHAIR: Two more and then I am going to pass it over to the member for Southport, who would like to ask a question.

Mr DEMPSEY: Just in relation to the Fraser Institute report, the minister was very clever, obviously, in his first words to mention Australia. Given that report, do you accept that Queensland runs last out of all of the states in that report in relation to dealing with sovereign risk?

Mr HINCHLIFFE: Mr Dempsey, I have read the report. While the survey indicates that Queensland is less attractive for exploration investment—

Mr DEMPSEY: It runs last!

Mr HINCHLIFFE: While it recognises that it is less attractive for exploration investment than it was five years ago, this is not indicated by actual exploration activity. Let me reiterate: a survey of people who may or may not have actually ever done anything in or around Queensland is quite different to what is actually happening out there on the ground.

Mr DEMPSEY: But, Minister, it says—

In Queensland, there are so many prescriptive, legislative hurdles for exploration and the people administering the policies seem to be dead against exploration.

CHAIR: In all fairness, member for Bundaberg, I think the question has been answered. Can you move on to your next one, please? I think that one has been adequately answered.

Mr DEMPSEY: I was just clarifying the minister's comments that there actually are—

CHAIR: I do not believe the minister's comments need to be clarified.

Mr DEMPSEY: Minister, was the Chief Scientist asked or contacted in any way, shape or form in relation to the carbon tax on the mining and resources sector?

Mr HINCHLIFFE: I thank Mr Dempsey for the question. The Chief Scientist has a role in advising government across-the-board around matters that are important to Queensland that involve science. In the Department of Employment, Economic Development and Innovation we put science at the forefront on a whole range of—

Mr DEMPSEY: But in mining, though?

Mr HINCHLIFFE: Absolutely. We put science at the forefront of a whole range of things that we do in—

Mr DEMPSEY: So has the minister spoken to the Chief Scientist in relation to this matter?

CHAIR: I think you have asked that question and I think he has adequately answered it.

Mr DEMPSEY: No, he has not, Madam Chair.

Mr HINCHLIFFE: Madam Chair, I am happy—

Mr DEMPSEY: Yes or no?

CHAIR: Could you please reiterate the answer?

Mr HINCHLIFFE: I am happy to reiterate and make it clear to Mr Dempsey and indeed to the committee that I have indeed spoken to the Chief Scientist about—

Mr DEMPSEY: The carbon tax.

Mr HINCHLIFFE:—carbon pricing and carbon abatement policies and the important role that the resources sector has to play in those issues.

Mr DEMPSEY: And what did the Chief Scientist say?

CHAIR: I thank you for that. I am now going to pass it over to the member for Bulimba.

Mr HINCHLIFFE: I will just—

Mr DEMPSEY: What did he have to say?

Mr HINCHLIFFE: I make it clear, Mr Dempsey, that I think you are aware that the Chief Scientist is a supporter of that.

Mr DEMPSEY: Exactly, and what did he say? Are you able to table anything at all here today?

Mr HINCHLIFFE: I have had conversations with the Chief Scientist in my current role and in previous roles—

Mr DEMPSEY: Long conversations?

Mr HINCHLIFFE:—around these issues.

Ms FARMER: Madam Chair—

Mr HINCHLIFFE: But I think—

CHAIR: Can I bear in mind that there is no policy with the federal government at this point in time and there is a lot of speculation out there and I do think that the minister has quite adequately answered that. I will now pass it on to the member for Bulimba. She has a question.

Ms FARMER: Thank you, Madam Chair. Minister, as you are aware and as we have discussed, there is a lot of concern within the community regarding safety and regulation of the coal seam gas industry. Will you please provide the committee with an overview of what safety measures and regulations are in place regarding this industry?

Mr HINCHLIFFE: I thank Ms Farmer for her question, and I really want to acknowledge that Ms Farmer has been very active in raising these issues and discussing these issues with me and indeed has invited me to come and talk to people in her community about these issues. I think that was a very useful opportunity. I want to put on record that the Bligh government recognises the importance of the CSG and LNG industry to Queensland. Unlike some, we understand that this is an industry that is too big to play politics with and too important for our state and our nation's future. In his budget speech the Treasurer forecast that economic growth for 2011-12 would be around five per cent, as I mentioned earlier, and then 5.25 per cent in the following year as a new era of investment ushers in new jobs and broad based expansion. The Treasurer highlighted the importance of the emerging LNG industry when he told the House that LNG is as significant an economic development for Queensland as the opening up of the Bowen Basin in the 1970s.

The three LNG projects with state and federal government approvals, as I mentioned earlier, are forecast at around \$66 billion in private sector investment and some 18,000 direct and indirect jobs. That is why, rather than playing cheap political games, we have worked hard with industry and communities that the industry will operate in to develop and legislate a raft of safety and environmental regulations for the CSG and LNG industry. The CSG and LNG industry in Queensland is subject to some of the toughest regulations in the world and is producing energy that means less carbon emissions. It is an industry for the future in that context. This is a rigorous framework that we have put in place to help guide the industry and achieve a balanced outcome for all stakeholders.

Some of the key parts of that framework are new land access laws that ensure the rights of landowners in their dealings with resource companies, template contracts that set out guidelines for compensation for landowners, the banning of the deliberate use of BTEX chemicals in the fracking process, making it compulsory for CSG companies to give 10 days written notice before they carry out activities like fracking and, very significantly, creating a one-stop CSG-LNG enforcement unit. So there is a whole raft of things that we have done in that regard and a high level of enforcement that we have undertaken and put in place that I think sets that tone where we have delivered the right framework. I have to contrast that with the LNP, which are yet to finalise a full current policy on CSG and LNG. We know that they had one in the past: it was on the Leader of the Opposition's website until last week, when it got taken down and replaced by a policy document—

CHAIR: Can I ask you to round up, please, Minister?

Mr HINCHLIFFE: Madam Chair, it was replaced by a policy document that then became a discussion paper. It is not hard to see that it is a party that is split on these issues and cannot come to an agreement on what their policy is going to be.

CHAIR: Thank you very much. I call the member for Southport.

Mr LAWLOR: Minister, you would be aware of the misinformation going around regarding the state's coal seam gas industry, particularly that it is a new industry for Queensland. Can you provide the committee with some background and history of the industry and the role that it has played and will play in our economy?

Mr HINCHLIFFE: I want to thank Mr Lawlor for his question. I know he has been very strongly focused on economic opportunities for the state's future. As he knows, this industry plays a really important role. I have to start by saying that while we have been talking about it as a sunrise industry—and it certainly is in terms of size and scale—it is not a new industry to Queensland. In fact, it has been in operation for more than 10 years, the CSG industry. The department of mines and energy released what it called its final position paper on the coal seam gas regime on 15 December 1997 under the then mines and energy minister, Tom Gilmore. For the benefit of the committee, I table a copy of the media release issued by Mr Gilmore to launch the CSG industry in Queensland

CHAIR: Is leave granted?

Leave granted.

Mr HINCHLIFFE: Thank you. It is interesting to note that the position paper was endorsed by the state cabinet—that is what it says in the press release—and I believe Mr Hobbs was the minister for natural resources at the time. So clearly he played a key role in the development of that policy and I guess in a way, therefore, Mr Hobbs is one of the fathers of the CSG industry in Queensland.

It is also interesting to note that the CSG policy released by Mr Gilmore makes reference to getting the balance right between coal and coal seam gas. It mentions nothing about balancing the development of the coal seam gas industry with agriculture, the environment and social impacts. It is just like the LNP's CSG policy that was released last week. It is almost a carbon copy of that one that was on Jeff Seeney's website for months but protecting land was removed—

Mr DEMPSEY: Carbon.

Mr HINCHLIFFE: The sheer mention of carbon gets you upset.

Mr DEMPSEY: Repetitive, once again.

Mr HINCHLIFFE: The steps to protect landholders—

CHAIR: Can I ask that you round up your answer.

Mr HINCHLIFFE: These are steps that have been taken by Labor governments. It is Labor governments that have introduced those strong regulatory frameworks that I mentioned earlier—the landholder protections, the introduction of a ban on the use of BTEX chemicals for the fracking process, the creation of a one-stop CSG and LNG enforcement unit. Since then the CSG industry has come full circle and LNP members are playing a critical role in its future. I think it is good to see that the people here are part of that. Mr Hobbs is out there supporting a petition calling for a moratorium on the CSG industry and calling for a 150 per cent land tax. However, I want to table for the benefit of the committee page 32 of the register of members' interests as at last Wednesday, 13 July.

CHAIR: Is leave granted?

Leave granted.

Mr HINCHLIFFE: This shows that Mr Hobbs is clearly a supporter of the CSG industry and has a number of shareholdings in resources companies—shareholdings including holdings in companies such as BHP Billiton, Caltex, Eastern Star, White Energy, Woodside Petroleum and Beach Energy. This smacks of absolute hypocrisy to me, especially when it comes to Eastern Star.

CHAIR: I would ask you to round up. I will give Mr Hobbs an opportunity shortly to ask some questions. I do ask you, Minister, to please round up your questions.

Mr HINCHLIFFE: Mr Hobbs wants to stop the CSG industry in Queensland, where we have one of the strongest regulatory frameworks in the world, but he is also happy to personally profit from Eastern Star—a company exploring and drilling for CSG in New South Wales where they do not have the same safeguards in place. Money is doing the talking here and the message is clear: the LNP will say one thing in the city and they will say another thing when they are talking to their Brisbane stockbrokers.

CHAIR: Minister, can I ask you for a third time to round up.

Mr CRIPPS: Point of order. How on earth is the minister's comment in any way, shape or form relevant to the question asked by the member for Southport?

CHAIR: The minister is at liberty to answer the question as he sees fit.

Mr LAWLOR: I did ask for background and this is background, I think.

CHAIR: Would the member for Bundaberg like to ask the next question.

Mr DEMPSEY: Minister, in relation to that final question, can you confirm that you were a lobbyist before going into parliament and for how many years?

Mr HINCHLIFFE: I can confirm that I undertook work as a property industry analyst that did involve providing opportunities to talk to government on behalf of my clients.

Mr DEMPSEY: So the general community would get the sense that that is a lobbyist.

CHAIR: Member for Bundaberg, I fail to see the relevance of the question. Would you continue with the mining questions for the minister?

Mr DEMPSEY: Thank you. I have a series of questions that are in line with gas well inspections. For your sake, Minister, these would be through Mr Dan Hunt, please.

CHAIR: If you ask the minister the question, he will pass it on.

Mr DEMPSEY: No, I want to ask Mr Hunt directly.

Mr HINCHLIFFE: Point of order. I think Mr Dempsey cannot actually ask a question of Mr Hunt. He is not the director-general.

Mr DEMPSEY: Yes, I can.

Mr CRIPPS: He is perfectly entitled to answer a question.

Mr HINCHLIFFE: If there is a question directed to the director-general, I am sure the director-general would refer that to the appropriate adviser, which may be Mr Hunt.

Mr DEMPSEY: I am happy to go through the director-general for the sake of convenience.

CHAIR: Thank you. Mr Ian Fletcher, how many coal seam gas wells are there currently in Queensland?

Mr Fletcher: Thank you very much for the question. I shall ask Mr Hunt to respond.

Mr Hunt: I do not have the exact number. There are around 3,000 gas wells. There are wells being drilled all the time. So that number will change over time. We recently released an audit, the well head safety report that reported on an audit of 2,719 gas wells.

Mr DEMPSEY: Is that the one?

Mr Hunt: I cannot actually see that document.

Mr DEMPSEY: The *Coal seam gas well head safety program—final report*.

Mr Hunt: Yes, that will be the one. Yes.

Mr DEMPSEY: With the two LNG projects that have already been approved, GLNG and QCLNG—how many do you expect to be drilled over the life of these projects?

Mr Hunt: I could not give you an exact answer to that. There will be several thousand wells drilled.

Mr DEMPSEY: How many and what kind of inspections have been carried out by your department in the past year on those wells? If I could help?

Mr Hunt: Sure.

Mr DEMPSEY: There is a quote with figures in there and there is a short variance in those figures. Out of the thousands the government did 226, the companies themselves did approximately 2,717 and out of that there were 10 completed by independent inspections.

Mr Hunt: I might actually ask the Chief Inspector, Petroleum and Gas to comment on those numbers.

Mr DEMPSEY: For the sake of convenience, I can refer to page 17 of the report.

Mr Hunt: I do not actually have the report with me.

Mr DEMPSEY: Mr Matheson, it is a pleasure to have you.

Mr Matheson: Could I have the question again, I am sorry?

Mr DEMPSEY: I have probably answered it myself, but do you agree with the figures on page 17 of the *Coal seam gas well head safety program—final report*?

Mr Matheson: Yes, the figures in that report will be correct, yes.

Mr DEMPSEY: On that page can you see the QGC report that says there were 705 wells. Five were in category 1 and 19 are in category 2.

Mr Matheson: Yes.

Mr DEMPSEY: On the next page the report says—

For example, it is known that QGC (via third party contractors) used a methodology of detection immediately adjacent to the well equipment for about 2/3 of their inspections.

What I am saying there is that there is an identified lack of consistency in relation to the inspections. I know we have given it back to the industry, but QGC is doing a different study and a different inspection from those other companies.

Mr Fletcher: Mr Hunt will answer.

Mr Hunt: One of the outcomes of that review process was that we put in place a standard for the guidance of the companies as to how they would do these tests in future. There were a number of different methodologies used by different companies. Some of them used consultants to aid them in their work. Obviously, different methodologies were giving different results. So one of the outcomes is that we now have a standard methodology, which has been promulgated to all the companies and which they are required to use when reporting to the gas inspectorate.

Mr DEMPSEY: Is the department looking at introducing a standard?

Mr Hunt: We have introduced a standard methodology. Mr Matheson might tell us the date that went out.

Mr Matheson: Yes, the code of practice was introduced on 14 April, I believe it was—15 or 14 April—of this year and caught up in regulation at that time.

CHAIR: Does that answer your question?

Mr DEMPSEY: Yes. How many staff do you have on the ground and what has been budgeted to carry out these inspections to make sure that the laws are enforced?

CHAIR: Who are you addressing the question to?

Mr DEMPSEY: To the director and it will go to Mr Matheson.

Mr Matheson: There is a total of 23 petroleum and gas inspectors throughout the state.

Mr DEMPSEY: I think that figure has been increased to 29 recently. I saw from the answer to the question on notice from the government members that it was actually 29.

Mr Hunt: Excuse me, I think that is mines and petroleum and gas inspectorates in the answer to that question on notice.

Mr DEMPSEY: So back to the gas, it is the 23? All right.

Mr Hunt: That 29 is in the southern region. It is called mines, petroleum and gas.

CHAIR: Member for Bundaberg, I am mindful of the time. We really need to move on. Do you have a final question on that?

Mr DEMPSEY: Considering that we have had in historical terms a large group, but considering the impact of the industry we have had a relatively small increase in the number of inspectors on the ground—going from 59 to 62—and we have had an introduction of 4,000 wells already that have been registered since March this year, what plan is in place to keep pace with the industry growth? If we look at page 29 of that leaks report it says nine new inspectors and one inspector have been appointed.

Mr HINCHLIFFE: I guess the thing I would highlight to clarify this is that, yes, nine new specialist petroleum and gas inspectors have been appointed. Most significantly and very importantly for the operational effectiveness of those inspectors, those inspectors are now located in five new regional Queensland locations. They are in Toowoomba, they are in Dalby, they are in Roma and they are in Bundaberg. So that helps a great deal with their productivity and their ability to work with the development of this industry, particularly with those officers in Toowoomba, Dalby and Roma in the Surat Basin where the CSG industry has seen the most significant growth. We have also seen them undertake compliance investigations where significant noncompliance is being investigated. So it is not just doing the routine inspections in the audit that operators have to undertake but it is also the comprehensive work that they do when a noncompliance is identified. That is a significant part of what those inspectors do. I can certainly assure you that in the same way that we have seen this growth of the inspectorate to deal with the growth in industry, that will continue to be a feature of how we will manage this industry and ensure that we will see a continued appropriate growth to respond to the growth in the well heads and other installations that are important for the gas inspectorate to be on top of.

CHAIR: I am now going to pass on to the member for Bulimba. She has a question for you.

Ms FARMER: My question is to the minister. Minister, most Queenslanders are aware of the benefits our resource sector provides to Queensland's economy. However, we also know that the resources industry is more than simply digging up a product. Could you please outline the positive flow-on effects of this sector?

Mr HINCHLIFFE: It is vitally important to Queensland's economy that we can take full advantage of not only our own minerals and energy resources but, in fact, the entire world's minerals and energy resources. It is important to realise that some of the best opportunities for Queensland's resources sector lie not just in exporting dirt—very valuable, very useful dirt as it might be—but in developing and providing the mining equipment, technology and services, or what is sometimes known as METS, that the rest of the world can use. Queensland is recognised as a global hub for METS. We are not only rich in resources but also rich in the talent that helps drive productivity in this vital sector of the economy. I know that a lot of Ms Farmer's constituents are involved in these mixed industries.

The value of mining equipment, technology and services exports to the Queensland economy in 2008-09 was \$1.065 billion and represented some 42.8 per cent of the national total of that industry's value at some \$2.488 billion. Queensland METS companies are committed to large scale investment into the sector, investing some \$190 million into research and development in 2008-09. Examples of award-winning home-grown companies providing information and communication technology solutions to the global mining marketplace include GroundProbe, Runge, Osmotion—in fact, a Townsville based company—Callidan Instruments—a Mackay company—and, of course, Mincom. Queensland's METS sector is highly innovative, making Brisbane and Queensland a leading global hub for supporting the

mining industry. Many companies in the sector operate global businesses from their base here in the state. Around 400 companies, institutions and other organisations service global markets from Queensland.

The areas of world-class expertise and innovative products that these companies supply include technology applications, specialist equipment, specialist contracting and consulting services, engineering design, project management and construction services and, of course, contract mining services. This industry is also really leading the way in the application of innovative technology such as robotics, satellite imaging and 3D visualisation. This is not just happening by accident, nor is it really an overnight success. This is something that the Queensland government has purposely and strategically pursued both with industry and in regional development agendas over the past two decades to ensure that we position the state as a smart solutions provider and derive lasting benefit from our vast mineral resources, building up that capability to apply elsewhere.

We also actively seek methods to capture emerging global marketing opportunities on the back of common operating challenges being encountered here in Queensland. Examples of these opportunities are in the areas of automation, robotics, remote control systems, safety equipment, emergency communication systems, deep exploration technologies and low-carbon technologies.

CHAIR: Could you please round up, Minister.

Mr HINCHLIFFE: I will, and I want to do that by highlighting some of the great world-class institutions that play a role in this here in Queensland.

CHAIR: Very briefly.

Mr HINCHLIFFE: The Queensland Centre for Advanced Technologies, the Cooperative Research Centre for Mining, the Process Engineering and Light Metals Centre in Central Queensland, the University of Queensland's Sustainable Minerals Institute and the Minerals Characterisation Research Facility.

CHAIR: The member for Southport has a follow-up question.

Mr LAWLOR: The disastrous summer hit our state hard and we are now just bouncing back and rebuilding the state. The resources sector was one of the many industries impacted by the rainfall and weather events. Could you please provide the committee with an update on how the sector is recovering?

Mr HINCHLIFFE: As we have identified, as I made mention of, we certainly were impacted by and hit by those particular experiences over the summer. In particular, coalmines were significantly impacted by heavy rain and flooding from November 2010 through to February 2011. In fact, very few of our mines remained completely untouched. But I am pleased to report that as of 7 July 2011 all of the coalmines in the Bowen, Surat and the Clarence-West Moreton basins are back in full or partial production. Forty-five mines are at or near full production—that is, 80 to 100 per cent of normal output—and nine mines are producing at between 50 and 80 per cent of normal level. Queensland's coal transport infrastructure system is now fully restored, all the major roads and airports servicing coalfields have reopened and all five coal export ports and six coal terminals are open with 100 per cent capacity.

In response to the impact of the flooding the Premier established the Flood Recovery Task Force, which provided oversight of a number of important subgroups including the Resources and Energy Recovery Control Group. We saw very early on how vitally important it is to get this industry back in shape and back into production and we were able to work on that. Of course, in some mines, water in mine workings and full on-site water storages have impeded a full recovery for a long period of time. The Department of Environment and Resource Management is working with companies to regulate water releases under appropriate discharge conditions or management arrangements to assist the mine recovery process.

There has been a great deal of media commentary from some industry bodies on the role of DERM in managing the impacts of these floods, but I want to take the opportunity to set the record straight on a number of myths that have grown up around this issue. As a government we make no apologies for protecting water quality and people's health. In fact, there have been some, including those in the LNP, who have called to release what is potentially highly toxic water from mines into Queensland rivers and streams, and that is a threat to people's health.

Mr DEMPSEY: That is misleading by the minister. If he has any evidence in that regard I ask that he actually table it and not verbal LNP members.

CHAIR: Minister, could you please stick to the question. Perhaps leave the politics aside.

Mr HINCHLIFFE: I will stick to the fact that the proposals by some to see those releases happen in an uncontrolled way would not be acceptable to this government and would not be acceptable to the people of Queensland. We do not want to see a repeat of what happened in 2008, when Queensland Health was forced to bring in a 'boil water' alert for Rockhampton due to some uncontrolled releases in the Fitzroy River system that happened from a flooded mine. My department advises me that DERM has been working hard to process applications for transitional environmental programs allowing mines

to dispose of water where it is safe to do so. Since 1 December last year DERM has approved some 837 TEPS, as they are called, across 39 mine sites in the Fitzroy. In the majority of cases these assessments were made in under 10 business days.

CHAIR: If you would like to round up, please, Minister.

Mr HINCHLIFFE: We are responsive and actively working with the resources sector to resolve this issue. We need all people to act responsibly in being part of managing this issue.

CHAIR: I believe the member for Warrego has a question for you.

Mr HOBBS: I direct a question through the DG to the director of CSG engagement or someone in that area. Under section 332 of the Geothermal Energy Act 2010, would it be an offence for a company to distribute and publish information, knowing this information is misleading and in conflict with state government legislation?

Mr Fletcher: I would like to take that question on notice.

CHAIR: I am just wondering whether, in fact, he is asking you whether you could give a legal opinion.

Mr Fletcher: Yes.

CHAIR: If that is the case, it may well be out of order. Member for Warrego, can I ask you to ask a supplementary question.

Mr HOBBS: I will. I am just asking whether it in fact complies with your legislation. I refer to dot point 7 on page 3-111 of the SDS where it states—

The department has committed to a strong and proactive compliance program in regulating and monitoring the Coal Seam Gas (CSG) and Liquefied Natural Gas (LNG) industries.

I table for the information of the committee a letter and attachments which I sent on 7 April requesting an investigation. To date I have only received acknowledgement of my correspondence and no response from the government. Can you advise when this will be investigated and when I am likely to receive a response?

Mr HINCHLIFFE: Can I see the document?

CHAIR: Yes. It has somebody's name on it, does it? Perhaps we could just omit the name.

Mr HINCHLIFFE: Yes. For the purposes of the committee to appreciate, this is not correspondence that has been addressed to me. It is correspondence that has been addressed to an officer of the Department of Environment and Resource Management. I am not entirely sure how I am going to be in a position to answer the question that the member for Warrego raised.

Mr HOBBS: CSG compliance.

CHAIR: Are you happy, member for Warrego, for the minister to take that on notice?

Mr HOBBS: Not really. I would prefer to go right through it.

CHAIR: Member for Warrego, the minister has already stated that it is not correspondence that is addressed to him. It is not correspondence that he has seen.

Mr HINCHLIFFE: With respect, when Mr Hobbs raised this matter before tabling the document he did imply that it was correspondence to me. Now that I see the document, it is not correspondence to me; it is correspondence to an officer within my department. So I am not entirely sure how it relates to this particular element of the SDS.

Mr HOBBS: It relates to compliance.

Mr HINCHLIFFE: Because I have particularly referenced the LNG enforcement unit, I am quite willing to seek some more information, but it would be more appropriately raised with the line minister who is responsible.

CHAIR: Could I ask the member for Warrego just to clarify the relevance of the question to this particular minister?

Mr HOBBS: It is to this particular minister. The only responses I have had are from other ministers saying it is a matter for this minister, Minister Hinchliffe. It has come from the Treasurer and from former minister Jones. It is in your department; it is your area.

CHAIR: Member for Warrego, could I reiterate that this particular letter has not been addressed to the minister. He has not been aware of it.

Mr HOBBS: His department is.

Mr HINCHLIFFE: For clarity, for the committee's purposes, let me clarify that it certainly appears to relate to matters that are matters under my administration.

Mr HOBBS: It definitely does.

Mr HINCHLIFFE: I accept that. Mr Hobbs asked a question of me about what is happening with this letter. One, I want to make it clear that it was not a letter I had seen.

Mr HOBBS: I asked the director-general of CSG engagement.

Mr HINCHLIFFE: With respect, Mr Hobbs did not actually direct his question to the director-general. If he wants to rephrase it and direct it to the director-general, he may.

CHAIR: I am mindful of the time. Do you want to take that question on notice since you now believe that part of it does relate to your portfolio?

Mr HINCHLIFFE: I am happy to take it on notice and make sure there is a reply, but I am not entirely clear what the question actually is. The question was: will there be an answer to this?

Mr HOBBS: Yes, well, I hope there is an answer to it.

Mr HINCHLIFFE: If that is the question, I will take that on notice.

CHAIR: Are you happy with that, member for Warrego?

Mr HOBBS: What I want to ask is—

CHAIR: You have got one minute.

Mr HOBBS: Why is the government allowing this company to continue to distribute misleading information and conflicting information which was still on the website yesterday, 10 months after legislation was enacted, and is clearly in conflict with the requirements of the legislation under your responsibility, Minister?

Mr HINCHLIFFE: This being the first time that this matter has been drawn to my attention, I will certainly investigate these details and take swift action.

CHAIR: Thank you. Member for Warrego, the minister will take that on notice.

Mr HOBBS: Minister, the issue is this: in relation to infrastructure that is built within 600 metres of dwellings, a company is saying on its website that they can build infrastructure within 400 metres or 200 metres. They are not complying with your legislation. Your department is not enforcing this. I put that letter in on 7 April and I cannot get a response. That is the issue.

CHAIR: Member for Warrego, the minister is very aware of the issues. You have reiterated it. I do not think the minister has anything more to add.

Mr HINCHLIFFE: I reiterate that I will make sure there is a response on this matter not only for Mr Hobbs but also for the committee.

CHAIR: Thank you very much for that. That brings our time for questions to a close. Thank you, Minister and advisers. We are now going to take a short break and resume at four o'clock with the Minister for Main Roads, Fisheries and Marine Infrastructure.

Mr DEMPSEY: Before finishing, I would like to thank the minister and all the staff for their time this afternoon. I thank them for the effort they have put into this estimates process.

Mr HINCHLIFFE: Thank you, Mr Dempsey. I thank you, Madam Chair, your esteemed committee members, the Hansard staff and the chamber staff who have assisted us so that, with the assistance I have been provided by my department and my office, things have been made all the easier. Thank you.

CHAIR: The comments of the minister and the member for Bundaberg are very much appreciated.

Proceedings suspended from 3.31 pm to 4.00 pm

ESTIMATES—ENVIRONMENT, AGRICULTURE, RESOURCES AND ENERGY COMMITTEE—FISHERIES

In Attendance

Hon. CA Wallace, Minister for Main Roads, Fisheries and Marine Infrastructure

Ms K Whittle, Principal Policy Adviser

Department of Employment, Economic Development and Innovation

Mr I Fletcher, Director-General

Mr R Setter, Associate Director-General, Science, Agriculture, Food and Regional Services

Ms M Mohr, Managing Director, Fisheries Queensland

 **CHAIR:** I welcome everyone to the fourth session of the estimates hearing for the Environment, Agriculture, Resources and Energy Committee. My name is Carryn Sullivan, the member for Pumicestone and chair of the committee. Joining me on the committee—and I ask them to nod to you in case there is anybody here who does not recognise everyone—is the deputy chair and member for Hinchinbrook, Andrew Cripps; Di Farmer, the member for Bulimba; and the member for Southport, Mr Peter Lawlor. We are waiting on Mr Dickson, the member for Buderim, and Mr Jack Dempsey, the member for Bundaberg. I am not sure whether or not they are joining us. I also welcome the member for Cleveland, Dr Mark Robinson, to whom we have given leave to participate in this session of the hearing.

The proceedings today are lawful proceedings subject to the standing rules and orders of the parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded in accordance with standing order 208. The media's coverage of today's hearing is subject to the guidelines prepared by the Committee of the Legislative Assembly for committee hearings. These guidelines have been distributed to the parliamentary press gallery and copies are also available here today. The hearing is also being broadcast live via the Parliamentary Service's website. We extend a warm welcome to everyone who is picking up on those broadcasts. Before we begin, I ask that all mobile phones be switched off or switched to silent mode. I also ask that no tea or coffee be brought into this chamber.

In this session we will examine the proposed expenditure contained in the Appropriation Bill 2011 for the portfolio of the Minister for Main Roads, Fisheries and Marine Infrastructure in relation to Fisheries. I welcome the minister and advisers. We will examine the estimates for your portfolio until 5 pm. For the benefit of Hansard, I ask advisers who are called to give an answer to please state their name before speaking. I now declare the proposed expenditure for the Minister for Main Roads, Fisheries and Marine Infrastructure open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, would you care to make a brief opening statement of up to five minutes?

 **Mr WALLACE:** Thank you, Madam Chair and committee members, for this opportunity and for your presence here today to review our Fisheries Queensland budget. Firstly, I mention that today I have written to the Chair as there was a slight error in answer to question on notice No. 1. My apologies for that. It was pointed out to me very late yesterday afternoon and we took the first opportunity to update that answer to question on notice No. 1.

Today, I announce that we are moving the Queensland Boating and Fisheries Patrol from the Department of Employment, Economic Development and Innovation to Maritime Safety Queensland, which is a division of Transport and Main Roads. This will deliver increased patrols on the waters of Queensland and capacity to focus greater surveillance in priority areas. Therefore, today I am announcing an historic move.

Boaties and fishers will see further safety and resourcing benefits of the single marine safety agency when Maritime Safety Queensland teams up with its long-time partner, the Queensland Boating and Fisheries Patrol, in September. I have been up and down the coast talking to the boating and fishing communities and these changes will result in what they have been asking for: more patrols and more time on the water. The Queensland Boating and Fisheries Patrol already works closely with MSQ in both education and enforcement roles under a memorandum of understanding that has been in place for several years. By bringing them within the Maritime Safety Queensland organisation, they can better combine their assets in marine education and safety awareness programs, which is good news for all. The shift will better enable the coordination of marine assets and personnel to respond to maritime emergencies, such as oil spills and severe weather events. All functions and programs of the patrol, including the important Shark Control Program, will be moved to MSQ.

Speaking of sharks, I can update the House on some exciting news relating to our shark tagging program. Using one of our satellite tracking devices, Rachael, the great white shark, has been spotted over 1,000 kilometres away from where she was originally caught on the Gold Coast. I seek leave to table a couple of photos that I think the committee will find of interest.

Leave granted.

Rachael was last detected three weeks ago off the coast at Yamba in New South Wales. I can advise the committee that right now she is somewhere off Jervis Bay in New South Wales. Rachael was tagged on 17 June. She was the first great white to be tagged in Queensland waters. She is giving our researchers a greater insight into the behaviour of those incredible fish.

In other news for Fisheries Queensland, we are continuing to work towards the complete delivery of the Queensland Fisheries Strategy 2009-14. We are working with the fishing community to manage the harvest of fish sustainably and with fair access. We are working with fishers to help them maximise the value of their fisheries and we are working collaboratively to protect fisheries habitats, which are critical to the health of fish stocks.

As the minister, finding the right balance between the environment and the social and economic demands of a shared, sustainable and profitable fishery is deeply important. I believe in the value of the fishing sector and, through our focus on working with the community to manage the fisheries, we are taking the right steps to ensure the success of fisheries now and well into the future. I fished as a kid, my dad fished as a kid, and my grandad and great grandfather both fished as kids. I want my kids to fish into the future.

Across the state many fishers were hard hit by the severe weather of late last year and early this year. As always, ongoing services such as compliance, education, research and monitoring continued. I know that the services provided this year went well beyond the norm. I thank all my Fisheries staff throughout the state who went the extra mile to assist those impacted by the widespread floods and severe Tropical Cyclone Yasi in North and Far North Queensland.

This year we have covered a range of priorities, including research, monitoring and the management of fisheries and education. Fisheries Queensland has also created an industry development unit that is providing much-needed assistance to the commercial fishing sector, the aquaculture industry and recreational fishers by helping them create action development plans across the state. This is important work that will ensure our valuable fisheries continue to contribute to the social and economic aspects of our cities and rural centres.

Importantly, earlier this year I announced the outcome of my personal consultation on the Rocky Reef Fin Fishery and its iconic species, the snapper. As a keen angler, I personally oversaw this consultation process to ensure that community views were heard at the highest levels of government. After extensive discussions across Queensland with keen fishermen, industry representatives and the like, I announced that the sustainability of snapper can be protected with no future bans on catching snapper in Queensland. I am pleased to again offer a promise to the fishers of Queensland that the snapper fishery will not see another closure.

These are sensible changes that protect some of the most popular commercial and recreational fish species in Queensland. Instead of the ban, we have reduced the recreational bag limit for snapper from five to four, with a maximum one fish with a total length of over 70 centimetres allowed. The minimum size of snapper will remain at 35 centimetres. This will apply to all recreational anglers, including fishing from charter boats. There are no proposed changes to the size and bag limits for peal perch and teraglin. This year a monitoring program will be introduced for recreational fishers to log snapper data to ensure that up-to-date and accurate information is available for future reviews. Also, there will be an education program to reduce snapper deaths through incorrect catch and release.

Additionally, I can announce that I will establish a recreational fishing advisory group to be chaired by the member for Chatsworth, Steve Kilburn. I look forward to working with that committee and achieving the best outcomes for Queensland's recreational fishers. Over the next year, I will continue to focus on improving services and delivering more for Queensland fishers. This includes maintaining a shark patrol program that provides the best possible protection to bathers on our idyllic and beautiful beaches.

CHAIR: That is your five minutes, Minister. I pass over to the member for Cleveland.

Dr ROBINSON: Minister, I have a question about the Fisheries Queensland budget. First, I note that there is nothing in the 2011-12 budget papers that shows the activities of, for example, revenue and expenditure. What are the revenue and expenditure figures for the years 2008-09 through to 2011-12, projected in this budget, for Fisheries Queensland as a department?

Mr WALLACE: I will start with 2011-12. Fisheries Queensland has a number of areas that we focus on. The first area that I will talk about is protecting Queensland's fish populations by conserving and managing habitats. This year our state source funding is \$4,929,000. Other sources are \$1,825,000, making a total of \$6,755,000. In terms of our sustainable harvest of fisheries resources, our state source funding is \$2,399,000. Other contributions are \$9,798,000—

Dr ROBINSON: Excuse me, Minister; I do not mean to be rude. I simply want the global figures for those years for the revenue and the expenditure.

Mr WALLACE: That is what I am reading out.

Dr ROBINSON: I do not need every subcategory. If you could stick to the question, Minister. We have already wound up eight minutes.

Mr WALLACE: That is the budget for fisheries. I seek your guidance, Madam Chair.

CHAIR: He only wants the actual totals, so indulge him.

Mr WALLACE: Thank you, Madam Chair. This year the budget for Fisheries across Queensland is \$56,820,000. That is made up of state funding of \$38,809,000, with other revenue of \$18,011,000. That is the budget this year. The budget last year for Fisheries Queensland—this is an actual budget, so this is the budget that we spent in the end—was \$51,466,000. That was made up of state source funding of \$39,740,000 and other revenue of \$11,726,000. The 2009-10 budget was \$47,380,000. That was made up of state source funding of \$37,776,000 and another contribution out of state source of \$9,604,000. The 2008-09 total budget was \$46,711,000.

CHAIR: Does that answer your question?

Dr ROBINSON: Yes. What was the expenditure for 2009-10 and the projected expenditure for 2011-12?

Mr WALLACE: Last year our expenditure was \$51,466,000. Would you like me to go through the individual areas?

Dr ROBINSON: No.

CHAIR: Just the totals is fine.

Mr WALLACE: The expected expenditure this year is \$56,820,000.

Dr ROBINSON: Minister, the DPI and Fisheries website contains a report called *Help protect Queensland snapper*. The latest information about the snapper stock was published on that website on 17 February 2011. There has been nothing since. Why is the website five months out of date when you have over 300 public servants at your disposal? Is it laziness and incompetence or is it wanting to hide the fact that you did a backflip on Labor's snapper bans?

Mr WALLACE: Can I talk about snapper? When I became fisheries minister earlier this year, one of the first jobs that I undertook was to consult. I talked to people in the snapper fishery. Snapper is unique in Queensland in that it is our only major fishery that is predominantly fished by recreational fishers, that is, the mums and dads, the grandmas and grandads, and the kids fishing for snapper.

I went out and I talked to the people concerned. I talked to them about their thoughts and perception of the snapper fishery and stocks out there. I had a lot of feedback about that. Indeed, I went up and down the coast. I met with people in Hervey Bay, on the Gold Coast and a lot of people here in Brisbane. I met with charter operators in the recreational sector who take people out. Indeed, I met opposition members of parliament who came to see me along with fisherpersons from their electorate. I talked to them about snapper.

There has been no backflip when it comes to snapper. What has taken place is what governments should do: it has been about talking to the people concerned—the people who go out and fish for snapper regularly. Let us put to bed the allegation from the member for Cleveland that there has been some sort of backflip. This government has always been there to talk to people. This government makes a habit of talking to fishermen. This government makes a habit of talking to people—

Dr ROBINSON: Minister, if you could kindly come to the point of the question.

CHAIR: Member for Cleveland, I have the call. Minister, there was a second part to the question. Could you please wrap up with that one and move on to the second part of the question about the website.

Mr WALLACE: There has been a lot of talk and he has talked about the science of snapper. There has been a lot of debate about the science underpinning the government's view that snapper stocks are at a point right now—

Dr ROBINSON: Minister, my question is about the website. It is not about the science.

Mr WALLACE: You asked about the science.

Dr ROBINSON: I asked about the website, the reporting.

Mr WALLACE: You asked about—

Dr ROBINSON: No, I did not, Minister. I asked about the reporting on the website. I asked: is it good enough that it is five months out of date? Why is it five months behind when you have over 300 public servants in your department? Could not one of them update about the changes?

CHAIR: Member, you have asked a question now twice. Please give the opportunity for the minister to answer.

Mr WALLACE: I can confirm that that announcement is on the website. It is in a press release. In fact, I fronted the state media to talk about the changes that day, as did the member for Cleveland. The announcement of those changes is on the website. Also I want—

Dr ROBINSON: Minister, 17 February is the date of the last update. Issue No. 9 of the *Help protect Queensland snapper* report is the latest issue that you have there. There is no No. 10 on the website. Its date is 17 February 2011. Is that good enough, Minister?

Mr WALLACE: It was very rude of the member for Cleveland to interrupt like that. I do not know where he went to school.

Dr ROBINSON: To ask you to answer a question?

CHAIR: Member for Cleveland, you have had your chance. Now please give the minister an opportunity.

Mr WALLACE: I can confirm that there is a press release up there announcing those changes. The other thing that we do in Fisheries Queensland is regularly put out these guides and regulations for Queensland. The last one of course was July last year. The new one representing those changes will come out on 1 July this year. We will be telling the fishers right across Queensland what rules are in place. We make these widely available in bait and tackle shops and other places across Queensland. Indeed, I make sure I have a good stock in my electorate office because of the number of people who visit my office. It is not just through the website that we have told people about these changes but through important publications like this right across the state.

CHAIR: Do you have a further question, member for Cleveland?

Dr ROBINSON: Yes. Minister, you referred to Labor's snapper ban backflip. In March there was a debate on a disallowance motion regarding the six-week snapper ban that Labor introduced this year. All of the government MPs voted for the snapper ban. All of the LNP members of parliament voted against a snapper ban. Minister, is it true that you voted for Labor's snapper ban that would stop recreational fishermen catching snapper? Why now have you backflipped on this issue?

Mr WALLACE: You want to look at the comments of the member for Cleveland when it comes to snapper. I seek leave to table three press releases from the member for Cleveland which say that we are going to have future snapper bans in Queensland.

Leave granted.

Mr WALLACE: He has got no credibility when it comes to this.

Dr ROBINSON: Madam Chair, the minister is just verballing and not answering the question. He was specifically asked the question: did he vote in the House for Labor's snapper bans? The minister knows he did and is trying to hide that fact.

CHAIR: Member for Cleveland, you have asked your question. The minister has a right to answer it. I ask that you give him that opportunity.

Mr WALLACE: I used to call the member for Maroochydore the Chicken Little of the opposition; the sky was falling in. But I think the member for Cleveland takes that—

CHAIR: Perhaps you could get on with the answer to the question.

Dr ROBINSON: Same old verballing, no answers.

Mr WALLACE: As fisheries minister I am committed to looking after our fisheries stocks in Queensland. I make no apologies for doing that—no apologies whatsoever for looking after our fisheries stock.

Dr ROBINSON: So you backflipped?

Mr WALLACE: I am proud of each and every one of those Labor members of parliament who voted—

Dr ROBINSON: Who voted for snapper bans?

Mr WALLACE:—with me to protect our fishing stocks here in Queensland. We have a great tradition of looking after fisheries stocks in Queensland. Since 1891 we have protected female mud crabs in the state of Queensland. Look where we are today. This crab is not from the Hinchinbrook; it is from the Burdekin.

Dr ROBINSON: Did you catch a female?

Mr WALLACE: Look where we are today with plenty of crabs around for people to catch. Labor has a proud tradition of protecting fish and crab stocks in Queensland. I am proud of every one of those Labor members who voted with me to protect those stocks in Queensland, just like we have protected female mud crabs in Queensland since 1891. I will not apologise for doing that. I will not apologise for

being the minister for fisheries and it is my responsibility to look after fish stocks in Queensland, to take the advice from my experts and to go out and consult and do things properly. That is what we do on this side of the House.

Ms FARMER: Minister, in light of the announcement that you made in your address, can you tell us what measures you have introduced to ensure efficiencies in the areas of Marine Infrastructure and Fisheries?

Mr WALLACE: Yes, in my opening address I announced the relocation of the Queensland Boating and Fisheries Patrol from the Department of Employment, Economic Development and Innovation to Maritime Safety Queensland, which is a division of the Department of Transport and Main Roads. Locating the patrol within Maritime Safety Queensland will deliver efficiencies in all water enforcement activities such as the capacity for increased patrols by maritime officers, increased efficiencies in the use of government's fleets and vessels that undertake compliance activities and their capacity to focus greater surveillance in priority areas.

I can also announce that this year for the first time our fishing and boating rules will be combined into a single publication. It is good news for boaties out there to have one publication of rules for the take of fish—recreational fishing rules—and also the recreational boating and fishing guide. That is good news for the boaties and fishers of Queensland. This new guide will make it easier for people to get the information they need and brings together the two previously separate fishing and boating publications at no additional cost to Queensland taxpayers.

I am mindful that our fisheries stakeholders may see this transfer as a change, but I am pleased to say that I spoke to Sunfish before I came into this hearing. They have verbally welcomed that change to the Boating and Fisheries Patrol. Where those bases are located with each other across the state, it certainly makes sense to place them together.

Ms FARMER: Minister, could you explain how the stocked impoundment scheme benefits Queensland's recreational fishing community, please?

Mr WALLACE: The stocked impoundment system, or SIP, is delivered in partnership between the Queensland government and community based fish stocking groups. Fisheries Queensland administers the scheme at 33 Queensland impoundments including the Somerset, Leslie, Tinaroo, Borumba and Wivenhoe dams. Some of those massive barramundi that we have seen in Tinaroo Dam are testament to how well that program has gone over a number of years.

Of the revenue that we raised through these particular permits, 75 per cent is allocated to fish stocking groups to purchase fingerlings for stocking those dams and waterways. This year the total revenue raised was \$836,000, with \$630,000 allocated for the purchase of fingerlings. After our big rainfall events this year we are certainly getting some good growth rates in our dams and waterways with fingerlings. There is a lot of food around and a lot of bait. So we expect some good catches ahead. The scheme helps to sustain native fish populations by taking the pressure off those fisheries resources and other areas. Species stocked in the impoundments include barramundi, golden perch, silver perch, Australian bass, Mary River cod, Murray River cod and saratoga. Since its inception in 2000, this scheme has created a range of new business and tourism opportunities in regional Queensland and allows local and visiting anglers to access quality fisheries resources all year round. So that is good news for our impoundments across Queensland.

CHAIR: The member for Bulimba has one further question.

Mr WALLACE: You must enjoy your fishing, member for Bulimba.

Ms FARMER: I certainly do, Minister. In case none of us had seen mud crabs before, you have certainly made sure that we all know what a mud crab looks like. Can you tell us what your department is doing to protect important species such as mud crabs in Queensland?

Mr WALLACE: I thank the member for Bulimba. We call our crab here Jenny. That is a female mud crab and you can tell by the part underneath. Of course, there are females and then there are bucks. So Jenny is our mascot, if you like, in Fisheries that teaches us the value of protecting our mud crabs in Queensland.

As I said earlier, we have been protecting female mud crabs in Queensland since 1891. Indeed, the first law pertaining to crabs was introduced in that year. The legal weights were three pounds, or 1.4 kilograms, for males and 10 pounds, or 4.5 kilograms, for females. You can imagine catching a 4.5 kilogram female. You would need very big bait.

Mr CRIPPS: What would use for bait?

Mr WALLACE: You would use that for bait up in Hinchinbrook? The bait depends on the season. In winter you would certainly use bones but in summer you use fish. So there are different baits around the year. In 1913 the government decided to amend the weight restriction and introduced a size limit for the first time of five inches for the body of a male crab. Females were protected totally from that year. That protection of females still continues today and is a significant management measure of sustaining our mud crab populations across the state. Management measures have also been introduced,

including a recreational bag limit, the capping of the number of pots each commercial or recreational fisher may use and having limited numbers of commercial fishers that may take mud crabs. That has certainly held our crab stocks in good stead.

My department continues to monitor the take of mud crabs from all sectors and assesses the information with relevant biological information and research to determine whether the current management practices continue to be appropriate. Fortunately, there is no evidence that we have overfished our mud crab population in Queensland, but we will continue to make sure that there are plenty there, as I said, for when I go crabbing to catch a nice buck crab and also for when my kids go fishing in the future.

Dr ROBINSON: I have a question of the minister. In December 2010 the government announced that it would introduce snapper bans of six weeks duration in February/March 2011. The government said the reason was that the science dictated the bans, that the bans were necessary. What new science has there been by name—what is the name of the program—and what is the cost of that program that has caused the minister to change his mind about the bans?

Mr WALLACE: I thank the member for Cleveland for the question. There has been no change to the science—no change whatsoever. The government did what it said it was going to do: it went out and consulted and talked to people. There has been a lot of debate about the science underpinning the government's view that snapper stocks are at a point—

Dr ROBINSON: No new science. No new science. Sorry, Minister, I am just writing that down, 'No new science.'

Mr WALLACE: We have scientists right across the state.

Dr ROBINSON: So it is political, not science?

Mr WALLACE: Member for Cleveland, you are very rude today. The most recent snapper stock assessment—

CHAIR: Member for Cleveland, please let the minister answer the question.

Dr ROBINSON: I am happy to have short answers, Minister.

CHAIR: He would appreciate a short answer.

Mr WALLACE: Thank you, Madam Chair. I appreciate not being objected on all the time so that I can answer the questions.

Dr ROBINSON: If you answered the questions—

Mr WALLACE: Very rude! The most recent snapper stock assessment was conducted using the latest scientific techniques to analyse the wide variety of data available. This includes data on commercial charter and recreational catches, size and age of fish caught by all sectors and other data collected by my department. Indeed, it is interesting to note that I have been to our fisheries research centres both at Boggo Road and in Cairns looking at the ageing of fish so we can ascertain the age of fish stocks to ensure there are plenty of juveniles and breeding animals within the species.

The reforms that I announced for the fishery late last month followed public consultation associated with the review, balance and social and economic impacts against achieving sustainable outcomes for the snapper. Central to these reforms is educating anglers on techniques to maximise the survival of snapper that are caught and released, and building the data required to achieve consensus on assessments and management arrangements.

Dr ROBINSON: As part of the snapper RIS, how did the government calculate the cost of the annual fishing licence of \$90 that the government put forward as an option to charge recreational fishers for the privilege of fishing for snapper?

Mr WALLACE: I ruled out that charge in the debate that the member for Cleveland talked about earlier at this hearing today. I ruled out any charge for the recreational fishers in Queensland on those coastal fisheries and I think that was an appropriate thing to do. We put out a RIS with a number of suggestions in it for the sector to reply to and we got a lot of responses back. There was a lot of anger out there about that. In fact, you had a chat to me about that, member for Pumicestone.

CHAIR: I did, Minister.

Mr WALLACE: We ruled out that charge. We said no. Whilst I am fisheries minister in Queensland, I will not have a charge on people who want to go and catch a snapper and I will not have a charge on people who want to catch a mud crab.

CHAIR: Do you have a further question, member for Cleveland?

Dr ROBINSON: Yes, Madam Chair. What was the government's purpose in the first place then as part of the RIS for suggesting to charge recreational fishers a licence fee to fish for snapper if there was no potentiality of that being imposed? Was it just a tax grab by a broke Labor government?

Mr WALLACE: No.

CHAIR: I will pass over to the member for Southport, who would like to ask a question.

Mr LAWLOR: Minister, you did touch on the issue of sharks, but can you update the committee on how the recent tagging of a great white shark off the Queensland coast helps Fisheries Queensland keep Queensland beaches safe?

Mr WALLACE: I thank the member for Southport for his question. In fact you visited our shark base on the Gold Coast which I think might be in your electorate.

Mr LAWLOR: Surfers Paradise.

Mr WALLACE: It is just outside of it. It is a wonderful base. I went out with our patrol officers looking at the shark drum lines and nets on the Gold Coast. The great white shark that we recently caught and tagged off the Gold Coast is part of a project aimed to protect bathers at Queensland beaches. We want to get better data as to what shark movements are and what occurs. The shark, a 2.4-metre juvenile female named Rachael, was fitted with an acoustic tag and released after being caught on a drum line at Narrowneck on the Gold Coast on Friday, 17 June. As I said earlier, Rachael was earlier detected today by fisheries scientists just off Jervis Bay in southern New South Wales. That means that she has now moved 1,000 kilometres since she was tagged in June.

The tagging is part of the shark research project that will track the movement of some of state's most dangerous species. The results of the research will give us both seasonal and spatial movement data which in turn will give our scientists a better understanding of the behaviour of dangerous shark species. The more we know about their behaviour the more we can adapt our Shark Control Program to maximise the protection of our beaches. Safety has to come first. That is why we need to have this data about the movement of sharks in Queensland. Bathers' safety comes first.

To date, 49 sharks ranging from just under two metres up to four metres in length have been tagged between Fraser Island and the Gold Coast. Researchers hope to tag as many as 150 sharks during the five-year, \$125,000 research program.

Mr LAWLOR: Minister, can you outline what measures Fisheries Queensland have in place in order to reduce bycatch in Queensland trawl fisheries?

Mr WALLACE: Thank you, member for Southport, for your question. As a recreational fisher and as someone who talks to the fishers right across Queensland, I know that people really get upset about trawl bycatch. Seeing it washed up on beaches I think is a tremendous waste. So the more we can reduce that bycatch the better. That is why this government is committed to taking bycatch off our beaches. We are providing funding to assist the commercial fishing industry to reduce bycatch and its impact on the marine environment.

As part of this commitment, Fisheries Queensland has provided \$1.75 million to implement alternative bycatch reduction strategies in the Queensland East Coast Trawl Fishery. The amount of \$1.25 million of this funding has been used in a scheme to provide rebates for highly effective square mesh codends in the scallop fisheries and fishery bycatch reduction devices and turtle excluder devices for the entire trawl fishery. It is important that we can exclude turtles. I can see the member for Hinchinbrook agreeing there. The last thing any trawler operator wants is to have turtles caught up in their nets. Not only does it stress that animal and puts its life at risk; it also damages their gear.

The amount of \$200,000 was spent on scientific and industry based gear trials to test improved designs of bycatch reduction devices—that was suggested by local commercial fishers—and to encourage the uptake of those improved designs. In addition to the rebate scheme, Fisheries Queensland supplied 250 shallow water prawn square mesh codends and 60 east coast trawl vessels for trial. So we have a big program across the state, trying to reduce that bycatch. As I said, the last thing trawler operators want and the last thing recreational fishers want is that bycatch washed up on our beaches.

CHAIR: Thank you, Minister. I am going to pass over to the member for Cleveland.

Dr ROBINSON: Thank you, Madam Chair. Minister, already Labor's fuel tax and Labor's hike in boat registration has hit the hip pocket of Queensland recreational fishers and boaties, making it more expensive to fish. Now the carbon tax is set to cause a hike in the price of new boats—from tinnies to trawlers to tankers—and will cost jobs in the commercial fishing and boat-building sectors. Minister, knowing that Labor's carbon tax will make it dearer for recreational fishers to do what they love—that is, go fishing—can you explain to recreational fishers and boaties why you support it?

Mr WALLACE: I had a similar question from the member for Cleveland the other day. Like the member for Hinchinbrook, I went through a pretty massive cyclone earlier this year. Like the member for Hinchinbrook, I have seen the rainfall that occurred in North and Far North Queensland. I have seen what can happen to our environment. Something has to be done, otherwise we are not going to have fish for now and well into the future. We are not going to have fish for my kids to fish for. We are not going to have fish for my kids to eat when they go to the fish and chip shop to buy it. So we are very committed to looking after our environment in Queensland.

My fisheries budget does not look at the carbon tax. It is something that, if passed by the federal government, will come into effect on 1 July next year. But one thing I am sure of is that I am here to look after our environment. One thing that I am sure of is that I want fish for my children and crabs for my children. My great-grandfather named Wallace Creek in Home Hill at the turn of the last century. We have fished there for 130 years. I want us to fish there for another 130.

Dr ROBINSON: Given that Labor's carbon tax will be like a wrecking ball to jobs and businesses—boat builders, commercial fishermen, small bait and tackle shops—every marine dependent business will suffer job losses and higher costs of business. Minister, how can you support this job-destroying and business-destroying tax?

Mr WALLACE: I think it is a repeat of the last question, Madam Chair. But I stand by my last answer.

Dr ROBINSON: So you do support it.

Mr WALLACE: I stand by looking after our environment. I stand by having fish, crab and prawn stocks for the future. I stand by the \$100 million that our East Coast Trawl Fishery produces each year. I stand by taking action to look after our environment.

CHAIR: Member for Cleveland, you are putting imputations into your questions. So I ask that you do not do that. Would you like to ask another one?

Dr ROBINSON: Yes, thank you, Madam Chair. Given that other state governments—for example, Victoria—are modelling that a carbon tax will hit government department budgets by at least five per cent on average and given that the Queensland government has refused to consider that reality in the budget forward estimates for its departments, Minister, won't you just use other measures like increasing boat registrations again and gouging it out of recreational fishers?

Mr WALLACE: No.

CHAIR: Thank you, Minister. Do you have another question?

Dr ROBINSON: Minister, I have a question in terms of the coral reef fishery. Given that the catch of coral trout by commercial fishermen in recent years has declined significantly, will the minister explain why this government has sat back idly and done nothing about that very important reef line industry?

Mr WALLACE: Again, that is an incorrect question. Indeed, I have met with line fishermen from the Bowen area about what is happening in their industry. You have to put this into perspective. I know the member for Cleveland is stuck in the south-east corner, but what has happened in regional Queensland where we are catching the coral trout?

Dr ROBINSON: I have caught many coral trout, Minister.

Mr WALLACE: Tropical cyclones Hamish, Ului, Anthony and Yasi impacted significantly on our Reef Line Fishery in Queensland. Recent coastal infrastructure were damaged. Catch rates of coral trout slumped because of those cyclones. In some areas businesses have needed to relocate boats to unaffected fishing grounds where possible. This year cyclones Anthony and Yasi forced a number of reef line boats to cease operations temporarily while some others continue to operate at an economic loss. Impacts of the recent cyclones were particularly felt around the Bowen and Mackay fishery which had still not fully recovered from the effects of Cyclone Hamish.

What has this government done? The Natural Disaster Relief and Recovery Arrangements packages were offered to impacted areas. They provided some very important assistance for operators. In particular, grants and low interest loans were accessed by fishers who sustained physical damage. The industry also accessed wage subsidies through Centrelink to keep crew employed whilst boats were tied up and unable to fish. The recent season of natural disasters has highlighted the vulnerability of the Reef Line Fishery to climatic events and the need to financially strengthen the industry so that the fishery can cope with any future events. In response, DEEDI in partnership with the fishing industry is developing the reef line disaster response strategy. So what the member for Cleveland is saying is absolutely incorrect.

Dr ROBINSON: Minister—

CHAIR: Another question and then I am going to move on to the member for Southport.

Dr ROBINSON: Just to clarify your answer, Minister, I asked about what have you done over several years. So prior to the floods and the cyclones and particularly the impacts of the cyclones you referred to—and I certainly accept that they have had an impact, and we all need to be very understanding about that and sympathetic to those in business, families and those who have lost much through those cyclones; certainly we are on this side of the House—what have you done to arrest the decline in the actual catches over the last several years which are not all to do with the cyclone that happened this year? Minister, my question goes well back. I ask you to attempt to answer why you have sat back over the last several years and done nothing while those catches have dropped?

Mr WALLACE: Let us look at the last several years.

Dr ROBINSON: That was the question, Minister.

Mr WALLACE: He was talking about climate change earlier but when the climate has an effect he blames someone else. So let us look at it. Let us look at the tropical cyclones—Hamish in 2009, Ului in 2010, Anthony and Yasi this year. So that is one, two, three, four significant tropical cyclones affecting our fisheries across Queensland.

Dr ROBINSON: So it is all cyclones, is it, Minister?

Mr WALLACE: That is what these fishermen told me. They told me that they were just starting to recover in the Bowen area after Ului and then they were smashed again by Anthony and Yasi. The poor buggers are doing it really tough because of these cyclones. Of course their fishery has dropped. The coral has been smashed out there because of these cyclones. But we have been working. We have great programs in place such as our Reef Line and Spanish Mackerel Industry Development Plan, which we released. The Reef Line and Spanish Mackerel Industry Development Plan focuses on issues including a common vision for the industry; managing business risk; labour supply and skills training; communication, marketing and promotion; resource allocation between sectors; quota management systems; and infrastructure needs. We are looking in globo, if you like, at the effects—what is happening out there on our Reef Line Fishery—and trying to give businesses a hand where we can. So, for the member for Cleveland to say that we are not doing anything, he obviously has his head in the sand.

CHAIR: Thank you, Minister. I am going to call the member for Southport. He has a question for you.

Mr LAWLOR: Could the minister please update the committee on what steps Fisheries Queensland are taking to continue to deliver the objectives set forth in the Queensland Fisheries Strategy 2009-2014?

Mr WALLACE: Thank you, member for Southport. Member for Southport, I know you were born in Ayr in North Queensland, which is very close to my birth town of Home Hill.

Mr LAWLOR: Everyone has to be born somewhere!

Mr WALLACE: That is right. You know the importance of recreational fishing across our state and the great input that commercial fishing makes to our state. Our Fishing Strategy has been in place for two years and is due to expire in 2014. During this time we have delivered a number of proposed targets. That is really good news for fishers across the state. For instance, the approach to fish habitat conservation and enhancement has been reviewed and a Declared Fish Habitat Area Network Strategy has been developed. That is good news. Unless we have mangroves—unless we have places for fish, prawns and crabs to breed, to have their young—we are not going to have any for the future. Habitat protection is a major focus of this strategy and management of declared fish habitat areas will be consolidated and reinforced by these initiatives.

To assist commercial fishers, an industry development unit has been created within Fisheries Queensland. This unit has already facilitated the release of two industry development plans—the East Coast Trawl Industry Development Plan and the Reef Line Plan, which I mentioned earlier and which the member for Cleveland does not seem to be aware of.

These plans are aimed at helping industry develop a coordinated approach to further the success of our fisheries in Queensland. Other industry development plans that are currently being developed include mud and blue swimmer crabs, recreational fisheries and an Indigenous Fishing Strategy. The Recreational Fisheries Development Plan and the Indigenous Fishing Strategy are both currently undergoing targeted stakeholder consultation. Reviews are also being conducted into a number of fisheries, such as our east coast trawl, the crab and freshwater. These reviews will ensure the most appropriate and contemporary management arrangements are in place for these particular fisheries.

Ms FARMER: Could the minister outline how Fisheries Queensland maintains export approvals against the Commonwealth suitability guide?

Mr WALLACE: Thank you for your question. All Australian fisheries that export product or operate in Commonwealth waters—for example, the Great Barrier Reef Marine Park—and interact with protected species are required to undergo assessment against the Commonwealth Guidelines for the Ecologically Sustainable Management of Fisheries. The guidelines outline specific principles and objectives designed to ensure a strategic and transparent way of evaluating the ecological sustainability of fishery management arrangements to meet part 13 and 13A of the Australian government's Environment Protection and Biodiversity Conservation Act 1999. There are very stringent requirements on our fishery to ensure it is sustainable, to ensure we are not harming protected species.

Fisheries Queensland has sought export approvals for 21 fisheries, and in all cases approval has been granted, showing the professionalism of my department in working with fishers across the state. All approvals have recommended and/or conditioned actions which need to be addressed within the term of the approval—that is typically three to five years. These actions ensure that perceived risks are managed and there is continual improvement in the monitoring and management of these fisheries.

Fisheries Queensland has continued to meet the requirements set by the Commonwealth: developing management arrangements through a consultative process that provides opportunities for input from all interested and affected parties, including the community—remember I talked about consultation earlier in terms of snapper, and we do that, we consult, we go and we talk to the fishers concerned; enforcing critical aspects of these management arrangements under the principles of ecologically sustainable development; and monitoring and validation of catch and effort of commercial and recreational fishers—for example, our fisheries observers and quota reporting is through logbooks to validate commercial fishers information, and those logbooks detail where they catch certain species and the amount of that species they catch. We collect biological information—length, age, et cetera—of key species to assess the sustainability of fish stocks. It is interesting to go to some of our fish research centres and see some of our scientists actually looking at the tiny ear bones of mackerel, tailor and other species, for instance, to examine how old those fish are. I found it amazing that you could look at the ear bone of a fish to work out how old that fish is and get the average age of our catch across Queensland.

The requirements set by the Commonwealth also include: developing measures and reporting on sustainability performance indicators; assessing, monitoring and avoiding, remedying or mitigating any adverse impacts on the wider marine ecosystem in which the target species lives and the fisheries operates; and of course publicly reporting on the sustainability of that fishery.

CHAIR: Thank you. I call the member for Cleveland.

Dr ROBINSON: I have a question to the minister. Does the minister believe that the snapper fish stock are today overfished at the 35 per cent level?

Mr WALLACE: The feedback I had from the sectors out there was that after a pretty tough time for snapper during the drought we have seen a lot of stock come back across the east coast of Queensland. I think that might well be due to the good rainfall event that we have enjoyed in Queensland this year. As I have always been told, if there is a drought on land you are going to have a drought at sea. So I was comfortable with my consultations with fishers—be they commercial or recreational fishers and also the charter sector—that snapper numbers had certainly had a bit of a bounce back after this year's rainfall events.

We carry out a stock assessment and that was independently reviewed on three occasions and that was based on concerns from stakeholders out there. Each of these reviews accepted that the assessment methods were correct—so the assessments we had on the snapper stock were correct—the methods were appropriate and the conclusions and assessment were valid. Indeed, the last of these reviews was by the Australian Bureau of Agricultural and Resource Economics. It said that the assessment employed standard stock assessment methods and explored uncertainty in a manner that is consistent with accepted practice. That said to me that our scientists had looked at this issue very, very closely. It also said to me that there was concern with the snapper stock.

The consultation across the three sectors that I have mentioned—recreational, commercial and charter—certainly has said to me that people have enjoyed a greater catch since this year's rainfall events, and I hope that will continue. That is why we said that in 2014 we will have a look at this fishery again to assess the stock and the changes that we brought in—such as the reduction in the bag limit, the size, the education campaign and the data monitoring that we have got for recreational fishers to log that data—but I am comfortable that we have got a lot of juvenile recruitment and that we have got a good stock out there at the moment.

Dr ROBINSON: Minister, I just want to clarify this. In your answer to an earlier question, you said to me clearly that there had been no new science. Are you now saying that there has been new science because there has been a backflip—

Mr WALLACE: No, no—

Dr ROBINSON: Let me finish my question please.

Mr WALLACE: No—

Dr ROBINSON: I would like to finish my question. Earlier, on the issue of whether you had done a backflip on the snapper ban—because clearly you voted for a snapper ban in the House based on there being overfishing, based on what the science dictated—I asked you clearly on the record whether there was any new science done and you said clearly that there was not. Now, Minister, you seem to be saying there is no stock assessment reports—

CHAIR: Could you get to your question please.

Dr ROBINSON: Minister, what is it? One way or the other, has there been new science or is it some of your new funky science?

Mr WALLACE: As I said, this particular assessment was taken on the science that we used in the development of the RIS—

Dr ROBINSON: So it is new science now, Minister, is it?

Mr WALLACE: No.

Dr ROBINSON: You said before there was no new science; now you are saying there is.

Mr WALLACE: Hang on.

CHAIR: Member for Cleveland, could you please let the minister finish his answer.

Mr WALLACE: Thank you, Madam Chair.

Dr ROBINSON: I would appreciate an answer.

Mr WALLACE: The science was based on the RIS. The member for Cleveland clearly asked whether there was new science involved in the decision. I said we have relied on the science that was independently reviewed on three occasions—

Dr ROBINSON: Madam Chair, could I ask what date he is referring to, what science that is? I have no idea what he is referring to.

Mr WALLACE: I read it here.

CHAIR: I think he made it very clear that the science already existed.

Dr ROBINSON: And what is the date?

Mr WALLACE: It was reviewed by the Australian Bureau of Agricultural and Resource Economics.

Dr ROBINSON: What date, Minister?

CHAIR: Minister, he is asking for a date. Have you got a date of that research?

Mr WALLACE: April 2009.

Dr ROBINSON: We are talking about 2011.

CHAIR: Member for Cleveland, I have just asked the minister—

Mr WALLACE: I seek leave to table that, Madam Chair.

CHAIR: If he could give us a date.

Mr WALLACE: It is April 2009.

CHAIR: Thank you.

Mr WALLACE: I seek leave to table that. Indeed, that is a public document.

Dr ROBINSON: It is 2011, Minister.

CHAIR: Is leave granted? Leave is granted.

Dr ROBINSON: It is an old report, Minister.

Mr WALLACE: Exactly, and that is what I am talking about—

Dr ROBINSON: Minister, 2011 is what we are talking about. Hello. Catch up.

CHAIR: Member for Cleveland, I would ask you to please avoid any personal reflections. The minister has given you an answer.

Mr WALLACE: He is very rude today, Madam Chair.

CHAIR: Minister, I ask—

Dr ROBINSON: You are very avoiding, Minister.

CHAIR: I have the call. Member for Cleveland, your question now has been answered. Do you have a further one?

Dr ROBINSON: Yes. In 2011, Minister, what is the new science that you say exists that caused the change? Before you said there was no new science in 2011; you have referred to a 2009 report. What has changed since February-March 2011 when you instituted a six-week snapper ban that has caused you to backflip? That is my question and I would appreciate an answer. I think the fishing public deserve it.

Mr WALLACE: Again, the member for Cleveland is trying to verbal me and he is incorrect in that—

CHAIR: Please answer the question, Minister.

Mr WALLACE: As I said, this assessment was viewed independently three times, on three occasions, and based on the concerns from—

Dr ROBINSON: It was 2009, Minister.

Mr WALLACE: Absolutely.

CHAIR: Member for Cleveland—

Dr ROBINSON: 2011 is the question, Minister.

CHAIR: Member for Cleveland, I ask again that you please allow the minister to answer the question without interrupting.

Dr ROBINSON: With respect, Chair, could you guide him?

CHAIR: You have asked your question. Could you please allow the minister to answer it.

Dr ROBINSON: Madam Chair, could you give him some guidance? The question is for 2011.

CHAIR: Minister, could you please answer the question.

Mr WALLACE: As I said, our review was conducted in 2009 and reviewed on three occasions. These reforms that I have announced represent a balanced outcome. I consulted and I did what any member of parliament and what any minister should do—go and consult, talk to the people concerned, to the people who actually go out and catch the snapper, the fisheries, the commercial sector, the recreational sector, the charter sector. That is what I did. That report that I have tabled, as I said, was reviewed independently on three occasions.

CHAIR: Thank you, Minister. The member for Southport has a question.

Mr LAWLOR: Minister, in light of your recent announcements on the Rocky Reef Fin Fish Fishery review, can you explain to the committee how you see the recreational fishing advisory group benefiting Queensland's recreational fishing community?

Mr WALLACE: I thank the member for Southport for his question. After close personal consultation with fishers in my first days as a fisheries minister, I announced sensible changes to protect snapper, one of the most popular commercial and recreational fished species in Queensland. These changes to the snapper fishery include no further bans on snapper fishing and reducing the bag limits, and we have talked about that before.

The other thing that I committed to do was set up a recreational fishing advisory group to report directly to me as fisheries minister. This ensures that recreational fishers have access to the highest levels of government. Recreational fishing faces a number of challenges that will shape the way recreational fishing is managed into the future. It is important to me as minister that I hear the expertise and experience of fishers on the ground. The member for Cleveland obviously does not want to talk to fishers on the ground. He wants to stay away from the people who are actually out there catching the fish—

CHAIR: Minister—

Dr ROBINSON: Madam Chair, again all the minister has got is verbalising.

CHAIR: Minister, I ask you to refrain from or avoid any personal reflections.

Dr ROBINSON: Madam Chair, I find that offensive and I ask him to withdraw.

Mr WALLACE: I withdraw.

Dr ROBINSON: Point of order, Madam Chair—

CHAIR: There has been a point of order.

Mr WALLACE: I withdraw.

CHAIR: You withdraw?

Dr ROBINSON: Madam Chair, I find that offensive.

CHAIR: He has withdrawn.

Dr ROBINSON: Okay.

Mr WALLACE: I would not want to take him fishing. Steve Kilburn, the member for Chatsworth, is a keen fisherman who has an ongoing involvement with his local fishing community. He has accepted the position as chair of the Recreational Fishing Advisory Committee, and I want to thank him for that. Indeed, they have had a few formative meetings in Steve's office which is a good show that we are moving forward.

I envisage the purpose of this group will be to advise me as fisheries minister on fishing policies which will impact on the recreational sector. The recreational fishing advisory group will play an important role in the future of recreational fishing in Queensland. I look forward to working closely with Steve and other members of that particular committee, hearing their thoughts on the ground and working out how best we can support recreational fishing in Queensland. Some 750,000 Queenslanders enjoy recreational fishing and I want to hear their voice.

Ms FARMER: Minister, could you please outline to the committee what support the fishing industry received from Fisheries Queensland to assist fishing communities to rebuild after Queensland's recent natural disasters, with specific reference to the reef line fishery?

Mr WALLACE: We talked about that a bit earlier, about the impact of the cyclones on the reef fishery. DEEDI, in partnership with the fishing industry, is developing a reef line disaster response strategy to identify and progress actions that build resilience to economic, social and ecological impacts on the fishery. The strategy is being formed with significant input from fisheries stakeholders through the reef line disaster response committee and its technical subgroup. The committee was established

following very severe Tropical Cyclone Yasi and involves government agencies, researchers, commercial fishing operators, marketers and processors across all those sectors. The working group comprises five commercial fishers from various regions, including Bowen, a Fisheries researcher and management development, and assessment areas of DEEDI and the Great Barrier Reef Marine Park Authority. The working group met in April and June 2011.

A strategy is being drafted to include disaster response options, implementation methods, time frames and information requirements. The options cover areas such as: controlling effort; transfer between regions; diversifying into alternative markets; access to financial and business planning, advice and tools; and improving operational and legislative efficiencies. Some options are triggered by disaster events whereas others are for ongoing industry development. We want to try to improve, if you like, the value for money for each kilogram of fish that is caught.

Although the focus of the strategy is on tropical cyclone impacts, it is intended to apply to all forms of natural disaster that may impact on the fishery. A draft of the strategy is intended for completion late this month—we hope to have it out then—and consultation and release will be a joint government and industry initiative. Again, that is consultation with the people on the ground.

CHAIR: We will have a very quick question from the member for Cleveland with a very quick answer from the minister.

Dr ROBINSON: I have a quick question to the director-general. Can the director-general confirm whether there has been any new scientific study undertaken and reported since March 2011 on the status of the snapper stock? Just a simple answer is needed.

Mr Fletcher: I will need to take that question on notice because of its very wide ambit, if the committee is content. Thank you very much indeed.

Dr ROBINSON: If the minister will take that as a question on notice and the name of any science—the report itself. I would be interested to know that so we can see if there is any veracity to it.

Mr WALLACE: But you have to remember that we carry out science every day of the week.

Dr ROBINSON: That is about a scientific report, if the minister would provide us with a question on notice—any scientific reports or studies that have been done.

CHAIR: The minister has already said that they will—

Mr WALLACE: And we are getting that done indeed for the review in 2014 that we have committed to.

CHAIR: That brings our time for questions to a close. Thank you, Minister, and your advisers. We will now take a short break and resume at six o'clock with the Minister for Finance, Natural Resources and the Arts.

Mr WALLACE: Can I thank you, Madam Chair, and your committee and also my hardworking staff at Fisheries and DEEDI and also my personal staff. Thank you very much.

CHAIR: I am sure your comments are appreciated.

Mr WALLACE: And Hansard of course.

Proceedings suspended from 5.00 pm to 6.00 pm

ESTIMATES—ENVIRONMENT, AGRICULTURE, RESOURCES AND ENERGY COMMITTEE—NATURAL RESOURCES

In Attendance

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

Ms J Collins, Principal Adviser

Department of Environment and Resource Management

Mr T Wall, Director-General (Acting)

Ms D Best, Deputy Director-General, Water and Ecosystem Outcomes Division

Ms N Osborne, Strategic Policy Officer, Governance and Strategy

 **CHAIR:** Welcome, everyone, to the fifth session of the estimates hearing of the Environment, Agriculture, Resources and Energy Committee. My name is Carryn Sullivan. I am the state member for Pumicestone and I am the chair of this committee. Joining me on the committee are our deputy chair and member for Hinchinbrook, Andrew Cripps; Steve Dickson, the member for Buderim; Jack Dempsey, the member for Bundaberg; Di Farmer, the member for Bulimba; and Peter Lawlor, the member for Southport. The proceedings today are lawful proceedings subject to the standing rules and orders of the parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded in accordance with standing order 208. The media's coverage of today's hearing is subject to the guidelines prepared by the Committee of the Legislative Assembly for committee hearings. These guidelines have been distributed to the parliamentary press gallery and copies are also available here tonight. The hearing is being broadcast live via the Parliamentary Service's website and we extend a warm welcome to everyone who is picking up on these broadcasts. Before we begin, can I ask that all mobile phones be switched off or put in silent mode and also ask that no tea or coffee be brought into the chamber.

In this session we will examine the proposed expenditure contained in the Appropriation Bill 2011 for the portfolio of the Minister for Finance, Natural Resources and the Arts in relation to Natural Resources. Welcome, Minister, and advisers. We will examine estimates of your portfolio until 7 pm. For the benefit of Hansard, I ask advisers that if you are called to give an answer please state your name before speaking. I now declare the proposed expenditure for the Minister for Finance, Natural Resources and the Arts open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, would you like to make a brief opening statement of up to five minutes?

Ms NOLAN: I would; thank you. Madam Chair, thanks for the opportunity to present the estimates for the Natural Resources part of the Department of Environment and Resource Management to you. Queensland is a place of extraordinary natural assets and this is a tremendous agency employing passionate public servants in protecting our land and our water from environmental harm. The agency budget this year will reach \$1.05 billion encompassing a workforce of 5,581 full-time equivalent staff as at 30 June this year, up just 2.7 per cent on two years before. DERM protects our water. It does it by regulating dam safety, by coordinating the capping of bores and by managing scientifically based water resource plans which ensure environmental flows in systems, including the Murray-Darling. And DERM protects our land by regulating the native vegetation land clearing legislation which has cut the rate of bushland destruction sevenfold in 10 years. It manages the Delbessie Agreement which is reversing 150 years of damaging colonial history by moving leases issued for grazing and agricultural purposes, which cover 50 per cent of the state and which previously encouraged development, to leases which focus on the sustainable management of the natural resources.

And now DERM protects our land by managing strategic cropping land. As populations grow and resource pressures escalate, we inevitably see conflict between agricultural and mining interests over lifestyle, values and access to land. While we see it in the Margaret River and on the Liverpool Plains, in Queensland you also see a government with the ideas and the courage to stand up. Here the Labor government is implementing stand-alone legislation to protect the best strategic cropping land. We do that at an economic cost and we do it with the inevitable impost of new regulation. But we do it because it is the right thing to do and because we still have the energy to break, or in this case protect, new ground. While government has released a detailed framework, the opposition find themselves mired in internal debate, with a leader offering no more than the motherhood statement that agriculture is something about which he cares. Well, caring is lovely but it is action that counts. The Department of Environment and Resource Management has been maligned in recent days by a lazy opposition without

an alternative plan. The 5,000 people Minister Darling and I lead protect the environment. They do the good work government has asked of them and I am happy to answer questions about our policy direction, about these people and about the good work that they do.

Finally, I want to update the committee with regard to my answer to non-government question on notice No. 1. I am advised that, upon further analysis of the data used, in fact 54 of the additional 194 full-time equivalent staff who joined DERM over the last year are in front-line service delivery and 140 support that service delivery. I am happy to take questions, Madam Chair.

CHAIR: Thank you, Minister. I am going to open up the questions firstly to the member for Bundaberg.

Mr DEMPSEY: Thank you, Madam Chair.

CHAIR: Just before the member starts, could I ask that we all try to avoid personal reflections. Thank you.

Mr DEMPSEY: Just in your leading statement, Minister, you mentioned an economic cost. Was there any modelling done in relation to that and, if so, have you got any of that modelling available?

Ms NOLAN: You make reference to the strategic cropping land legislation?

Mr DEMPSEY: That is correct.

Ms NOLAN: The first thing to understand about this point, honourable member, is this: whether or not you protect strategic cropping land is much more than an economic decision, in my view. The reason that I make reference to an economic cost is that, if it was the case that in the short term an agricultural use of strategic cropping land had a higher value upfront than did the proposition of mining the land, then there would be no need for government to come along and regulate. The market itself would protect the land. So I think that it should be understood that the decision to protect strategic cropping land is a decision based on principle rather than on the simple economics of the matter. This government has made that decision because we believe that you cannot properly measure in perpetuity the ultimate value of strategic cropping land. How is it that you say 100 years from now or a thousand years from now we want this land to be available in good condition and protected for all of us?

Mr DEMPSEY: Just for clarity, presently you are stating that you do not have modelling for any of the economic costs in relation to strategic cropping land. Is that right? You said it in your opening statement.

Ms NOLAN: Sure. If you will allow me to finish the point, I think that that is the most critical point to understand. In terms of the relative economics on this point, some modelling was done in the early days of the project's development. It indicated a very substantial range of potential cost from around about \$10 billion over quite an extended period of time—I cannot remember what it was—up to in the order of \$40 billion. That modelling has subsequently been superseded in that subsequent to that work being done—that was done on the basis of the original trigger maps which you will all remember were provided—government made a further decision, as you will recall, to move to a two-tier system whereby the level of protection is different in different areas. There has not been an economic cost put on that, as I said, because in my view—and I am very happy to defend it—it is simply not possible in a conventional economic model to measure in perpetuity what is the economic value of protecting the land. Indeed, if we were going for a straight economic rationalist outcome, then you would not do this. The whole reason that we need to do it is that the government has taken the view that protecting the agricultural land is of a higher order value than would occur simply in today's dollars. That indeed is the whole point.

Mr DEMPSEY: Just for clarity, are you able to table that modelling for the committee?

Ms NOLAN: I am happy to. As I said, I am happy to table it. When I do so, I think that it needs to be understood that it ought to be read with that grain of salt—that is, to a degree the policy direction has moved beyond that and, in addition, you cannot ultimately model the kinds of values that we are seeking to protect.

Mr DEMPSEY: Minister, on strategic cropping land we have seen a discussion paper and a draft framework for identifying strategic cropping land. When can we expect to see actual legislation brought before the House on strategic cropping land?

Ms NOLAN: Government has made a commitment to have legislation in the House by the end of this year. That legislation will be based on the quite comprehensive framework which was released on 31 May.

Mr DEMPSEY: When was the deadline for companies to submit their applications for approval in order to avoid the new strategic cropping land regime?

Ms NOLAN: As everyone understands, government made its announcement on 31 May and government subsequently made a decision that, given that there was one project at Springsure Creek in which DERM had finalised the analysis—the assessment—of the draft terms of reference for its environmental impact statement and indeed they were due to be advertised on the following Saturday, government made a decision to include that project with its own set of quite comprehensive transitional

arrangements. So that project is moving ahead under transitional arrangements. It is moving ahead to its EIS stage and the provisions which will be placed on that project include these things: firstly, it will be legislated such that that project has to proceed as an underground project—it cannot be a more conventional open-cut kind of mine; and, secondly, that with regard to that project I am well aware that concern in that area has been raised about the potential of subsidence above the underground mine. Government will also ensure that, where that project takes place, the best standard of rehabilitation above ground is maintained, including things like laser levelling.

There is a legitimate question I think around whether it is possible to rehabilitate a mine after an open-cut mine has happened. Indeed, if you thought you could rehabilitate after an open-cut mine entirely adequately, then again you would not need to do the strategic cropping land legislation. But in contrast to that very legitimate debate about the adequacy of rehabilitation post open-cut mining, in the case of longwall underground mining there is quite reputable and quite well-understood and, I am advised, quite well-known overseas experience of very successful rehabilitation to highest agricultural standard after underground mining has taken place. So the summation in answer to your question is that that one made it through under a transitional arrangement. Those transitional arrangements particularly around it being underground will be legislated. The reason that government made that decision was that the policy principle which we sought to uphold and which we were very open about was, firstly, that we aimed to protect—and we do aim—strategic cropping land but, secondly, there were a number of cases where the development of mine projects was quite well advanced and the proponents had invested significant sums in good faith under the existing legislative regime.

So it was the government's view that to prevent projects in which individuals and companies had invested significant sums to go a fair way down the track from proceeding would have created quite a real sovereign risk. So what the government has sought to do is deal in good faith with companies which had made significant investments under an existing law whilst still establishing a legislative regime to protect strategic cropping land. That is the decision we took, that is the decision that applies in the case of the project in question and that is a decision that I am more than happy to defend.

Mr DEMPSEY: The minister just mentioned sovereign risk. Where did sovereign risk come into this matter?

Ms NOLAN: Had it been the case that, rather than establishing transitional arrangements for this or other or like projects, the government simply pulled down the shutters on a particular day after very significant investments had been made, it would have been quite arguable on the part of this or any other company that that produced a real and legitimate argument around sovereign risk. They would not have been making it up. That would have been quite a legitimate point to make. Any government, but particularly a government like Queensland which does manage a very significant resource sector, has to be mindful of legitimate arguments around sovereign risk.

Mr DEMPSEY: And you acknowledge that we are currently listed in the Fraser Institute report last of all the states in Australia to deal with in relation to sovereign risk?

Ms NOLAN: If what you are proposing is that this project should not have been managed mindfully—

Mr DEMPSEY: No, do you agree—

Ms NOLAN:—and that other projects should not have been managed mindfully—

Mr DEMPSEY: No, I am not going there. Do you agree that we are last on the list?

CHAIR: Member for Bundaberg, you have asked your question. Would you at least allow the minister time to answer the question.

Mr DEMPSEY: Thank you for your guidance.

Ms NOLAN: I agree that the proposition put by the LNP in this case—that is that the government should not have created a transitional arrangement for this project—would have exacerbated any concern around sovereign risk. That is, if we had not done this then we would certainly have opened the door to an allegation of poorly managing sovereign risk. I note that you are concerned about that and, as such, I assume therefore that you will support the course of action which the government has undertaken.

Mr DEMPSEY: Director-General, when was this matter finally ticked off?

Mr Wall: My understanding is that the delegate who made his decision had made his decision prior to the 31st in terms of finalising the actual wording of the decision. The actual decision was finalised on 2 June.

Mr DEMPSEY: So why, then, if the matter was finalised prior to 31 May, did we wait until two days after?

Mr Wall: Principally because there is a process that we have to go through in terms of notification and in terms of advertising. Those processes require a standard proforma and approach to the way we do that. That was the reason there was that delay.

Mr DEMPSEY: How long has this application been with the department?

Mr Wall: I do not have that information specifically. I would have to give you that, if the minister was comfortable taking that—

Mr DEMPSEY: A matter of months? Years?

Mr Wall: In the normal process that people go through in terms of the identification of terms of reference, they are usually publicly notified—

Mr DEMPSEY: It is a major project.

Mr Wall: People make comments in terms of the terms of reference and then we as the regulator will sign off on the final terms of reference. So it can take some months.

Mr DEMPSEY: But the project itself would have been going on for significantly longer than that. With the application phase and everything else, that would have been significantly longer than months.

Mr Wall: These things take time. The original process is that a project proponent comes to us and proposes a project. We make an assessment-level decision in terms of what level of assessment a particular project should undertake—that might be through an EIS process—and then we go through a draft terms of reference process. We go through public notification. We then make a decision in terms of what the final terms of reference should be. In the case of this particular project, that was the trigger that the government had set in terms of when a project can then proceed in terms of being a transitional project under strategic cropping land. That decision was made by the delegate prior to 31 May.

CHAIR: Could I just clarify that? Was it May or June?

Mr Wall: Sorry, the delegate had finalised his decision prior to 31 May but he actually did not finalise in terms of the actual signing and publication until the 2nd.

Mr DEMPSEY: Two days after.

Mr Wall: So the position was that, for all intents and purposes, the process that we had gone through had been completed, other than for finalising of the advertising.

Mr DEMPSEY: The advertising.

CHAIR: Any further questions?

Mr DEMPSEY: The director-general said that he was going to table those items.

Mr Wall: Which items, sorry?

CHAIR: You were talking about the modelling?

Mr Wall: I said that I would find the timing of the process, as I recall.

Mr DEMPSEY: Yes, that is it. Are you happy to do that?

Mr Wall: And how long the process took. I can certainly provide that information.

CHAIR: Through the minister.

Ms NOLAN: Yes, that is fine. But to follow up on the director-general's information, that is essentially the point. They had gone a long way and they were a couple of days from being advertised. That is the whole point.

CHAIR: Just before I hand over to the member for Southport for a question, earlier you said that you were happy to table some modelling associated with that government strategic cropping land. Are you going to be doing that through this session?

Ms NOLAN: If someone hands it to me during this session then I will table it. I do not have in front of me.

CHAIR: It is just that you have to seek leave to do it.

Ms NOLAN: I will seek leave at the point at which it is in my hand, and if I do not get it in my hand then I will provide it to the committee subsequently.

Mr LAWLOR: Minister, I refer to page 3-117 of the Service Delivery Statements regarding the department's responsibility to ensure the safety of dams and recent reports regarding the future of the Ibis Dam at Irvinebank. Can the minister update the committee on the issues with the Ibis Dam and the action that DERM is taking?

Ms NOLAN: I can. This may be of interest, I would expect, to the committee. Ibis Dam at Irvinebank was built in 1907 to support a tin-mining operation. The mine closed years ago and the dam was passed to the state. The dam water is pumped to the town, but is not appropriate for potable supply because the former mining operations mean that the water has an arsenic content which makes it unsafe for human consumption. The provision of reticulated water to communities is in the normal course of events a local government responsibility. Irvinebank is different because of the historical legacy of the old mine dam.

The dam was upgraded by the state government in 1997 at a cost of \$900,000. The minister for mines and energy at the time, Mr Tom Gilmore, who is now the Tablelands mayor, told an estimates committee on 17 June 1997—

The Ibis dam at Irvinebank was fully fixed up this year at some considerable expense. It cost a little more than we had anticipated. We raised the dam. It is now secure. It is not going to wash away.

In June 2010, as part of a project to investigate upgrading the dam's inadequate spillway, core samples were taken of the dam wall and it was discovered that the dam wall is made of rock covered with concrete rather than being a solid concrete wall, as previously believed. As a result, the dam is a lot less secure than had previously been understood.

The Dam Safety Regulator has assessed the dam as being in the very-high-risk category. The regulator advises that it needs to be upgraded or decommissioned as soon as possible. DERM, as the dam owner, intends to lower the water level by six metres in order to minimise the risk. Workers from RoadTek went to the dam today but were prevented from accessing the dam by local people. Given that it would be impossible to decommission or upgrade the dam before the next wet season, the Dam Safety Regulator advises it would be the most appropriate course of conduct to manage the dam through the coming wet season with a lower water level and an enhanced emergency evacuation plan and to take action on the dam itself before the 2012-13 wet season. The Department of Environment and Resource Management will therefore begin the process of releasing approximately 170 megalitres of water from the dam at a maximum of four megalitres per day.

The emergency evacuation plan is known by the community and it involves the monitoring of water levels in the dam, the evacuation of people before road access to high ground is cut off and the installation of an automatic warning system in the town which is triggered by an automatic stream gauge. Given that the plan has been developed on the basis of a sound engineering analysis of the dam and on the assessment of the state's Dam Safety Regulator, I would encourage people to follow it. In the medium term, I will meet with Mayor Gilmore to consider the options.

Mr LAWLOR: I see at page 3-111 of the SDS that the government is working to ensure water supply security outside of South-East Queensland. Could you update the committee on how the government is working with local government to provide water services outside of South-East Queensland?

Ms NOLAN: I can. As people know, the Bligh government is committed to providing Queenslanders with a safe, reliable and efficient water supply. In June last year, the Department of Environment and Resource Management signed a memorandum of agreement with the Queensland Water Directorate and the Local Government Association of Queensland on renewing the regulation of urban water services outside South-East Queensland. This signalled a commitment to work closely with these bodies to improve water and wastewater services throughout regional Queensland.

I am pleased to announce a significant development in that process. By working in partnership with the Local Government Association and the Water Directorate, the government will support a review of possible models for urban water provision outside of South-East Queensland. There have been a number of reports released in recent months by Commonwealth agencies focusing on urban water reform. These reports suggest that the current models for water provision in regional and remote Queensland are not sustainable.

In line with our commitment to providing Queenslanders with a safe, reliable and efficient supply, we are responding. The review that Councillor Paul Bell of the LGAQ and I today announce will be conducted over a two-year period and will be led by and enacted by the LGAQ with support from DERM and the Water Directorate. It will initially involve a scoping paper, which will provide a description of different models throughout Australia and internationally for the delivery of urban water services. This will then be distributed to three pilot areas throughout the state that will test the proposed models to ensure that any proposal can be successfully implemented. Each pilot group will be required to examine at least three models to ensure a thorough assessment.

The review will provide an opportunity for the local government water sector to consider new and innovative service delivery models. It is also a chance for the sector to consider the development of voluntary provider alliances or other alternative institutional arrangements to achieve improved urban water services for both drinking and wastewater outside of South-East Queensland. So what that means in practice, for instance, is that a group of small councils who are perhaps struggling to get a water engineer—as is a very real issue in many rural and regional communities—may cooperate to bring their water businesses together to ensure that they have a big enough operation to be able to get the kind of expertise they need to manage a sustainable and high-quality water supply.

Beyond providing regional and remote Queensland with a safe and reliable water supply, we also need to ensure that providers have the capacity to respond to changing economic conditions and regulatory frameworks given that, over time, as has already been the case and will continue to be the case, standards will continue to rise. As I said, it may well be a challenge, without some cooperation, for smaller local governments to be able to find staff.

Thoroughly investigating these areas will help to position Queensland to respond to the issues affecting urban water provision in remote and regional communities. This, as I said, is a process which is, in the main, being developed and delivered by the LGAQ, as I think is appropriate, but I think it is a good idea. It is an innovative idea. So government, through the Water Directorate and through the Department of Environment and Resource Management, will support that work as it is undertaken.

Ms FARMER: Minister, I refer to the Department of Environment and Resource Management's budget highlights document and note that the Bligh government is continuing to support natural resource management groups with funding to assist in improving, restoring and protecting our environment. Can you advise, please, if there will be any additional funding made available to NRM groups this year?

Ms NOLAN: I can and I thank the member for the question. Natural resource management groups are, I think, the best of what is happening in natural resource management across the state. These are passionately committed groups of people, both professionals and volunteers, who direct both state and federal government funding but in some cases also raise local community funds for local projects to improve land management and to protect vulnerable areas. The groups provide a crucial link between the government and communities, as I said, helping to improve, restore and protect our state's environment. These groups are dealing with the big issues confronting Queensland's natural resources, including loss of biodiversity, water quality, coastal risks, sustainable agricultural and weed and pest management. The government recognises this and allocated \$11 million in our recent budget for 14 regional NRM groups across the state. The money means they can continue their important work preserving the state's environment.

Today I am pleased to announce two more initiatives that support the volunteers behind this very good work. The Queensland Water and Land Carers organisation is the peak body for natural resource management volunteers in Queensland. Today I can tell you that the Queensland government will be providing them with \$300,000 each year for the next three years so they can continue their good work. The organisation represents more than 35,000 volunteers from more than 320 groups. They are a major coordinator of our NRM volunteers providing advocacy, promotion, networking and—every group needs it—insurance administration.

The volunteer NRM sector is vital to the Queensland economy. These people work hard to protect the environment. They attract visitors from around Australia to do that work and they attract visitors from overseas. These volunteers are, quite frankly, producing vast amounts of work with no labour costs and we are very happy to support their efforts. In addition I would like to announce that my department will fund \$40,500 towards the Queensland Water and Land Carers Green Nomads initiative. This is again just basically a really good idea which connects those people who come here to northern parts of the state largely in the winter, the grey nomads, with NRM volunteering opportunities. That means that those people who are lucky enough to be enjoying a quieter life travelling across the state and who are looking for something to do and have some spare time on their hands can be connected with whatever the volunteering opportunity is. This is something I would imagine the member for Hinchinbrook—

Mr CRIPPS: Beautiful weather in North Queensland.

Ms NOLAN: I am sure it is. When there is a cyclone you can clean up after it. That is the kind of work that is able to be done. Obviously a lot of it is funded as well.

Mr CRIPPS: Replanting all the trees.

Ms NOLAN: Things like that. Getting into watercourses. There is a mountain of work to be done. Some of it is funded. If while you are there you get to stay in Tully for a while and get to know people and become a part of a community then I think that is a really tremendous opportunity and something that lots of people would be very interested in doing. The government is contributing a reasonably small amount of money to this organisation, but I think from that relatively small amount of funds we get quite a tremendous output, as does the environment and as do many really tremendous regional communities. I now have the cost benefit analysis to which I referred earlier. I seek leave to table it.

Leave granted.

Ms NOLAN: As I said, I think it is worth reading with a degree of caution given that subsequent policy decisions have moved on. This is a document that was produced some time ago, November 2010, to inform some decision making in this field.

CHAIR: Member for Bundaberg?

Mr DEMPSEY: Just to the director-general, Terry Wall: the government's proposed criteria for identifying strategic cropping land has caused some dispute over the science between landholders and miners over what constitutes strategic cropping land, in particular in the area of soil. When did the Chief Scientist provide advice on this scientific matter?

Mr Wall: The government, of course, released the proposed criteria on 14 April. They were the result of considerable work by a group of soil scientists from the Department of Employment, Economic Development and Innovation, agronomists and independent soil consultants. The group developed the

criteria on well-established soil science and together they had about 100 years of experience in Queensland's key cropping areas. In terms of the precise date which you seek, I do not have that with me at the moment, but I could potentially seek to get that.

Ms NOLAN: I am happy for you to get it and tell the committee.

Mr DEMPSEY: Is that all right?

CHAIR: Yes.

Mr DEMPSEY: Director-General, why wasn't the Chief Scientist asked to provide advice?

Mr Wall: Can I seek a clarification? Which Chief Scientist do you refer to?

Mr DEMPSEY: The state's Chief Scientist.

Mr Wall: It was not a case of excluding the Chief Scientist; it was a case, I suppose, of getting particular expertise in soil science. I am not particularly sure of the Chief Scientist's qualifications, but my understanding is that the agency focused on those particular scientists who could provide us with the specific needs of agronomy and soil science that we required and they were available certainly through consultants and through our own department and the Department of Employment, Economic Development and Innovation.

Mr DEMPSEY: My next question is to the director-general from the land titles office; is that yourself?

Mr Wall: Yes.

Mr DEMPSEY: Can you confirm that the titles office registration fee on a transfer of \$180,000 will be \$132.50 after 1 August?

Mr Wall: Again I do not have the specific charging regime for the land titles office in front of me, but I can certainly try to get that information for the honourable member.

CHAIR: Would the minister like to take that on notice?

Ms NOLAN: Yes.

Mr DEMPSEY: It is. It is from information provided by your department quite freely. That amount is \$132.50. However, after 1 February are you able at all to confirm that there will be an additional fee of \$27.90 for every \$10,000 over the \$180,000 threshold?

Mr Wall: I cannot provide that information directly, but I may be able to seek whether one of my officers has that information and can provide it.

Mr DEMPSEY: Do you seek leave to provide that?

Ms NOLAN: I think what the director-general is suggesting is that people from the titles office may be here and may be able to tell you rather than taking it on notice.

Mr DEMPSEY: My general question, director-general, is that we are paying \$132 for \$180,000 and every \$10,000 after that attracts an additional fee of \$27. We have got a lot of people buying homes for \$500,000 so for a \$500,000 transaction, if we did that mathematical equation, it would end up costing \$1,025.30. So if you have got a property for \$180,000 and one for \$500,000, even though we are doing the same transaction, why is it that we have two different amounts? One would be \$132.50 and the one for \$500,000, if we take that mathematical equation per \$10,000, would equate to \$1,025.30 when they are actually doing the same transaction—the same stamp.

Mr Wall: Certainly I will undertake to get you an answer to that question.

CHAIR: Minister, are you happy to take that on notice. No officer came forward so I am assuming that they are not here.

Ms NOLAN: Yes. If we can get you the answer by the end of the hearing, as we did with the earlier one, then I am happy to. If not I will subsequently write to the chair.

Mr DEMPSEY: And a question for you minister, can you give a guarantee today that the method being used for land valuations will not change in the next five years?

Ms NOLAN: There has just been a very significant review of land valuations. I observe that the last system of land valuations lasted for 70 years and I observe that the government undertook very significant policy work to come up with a new act late last year and to move from a model of unimproved value to a mechanism for site value. But I am not in a position to commit to what future governments—including, of course, the possibility of a future government of your political persuasion—might do in future. But this has not been an area that up till now has seen rapid or dynamic change, I think it is fair to observe.

CHAIR: I am going to hand over to the member for Bulimba. She has a question for you.

Ms FARMER: With reference to Service Delivery Statement 3-128, which notes that a number of vegetation management initiatives are reaching finalisation, can you please update the committee on the outcomes of the Queensland government's commitment to protecting native vegetation?

Ms NOLAN: I can and I thank the member for Bulimba for the question. Queensland, we well know, is an enormous state of 1.7 million square kilometres in area with 81 million hectares of woodland and forest. The Statewide Land Cover and Trees Study, called SLATS, project provides accurate information on woody vegetation cover, including information on changes in the cover, mapping and statistical information. Scientifically developed and tested methods are used to investigate the overall cover of woody vegetation and to report on the previously unquantified extent of land clearing in Queensland. The latest Statewide Land Cover and Trees Study report provides the annual vegetation clearing rates for the period up to 2008-09. I am pleased to announce that the report shows that across the state clearing rates have fallen by 19 per cent, from a rate of 123,000 hectares per year in 2007-08—that is, the year before—to 99,940 hectares in 2008-09. That is the most up-to-date information we have, it is a couple of years ago now, and it is the lowest clearing rate in Queensland since monitoring began in 1988.

What that means is that the vegetation management laws which this government has introduced, first introduced in 1999, and which we have progressively strengthened, at every turn to opposition from the other side of the House, are working. There has been a significant measurable reduction in the rate of tree clearing in this state. Since the laws began 300 million trees have been saved, should the old rate have continued, and in that one year alone there was a 19 per cent reduction, as I said, to the lowest clearing rates since monitoring began.

The other result is that the level of carbon dioxide emissions from clearing has generally followed the reduction in clearing rates, reducing from 24 megatonnes in 2007-08 to 17 the next year. That is a 43 megatonne reduction since the Queensland government made the commitment to end broadscale clearing in 2003. It is equivalent to taking about 11.5 million medium sized vehicles off the roads for a year. That is a pretty significant achievement considering that right now in Queensland there are only 3.4 million registered vehicles. It is a little like taking away three or four times as many cars as we actually have.

The report also showed that 37,600 hectares of remnant vegetation was removed. The majority of the remnant vegetation clearing occurred under valid clearing permits for fodder harvesting, encroachment and thinning or under an exemption. For 2008-09, the clearing rate in the reef catchments is 31,000 hectares per year, which is 25 per cent less than in 2007-08. The annual reporting of the study continues to demonstrate the department's commitment to anchor policy decisions with rigorous scientific evidence and world-class technology.

The government is committed to reporting transparently and consistently in terms of the kinds of figures that I have provided to the committee today about the effectiveness of vegetation management policy. Statewide Landcover and Trees Study reporting has provided statistics on tree-clearing rates in Queensland for more than 20 years. Earlier reports and data informed and assisted the government's initiative on vegetation management and for national greenhouse gas accounting. More recently, the study's reports have supported the detection of illegal clearing and informed policy development.

I might make one final point that is not about tree clearing. The member for Bundaberg asked the director-general about the role of the Chief Scientist. I assume that you did that in relation to recent announcements from your leader about changing the nature of that role.

Mr DEMPSEY: Madam Chair, we are going back over a line of questions. It is very repetitive and we have a whole heap of other questions to be asked.

CHAIR: Member for Bundaberg, the more time you take up, the less time you will have to ask those questions. I believe the minister was rounding up.

Ms NOLAN: I was. I make the point that the point of the new estimates process was to allow a more free-ranging discussion. I think taking what would have been 30 seconds to follow up on an earlier point is entirely within the spirit of the new format of the estimates. Therefore, in that context, I think it is reasonable for me to make the point that presumably the member asked the director-general the question—

Mr DEMPSEY: Madam Chair, the minister is making—

Ms NOLAN:—because the opposition has recently announced a change to that role.

CHAIR: Member for Bundaberg, you will have your opportunity in a moment. Please let the minister finish.

Ms NOLAN: I think the committee will be interested to know that the Chief Scientist, while a very eminent scientist, is a specialist in metallurgy. The people who were consulted on the development of the soil science that underpins the government's comprehensive framework on strategic cropping land are well-recognised government and independent experts in the field of soil science. It is my view that, given the choice, that is probably the way to go.

CHAIR: Thank you, Minister. Member for Bundaberg?

Mr DEMPSEY: In relation to DERM staffing, how many staff are employed in DERM's communication and media unit?

Ms NOLAN: The director-general may have that point on hand. I am happy to refer the question to him. While he looks for it, I will make one point. From memory, around 65 per cent of the staff in the department are your really core front-line land type officers. They are located—I think the director-general has it now—in 176 locations across the state. Only 8.6 per cent of them are employed in corporate office type functions. While I understand that in recent times there has been a criticism of this department for being overburdened with folk, my key point is that that is a bit unfair. This department has a very strong front-line service-delivery focus, delivering environmental protection. Now that the director-general has it, I am happy for him to answer the question.

Mr Wall: As at 30 June, the total number of staff responsible for media and public relations was a full-time equivalent total of 73. That compares with a total of 78 in the 2009-10 year and 83 in the 2008-09 year. As the minister said, the make-up of staff comprises communications officers, media officers, multimedia and web officers, and graphic design officers.

Mr DEMPSEY: How many DERM staff are employed in on-ground enforcement of vegetation management laws, Director-General?

Mr Wall: We have about 170 environmental officers who do environmental compliance work. We have approximately 370 authorised environmental officers who are able to identify and respond to instances of noncompliance. All of those officers are able to undertake work in relation to vegetation management. They are very much multiskilled and can cover all of the pieces of legislation of the agency.

Mr DEMPSEY: I think I might ask the other director-general.

CHAIR: Please direct your question to the minister and I am sure she will tell you.

Mr DEMPSEY: In 2010-11, how much was spent on green-tape reduction, streamlining initiatives within the department?

Ms NOLAN: I am happy to answer it, but are you trying to ask someone else? Who are you trying to ask?

Mr DEMPSEY: The director-general.

Mr Wall: We have a green-tape reduction project that has been operating for a couple of years. In the 2010-11 financial year it was allocated \$334,000, and for 2011-12 the estimate for the project costs is \$400,000. We have released a paper for consultation with a range of industry stakeholders. When complete, we believe that project will provide an estimated saving of \$12.1 million per year for business in Queensland.

Mr DEMPSEY: That is great. Director-General, how much of this was spent on consultants?

Mr Wall: My understanding is that virtually none was spent on consultants. I could take that on notice, Minister, if that is okay. My understanding—and I will correct it if it is wrong—is that that particular project was completely in-house.

Mr DEMPSEY: Are you happy to take that on notice?

Ms NOLAN: Yes. Member for Bundaberg, I realise that the departmental officers have name tags that state their names but not their positions. Terry Wall is the director-general. Debbie Best, to my left, is the deputy director-general.

Mr DEMPSEY: Thank you. Director-General, how much, if any, did the department spend on consultants in 2010-11 and 2011-12?

Mr Wall: I can provide that information. During the 2010-11 financial year, as at 31 May, the department had spent approximately \$2.6 million on consultancy services. That compares to an expenditure of \$4.1 million in the previous financial year. That is a significant reduction. The categories of the particular types of consultants have included professional and technical support services at \$2.2 million, consultants in relation to information technology at \$137,760, and management consultants at \$242,000. We will have the final figures for expenditure on consultants in our annual report.

Mr DEMPSEY: In relation to advertising, I refer to the full-page advertisement entitled 'Traditional Owners support Wild Rivers' that appeared in the *Australian* and the *Courier-Mail*. What was the cost of that advertising?

Mr Wall: The advertising on wild rivers cost \$235,797. That included advertising in November in the *Weekend Australian*, the *Sunday Mail* and the *Sydney Morning Herald* and in May in the *Weekend Australian*.

Mr DEMPSEY: Minister, how much has been spent on government advertising supporting Labor's position on sandmining on Stradbroke Island?

Ms NOLAN: I am happy to get the figure for you, but for the benefit of the committee it is probably worth noting that both wild rivers and the environmental protection elements of Straddie lie on the environment side of the portfolio. If I can get you the figure at hand, I have no problem with providing it to you.

CHAIR: Are you happy to take it on notice?

Mr DEMPSEY: Do you want to take it on notice?

Ms NOLAN: It makes most sense that you ask the relevant minister, who is coming.

Mr DEMPSEY: In relation to Stradbroke?

Ms NOLAN: Both wild rivers and the national parks stuff on Straddie—

Mr DEMPSEY: On the charts that have been made available to us, Stradbroke Island came up in those areas.

Ms NOLAN: I do have a relevance because I do native title there, but Minister Darling is the lead minister. I can take it on notice so that you cannot argue that I am squibbing this question—

Mr DEMPSEY: No, that is all right.

Ms NOLAN: For the committee's information, it is worth noting that Minister Darling is the lead minister on North Stradbroke Island.

CHAIR: Thank you for your advice.

Mr DEMPSEY: Thank you. How much money has been set aside for the Quandamooka people on North Stradbroke Island and how much is budgeted for the Indigenous rangers?

Ms NOLAN: I will get you that figure. I will make the same point, so that you cannot argue that I am avoiding your question. The Indigenous rangers stuff is actually on the environment side of the portfolio. I am happy to take it on notice and provide you with that information.

Mr DEMPSEY: Thank you, Minister.

Ms NOLAN: I will read some information that has just been provided to me about the transfer fees that you asked the director-general about earlier.

CHAIR: Is it all right for the minister to give you that information now?

Mr DEMPSEY: Yes.

Ms NOLAN: The fee to lodge a transfer of the fee-simple property is a standard lodgement fee and the ad valorem fee, which means you pay a bit extra for each \$10,000 above a set figure, which is \$180,000 under this fee structure—that is, flat plus a bit more for every extra 10 grand. That has been in place since the start of the Torrens title system over 150 years ago. As I recall it, you asked two questions: how much do you get to and has there been a change that has led to this system? That does not answer the 'how much do you get to?' question, but I think it is relevant for the committee to understand that that mechanism—flat fee plus climbing—has been around for 150 years.

Mr DEMPSEY: To clarify that, for the sake of one stamp on a \$180,000 property for a bit over \$130, we are having to pay nearly \$1,000 extra for doing a one-stamp process. Couldn't that be streamlined?

Ms NOLAN: I am happy to look at it in more detail. I will not pretend to be an expert on a system that has been around since Adam was a boy. Obviously, it is a progressive system. I would expect—I do not know for sure—that the fee structure probably covers the department's administrative costs. Therefore, I would expect that if you changed it to more of a flat fee you would end up with either of two things. Either taxpayers would ultimately subsidise those who make a lot of property transactions or your flat fee would have to be higher and you would lose the progressive nature of it. Essentially, you would lose the benefit that poorer people who buy lower value properties do not pay as much as more wealthy people who undertake a lot of property transactions. I cannot guarantee that it is a cost-recovery system, but most of this stuff is. That is pretty normal. I am happy to accept your point.

As I understand it, the point on which I am going to come back to the committee is that figure that you raised, to confirm that it is right. As a simple matter of principle, I would say to you that I am not uncomfortable with a progressive pricing structure for something like the cost of property transactions.

CHAIR: Thank you, Minister. That brings our time for questions to a close. On behalf of the committee, I sincerely thank you and your advisers for your patience and your dedication. We will now take a short break and resume at 7.15 with the Minister for the Environment.

Ms NOLAN: Can I thank the officers of my department before we all part. I have been the Minister for Natural Resources for only a short period. I am enormously impressed by these people's passion and dedication and the great deal of work they put in. I sincerely thank them for their professionalism and their efforts.

CHAIR: I am sure your comments will be very much appreciated.

Proceedings suspended from 7.00 pm to 7.15 pm

ESTIMATES—ENVIRONMENT, AGRICULTURE, RESOURCES AND ENERGY COMMITTEE—ENVIRONMENT

In Attendance

Hon. VE Darling, Minister for Environment

Mr J Cooney, Principal Policy Adviser

Department of Environment and Resource Management

Mr T Wall, Director-General (Acting)

Ms D Best, Deputy Director-General, Water and Ecosystem Outcomes Division

Ms A Leverington, Assistant Director-General, Queensland Parks and Wildlife

Ms N Osborne, Strategic Policy Officer, Governance and Strategy



CHAIR: Welcome, everybody. This is the sixth and final session of the estimates hearing for the Environment, Agriculture, Resources and Energy Committee. My name is Carryn Sullivan. I am the state member for Pumicestone and chair of the committee. Joining me today on the committee are the deputy chair and member for Hinchinbrook, Andrew Cripps; Steve Dickson, member for Buderim; Di Farmer, member for Bulimba; Peter Lawlor, the member for Southport; and I also welcome the member for Glass House, Andrew Powell, whom we have given leave to participate in this section of the hearing.

We are here today to examine the proposed expenditure contained in the Appropriation Bill 2011 for the portfolio of the Minister for Environment. The proceedings today are lawful proceedings subject to the standing rules and orders of the parliament. As such, I remind all visitors that any person admitted to this hearing may be excluded in accordance with standing order 208.

The media's coverage of today's hearing is subject to the guidelines prepared by the Committee of the Legislative Assembly for committee hearings. These guidelines have been distributed to the parliamentary press gallery, and copies are also available here this evening if anyone wants one. The hearing is being broadcast live via the Parliamentary Service's website. We extend a warm welcome to everyone who is picking up on these broadcasts. Before we begin, I ask that all mobile phones be either switched off or put in silent mode and I also ask that no tea or coffee be brought into this chamber.

Welcome, Minister, and your advisers. We will examine estimates of your portfolio until 8.15 pm. For the benefit of Hansard I ask advisers if you are called to give an answer to please state your name before speaking. I now declare the proposed expenditure for the Minister for Environment open for examination. The question before the committee is—

That the proposed expenditure be agreed to.

Minister, would you care to make an opening statement of up to five minutes?

Ms DARLING: Thank you. I would love to take that opportunity. We are experiencing a period of extraordinary reform, achievement and progress in our Environment portfolio and in the Department of Environment and Resource Management. I have only been minister for one month but have already been struck by the volume of activity occurring in a number of different sectors to improve environmental protection and sustainability. Never in the history of this portfolio in Queensland have so many crucial initiatives for our long-term future been spearheaded. We are dragging Queensland's waste management out of the dark ages through a package of reforms that will cut in half the amount of waste that goes to landfill over the next 10 years. We are setting our iconic North Stradbroke Island on a path to permanent environmental protection and sustainable economic development for the first time in 50 years with the decision to phase out sandmining, just as the Labor government 20 years ago terminated logging on Fraser Island, which is now a World Heritage area. We are sharing management of the island's beautiful ecosystems with the traditional owners, the Quandamooka people, who have cared for the island and surrounding waters for thousands of years.

We are acting on the tremendous qualities of Cape York Peninsula by embarking on a program that achieves Indigenous land justice and one that seeks to grant the protection that this region truly deserves through wild rivers legislation and World Heritage plans. We are taking the protection of our precious coastline to an unprecedented level with the planning policy that places development restrictions on coastal hazards and areas of high ecological significance. We are taking decisive action to improve the water quality of the Great Barrier Reef with landmark legislation to significantly reduce land run-off going into reef catchments. We are in the finishing stages of developing the strongest and most comprehensive regulatory framework for the coal seam gas industry anywhere in Australia and, I dare say, the world.

We are continuing to place strong restrictions on development that would impact on koala habitat in South-East Queensland and at the same time carrying out the biggest koala habitat acquisition and partnership program ever undertaken by a state government.

We are developing Queensland's first biodiversity strategy, which will plot important targets for biodiversity outcomes over the next 10 years. We are remaining at the forefront of the national response to climate change with groundbreaking strategies in place to reduce our emissions and prepare Queensland for a low carbon future.

We are continuing to run the largest ever energy reduction program for households anywhere in Australia by expanding and extending the hugely popular ClimateSmart Home Service for another two years. We are operating the Queensland Climate Change Centre of Excellence, the first of its kind in Australia, which leads Queensland's research into climate science and is currently contributing to the next report of the Intergovernmental Panel on Climate Change. We are working towards a target of achieving 20 million hectares of protected area by 2020, having now surpassed 8.1 million hectares of national park and approaching three million hectares of nature refuge.

Just today I had the privilege of releasing the draft master plan for the Queensland Parks and Wildlife Service, the first master plan in Queensland to be prepared for our entire range of protected areas. We are moving towards a revitalisation of our estate where more people re-engage with their local parks and contribute to the way we run these parks on behalf of the Queensland people. I was also pleased to report that the number of rangers employed has surpassed 800 for the first time. That is a 60 per cent increase on the 500 rangers that were employed in the year 2000.

The department is supported by a budget this year that, for the first time, exceeds \$1 billion and it is set against a backdrop of an enormous agenda of environmental recovery in areas affected by the summer of natural disasters. This agenda is led by DERM in conjunction with the Queensland Reconstruction Authority.

These policies and programs build on previous reforms we have undertaken which have had a lasting effect on Queensland's environmental landscape: the phase-out of broadscale tree clearing, property buyback schemes for the World Heritage regions of Springbrook and the Daintree, and the historic transfer of South-East Queensland's state forests to national parks. We have been able to achieve our milestones in this area so far with strong leadership, a more cohesive and better resourced department, bold decisions, strong engagement with our stakeholders but, most importantly, a truly dedicated and professional workforce.

We have rangers, scientists, compliance officers, hydrologists, botanists, wildlife officers, valuers, planning officers and general environmental officers in the field. They are ultimately the reason groundwater will be protected against the impacts of a coal seam gas industry, why our national parks will be resilient against bushfire again this season, why Queensland is better prepared for the impacts of climate change and action to tackle climate change and why we were able to swiftly produce highly valuable mapping for 164 disaster affected Queensland towns and suburbs this year.

Madam Chair, I put to you that this is DERM in action, an agency that is, in so many areas, the environment's last line of defence against reckless development and unlawful activity as well as an agency that makes no apology for putting the environment ahead of unsustainable, unacceptable and unsafe practices.

CHAIR: I am going to call on the member for Glass House to ask the first question.

Mr POWELL: Given the lack of priority placed on the environment by this government at these estimates hearings, I am keen to get straight to the detail. Budget Paper No. 3 shows the department's overall allocation to the Koala Response Strategy as being \$24.75 million. This contradicts last year's overall capital allocation of \$40.49 million. Minister, has the money gone missing?

Ms DARLING: I thank the honourable member for the question and I am pleased that he has started the questioning tonight with our koala strategy. I am very proud that we have a strategy that, for the first time, actually looks at, from a planning perspective and from a purchasing perspective, protecting this very special species. The koala strategy so far—I will just get some figures for you—has delivered \$43 million over six years. That is in the habitat protection area. We have also completed an expanded population survey and a monitoring program and, of course, a disease research program, which is very important. The goal of expanding our koala habitat by 2020 remains the overarching aim of the response. The previously completed koala habitat values mapping continues to inform and drive the delivery on state planning instruments, acquisitions and, of course, the nature refuge declarations and state land proposals.

Just going to the figures you were pointing out in the budget papers, since 2009 DERM has spent over \$13 million purchasing and protecting more than 330 hectares of koala habitat in South-East Queensland. Of this area, more than 220 hectares is to be rehabilitated to provide new koala habitat. The Queensland government originally did put aside \$48 million over six years for this purpose. This comprised an initial kick-start of \$5 million in 2009-10 and a further \$43 million commitment in the 2010-11 budget. The funding for the remainder was to be sourced from the Queensland government's new

waste levy. The waste levy was firstly scheduled to come into place on 1 July this year. That has actually been deferred to 1 December following very active representation from local governments, particularly the Local Government Association representing local governments who just asked for some extra time to get ready, to make sure they were waste levy ready.

Mr POWELL: Based on the delay of the waste levy implementation, the capital application for the Koala Response Strategy has dropped from \$40 million to \$24 million pending investment of future funds from the waste levy; is that correct?

Ms DARLING: I might pass over to my acting director-general. It is our understanding that it has dropped from \$48 million to \$43 million. I will ask my acting director-general if he can clarify that.

Mr Wall: The commitment of \$48 million still applies. What has happened is that the allocation over the forward estimates period has reduced because of the delayed start to the waste reform program. In terms of actual total capital grants, we are looking at almost \$38 million over the forward estimates period. That will be allocated in terms of \$11.9 million in estimated spending this year, \$6.1 million in 2011-12 and \$18.6 million post 2011-12 including additional amounts in future years.

Mr POWELL: Minister, given the change in those figures, there was nothing shown in the spent to date column in this year's Budget Paper No. 3. The allocation from last year was \$11 million. Has that \$11 million been spent on the Koala Response Strategy in the past 12 months? If so, what has it been spent on?

Ms DARLING: I will get that information for you. Do you mind telling me what page you are looking at?

Mr POWELL: Page 67 of Budget Paper No. 3. Last year's budget, as I said, showed an allocation of \$40.49 million of which \$6.1 million was spent. The budget for the coming year of \$11 million—this year—is showing nothing spent to date.

Ms DARLING: As the director-general said in answer to your last question, there were no capital grants. However, in relation to the land acquisitions, the actual amount in 2010-11 was \$11.945 million.

Mr POWELL: That has been spent on what, sorry?

Ms DARLING: Property purchases. We have a 127 hectare property which was purchased for \$5.5 million at Priestdale, which is in the Logan City area. There is \$2.4 million for a 27.5 hectare property in the Redland City Council area at Mount Cotton. There was a second property in a similar area at Mount Cotton of 13.3 hectares. That was \$1.27 million. There was a property at Laceys Creek, which is in the Moreton Bay Regional Council area, which was a 39.2 hectare property and cost \$0.85 million. That has quite a bit of land to be rehabilitated. There is one at Mount Beerwah Road at Peachester, which is on the Sunshine Coast—do you know that property?

Mr POWELL: It would not happen to be the one that was gifted to the government by the Australia Zoo, would it?

Ms DARLING: It is 23.6 hectares. It was purchased for \$0.77 million. There is another lot at Peachester of 94.9 hectares, again, purchased for \$1.55 million.

Mr POWELL: Thank you, Minister.

CHAIR: Are you happy with that? Would you like to ask another question?

Mr POWELL: Thank you, Madam Chair. Minister, the budget also reveals that \$150,000, or 86 per cent, of the funds allocated to Queensland national park fencing upgrades in 2010-11 remained unspent. Are you concerned that this continues to raise concerns with neighbouring landholders that the state government really is not a good neighbour when it comes to boundary fencing between protected estates and their properties?

Ms DARLING: I thank the honourable member for the question. I am sure the honourable member is aware that it has been quite an extraordinary year with regard to natural disasters. A lot of the projected works within our national parks were put on hold for several months because of our natural disasters, and our Parks and Wildlife staff were redirected to a lot of other activities. This year I am not concerned about that because they actually worked very hard in disaster recovery work. There are a few other things you will notice that they were not able to get to in the last financial year because of the natural disasters. Did you want any more information on that?

Mr POWELL: If you have more information at hand on that, I would appreciate it.

Ms DARLING: I have some more information about the boundary fencing project, which will be surveying and realigning boundaries of the new estate which will be gazetted under the South East Queensland Forests Agreement to protect the natural assets and enhance visitors' experience. The Parks and Wildlife Service is also working to a list of priority target areas for realignment of boundary fences including currently negotiating a lot of these with their neighbours, with the lessees. The boundaries are between the lessees' retained properties and the new national parks, so that work will continue this year.

Mr POWELL: Thank you, Minister. I refer the director-general to the DERM crocodile stakeholder forum held in June this year. Suffice it to say, I was rather shocked to learn that the department failed to invite a single representative from Australia Zoo to attend the event. Director-General, why has such a critical stakeholder so blatantly been left out, and does this suggest a significant shift in Queensland's crocodile management paradigm?

Ms DARLING: I raise a point of order, Madam Chair. I believed that under the standing orders the director-general would be asked budget questions, not policy questions; is that correct?

CHAIR: That is true. All policy questions should be directed to the minister. So are you happy for the minister to answer that question?

Ms DARLING: Or you might reword it.

Mr POWELL: Can I constrain the question to the director-general to whether he can confirm that Australia Zoo was invited to that stakeholder forum?

CHAIR: Okay.

Mr Wall: I am unaware at this point of whether Australia Zoo was or was not invited. If the minister is happy with this, I can certainly try to find out that information for you before the end of the session.

Mr POWELL: Would the minister agree that it would be rather concerning if Australia Zoo had not been invited to a stakeholder forum on crocodile management in this state given their pre-eminent status as crocodile experts in this field?

Ms DARLING: I acknowledge that Australia Zoo are certainly very well regarded with their crocodile management. With the particular details I will not comment, because we do have a lot of experts around the state with regard to crocodiles. I will get the information for the honourable member about whether they were or were not invited. Of course, if any stakeholders are ever concerned about not being part of state government consultation, I would encourage them to contact me as the minister or the department. There are a lot of stakeholder groups in the state interested in the conservation of our beautiful animals—reptiles in this case. I congratulate Australia Zoo for the work they do. If they want to be involved in some further consultation, they can let me know.

Mr POWELL: Again, may I refer to the director-general. I seek leave of the committee to table some photographs.

Leave granted.

Mr POWELL: Director-General, the photographs are from the facility upgrade at Fraser Island's Lake McKenzie. I understand that the Labor government contributed \$1.6 million to a joint state-federal initiative here. Hopefully the photographs will eventually make their way to you, but they show—and they are captioned—some rather indictable concerns. There is erroneous fencing that has subsequently been removed, and I suspect that it may be as simple as someone failing to realise that a perched lake such as Lake McKenzie fills up when it rains. There are misplaced cigarette disposal units, a ramshackle viewing platform, a malfunctioning toilet block and a stairway built quite deliberately to prevent access by patrons with mobility challenges. Would the director-general consider this \$1.6 million well spent, particularly in such an important and popular place as Lake McKenzie on Fraser Island?

CHAIR: Member for Glass House, you are seeking an opinion. May I suggest that you rephrase that question.

Mr POWELL: Can the director-general confirm that the \$1.6 million went to these upgrades?

CHAIR: Thank you.

Mr Wall: I can confirm that the department received funding from the Commonwealth to upgrade the Lake McKenzie site, certainly, and the funds were used for that purpose.

Mr POWELL: The \$3.4 million all came from the federal government? My understanding from a media release at the time was that \$1.6 million had been contributed by the Labor government.

Mr Wall: Yes, that is correct.

Mr POWELL: Minister, do you then consider it well spent given that we have photos there of, in particular, the fencing having since been ripped up and removed?

Ms DARLING: Do I consider \$1.6 million well spent?

Mr POWELL: Or at least the part of it showing such faulty facilities?

CHAIR: Minister, would you be happy to take that on notice since you are obviously not familiar with that particular example?

Ms DARLING: I think I will take that on notice. Having just had a look at the photos, I will take that on notice and find out exactly how that was allocated and what has happened in this circumstance.

Mr POWELL: Thank you.

CHAIR: I call the member for Southport, who has a question for you.

Mr LAWLOR: Minister, could you please explain how the Queensland government intends to achieve its 2020 landfill reduction targets through the waste strategy?

Ms DARLING: I very much thank the honourable member for the question. I am very proud that the Queensland Waste Reduction and Recycling Strategy 2010-2020 sets targets for priority waste streams. This will be municipal solid waste, commercial and industrial waste, construction and demolition waste, and regulated or hazardous waste.

It is a key target under the strategy to halve the amount of waste to landfill by 2020. In order to achieve this significant target, the government is providing program funding of \$159 million over four years through the Waste Avoidance and Resource Efficiency Fund, which will assist businesses, industries and also local government. Of course, the Waste Reduction and Recycling Strategy intends to bring in a levy which is just for industrial waste, not for domestic waste.

In developing incentive programs, a systematic approach is being taken to identify to the greatest extent possible the composition and the quantity of waste going to landfill in each sector. Further work has been done to identify the priority waste that will contribute to achieving the selected targets and also to identify the impediments and market gaps to achieving those targets. This approach is being used to develop specific grant or incentive programs that will stimulate investment in Queensland waste and recycling infrastructure and reduce the amount of waste sent to landfill.

Unfortunately in Queensland we have some of the largest amounts of waste going into landfill. The strategy is designed to make sure that we can really make proper use of, recycle and re-use, and actually have another stream of income potentially for people for the stuff that they used to just throw straight into the ground. So we will be developing very specific grant and incentive programs. The grant programs will help business and industry avoid generating waste and improve their waste recovery practices.

In addition to these programs, we will be encouraging research and development in technologies to reduce the amount of waste currently going to landfill and to support the development of new markets for recovered materials. For example, we do know that municipal solid waste, which is predominantly household waste, does include organic waste such as food scraps; general waste such as plastic bags and textiles; and also recyclables such as glass bottles, aluminium cans and newsprint. The waste strategy sets targets for municipal solid waste recovery and recycling of 50 per cent by 2014 and 65 per cent by 2020. So, based on current recovery and recycling municipal solid waste generation rates, an additional one million tonnes needs to be recycled in order to meet the 2014 target and an additional 2.1 million tonnes to meet the 2020 target.

So the analysis that we have done shows that organic waste makes up the largest component of household waste. This is followed by paper, plastics and glass, with metal and household hazardous waste as the minor components. Of the organic waste component, we know that about 30 per cent is garden waste and nearly 25 per cent is food waste. We also know that 30 per cent of total waste going to landfill is made up of dry recyclables such as paper, cardboard, plastic and glass. These are actually all easily recovered through existing collection programs. So we really need to treat these resources as very valuable and recyclable rather than waste and make sure that they are not going into landfill.

Ms FARMER: Minister, my question is also about waste and a little bit more about the levy. Can you please detail how the Queensland government has helped and will continue to help councils prepare for levy collection this year and what arrangements are being made for tips without weighbridges?

Ms DARLING: I thank the honourable member for the question. As I have mentioned, the Queensland government is basically undertaking the most significant waste reforms in Queensland for more than a decade. We do acknowledge that good infrastructure to collect and separate these wastes is very important and it is instrumental to the success of these reforms. Not only is it best practice; it is also improving state-wide infrastructure which will help break the shackles of the old 'business as usual' approach to waste management.

So staff from DERM have been consulting very closely with councils all around Queensland so that they can build a profile of all of the state-wide waste facilities. This will enable each local government to review its infrastructure needs. So discussion with councils and department staff has explored things like the likely costs and the grants available to meet these costs—you will have noticed from the budget papers that there are quite significant grants available to councils—and also operational efficiencies and the steps necessary to upgrade the landfills and transfer stations.

Of the 163 landfills in the levy zone, many currently have limited opening hours, and we have assessed that 69 of them are unstaffed and 65 of those have little or no fencing. So for operators to be able to keep track of what is being disposed of at their site and also to contribute to the broader scale waste management issue, such as illegal waste disposal and poor recycling rates, we really need to be able to help councils set up so they can measure that. To address these issues and also to make sure that we deal with illegally dumped waste, the Queensland government has provided financial support. So initially in 2010-11 we provided \$4.1 million to assist with infrastructure upgrades. These are, as you mentioned, member for Bulimba, the weighbridges, gates, fencing and information technology.

The program was designed to target high-priority sites and to prompt local governments to strategically analyse their infrastructure needs. So 10 local governments were approved under the initial phase of infrastructure grants funding, and that will be to install 60-tonne capacity weighbridges and the ancillary equipment, and 35 local governments received approval for funding under the second phase which totalled \$2 million. That will be further assistance with facility improvements, traffic control, little hand-held computer tablets that they use, and also security. So the second phase of funding allowed local governments the freedom to make purchases based on their priority needs as they assessed them for each site so that they can be well and truly prepared for the levy's commencement date of 1 September this year.

The department is currently preparing a third phase of the weighbridge infrastructure funding program, which will commence prior to the introduction of the levy. Like the earlier phases, the third phase will be directed at local governments to help them meet infrastructure needs and enable sites to be better controlled and managed. These measures will also ensure safer and longer lasting waste disposal facilities and allow for the efficient collection of the levy.

CHAIR: Thank you, Minister. I will hand back to the member for Glass House.

Mr POWELL: Minister, you make a great deal of the fact that you are protecting dugong habitat yet you continue to turn a blind eye to the illegal trade in dugong products in Far North Queensland. What are you as minister going to do to clamp down on this obnoxious trade—a trade that the previous minister refused to even acknowledge, let alone act upon?

Ms DARLING: I thank the honourable member for the question. I will overlook a few inaccuracies that he built into the question and go to the facts of dugong management in Queensland. I am well aware of the issues regarding dugong numbers. Dugongs and turtles, in particular green turtles, really do need to be protected. I would have to say to the member, firstly, that if you have any evidence or if anyone has any evidence of illegal trade in dugong and turtle then that sort of evidence needs to be provided to the police.

Mr POWELL: Madam Chair, on that note, I seek leave to table some photographs taken from the cape.

CHAIR: Is leave granted? Leave is granted.

Mr POWELL: These are of products being sold in clear view.

CHAIR: We will see that the minister gets a copy but we would like them back please.

Mr POWELL: There is a second copy, if that helps.

CHAIR: Minister, you can continue with answering the question.

Ms DARLING: So they are photographs of products being sold? Does that include evidence that they are actually Queensland dugong and turtles?

Mr POWELL: If you have a look when you get the photos. The first photograph is the sign clearly stating that it is illegal to do so. The second photograph shows the products.

CHAIR: I am sure the minister can read.

Mr POWELL: Thank you, Madam Chair.

Ms DARLING: They are interesting photos. Again, I say if anyone has any evidence that I would imagine has to include time, place and who that is, then please notify the police. These are illegal activities and it is actually very serious. We take the management of dugongs and turtles very seriously and that evidence is very important.

I will run through some of the actions we are undertaking because there have been a lot of claims with regards to selling dugongs and turtles. As you would understand, the traditional owners have the ability to take dugongs and turtles for their own personal use. Selling, trade and making money from it is illegal and we need to crack down on that when evidence is provided.

We have an intergovernmental agreement between the state and the Commonwealth government and an intergovernmental dugong task force was set up with Minister Jones at the end of last year. The aim is to involve Indigenous communities in the sustainable use and management of dugongs and turtles within Queensland. It is a collaborative approach between the government and traditional owners. It is very important that we address the complex conservation management issues regarding these species in Queensland. This issue is also of concern to the Commonwealth, as I said, and that is why the Commonwealth minister, Tony Burke, joined forces with the state government with a roundtable and then a task force to try to get to the bottom of any illegal activities.

The Queensland government takes threats to the populations of dugongs and marine turtles very, very seriously and we will continue to work with all agencies to reduce these threats. A clear demonstration of this was the response, for example, to turtle deaths from the former environment and resource management minister, my predecessor Kate Jones, where she put in place an interim conservation order in regard to turtles and turtle deaths in Gladstone in the Boyne River—whether it is from illegal activities of any sort, whether it is an accusation of illegal hunting or whether it is actions that can be improved by anybody with regards to turtles and dugongs.

It is very interesting that this season after the very strong, wild weather we have had in the first half of this year we are actually having some more what looks to be naturally occurring turtle and dugong deaths. Sadly, we can actually expect to see more deaths of dugongs and turtles and this is mainly due to a reduction in the sea grasses off Queensland. I do have an expert scientific panel looking into possible causes and we are going to keep monitoring that, including taking blood samples and tissue samples from deceased animals. I will keep on top of that. I would say again that actual evidence that can be provided to the police about illegal activities is very important and it will be acted upon.

Mr POWELL: Thank you, Minister. Minister, I want to pick up on the comments you made in your opening statement that a master plan has now been released for all protected areas in Queensland. Can you confirm whether this negates the legislative requirement currently in place that requires a management plan for each and every protected area within Queensland?

Ms DARLING: I thank the honourable member for the question. No, it does not because part of this master plan is the requirement to continue rolling out. In fact, the master plan has set some targets by which we will be putting these management plans into place. So far over half of our national parks—over 50 per cent of the national parks—have either a management plan or a management statement in place. We have targets within the master plan to continue that until 2015 when we will have all management plans or management statements in place.

Mr POWELL: It is a legislative requirement to have those in place now. They will not be achieved until 2015, is that correct, Minister?

CHAIR: Minister, I think the member is seeking a clarification.

Mr POWELL: I am sorry to interrupt, Minister, but I just want to clarify this. You mentioned then that the goal is to have management plans in place for each and every protected area within Queensland by 2015.

Ms DARLING: For every single area. I will pass over to the director-general in a moment to explain the details because there are different levels of full management plan. We have got some temporary plans and there are management strategies in place and they differ around the place. To make sure it fits under that overarching master plan and for some consistency, the department is very quickly rolling out to make sure that all of those plans and statements are in place. I will pass over to my director-general to go into a bit more detail about how that is rolling out.

Mr Wall: Member for Glass House, you will recall that the Auditor-General brought down a report about 12 months ago and identified of course that the Queensland Parks and Wildlife Service had not met its legislative obligations in terms of requiring management plans. Since that time, we have made significant gains in terms of developing management plans. At that point, we had I think about 11; now some 12 months later we have over 200 protected areas covered by the biomanagement plan or a draft management plan or management statements.

There are over 500 protected areas throughout the state. It is a big job. The Nature Conservation Act requires us to undertake multiple levels of consultation. These plans need to go through the minister a couple of times. We need to consult with people on the ground through extensive periods. The process itself is time consuming, but it is also very resource intensive for the agency. We have endeavoured through the additional funding that has been provided by the government this year to actually prioritise the development of these plans, but the nature of the consultation process and the resource intensity will mean that it will probably not be 2015 until we have all of the plans in place. We have made significant inroads from as I said about 11 to over 200 in the space of about 12 months.

CHAIR: Mr Powell, have you finished with the dugongs or do you have another one?

Mr POWELL: Yes, I was on to management plans.

CHAIR: Can I just hand over to the member for Bulimba for a question and then I will come back to you.

Ms DARLING: Madam Chair, I have an answer to the member for Glass House's question about the crocodile advisory committee. Would you like that now?

CHAIR: Yes.

Ms DARLING: I am advised that Australia Zoo were invited to the crocodile advisory committee and they accepted but, unfortunately, the person who was to come along had to withdraw at the last moment due to personal reasons.

CHAIR: Thank you for the clarification. I call the member for Bulimba.

Ms FARMER: My question to the minister is about North Stradbroke Island. Minister, could you please explain the milestones that have been achieved so far in the government's North Stradbroke Island strategy?

Ms DARLING: I thank the honourable member for the question. I am very excited that in my whole four weeks of being minister I have been able to visit North Stradbroke Island on two occasions. It is a very exciting time for the people of North Stradbroke Island. As you know, the Queensland

government has endorsed a strategy for North Stradbroke Island involving the phase-out of sandmining by 2025 and the dedication of over 50 per cent of the island as national park by the end of this year and 80 per cent by 2026.

A key component of the strategy is the resolution of native title. Native title was handed to the Quandamooka people on 4 July, and I have to say it was a great honour and a very emotional day to be there when the Federal Court handed down that decision. Also, there has been a signing of an Indigenous land use agreement between the Queensland government and the Quandamooka people. Some \$29 million has been allocated over five years from 2009-10 to 2014-15 to allow the various aspects of the strategy to be implemented.

In April this year, as you know, the North Stradbroke Island Protection and Sustainability Act was passed through the Queensland parliament. That act provides certainty around when each of the mines on North Stradbroke Island will end their operations. There are two heavy mineral sand operations that involve high-impact dredge mining. The legislation requires that the first of these—which is Yarraman mine—will end its operations in 2015, consistent with the mining company's public comments about the future of the mine. The second large mining operation—which is the Enterprise mine—will end its operations in 2019, which is eight years ahead of schedule. In addition, operations at Enterprise will continue only within a specified mine path which is designed to minimise its environmental impact. The third and small silica mine operation at Vance will continue to operate until its final lease expires in 2025.

This will facilitate the transition of the island's economy from a mining economy to a more viable and sustainable economy, including things like nature based tourism and recreation. These will be possible largely due to the creation of the Naree Budjong Djara National Park, which means 'My Mother Earth'. Some \$29 million has been allocated over five years from 2009-10 to 2014-15 to allow the various aspects of this vision to be implemented.

A critical aspect of the North Stradbroke Island strategy is for the traditional owners, the Quandamooka people, to have a very central role in the new economic and environmental direction of the island. There is, as we said, resolved native title now and the ILUA has been signed. This will result in land becoming available to progress economic opportunities for the Quandamooka people and also for 50 per cent of the island to become national park by the end of this year, which is quite an amazing achievement. Already we have employed Queensland parks and wildlife rangers on site, and I believe half of those rangers are Quandamooka people, although I will just clarify that figure now that I have said it. There is also a task force which will oversee the work program which is looking at the various economic activities.

In addition to that, I have established a reference group which is also part of these governance arrangements. It is an opportunity for the community to engage in all aspects of their vision for the future of their island. I am pleased to say representation on the reference group does include Redland City Council and North Stradbroke Island to set up a chamber of commerce—and I congratulate them for doing that; they have a representative on the committee—Tourism Queensland, Sibelco, the Quandamooka people, the North Stradbroke Island social and economic development association, the environment sector and two self-nominated community representatives.

I actually chaired the first reference group meeting on 30 June and they came up with the suggestion that two young people should also be on the committee as it is their economic future. The committee accepted that that was a great idea and now we are looking for two young people from North Stradbroke Island to join that reference committee as well.

Mr LAWLOR: Minister, again on North Stradbroke Island, how is the government preparing to manage a massive increase in the national park plan for North Stradbroke Island? What funds have been allocated for this purpose?

Ms DARLING: I thank the honourable member for the question. In June 2010, the Premier and the senior elders of Quandamooka announced their vision for North Stradbroke Island—that was only 12 months ago now—and the national park was announced in March this year. Since then, the Queensland government has acted to expand the area of national park on North Stradbroke Island to 50 per cent, as I said, by the end of this year. That will be staged so that it will rise to 75 per cent national park by 2021 and 80 per cent by 2027.

The park that was declared in March currently covers about 20 per cent of the island and will be managed jointly with the Quandamooka people and DERM. The first stage of the new national park includes the Freshwater Creek area, which is around Swan Bay, Stingaree Island and Eighteen Mile Swamp, which is a large and fairly rare subtropical wetland. It is also home to a number of threatened fauna and flora species such as the black-neck stork and the endangered swift parrot and little tern.

Recruitment for 12 new island based rangers has commenced and—I will just confirm—half of those will actually be Indigenous rangers. So we have two appointments already announced and several more appointments just about to be finalised. The appointment of these Indigenous rangers will make sure that the Quandamooka people have a real hands-on involvement in the management of the new park and its future expansion. What was exciting when I was over visiting North Stradbroke Island

last time and met a few of the rangers who have been appointed is that the Queensland Parks and Wildlife Service already had Quandamooka people in their ranger staff and they have taken the opportunity to come back and serve on the island. They are really very excited about being able to come back home where they are traditional owners and being able to look after that parkland.

The 2010-11 budget was for early planning of the ranger base on the island which was originally looking at the purchase or construction of a suitable building, but at the moment the department has entered into a two-year lease agreement with the Quandamooka Lands Council to lease a large portion of its building in Dunwich as a temporary ranger base, and that lease just commenced on 1 March this year. So \$280,000 was allocated to refurbish and fit out this temporary ranger base and to purchase plant and equipment. Planning and approvals for renovation have commenced, and renovations will focus on creating rooms for officers and meeting rooms. There is also a budget of \$1.35 million for 2011-12 which is expected to be spent on the potential purchase or lease of land for where the permanent base will be, so that will include money for the early design costs of the new base. We are also allocating funds for track maintenance, tractors and graders and purchasing some quad bikes for pest management, additional fire units and park facilities such as walking tracks. The interpretive signage of course also has to be rolled out in all of the day-use areas.

Ms FARMER: Minister, I would like to ask a question about the carbon tax. Can you please explain the Queensland government's position on the national carbon tax?

Ms DARLING: Certainly, and I thank the honourable member for the question. The Queensland government of course has welcomed the release of information from the Prime Minister on the details of the carbon price mechanism—an emissions trading scheme which will commence with a fixed-price period for the first three years. It is pleasing to note that the design of this has actually adopted most of the conditions that Queensland set out in a public submission to the Commonwealth in May this year, including—something that was very important to us—compensation for households and also support for those important industries in Queensland.

The Queensland government is concerned about impacts for Queensland's electricity generators of course, but there will continue to be strong growth, we believe, in the state economy and in jobs. There were some positive announcements for Queensland. I note that two-thirds of households around Australia will receive enough compensation to cover the entire average price impact and there will be direct assistance to about nine out of 10 Australian households. It was also pleasing to see that all taxpayers with incomes below \$80,000 a year will receive a tax cut, with most getting at least \$300 a year and low-income earners receiving around \$500 to \$600. Those tax cuts are in combination with other Commonwealth payment increases which should help ease any cost-of-living pressures.

The package does reflect Queensland's demand that emissions-intensive trade exposed industries really must be afforded compensation, so there is \$9.2 billion which will be allocated over the first three years for industry assistance. There is also that \$1.4 billion set aside for a coal sector jobs package. The package also provides LNG industry assistance, which is very important for Queensland at the moment, with at least 50 per cent of assistance to LNG projects as a whole.

I am pleased that the Commonwealth has exempted transport fuels for passenger vehicles and light commercial vehicles, consistent again with the submission that the Queensland government made to the Commonwealth. We did—and this is an important thing in my portfolio—call on the government to support carbon-farming opportunities for rural Queensland by including biosequestration projects. I am very happy that the credits from the Carbon Farming Initiative will be tradeable in the emissions trading scheme. Of course, they also listened to our call on the fact that the agricultural sector should be excluded from the carbon price. So as we have stated—

Mr CRIPPS: Except for inputs into farming. For processing agricultural products electricity is included. Agricultural chemicals and fertilisers are all included in the carbon scheme.

CHAIR: I ask that the minister quickly finish her answer.

Ms DARLING: I will finish that off because I actually believe there are some great opportunities for landholders in Queensland. I am also confident that my department is ahead of the game. We have already put a lot of work, research and preparation into making sure that when a price on carbon does come—and it is coming—we are ready for it and can make the most of it as well.

CHAIR: Thank you very much, Minister. I pass it on to the member for Glass House.

Mr POWELL: Minister, if we could just return to that discussion we were having about the new master plan for protected areas. I am a little bit confused. The former minister in October last year is on the record—and I refer to an ABC interview that she did—saying that to develop—

... formal plans for every national park would cost up to \$60 million and take more than 30 years.

'I don't believe this is the best use of taxpayers' money or the expertise and resources of the Queensland Parks and Wildlife Service ...

What has changed to allow you to deliver that by 2015? Is one of the things greater expenditure based on her comments saying that it was going to be \$60 million and 30 years to achieve this?

Ms DARLING: I would have to take on notice any comments from my predecessor in terms of how long it was anticipated it could take. What has changed, I think, is the way that we have gone about having a look at the way the parks are managed and whether they are needing a plan or a statement of intent. Also, the plans can often collectively cover a group of parks or protected estates. I would have to say that the master plan being reviewed will actually help us to have a look across our entire protected estates. I am pleased that the master plan is not only looking at the Queensland Parks and Wildlife Service terrestrial parks but also looking at the marine parks. It is actually a really comprehensive document for all of the protected areas—for the forests as well and for the wildlife. So it is looking across that whole area. It is also a document that will underpin the draft Biodiversity Strategy, which has been out for consultation and will be finalised in the coming months. That also will provide a whole-of-state strategy for protection of natural and cultural values in Queensland as required under section 5 of the Nature Conservation Act. I can ask my director-general if he wants to explain how we have done this.

Mr POWELL: Minister, if you are going to defer to your director-general, do you mind if I just ask a supplementary, Madam Chair?

Ms DARLING: I actually think a lot of work has gone in from a lot of officers to really get this off the ground based on some—

CHAIR: Ask your subsequent question.

Mr POWELL: If you were going to refer to the director-general, in terms of the statement of intent or the concept of having an overarching management plan covering a number of protected areas, does that meet the legislative requirement under the Nature Conservation Act?

Mr Wall: The process that we have undertaken to put in place is to certainly develop management plans for all of the parks and, as you have made reference to the previous minister's statements, that is why it will take us till 2015 to actually implement all of the plans in accordance with the Nature Conservation Act. But in the meantime, to ensure we have at least a form of management plan we are undertaking to develop management statements in the interim. We have developed, as I said, 200 plans, draft plans or management statements. We do not resile from the fact that we need to deliver the management plans in accordance with the Nature Conservation Act, and that is why it will take us till 2015.

Mr POWELL: So by 2015 each individual protected area will have a formalised management plan?

Mr Wall: That is correct, in accordance with the Nature Conservation Act.

Mr POWELL: Thank you, Director-General. I refer to one of the national parks—Byfield National Park—that does have a management plan. The minister may be aware—certainly her predecessor was—that the Stockyard Point Progress Association, which is a community surrounded by the Byfield National Park, has significant concerns about the development of that management plan, and I am happy to table the correspondence for the minister's viewing if the chair is happy. I seek leave to table that correspondence if the minister would find that helpful.

CHAIR: I am just wondering about the relevance of that question, and I am not sure the minister would be familiar with it. Are you happy to answer it? Are you seeking leave to table that?

Ms DARLING: I do not think the honourable member has asked his question.

Mr POWELL: I have not got to the question yet.

Ms DARLING: He was just wanting to table that and I am waiting with anticipation.

Leave granted.

Mr POWELL: The document from the Stockyard Point Progress Association says that what we are seeing is a lack of consultation about critical decision making, the revocation of good-faith negotiations, the tendency to facilitate allowable damage in parks to drive unpopular management decisions, undisclosed and undue influence from agenda driven conservation groups and third parties and, most disturbingly of all, unjustifiable decisions that are causing environmental damage in a localised setting. I am seeking the minister's advice as to how she will look to manage these crumbling relationships between her department and community based groups such as the Stockyard Point Progress Association as a consequence of prosecuting these management plans in parks.

Ms DARLING: Is your question about how I would improve public consultation based on feedback from interactions with the department?

Mr POWELL: That would certainly be one interpretation, Minister, yes.

CHAIR: Minister, I would be happy for you to answer it, but it is actually nothing to do with the Appropriation Bill. So I do not know whether you want to—

Mr POWELL: Sorry, Madam Chair, in Budget Paper No. 3—

CHAIR: It is a question that you can actually ask anywhere in the House.

Mr POWELL: Madam Chair, in Budget Paper No. 3 there is an allocation to the Byfield National Park.

CHAIR: Are you happy to answer that?

Ms DARLING: I would actually prefer to take this on notice. Given that it is such a lengthy letter that is passed on, to really properly answer you about how the progress association has been consulted in the past and make some suggestions if we can improve consultation in the future, I will take that on notice.

Mr POWELL: Thank you. Minister, ecotourism operators on Fraser Island are subject to a different fee structure to those based elsewhere, and I am referring to tourism in protected areas. They are different whether they come under the Recreation Areas Management Act or the Nature Conservation Act. In fact, they are liable for more than double per passenger in conducting a day tour ecotourism product. Minister, how do you justify a slug of \$6.40 per day for Fraser Island up against \$2.85 for operators elsewhere?

Ms DARLING: I thank the honourable member for the question. Fraser Island is quite a unique place on the planet. Apart from being absolutely beautiful and World Heritage listed with a wild river on it, it actually has some of the biggest challenges of our national estate because of the number of visitors it has. I guess the simplest way to say that the reason there is a difference in the fee structure is managing the absolute number of vehicles and also vehicles in four-wheel drive that visit the island. I might just pass over to my director-general to expand a little on how that is put together, but that is the main thing with Fraser Island. It has extraordinary visitor numbers which really have to be managed more intensively and actually require a larger budget to do so.

Mr Wall: As the minister has said, Fraser Island is one of our most highly visited national parks. We have about 400,000 visitors a year. As you can imagine, a lot of those visitors want to use their four-wheel drive and there are also a lot of tourist companies on the island that have large four-wheel drive buses that use our roads that require a lot of rehabilitation by us. The cost to us of running Fraser Island per annum runs at about \$7 million, and the fees that we obtain from tourism companies and others work out at about \$3.5 million. So, as the minister said, the difference in fees is related pretty closely to the significant costs that are involved in the government, and the QPWS particularly, maintaining the park in a state which attracts so many visitors.

Ms DARLING: And, of course, we also have a significant budget on top of the money that we take from tourism operators which would not cover the management of the island. Hence the extra allocation you will see in the budget papers.

CHAIR: It is now 8.14 pm. So if you have a really snappy question and get a really snappy answer you might be able to squeeze one more in.

Mr POWELL: I have a very snappy question. Daintree is another flashpoint around the tourism and protected areas issue. Could I get your intention, as the new minister, in regard to providing a level playing field for ecotourism operators who run products on freehold land adjacent to protected areas?

Ms DARLING: I thank the honourable member for the question. I am actually very interested in the potential for tourism operators to be able to operate in some cases as we are looking within the national park sites. We are looking at special pilot sites in those areas but also adjacent to national parks I think that there are some great opportunities for tourism because one of our major attractions in this state, of course, are our natural parks. They really do attract international tourism. So while that is quite a generalised statement, if you have a specific case in mind that you want me to follow up I would be really pleased to talk with you about it afterwards. I think we can get a lot more for everybody and for tourism in general from our national parks.

CHAIR: Thank you, Minister. That brings our time for questions to a close. Thank you, Minister, and your advisers. It also is the end of the hearing today. I want to thank particularly my committee members and parliamentary staff for their efforts. It has been a long day. I would like to particularly thank Hansard and everyone else who had anything to do with the estimates process today. I now declare this hearing closed.

Ms DARLING: Can I quickly thank—I will be very quick—very much the committee and the parliamentary staff and also all of the departmental staff and all of my advisers who had a pretty tough job in getting a new minister ready in four weeks. I thank them from the bottom of my heart. They are very good people, very smart people and I am looking forward to a long future with them.

CHAIR: And I am sure your comments are very much appreciated.

The committee adjourned at 8.17 pm