

**ESTIMATES COMMITTEE C**

**REPORT TO THE LEGISLATIVE ASSEMBLY OF QUEENSLAND**

**JULY 1997**

## ESTIMATES COMMITTEE C

Chairman:	Mr John Goss MLA, Member for Aspley
Deputy Chairman:	The Hon Jim Elder MLA, Member for Capalaba
Other Members:	Mr Bill Baumann MLA, Member for Albert
	Mrs Lorraine Bird MLA, Member for Whitsunday
	Mr Graham Healy MLA, Member for Toowoomba North
	The Hon Terence Mackenroth MLA, Member for Chatsworth
Staff:	Mr Rob Hansen, Research Director
	Ms Bronwyn Rout, Research Officer
	Ms Tania Jackman, Executive Assistant



## TABLE OF CONTENTS

<b>1. INTRODUCTION</b> .....	<b>1</b>
1.1. SESSIONAL ORDERS DATED 4 JUNE 1997 .....	1
1.2. GENERAL .....	2
1.3. ATTENDANCE AT MEETINGS .....	3
1.4. REPORT TO THE LEGISLATIVE ASSEMBLY .....	3
1.5. RECOMMENDATION .....	3
1.6. ACKNOWLEDGMENT .....	3
<b>2. TRANSPORT AND MAIN ROADS PORTFOLIO</b> .....	<b>4</b>
2.1. GOVERNMENT OWNED CORPORATIONS (GOCs).....	4
2.1.1. <i>Queensland Rail</i> .....	4
2.1.2. <i>Port of Brisbane Corporation</i> .....	6
2.2. QUEENSLAND TRANSPORT .....	6
2.2.1. <i>Transport Co-ordination and Logistics Program</i> .....	6
2.2.2. <i>Integrated Transport Planning Program</i> .....	7
2.2.3. <i>Maritime Program</i> .....	7
2.2.4. <i>Land Transport and Safety Program</i> .....	8
2.2.5. <i>Public Transport Program</i> .....	8
2.3. DEPARTMENT OF MAIN ROADS .....	9
2.3.1. <i>Roads Infrastructure Program</i> .....	9
<b>3. PUBLIC WORKS AND HOUSING PORTFOLIO</b> .....	<b>10</b>
3.1. DEPARTMENT OF PUBLIC WORKS AND HOUSING.....	10
3.1.1. <i>Community Housing Program</i> .....	10
3.1.2. <i>Housing Accommodation Program</i> .....	12
3.1.3. <i>Public Housing Portfolio Management Program</i> .....	12
3.1.4. <i>Housing Policy Program</i> .....	12
3.1.5. <i>Maintenance and Operations Services Program</i> .....	13
3.1.6. <i>Motor Vehicle Services Program</i> .....	14
3.1.7. <i>Sales and Distribution Services (SDS) Program</i> .....	14
3.1.8. <i>Aboriginal and Torres Strait Islander Housing Program</i> .....	14
3.1.9. <i>Information and Procurement Program</i> .....	15
3.1.10. <i>Building Program</i> .....	15
<b>STATEMENT OF RESERVATIONS</b> .....	<b>17</b>

## 1. INTRODUCTION

### 1.1. SESSIONAL ORDERS DATED 4 JUNE 1997

The Legislative Assembly, pursuant to Sessional Orders adopted on 4 June 1997, appointed seven estimates committees to inquire into the estimates of expenditure contained in the Appropriation (Parliament) Bill 1997 and the Appropriation Bill 1997.

Estimates C was allocated the portfolios of:

- the Minister for Transport and Main Roads; and
- the Minister for Public Works and Housing.

The organisational units contained in these portfolios are as follows:

#### Transport and Main Roads Portfolio:

##### Government Owned Corporations (GOCs)

- Queensland Rail
- Ports Corporation of Queensland
- Port of Brisbane Corporation
- Bundaberg Port Authority
- Gladstone Port Authority
- Rockhampton Port Authority
- Mackay Port Authority
- Townsville Port Authority
- Cairns Port Authority

##### Companies

- Queensland Motorways Limited
- The Gateway Bridge Company Limited
- Logan Motorway Company Limited
- Sunshine Motorway Company Limited

##### Queensland Transport

- Transport Co-ordination and Logistics Program
- Integrated Transport Planning Program
- Maritime Program
- Land Transport and Safety Program
- Public Transport Program
- Corporate Services Program
- Client Services Program

Department of Main Roads

- Roads Infrastructure Program
- Technology and Environment Program
- Corporate Services Program
- Commercial Business Operations Program

Public Works and Housing Portfolio:Statutory Authorities

- Queensland Building Services Authority
- Residential Tenancies Authority
- Queensland Building Tribunal
- Board of Professional Engineers
- Board of Architects

Department of Public Works and Housing

- Community Housing Program
- Housing Accommodation Program
- Home Purchase Assistance Program
- Public Housing Portfolio Management Program
- Housing Policy Program
- Maintenance and Operations Services Program
- Property Services Program
- Information and Communication Services
- Printing Services Program
- Motor Vehicle Services Program
- Sales and Distribution Services Program
- Aboriginal and Torres Strait Islander Housing Program
- Information and Procurement Program
- Building Program
- Corporate and Executive Support Program
- Project Services Program

**1.2. GENERAL**

The committee considered the estimates referred to it and met privately on Wednesday, 4 June and Friday, 27 June, 1997. It also met in public session on Thursday 12 June 1997 to receive evidence. The hearing time was apportioned equally between the two portfolios. Question time at the hearing was shared amongst members, with opposition members having more than half the time available.

### **1.3. ATTENDANCE AT MEETINGS**

Meetings of the committee were attended as follows:-

- Wednesday, 4 June 1997 - The meeting was attended by Messrs Goss (Chairman), Elder (Deputy Chairman), Baumann, Healy and Mackenroth. An apology was received from Mrs Bird.
- Thursday, 12 June 1997 - The public hearing was attended by all members.
- Friday, 27 June 1997 - The meeting was attended by all members.

### **1.4. REPORT TO THE LEGISLATIVE ASSEMBLY**

Estimates Committee C presents this report to the Legislative Assembly in accordance with sessional order 30 (1) of 4 June 1997. The report highlights some of the key expenditure items that were queried by the committee.

Additional information received as a result of the committee's questions on notice prior to and during the hearing will be tabled separately in the Legislative Assembly.

### **1.5. RECOMMENDATION**

The committee recommends that the proposed expenditure be agreed to.

### **1.6. ACKNOWLEDGMENT**

The committee acknowledges the assistance it received from: the Hon Vaughan Johnson MLA, Minister for Transport and Main Roads; the Hon David Watson MLA, Minister for Public Works and Housing; staff from organisational units within their portfolios; staff from Hansard; and staff from Parliament's Committee Office.

**Mr John Goss MLA**

**Chairman**

## 2. TRANSPORT AND MAIN ROADS PORTFOLIO

### 2.1. GOVERNMENT OWNED CORPORATIONS (GOCs)

#### 2.1.1. Queensland Rail

- *Additional EMUs and fleet upgrades for Citytrain*

There are several initiatives contained in the budget aimed at improving passenger comfort, reliability and on-time running on the Citytrain network.

Queensland Rail proposes to purchase eighteen three-car suburban Electric Multiple Units (EMUs) at an estimated cost of \$156 million. The first EMUs are expected to be delivered in April 1999 with the final units delivered in June 2000. Fourteen of the EMUs will replace diesel-hauled stainless steel SX Class sets currently used during peak demand periods. The remaining four EMUs will be deployed to enable a preventative maintenance program to be carried out. This will enhance reliability on the network. A further \$21.7 million will be spent upgrading the existing EMU fleet.

Queensland Transport has also introduced budget initiatives to increase the Citytrain network capacity to cater for increasing public transport patronage. Another twelve three-car EMUs will be obtained at an estimated cost of \$104 million. These will be used to provide additional morning and afternoon peak hour services on the Caboolture, Beenleigh and Ipswich lines after the year 2000.

The budget estimates for the total cost of the improvements in rolling stock (thirty three-car EMUs and the upgrading of existing units) are:

- \$8 million in 1997-98;
- \$56 million in 1998-99; and
- \$100 million in 1999-2000;

with \$118.7 million to be expended thereafter.

- *Change in fare structure*

The committee sought to clarify the basis for fare increases for passengers travelling on the Gold Coast Line during weekends and public holidays. The minister explained that the setting of fares on the Gold Coast Line is integral to the fare structure across the Citytrain network. The increase in fares on the line was due to the discontinuance of a special 50% fares discount for travel on weekends and public holidays across the whole Citytrain Network. The special 50% discount for weekend trips was introduced in 1995 to boost

patronage. In its absence, a 30% discount on the normal fares still applies on these days. Queensland Rail reviewed the discount arrangement in 1996 on a commercial basis. The 50% discount was dropped because patronage did not increase significantly, rising by only 7%.

- *Community Service Obligations (CSOs)*

The committee sought information about a cutback to Community Service Obligations (CSOs) in the 1997-98 budget. The minister clarified that the reduction in payments provided to Queensland Rail from the State Budget over the last two years reflected the corporatisation of Queensland Rail. A major component of the corporatisation was for Queensland Rail to undertake its activities on a commercial basis, including those activities subject to community service obligations.

The minister emphasised the fact that while payments to Queensland Rail had reduced, there will be no corresponding reduction in services. The reduction in CSO payments from the government to Queensland Rail will be adjusted in terms of reduced dividends and loan fees being paid back to the government.

- *Capital works expenditure in regional areas*

The committee asked the minister how much of Queensland Rail's capital works budget of \$700 million would be spent in regional Queensland. The minister advised that \$431.5 million (61%) of Queensland Rail's total capital works budget for 1997-98 will be expended in regional Queensland. This money will be used as follows:

- upgrading of the Mount Isa Line and the Moura Line in the Drummond Range (\$121.5 million);
- the Mareeba-Einasleigh Rail Link Project (\$1.152 million);
- construction of new sidings for Queensland Cement and Lime (QCL) and at Cannington, Enshaw and Atherton (\$48.5 million);
- construction of new rollingstock from Walkers at Maryborough and Goninans of North Queensland (\$94.4 million); and
- miscellaneous projects including works at the Townsville Workshops (\$165.875 million).

- *Future direction for Queensland Rail*

The department has commissioned consultants to provide advice on the future direction for Queensland Rail to make it efficient and competitive. The minister advised that, notwithstanding any recommendation of the consultants, the integrity of Queensland Rail as a stand-alone railway will be

maintained and that he will not consent to a splitting of its track units from its operations units.

### **2.1.2. Port of Brisbane Corporation**

- *Brisbane Airport Corporation Limited*

On 7 May 1997 the Commonwealth Government announced that the consortium, Brisbane Airport Corporation Limited, was the successful bidder for the long-term lease of Brisbane Airport. The amount tendered was \$1.387 billion. The Port of Brisbane Corporation is a member of this consortium with Amsterdam Airport Schiphol, the Commonwealth Bank and the Brisbane City Council.

The committee sought a reassurance that the borrowings undertaken by the corporation to fund its participation in the consortium would not impact on port charges. The Port of Brisbane Corporation has publicly stated that sea port users and related charges and fees will not be affected by its investment in the consortium. The minister clarified that the involvement by the Port of Brisbane Corporation in the airport bid was a commercial decision by its board. There has been no direct involvement by the state government, and there are no substantial contingent liabilities associated with the corporation's involvement in the management of the consortium.

- *Review of staffing levels*

The committee sought information about a current review of staffing levels within the corporation. The minister advised that the Board of the Port of Brisbane Corporation has been reviewing operations within the corporation. As a result of this review, the board is considering a re-structure of the corporation. However, the minister assured the committee that any reduction in staff numbers stemming from this review will only occur through voluntary early retirements.

## **2.2. QUEENSLAND TRANSPORT**

### **2.2.1. Transport Co-ordination and Logistics Program**

- *Establishment of a Rail Performance Management Unit*

The committee sought clarification of the source of \$5 million to be used to establish a Rail Performance Management Unit within Queensland Transport. The minister advised that the funds would be drawn from the funds that were to be allocated to Queensland Rail in respect of CSOs. This resulted from efficiency savings in the delivery of CSOs by Queensland Rail.

No other program within the transport portfolio is funded in this way. The unit is currently looking at the efficiency and delivery of CSOs, and will oversee the finalisation of CSO contracts between the government and Queensland Rail by the end of 1997.

The Rail Performance Management Unit has recently engaged a consultant to study the efficiency of Citytrain compared to similar operations in Australia and around the world. This consultancy is being funded from the budget allocation for rail.

### **2.2.2. Integrated Transport Planning Program**

- *Southern Gold Coast/Tweed Corridor Study*

The department has commissioned the Southern Gold Coast/Tweed Corridor Study to consider an extension of the rail line from Robina to Coolangatta and the creation of a new road corridor between Tugun and the Tweed River. The study has cost \$635,000 to date, and should be completed by the end of August 1997. The minister informed the committee that he supports the concept of the rail line being extended to Coolangatta.

- *South East Transit Project*

The South East Transit Project will provide a dual-lane, two-way busway extending from Queen Street to Southbank and Woolloongabba, and then from Woolloongabba to the Gateway Motorway via the South East Freeway. The project will also provide two transit lanes from Mains/Klumpp Roads to the Logan Motorway. Queensland Transport has responsibility for the management and funding of the project estimated to cost \$520 million and be completed by June 2001. The projected expenditure in 1997-98 is \$37 million.

- *Air services to remote western Queensland*

In February 1997, Queensland Transport entered into a service agreement with Flight West Airlines for the provision of air services into western Queensland. The government subsidy applying to that contract amounts to \$3,797,809 for the first year. The subsidy amount will be adjusted annually in accordance with increases in the Consumer Price Index (CPI).

Queensland Transport has also let service contracts to Ansett Australia for the Cairns-Weipa air route and to Sunstate for Cairns-Horn Island. These routes attract no government subsidies.

### **2.2.3. Maritime Program**

- *Management of Moreton Bay and Gold Coast waterways*

The committee sought an assurance that the department has allocated sufficient resources in 1997-98 to manage Moreton Bay and Gold Coast waterways. The minister advised that the department is in the midst of establishing the Gold Coast Harbours Authority to manage the waterways from the southern part of Moreton Bay to the New South Wales border. The department anticipates that the authority will be operational within six months. The department has allocated \$1.4 million in the budget for the Marine Board, the Gold Coast Harbours Authority and other instruments to administer government policies in this area.

#### **2.2.4. Land Transport and Safety Program**

- *Air Care and Vehicle Emissions Action Plan for South East Queensland*

Cabinet recently approved the Air Care and Vehicle Emissions Action Plan for South East Queensland as part of the South East Queensland Integrated Regional Transport Plan. The action plan includes several measures aiming at collectively reducing annual vehicle emissions by 15% by 2000. The Air Care Project will be phased in initially. When fully funded it could cost approximately \$1.2 million per annum while delivering annual savings to the community worth \$9.5 million by reducing health costs and associated days off work.

- *“Safer Roads” initiative*

The committee sought details from the minister of an allocation of \$10 million for the Safer Roads initiative to improve road safety. The minister advised that full details of the projects to be undertaken as part of the initiative will be published in the next Roads Implementation Program scheduled for release in September 1997. Examples of the types of projects likely to be funded under the initiative include the provision of overtaking lanes; road widening; intersection improvements; and fatigue-based management treatments such as audible edge lining and rest areas.

#### **2.2.5. Public Transport Program**

- *Toondah Harbour*

The committee referred the minister to page 92 of Budget Paper No. 3, where an amount of \$700,000 is shown for work to be undertaken at Toondah Harbour — \$500,000 of which was to be expended in 1996-97. The committee noted that there have been no physical improvements to the site, and queried this with the minister.

The minister advised that the work at Toondah Harbour is to improve the passenger transport interchange facilities, particularly the water taxi service. This requires the relocation of the boat ramp. Physical works have not been

initiated due to a need to excise part of the land required for the ramp from the Moreton Bay Marine Park. The excision should take place in the next sitting of parliament. The department will then complete the physical works during the 1997-98 financial year.

## **2.3. DEPARTMENT OF MAIN ROADS**

### **2.3.1. Roads Infrastructure Program**

- *Aboriginal and Torres Strait Islander communities*

The committee was told that the government provides at least \$2 million annually for improvements to roads infrastructure for Aboriginal and Torres Strait Islander communities as part of the Transport Infrastructure Development Scheme. The 1996-97 budget also provided an additional \$4 million per annum as a special initiative to be paid for three years. From 1997-98, \$1 million per annum of this additional funding will be used for improvements to roads infrastructure. The balance of the three-year additional special initiative funding of \$4 million per annum will be transferred to Queensland Transport to meet the costs of improvements to non-road related transport infrastructure from the primary point of access to the communities.

- *Pacific Motorway upgrade*

The committee questioned the minister on the progress of the Pacific Motorway upgrade. The minister advised the committee that the budget allocated \$196 million to this project for 1997-98 including \$15 million of federal funding.

The process of choosing the alignment is completed and the layout plans which set out the location of interchanges, ramps etc are also finalised. These documents form the basis of the detailed design work which is being done in individual design packages. Design packages (2) and (3) are well advanced with the department expecting to have the detailed designs and specifications completed by late June/early July 1997. Once completed, the design packages are incorporated into contract documents, and tenders are called. The department has already relocated a number of services affected by the upgrade.

The project is running approximately one month behind time, however the expected completion date of March 2000 remains unchanged. Because of this, the degree of concurrency of the four major contracts will be much greater than anticipated. The department has formulated an extensive traffic management plan to minimise disruptions during roadworks.

The committee also inquired as to whether there has been any change to the original design concept. It was advised that the median width for the

motorway has been narrowed and the Oxenford Interchange area has been refined. The crown of the road has also been shifted to facilitate construction and to maintain the required speed alignment. The minister asserted that there will be no increased use of concrete barriers due to these changes, nor will the top speed of the road be altered. There has been no downgrading of the communication system on the motorway, and the changes will not affect access for emergency or breakdown service vehicles.

It was therefore acknowledged that there have been some variations from the original design, although the Pacific Motorway program still complies with the government specifications.

- *Gladstone port access road*

With leave of the committee, the member for Gladstone, Mrs Liz Cunningham MLA, asked the minister about the proposed route for a new road to the Gladstone port. The minister advised that he has approved the route known as "Route D" for the future alignment of the port access road. The department commenced discussions with affected property owners in April 1997.

In addition, the minister advised that the department will commission a consultant to undertake a freight route study to determine the most appropriate routes for vehicles carrying heavy and hazardous goods through Gladstone, particularly those vehicles servicing the port.

### **3. PUBLIC WORKS AND HOUSING PORTFOLIO**

#### **3.1. DEPARTMENT OF PUBLIC WORKS AND HOUSING**

##### **3.1.1. Community Housing Program**

- *Community Housing Grants Board*

In response to a query raised by the committee, the minister advised that neither he nor his department had amended or rejected any recommendations of the Community Housing Grants Board.

- *Boarding house accommodation*

At present, there are 86 units of boarding house accommodation operated by the department in Brisbane. The 1996-97 construction program, to be completed by December 1997, will add a further 84 units to the north side of Brisbane. The department intends to construct 38 units of accommodation

in Brisbane in 1997-98, and is currently investigating possible sites on the south side of Brisbane. The 1997-98 program also envisages provision of 14 units of accommodation in Townsville, 24 in Ipswich and 18 on the Gold Coast. Needs assessments are being conducted in rural areas including Goondiwindi, Longreach, Cloncurry and Thursday Island. A response to the demand for accommodation in these areas is expected in 1998-99.

- *Rural and Regional Community Housing Program*

The committee asked the minister to explain why the projects to be undertaken in 1996-97 as part of the Rural and Regional Community Housing Program had not been initiated. The minister advised that the submission, assessment and approval processes involved are lengthy, however the projects are due to commence by July 1997 and must be completed by July 1998.

### **3.1.2. Housing Accommodation Program**

- *Home Assist/Home Secure Program*

The 1997-98 budget provides \$3 million to expand the Home Assist/Home Secure Program to provide assistance for public housing tenants through the Home Safe Program. This program provides items such as security screens, security lighting, fencing and window locks for public housing. This enhances the personal safety of tenants and makes home contents insurance more accessible. In addition, the program will fund the installation of earth leakage safety devices to improve electrical safety.

### **3.1.3. Public Housing Portfolio Management Program**

- *Installation of smoke alarms*

Page 90 of the Ministerial Program Statement refers to the proposed installation of smoke alarms in departmental public housing, commencing in July 1997. Fifty per cent of all public housing dwellings (approximately 25,000 dwellings) will have smoke alarms installed in 1997/98 at a cost of \$4 million. The benefits of this program are increased safety and protection for tenants and compliance with the requirements contained in the Building Code of Australia.

### **3.1.4. Housing Policy Program**

- *Rents*

The committee asked the minister about rent increases for current Queensland Housing Commission tenants. The minister advised that he has no intention of altering the rent conditions of existing tenants. In the event that the department is forced by the Commonwealth/State Housing Agreement to make changes, these will only affect new tenants.

The committee also referred to the Victorian minister's recent statement that new public housing tenants in Victoria will soon be subject to termed tenancies of three to five years. The minister advised that the tenure of future tenants in Queensland may have to be reformed in the future, though there are no immediate plans.

### 3.1.5. Maintenance and Operations Services Program

- *Job security of Q-Build employees*

The committee asked the minister about the job security of current Q-Build employees. In particular, it questioned the minister on the impacts on staff of the recent redundancies at the Cultural Centre, the failure to finalise enterprise bargaining agreements, and the inquiry into Q-Build by the Parliamentary Public Works Committee. The minister replied that the policy of the government is that there will be no forced redundancies throughout the public service.

- *Maintenance expenditure for public housing*

The Ministerial Program Statement indicates that maintenance expenditure for public housing for 1997-98 will be \$45.1 million, down from \$52.4 million in 1996-97. The committee sought a reassurance from the minister that the department would continue to provide appropriate levels of maintenance despite this reduced level of funding.

The minister advised that, due to an additional \$5 million being made available for maintenance in 1996-97, the department was able to complete \$5 million worth of maintenance planned for 1997-98 in the 1996-97 financial year. The committee was informed that the comparative funding levels in real terms, therefore, are \$47.4 million in 1996-97 and \$45.1 million in 1997-98 — a reduction of \$2.3 million.

The department will compensate for this funding cut by improving property management and inspections to identify maintenance projects in the early stages. In addition, the department anticipates that it will achieve savings through better maintenance of its existing stock and as a result of spending on its accelerated upgrade programs.

- *Q-Build's performance in 1996-97*

The minister advised that Q-Build's projected business turnover for 1996-97 is likely to exceed initial predictions by between \$40 million and \$50 million. This indicates an increase in forecast program activity of between 16% and 20% for this financial year. Q-Build is retained by the Department of Public Works and Housing under a purchaser/supplier agreement to plan, manage and deliver a number of programs on behalf of government departments.

### 3.1.6. Motor Vehicle Services Program

- *Reduction of accidents in Q-Fleet vehicles*

The committee sought information on Q-Fleet's strategies to reduce motor vehicle accidents across the government fleet. Q-Fleet is currently working closely with its insurance broker and underwriter to develop strategies that will help to reduce accidents. The current accident reduction strategy includes four major initiatives: practical defensive driver training; driver information and education programs; customer performance pricing; and providing clients with easy access to accident details. As a result of these initiatives, Q-Fleet's claim rate is currently approximately 18 claims per 100 vehicles compared to 22 claims per 100 vehicles last year.

### 3.1.7. Sales and Distribution Services (SDS) Program

- *New colour catalogue*

Page 55 of the Ministerial Program Statement identifies the SDS Program's development of a full colour illustrated catalogue as one of its major achievements for 1996-97. The committee queried the need for such a catalogue. The minister responded by highlighting the fact that SDS is fundamentally a mail order business with no tied clients or guaranteed business. It therefore has always produced and distributed catalogues as its principal method of informing potential customers about its products.

The introduction of the colour catalogue has resulted in better product identification by clients and fewer incorrect orders. This yields savings by preventing many problems and delays. SDS has also recorded increased sales of new products resulting from early customer awareness of them. In addition, the new catalogue has brought about increased customer satisfaction.

### 3.1.8. Aboriginal and Torres Strait Islander Housing Program

- *New dwelling commencements*

Page 66 of the Ministerial Program Statement refers to a decrease in land purchases for Aboriginal and Torres Strait Islander Housing from 50 to 30 in 1997-98. However, the number of new dwelling commencements is set to increase from 97 in 1996-97 to 120 in 1997-98. The committee asked the minister to explain how the additional 90 sites would be funded.

The minister advised that the department currently has approximately 300 vacant sites located across Queensland in its land bank. The 90 sites not budgeted for in the 1997-98 budget will come out of this land bank.

### 3.1.9. Information and Procurement Program

- *Telecommunications*

The committee queried a contract between the Department of Public Works and Housing and Pacific Star for the supply of telecommunication services to the department. This contract is due to expire on 26 August 1997. To date, the department has made no formal arrangements to replace Pacific Star as its telecommunications provider.

The minister advised that the department has approved a short list of possible telecommunications providers. The department will not be calling tenders because of the urgency, and this accords with the State Purchasing Policy. The minister is confident that there will be a smooth transition on 25 and 26 August 1997.

- *Consultancies*

The committee questioned the minister about the engagement of consultants Amos, Aked and Swift. The minister asked Mr Anton Donker, Executive Director, Information and Procurement Program, to respond on his behalf at the hearing. Mr Donker undertook to provide the committee with the names of suppliers who were approached with regard to their capability to complete the work in the required timeframe.

The committee believes that subsequent written responses by the minister do not sufficiently clarify this issue.

### 3.1.10. Building Program

- *Asbestos Management Program*

The committee sought advice from the minister on the status of the Asbestos Management Program. The minister advised the committee that he had approved \$2.5 million in funding for each of the 1997-98 and 1998-99 financial years to identify and remove unstable or severely deteriorated asbestos materials from government buildings. There are approximately 30,000 government buildings that have to be audited for asbestos, 15,000 of which have already been audited. The minister expects that auditing of the remaining buildings will be completed by 30 June 1999.

The minister clarified that 3.6% of the total expenditure on this program in 1996-97 was spent on consultancies to conduct building audits. Administration costs are expected to amount to 14% of the total. The remaining monies were expended on building management plans, removal of high risk asbestos and audits conducted by Q-Build staff. The department projects a similar breakdown for the 1997-98 program.

- *Corporate Export Strategy*

The committee was advised that the broad aims of the department's Corporate Export Strategy are to help the private sector capture future trade opportunities and to create opportunities for the export of government services. As part of this strategy, the department is currently involved in establishing a trade office in Jakarta.

The committee requested an explanation from the minister as to why the Department of Public Works and Housing was undertaking this project rather than the Department of Economic Development and Trade. The minister replied that his department has most of the expertise within the field of building and structural engineering. He assured the committee that it is quite appropriate for departments with expertise to place representatives overseas. These representatives develop rapport with foreign governments and provide a framework within which private enterprise can extend into foreign markets. The Department of Economic Development and Trade establishes the high-level, government-to-government relationships. Within the framework set up by the Department of Economic Development and Trade, there are opportunities for other departments to interact with their sister departments.

The Department of Public Works and Housing's representative will be located in the offices of the Department of Economic Development and Trade in Jakarta. The planned budget, including salaries, accommodation and other expenses for this project for the 1997-98 financial year, is \$220,000. The private sector members of the trade mission will travel to Indonesia at their own cost.

- *Disabled access to buildings*

The department is currently acting on an interim action plan to upgrade its portfolio of office buildings in compliance with anti-discrimination legislation. The upgrading will take place progressively over the next five to ten years. The final action plan will be completed in the 1997-98 financial year.

Most, if not all, of the buildings in the department's office building portfolio require upgrading to comply with the anti-discrimination legislation. Programmed expenditure over the next three financial years is anticipated to be approximately \$1 million. The department has committed approximately \$250,000 in the 97/98 financial year which should complete an additional 15 high priority access items.

- *75 William Street*

The committee sought information about the new government office building being constructed at 75 William Street, Brisbane, adjacent to the Riverside Expressway. The committee was advised that the building is being constructed in accordance with an indoor environmental management functional brief. This brief deals with issues such as environmental pollution, energy conservation, indoor climate control, indoor noise control and occupational health and safety.

An air intake filtration system will be fitted during the new building's construction. The problem of freeway noise is being addressed by the use of double glazing on exposed walls and the incorporation of noise-dampening characteristics in the building's facade. The department is working with a specialist acoustic consultant to monitor the design and construction to ensure that the noise levels conform to the functional brief. Research into vehicle exhaust emission problems is currently being undertaken in conjunction with the Queensland University of Technology.

- *Research on competitive service delivery*

The committee sought information on the functions of the proposed research base for advising on competitive service delivery in the Building and Construction Industry. The minister replied that this project is aimed at ensuring that government agencies are using the most effective means in procuring their buildings and getting the best value for money.

- *Maintenance of parliamentary precinct*

The committee questioned the minister on the maintenance required to be undertaken on the exterior of Parliament House. The minister advised that his department will fund \$500,000 worth of stonework restoration on the heritage listed building, \$299,000 out of the 1996-97 budget and \$201,000 out of the 1997-98 capital budget.

The minister also informed the committee that a tender for \$740,000 was recently awarded to the firm T A Taylor Pty Ltd (Queensland) to renovate the exterior of the Parliamentary Annexe. Work on this project is expected to start on 18 June and be completed by 27 February 1998.

The department is also funding a \$1.5 million energy upgrade for Parliament House.

## STATEMENT OF RESERVATIONS

### 1. DEPARTMENT OF PUBLIC WORKS AND HOUSING

The Coalition Government's first two budgets have significantly reduced funding available to the housing programs. Queensland has sourced its total contribution to the Commonwealth budget deficit reduction strategy from the Commonwealth State Housing Agreement (CSHA). The State Government effectively gave back \$114 M. in 1996/97 and will surrender \$118.8M. in 1997/98 to the Commonwealth from CSHA funds. Whilst having supplemented some of the lost Commonwealth Housing funds with State allocations, it is now clear that this supplementation hasn't completely replaced the funds lost and over the two financial years tens of millions have been lost to the housing program. This has resulted in several hundred less houses being constructed or acquired for people in need.

A closer analysis of the 1997/98 Budget illustrates the impact of the Government's decisions to massively reduce funding for a basic human service — secure shelter. Consolidated funding receipts for the housing program have been reduced to \$216.104 M. in 1997/98. This includes the States tied and untied matching requirements and part supplementation of the surrendered Commonwealth funds. The advice given to the committee was that this represented a State Government decision to reduce funding by \$30 M. in both 1996/97 and 1997/98 (\$60 M. in total) or more than 500 houses for people in need. The State Government can't pass the buck for this reduction to the Commonwealth as it has tried to do. Even with the Commonwealth reductions nationally, available Commonwealth funds under the C.S.H.A. was \$169.241 M. in 1995/96 compared to \$168 M. in 1997/98 (the 1997/98 figure is calculated by adding \$44.2 M. Commonwealth funds acknowledged by the Minister to \$118.8 M. foregone by the State Government). Thus, the reduction is primarily due to the State Government directly deciding to reduce its own financial commitment by over \$35 M. or more than 290 houses.

The major reduction in state funding has placed additional significant pressures on the Queensland Housing Commission Trust Fund to provide funding from its own resources for programs previously funded from the consolidated fund (eg. Home Assist/Home Secure). Whilst there has been relatively small increases in the Community and Aboriginal and Torres Strait Islander Housing programs, the Public Housing Rental Program has been decimated, as indicated by the following :

- Actual expenditure on public housing capital works in 1994/95 was \$304.78 M. The equivalent budget in 1997/98 is \$101.722 M. — a massive reduction of over 66% in actual dollar terms;
- In 1994/95, 1750 public rental dwelling units were commenced (through construction or acquisition) . In the 1997/98 the equivalent is 600 — 1150 fewer houses, again a 66% reduction in activity;

- Funding for upgrading and redevelopment of older public housing has been slashed from \$45.610 M. in 1994/95 to \$15 M. in the 1997/98 budget (a 67% reduction); and
- Expenditure on basic maintenance services was \$48.4 M. in 1994/95 (with a stock of 45,864). This has been reduced to \$45.1 M. in the 1997/98 budget — even though the public rental stock has increased to approximately 48,000 units.

The 1996/97 budget had totally unrealistic expectations for gearing up expenditure on Community Housing. The capital expenditure budget in 1996/97 was \$87.967 M. Of this budget, only \$27.856 M. was allocated, necessitating very late re-allocations to the public housing Spot Purchase program.

The Government has justified the establishment of the Community Housing Grants Board as providing a basis for the “independent and accountable allocation of funding to community organisations”. The Government's own decisions to exclude the major urban population centres from applying for funding under its Rural and Regional Community Housing Program does not ensure these objectives. There is clearly no needs based analysis underpinning significant funding allocations. The Board has been asked to do an impossible job for the Government — simply allocate large amounts of funds to organisations in some Coalition and marginal electorates using the excuse of independent membership to legitimise a major ‘pork barrelling’ exercise.

In late 1995, the Labor Government approved a one off loan of \$50M to spot purchase additional accommodation for public housing. This was possible as the result of loan redemption's by the Queensland Housing Commission Trust fund. The one off loan would have increased public rental dwelling commencements in 1995/96 to 2250 units of accommodation. The loan was not called down by the incoming Coalition Government which grossly underspent capital funds available as a result of the Treasurer's capital works freeze. In fact, the Department of Public Works and Housing were only able to achieve 1326 unit commencements in that year- a staggering 934 less than was fully funded by the Labor Government. This massive underspending by the Coalition Government left a huge carry forward of unexpended funds in the Trust going into the 1996/97 year. So much for the denials about there being no capital works freeze! In fact the Budget documents clearly state that the opening balance in the Trust was a massive \$135.725M as at 30 June 1996. This compares with opening balances of \$24.495M as at June 1995, and only \$1.091M estimated as at 30 June 1997. The Minister acknowledges calling down the \$50M loan in 1996/97. In spite of this, the government was only able to achieve a program of 1625 commencements. With the effective carry forward of 934 unachieved from the previous year, this would mean commencement levels of only 691 units in 1996/97. What this indicates is the government has not been fully accountable for the quantum of funds it has syphoned out of the housing program in Queensland. We will outline our concerns with the lack of proper accountability mechanisms in the portfolio in the following sections.

We note with concern that the Minister has not put a stop to the tenancy management privatisation experiment of his predecessor. There has been no logical justification for outsourcing the set of narrow tenancy management functions proposed by the Coalition. A similar housing experiment was assessed as an abject

failure by the NSW Department. It makes no social or economic sense to privatise such a narrow range of functions to private real estate agents. The previous Minister, Ray Connor's main justification for the experiment which was quoted a number of times on the public record, was the need for regular inspections following a few sensationalist stories on what he described as tenants trashing government housing. Mr. Connor made a number of misleading statements that the cost of repairing tenant damage was \$7M each year. We are pleased that this matter was clarified at the Estimates Committee, and that the \$7M figure is in fact the full maintenance bill for vacant houses, most of which is not a tenant responsibility but is the normal responsibility of a landlord to keep the property in a reasonable condition. It is with regret that ideology rather than logic appear to be driving this agenda.

The government should clarify its real intentions to the public tenants and staff of the Department, particularly the metropolitan Area Offices of Stones Corner and Woodridge, where the pilot experiment is to be undertaken. We are concerned that privatisation will be more expensive for the Department and lead to reductions in the number of Area Offices and staff and therefore in the level and quality of services provided to tenants. The Opposition is proud of its achievements in the development of the 17 area offices and a range of other important service delivery initiatives especially after the decades of neglect by previous National and Coalition Governments. We give this assurance, a Labor Government will rescind any contracts to privatise Public Housing management functions entered into by the current government. We consider public housing management as a core public service activity. Further, as the creation of the Area Offices was an initiative of the Labor government in the early 90's, we will reverse any decision of the current government to reduce service delivery outlets in either the Metropolitan or Regional areas and return to the pathetic service delivery arrangements that were put in place by previous National/Liberal regimes.

We are concerned about proposals to subsidise a private company for over 85 pensioner units on a large retirement village site at Caboolture. It is most concerning that given the funding support that government will be providing the developer (over \$1M) that this matter was not subject to a public tendering process. The decision is all the more curious as there are very few pensioner applicants who have expressed a preference for the Caboolture area. In addition, given the large number of vacant retirement village units available through both private and church organisations, it poses the question as to why this very lucrative deal wasn't offered to other retirement village operators. The probity of this deal needs to be totally reviewed by the incoming Minister. If it proceeds with no regard to due process, an incoming Labor Government will comprehensively review the circumstances leading up to the commitment to the individual developer.

We note that the Minister has announced a review of rent levels for public housing tenants. Whilst he states that rents of existing tenants will not increase, the Minister has not adequately explained the Government's position on this important issue. To ensure that the community are totally informed of the Liberal's position, the Minister should release the letter from his predecessor to the Treasurer of September 1996. In that letter, the myth that existing tenants will be protected is exploded. In

addition, we remind the Minister that the Treasurer is on the public record as advocating tenants pay 27% of their income in rent.(Courier Mail 8 June 1992 and Liberal Party Platform). This would see massive increases in rents and would seriously impact on tenants across the state.

Commercialisation of the housing program was meant to provide greater transparency and accountability. These are important policy objectives which were debated at length in the Industry Commission Inquiry into Public Housing. The changes to the Housing Program instituted by this government have had the opposite effect. The two(2) Ministerial Program Statements of the Coalition Government have been confusing documents more concerned with obfuscation rather than truthful and open/transparent and accountable documentation. This is evident in the confusing 'spaghetti' that accountant's label as the housing program's financial transactions. In 1997/98, the financial transactions for the housing program were reduced by \$0.717 Billion. Whilst the Minister promises to review the accounting nightmare that his government has created, we believe the fundamental assumptions on which the program's so called commercialisation has occurred, is fundamentally flawed. It is obviously based on a narrow and inefficient public works model, rather than one which is appropriate to a human service function like Housing. We strongly encourage the Minister to read the Industry Commission Inquiry Report to determine an appropriate commercialisation model which actually enhances transparency and accountability .

Even simple financial information such as inputs from the Commonwealth and State Government cannot be sourced in the documentation. It is clear to us that far from wanting to be truthful and accountable for their use of resources under the CSHA, the Government has chosen a secretive strategy in an attempt to hide its redirection of housing funds to other purposes.

Labor in government will totally revise the housing program's client service, asset management and procurement activities to ensure they work effectively in the best interests of the client and the Queensland taxpayer.

The issue of the Director General of Public Works and Housing , Mr. Kevin Davies, using a government credit card to charge personal expenses in Melbourne for the Three Tenors Concert on Saturday 1 March again raises a significant issue of probity and goes to the heart of establishing and maintaining ethical standards of conduct by the most senior of public servants. Whilst Mr. Davies has repaid the Department over \$500 for his expenses incurred in Melbourne. This was done almost 4 months after the expenditure was authorised by Mr Davies and raises important questions as to whether the Director General intended to pay this back, or only did so when the matter was placed on the public record. In addition, this unfortunate incident raises questions about whether Mr. Davies' other personal costs on the many overseas and interstate visits have been met by the taxpayer. We are concerned that these personal expenses may have been charged to a government credit card in direct contravention of the regulations governing their issue. We call on the Auditor General to conduct an independent review of Mr. Davies' expenses to determine whether this and/or any other matters which may arise from the investigation constitute official misconduct by a public official.

## **2. DEPARTMENT OF TRANSPORT AND MAIN ROADS**

### **2.1. QUEENSLAND RAIL**

The Minister acknowledged that effectively there was no less money going to Queensland Rail in 1997/98 than in 1996/97 despite an apparent decrease of \$62 million in payments to Queensland Rail.

The reduction in Community Service Obligation payments is offset by a corresponding reduction in returns to Treasury on CSO assets from Queensland Rail.

### **2.2. JOB LEVELS/WORKSHOPS**

There will be no new permanent positions in workshops in the future even if the workload expands. The Group will cope with the extra work by employing "fixed termers" on a contract for one or two years.

The CEO of Queensland Rail said there were currently some 290 people working permanently in the workshops, who were "unskilled and surplus to our requirements". There will continue to be no forced redundancies but there is apparently no work for these people and there was no indication of what was being done for them.

The Workshops Group Manager finally admitted that the Group had achieved its target set in last year's Budget of reducing permanent full time staff to around 1650. Any employees additional to that were on fixed terms or contract.

A review is now being conducted to re-assess the final base employment target for the Workshops Group but there is currently no indication of what level that might be. The review will be completed in September.

### **2.3. GOLD COAST LINE**

The Minister was entirely unable to explain how he could reconcile his claim that the Gold Coast Rail to Helensvale had carried 1.28 million passengers in its first year of operation, well ahead of the predictions of 1 million by both Labor and Coalition Governments, with the Premier's claim, four months earlier, that reduced fares on the Gold Coast Line had not led to any increase in patronage.

The CEO confirmed there had been growth on the Gold Coast Line in relation to the reduced fares.

#### **2.4. PARKINSON FREIGHT TERMINAL**

The Minister assured the people of Parkinson and surrounding districts that any decision in relation to a rail freight marshalling facility would be made in “full consultation.....with the people in Parkinson”. He prefaced that by saying it was a “commercial and corporate decision”.

Queensland Rail will spend \$50,000 investigating sites in 1997/98 and it was confirmed Parkinson was the priority for this year. The Minister added that people who had purchased land in the Parkinson area in the last 12 years should “have known at the time that QR had purchased that land and they should have asked questions then”. He also said the Government would not be walking away from this decision if it had to be made.

#### **2.5. AIRPORTS**

The Ministerial Program Statement revealed estimated expenditure of approximately \$800,000 on the Logistics Infrastructure Sub-Program of the Transport Co-Ordination and Logistics Program. The Minister revealed this was spent at the Windorah (\$200,000), Bedourie (\$200,000), Longreach (\$600,000) and Bamaga Airports (\$1.2 million).

The Minister did not explain how this \$2.2 million of expenditure only showed up as \$800,000 in the Program Statement. He did reveal that there was a survey now being carried out by the Department to assess the needs of airstrips across Queensland. There is only \$200,000 in the Logistics Infrastructure Sub-Program for 1997/98 so it is highly unlikely any further airstrips will be upgraded this year.

There was no money allocated in last year’s Budget for the program so the money was diverted to this program during the year.

The Minister revealed there had been no invitation for expressions of interest for airport upgrades. He said “I will take responsibility for” identifying the four “as having priorities”. He simply received representations from those local councils and personally approved the funding. Apparently no other analysis was done to compare the needs of any other airstrips. The money was simply diverted to these strips.

Not surprisingly many other local councils are now applying for funding but it seems none will be available this year.

## 2.6. ROAD FUNDING

Debt owed by the Roads Program has risen to \$470 million as at 30 June 1997 from \$404 million last year, a rise of more than 16%. At the same time the interest bill has increased from \$38.139 million this year to \$41.961 next year, an increase of only 10%. These increasing levels of debt, along with decreasing Federal road funding, may severely restrict road expenditure in future years. These figures do not include debt on the Sunshine Coast Motorway.

The problem will be further exacerbated by the requirement to repay \$15 million in 1998/99 and 1999/2000 for the \$30 million advanced into the 1997/98 Budget. That money is used to reduce the decrease in spending on roads across Queensland, other than the Pacific Motorway, to a still significant \$20 million. This Government has allocated \$20 million less in the 1997/98 Budget to roads other than the Pacific Motorway than it did in the 1996/97 Budget.

This year also sees the payment of \$128 million in relation to the Sunshine Coast Motorway Company and an annual payment of \$12.6 million for that Motorway. Those payments will continue to come out of the Roads Budget for the next 20 years. The total payments for such "financing transactions" in 1997/98 is \$180 million, up from \$38 million in last year's Budget.

JIM ELDER  
DEPUTY CHAIRMAN  
MEMBER FOR CAPALABA

TERRY MACKENROTH  
MEMBER FOR CHATSWORTH

LORRAINE BIRD  
MEMBER FOR WHITSUNDAY

3 July 1997