



ESTIMATES COMMITTEE C

REPORT NO. 1 OF 1999

1. INTRODUCTION

The sessional orders adopted by the Legislative Assembly on 27 August 1999 established estimates committees to examine and report on the proposed expenditures stated in the *Appropriation Bill 1999* and the *Appropriation (Parliament) Bill 1999*. The orders require Estimates Committee C to examine the proposed expenditure for the portfolios of:

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

The committee has considered the proposed expenditure using the budget documents and evidence provided by the ministers and their advisors at a public hearing on 7 October 1999.

This report highlights the proposed expenditures the committee examined and makes a recommendation to the Parliament. A separate volume tabled with the report contains the minutes of the committee's meetings, the committee's questions taken on notice by ministers prior to and during the hearing, ministers' answers to these questions and additional information about the hearing.

The Queensland Government is implementing accrual budgeting for the budget sector in the 1999-2000 budget. Queensland's model for accrual output budgeting is known as *Managing for Outcomes*. All budgets are therefore based on accrual information rather than cash information, and the focus for performance is on outputs (groupings of similar goods and services provided by departments) rather than programs.

The 1999-2000 budget also introduces the concept of equity return payments for departments reflecting the opportunity cost to the government of the assets held by the agencies calculated on the value of their net assets. In 1999-2000, the equity return is fully funded and included in the payment for outputs appropriation for the first time.

2. TRANSPORT AND MAIN ROADS PORTFOLIO

The Transport and Main Roads Portfolio comprises the Department of Transport (Queensland Transport), the Department of Main Roads and the following government-owned corporations (GOCs) and statutory authorities that report to the minister through the Department of Transport:

GOCs—

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

Statutory Authorities—

- Gold Coast Harbours Authority
- Marine Board

The *Appropriation Bill 1999* provides votes for the Transport and Main Roads Portfolio for 1999-2000 totalling \$3.467 billion. The figure below provides breakdowns for this amount and comparisons with provisions in the 1998-99 budget and actual expenditure.

Department	Budget 1998-99 \$'000	Actual 1998-99 \$'000	Vote 1999-2000 \$'000
Department of Transport	1,198,861	1,182,071	1,803,581
Department of Main Roads	1,001,759	1,071,252	1,663,640
Total	2,200,620	2,253,323	3,467,221

Source: *Schedule 1 Appropriation Summary for 1999-2000, Appropriation Bill 1999*

The 1999-2000 budget provides more than \$1 billion for roads, \$795 million for rail and \$238 million in transport capital projects.

2.1 Department of Transport

The role of Queensland Transport is to promote, plan, co-ordinate and facilitate the provision of transport services and transport infrastructure.

The \$1.8 billion appropriation for the department comprises \$1.546 billion for departmental outputs, an equity adjustment of \$229 million and \$28.58 million for administered items. The department's outputs and costs for 1999-2000 are as follows:

Output	Total Cost \$'000
Rail, Ports and Aviation	490,077
Integrated Transport Planning	51,545
Road Use Management	192,758
Maritime Services	100,491
Public Transport Services	490,385
Total	\$1,325,256

Source: *State Budget 1999-2000 Ministerial Portfolio Statements – Minister for Transport and Minister for Main Roads p.1-6*

Key initiatives for 1999-2000 include:

- Continued development of Rail Service Agreements for the delivery of non-commercial services;
- Progressing the construction of diesel tilt trains at a cost of \$138 million to operate between Brisbane and Cairns;
- Production of the *IRTP 2007 Vision for SEQ*;
- Progress on the construction of major public transport infrastructure including \$212 million to continue construction of the South East Busway and Inner Northern Busway;
- Implementation and planning for the \$235 million light rail system in Brisbane;
- Continued development of the national road transport reform process;
- Enhancement of service delivery through an increase of \$5 million targeted primarily at improved services through call centres and customer service outlets;
- An increased focus on waterways management issues and enhancement of marine pollution prevention measures; and
- Renewal and review of a significant number of contracts for public transport services and a stronger focus on roles in the planning and operation of public transport in the south east corner.

Key elements of the 1999-2000 budget include:

- \$180 million in on-going funding for the South East Transit Project;
- \$126 million for an upgrade and expansion of Queensland Rail's coal wagon fleet;
- \$87 million for electric passenger cars for the Citytrain network;
- \$87 million for the assembly of 38 diesel locomotives at Walkers Limited in Maryborough;
- \$32 million for the Inner Northern Busway to the Royal Brisbane Hospital;
- \$36 million for tilt trains; and
- \$12 million to progress the Brisbane Light Rail project.

The committee raised the following issues of particular note with the minister:

Increased CSO payments to Queensland Rail

The committee noted that the budget provides as much as \$200 million in additional funding for Queensland Rail community service obligations.

Enhancement of Sunshine Coast rail services

The committee questioned the minister on rail service enhancements provided in the 1999-2000 budget for Sunshine Coast residents. The minister advised that the government is examining a range of options to enhance rail services in the region. The budget provides \$1.25 million to enhance public services to the Sunshine Coast, in particular, through the provision of additional rail services and the introduction of a new rail/bus link between Nambour and Caboolture. Additional Citytrain Services were introduced for the Sunshine Coast from 26 July. From November 1, a shuttle bus service will be introduced to operate to all Citytrain stations between Nambour and Caboolture at hourly intervals. Further rail services are planned for 2000.

The Port of Brisbane

The committee questioned the minister on the achievements of the Port of Brisbane Corporation in attracting new trade to the port and future plans for investment in the Fisherman's Island precinct. The minister advised that the Port of Brisbane Corporation, in partnership with the Brisbane Airport Corporation, the Department of State Development and the Office of Economic Development (representing the Brisbane City Council), proposes to promote up to 1,000 hectares of prime industrial land at the port nationally and internationally. From July 1 the port became the first Australian port to have three major stevedoring operations. During 1999, the port also became the first Australian port with on-site facilities to pack cotton. These facilities will significantly reduce handling costs for cotton producers in Queensland and New South Wales. A further bulk

commodity export terminal with a capacity of 60,000 tonnes per annum was opened during the year.

Funding for accessible public transport

The committee asked the minister about provisions in the budget to improve accessible transport. The minister advised that the 1999-2000 budget provides \$18.75 million to increase public transport accessibility for older people, the transport disadvantaged and people with a disability. This includes \$7.6 million to be spent by Queensland Rail on the installation of passenger lifts and footbridges at stations and modifications to train carriages as part of a \$48 million upgrade over seven years. A further \$3.25 million is provided to subsidise the purchase of wheelchair-accessible buses across the state. \$6 million is provided to continue the taxi subsidy scheme, extended this year to include people with restricted walking and severe emotional disorders. \$50,000 is provided for the department to investigate accessible ramps for pontoons and jetties, \$800,000 to maintain 50 percent pensioner concessional travel on Moreton Bay, Magnetic Island and Torres Strait ferries, and \$600,000 to assist parents of disadvantaged children through the School Transport Assistance Scheme. A further \$250,000 is provided to continue subsidies for long distance bus operators in remote areas.

Other issues raised by the committee with the minister include:

- Criteria used by Queensland Rail in deciding what projects to fund;
- Progress on national road transport reform;
- Actions by the department to reduce ship-sourced pollution in Queensland waters;
- Funding for the new Townsville Railway Station;
- Grants and subsidies for public transport services;
- Community service funding for Queensland Rail;
- Activities by Transport Inspectors in relation to heavy vehicles; and
- Public complaints about the department's automated telephone system and measures to improve service delivery.

2.2 Department of Main Roads

Main Roads is responsible for the management of the state's road network comprising 34,000 kilometres of road and 20 percent of the state's total road network.

The \$1.663 billion appropriation for the Department of Main Roads comprises \$1.883 billion for departmental outputs less an equity adjustment of \$220 million. The department's outputs and costs for 1999-2000 are as follows:

Output	Total Cost \$'000
Road Network Planning and Management	1,755,168
Road Asset Maintenance	258,819
Road Network Operation and Use	12,332
Total	\$2,026,319

Source: *State Budget 1999-2000 Ministerial Portfolio Statements – Minister for Transport and Minister for Main Roads p.2-5*

Key elements of the 1999-2000 budget are:

- \$194.3 million for the Pacific Motorway project;
- \$555.3 million for other state-controlled roads;
- \$158 million from the federal government for a national highway system;
- \$7 million for the Federal Black Spot funding works;
- \$96 million for other roads programs including \$49 million for road works on local government roads, \$19 million for natural disaster relief and \$9 million for motorway land acquisition.

The committee raised the following issues of particular note with the minister:

Road funding provided to local authorities

The committee questioned the minister on road funding for local authorities. The minister advised that road funding for local authorities will increase under the 1999-2000 budget. He reiterated a commitment made during the 1998 budget estimates hearings to a five-year roads funding program for which funding is committed for the first two years and indicative for the remaining three years.

Increased mass limits for heavy vehicles

The committee asked the minister about the department's plans to avoid adverse impacts on small communities and councils arising from increases to mass limits for heavy vehicles.

The minister advised that the department has agreed to increased mass limits on national highways for vehicles with "road friendly" suspension, with depot access on designated B-double routes of 500 metres. The minister has also sought assurances from the federal minister for transport that there would be no extension of the existing scheme to other state-controlled or local authority roads without the concurrence of the states. The minister advised that this would be conditional on commonwealth funding for highway upgrades. Additional funding of \$12.9 million has already been secured to upgrade bridges on the National Highway over the next three years.

Roads funding

The committee asked the minister to respond to allegations that the budget would slash funds for road by 9.6 percent. The minister advised that, overall, the Main Roads budget estimates for 1999-2000 is \$42 million or 4.2 percent larger than the 1998-99 budget, and this increase is reflected roughly in the roads program.

Other issues raised by the committee with the minister include:

- the impact of Pacific Motorway funding on expenditure for other projects;
- the impact of cuts to funding provided by the federal government for regional and rural roads projects;
- funding for property acquisitions for the Pacific Motorway;
- design issues concerning the Thomson River Bridge and flood plain project;
- financing of motorway company works; and
- Funds provided for the Tugun Bypass.

3. PUBLIC WORKS AND HOUSING PORTFOLIO

The Public Works and Housing Portfolio comprises the Department of Public Works, the Department of Housing and the following statutory authorities that report to the minister through the Department of Public Works:

- Board of Professional Engineers of Queensland
- Board of Architects of Queensland

The *Appropriation Bill 1999* provides votes for the Public Works and Housing Portfolio for 1999-2000 totalling \$453 million. The figure below provides breakdowns for this amount and comparisons with provisions in the 1998-99 budget and actual expenditure.

Department	Budget 1998-99 \$'000	Actual 1998-99 \$'000	Vote 1999-2000 \$'000
Department of Public Works	142,855	129,815	108,477
Department of Housing	126,642	126,909	344,555
Total	269,497	256,724	453,032

Source: *Schedule 1 Appropriation Summary for 1999-2000, Appropriation Bill 1999*

3.1 Department of Public Works

The Department of Public Works aims to ensure that the Government's infrastructure requirements are provided in the most cost-effective and efficient manner and that, in so doing, other government agencies are able to achieve their goals and objectives. The \$108 million appropriation for the department comprises \$64.8 million for departmental outputs, an equity adjustment of \$30.491 million and \$13.182 million for administered items. The department's outputs and costs for 1999-2000 are as follows:

Output	Total Cost \$'000
Building Procurement and Asset Management	275,208
Procurement Services	5,831
Total	\$281,039

Source: *State Budget 1999-2000 Ministerial Portfolio Statements – Minister for Public Works and Minister for Housing p.1-8*

Key elements of the 1999-2000 budget include:

- \$8.2 million for completion of the \$28.5 million extension to the Cairns Convention Centre;
- \$2.4 million for completion and fit-out of the \$4.1 million state government office block in Hervey Bay;
- \$6.7 million for Q-Build's community service obligations which include employment and training of apprentices;
- \$1 million for the commencement of refurbishment of the heritage-listed former Woolloongabba Police Station;
- \$1.5 million to continue the backflow prevention program;
- \$1.5 million to continue the asbestos management program;
- \$500,000 to begin a four-year \$2 million program to reduce greenhouse gas emissions through energy efficient building design and the trial of new power and fuel technologies;
- \$475,000 to continue the restoration of the Old Museum Building at Bowen Hills;
- \$400,000 for urgent refurbishment and repairs to the state's oldest building – the Commissariat Store in William Street, Brisbane; and
- \$212,000 to complete the \$2.5 million upgrade and extension of the state government office building in Emerald.

The committee raised the following issues of particular note with the minister:

Bills of Quantity

The committee believes that the provision of bills of quantity for public works of value in excess of \$2 million is desirable. This was a recommendation of the Public Works Committee and should be adhered to.

Q-Build assistance to indigenous communities

The committee questioned the minister on the assistance provided by Q-Build to indigenous communities. The minister advised that Q-Build provides much needed training opportunities in the building and construction area for young people in indigenous communities. A total of 30 apprentices are funded by the department in indigenous communities. Q-Build has up to nine apprentices at Wooroobinda, and the projects they have worked on or are engaged in include the construction of a hospital, child-care centre and public housing. Other northern cape communities with Q-Build apprentices are Palm Island, Injinoo, New Mapoon, Umagico, Bamaga, Seisia, and Kowanyama.

Y-2K compliance

The committee asked the minister about the readiness of the department's portfolio of office buildings in the state in readiness for the year 2000. The minister and his advisors informed the committee that the department is responsible for 178 buildings, and that Y-2K compliance certificates had been issued, to date, for all but 12 buildings. All key buildings such as the Executive Building, 111 George Street, 80 George Street, the Neville Bonner Building are fully compliant. The department has also established a control room that will be staffed on 31 December 1999 by technical officers, building experts and security people to respond to any problems that arise.

Cairns Convention Centre

The committee questioned the minister on the benefits of the Cairns Convention Centre project to the people of Cairns. The minister advised that the construction of the centre had been completed on time and within budget, and provided substantial employment for sub-contractors. The centre has a capacity of 5,000 seats in concert-mode and 5,500 seats in basketball-mode. It also offers 1,800 metres of exhibition space providing a much needed exhibitions venue for the city.

Other issues raised by the committee with the minister include:

- criteria used by the department to decide what projects are funded;
- the implementation of electronic commerce as part of government procurement;
- the benefits of the department's development of sustainable technology products;
- employment generated by the department's capital works program; and
- the value of work undertaken by Q-Build throughout the state.

3.2 Department of Housing

The Department of Housing provides access to secure, affordable and appropriate housing, funds community organisations and local government agencies to provide housing assistance and offers assistance to Queenslanders to enable them to access and maintain housing in the private sector. The department's outputs, revenue sources and costs for 1999-2000 are as follows:

Output	Revenue from Government \$'000	Other Revenue \$'000	Total Cost \$'000
Private Housing Assistance	23,270	2,050	25,320
Home Purchase Assistance	-	30,561	30,561
Community Housing	22,930	17,150	40,080
Public rental Housing	253,800	269,295	523,095
Aboriginal and Torres Strait Islander Housing	44,555	35,306	79,861
Total	344,555	354,362	698,917

Source: *State Budget 1999-2000 Ministerial Portfolio Statements – Minister for Public Works and Minister for Housing p.2-6.*

Key elements of the 1999-2000 budget include:

- \$55.8 million for public housing upgrades, \$12 million more than actual expenditure during 1998-99, including \$37 million for urban and community renewal schemes;
- \$97 million for a public housing building program;
- \$15.5 million for community housing construction projects;
- \$14.7 million to build more than 80 new dwellings through the Aboriginal and Torres Strait Islander Housing Program (ATSIHP) including \$4.2 million to continue a major redevelopment program on Thursday Island;
- \$5 million to upgrade existing ATSIHP dwellings to provide new kitchens, bathrooms, modifications for people with disabilities and evaporative air conditioners in some regions;
- \$37.1 million for the first year of a five-year \$173 million grant program for housing in 32 deed-of-grant-in-trust communities and Aurukun and Mornington Island; and
- \$80,000 to establish a new "print on demand" multi-lingual information system at the department's Inala Area Office.

The committee raised the following issues of particular note with the minister:

Security upgrades of accommodation for senior citizens

The committee questioned the minister about efforts by the department to improve the security of senior citizen accommodation. The minister advised that the department was able to realise local authority rates rebates totalling \$4 million, and used these funds to improve security for 8,500 elderly citizens. The funds were used to provide security screens and lighting in accommodation and to remove unsuitable shrubbery. A further \$25 million will be spent upgrading accommodation during 1999-2000 and this include funds for further security upgrades for accommodation occupied by the elderly.

Housing Vision 2000

The committee questioned the minister about the Housing Vision 2000 project. The committee was advised that the aim of the project is to build a body of knowledge for the provision of Aboriginal and Torres Strait Islander housing on deeds-of-grant-in-trust communities. The 1999-2000 budget provides \$250,000 for the Umagico Council for a project to develop a body of knowledge about youth housing

Progress in reducing rental arrears

The committee asked the minister about the department's progress in reducing rent arrears in relation to public housing. The minister advised that the department's management practices had reduced the level of rent arrears to below 2 percent (1.42 percent in 1997-98 and 1.9 percent in 1998-99), well below its 5 percent target

Other issues raised by the committee with the minister include:

- employment opportunities generated by the department's housing programs;
- the department's installation of air-cooling in public housing in western parts of the state;
- the benefits of the department's Community Renewal Program;
- the department's use of Q-Build to maintain public housing;
- Commonwealth housing grants to the department;
- Staffing levels in the department; and

4. RECOMMENDATION

The committee recommends that the proposed expenditures for the portfolios of the Minister for Transport and Minister for Main Roads and the Minister for Public Works and Minister for Housing be agreed to by the Legislative Assembly without amendment.

5. ACKNOWLEDGMENTS

The committee thanks ministers and their staff for their cooperation and assistance.

Paul Lucas MLA
Chairman

October 1999

MEMBERSHIP¹

- Mr Paul Lucas MLA (Chair), Member for Lytton
- Mr Vaughan Johnson MLA (Deputy Chair), Member for Gregory
- Mr Phil Reeves MLA, Member for Mansfield
- Mr David Dalgleish MLA, Member for Hervey Bay
- Mr Bruce Laming MLA, Member for Mooloolah
- Mr Peter Wellington MLA, Member for Nicklin

STAFF

Research Director: Mr Rob Hansen
Executive Assistant: Ms Sandy Musch

¹ The sessional orders passed by the Legislative Assembly on 27 August 1999 appointed Mrs Julie Attwood MLA, Member for Mount Ommaney to the committee. Mr Phil Reeves MLA, Member for Mansfield, replaced Mrs Attwood on the committee from Tuesday 19 October 1999. This substitution was in accordance with sessional orders.

6. STATEMENT OF RESERVATIONS – PUBLIC WORKS AND HOUSING

We are concerned with some aspects of the Government's Public Works Budget for 1998-99 and 1999-2000.

It is concerning that there was a significant under-spend on the Roma Street re-development. \$10 million was budgeted and only \$589,000 expended resulting in a potential 140 jobs not being realised.

We express concerns regarding the performance of Go Print over the past year and call on the Government to urgently identify and implement the initiatives as outlined in the 1998-99 MPS and others to meet the challenges of modern information technology.

We also have concerns regarding some aspects of the Government's Housing Budget.

We are concerned at the Government's moves to roll back the former Coalition government's Public Housing reforms.

The Minister's claim that an election promise was sufficient consultation to support his intentions is not accepted.

The two changes that were particularly discussed at the hearing were the abandonment of references and the return to a suburb-based wait list rather than the larger zones.

References were recognised as an extra tool in the avoidance of tenants who had a bad record in the past. They were not mandatory in the past so as to cater for people who for a variety of reasons might not be able to produce a reference.

Although there seemed to be some confusion as to the compatibility of the 1999 vacant turnaround figures, as supplied to the Opposition in answers to Questions on Notice, with figures provided for 1998, we are unconvinced that vacant turnaround figures have not blown out.

This seems to be supported by answers given to questions during the hearing that the peaking in vacant turnaround times in relation to the re-allocation of properties occurred when the Government was introducing a new system of tenancy management. This would presumably have included the change back from zones to suburb-based waiting lists.

While we recognise the difficulties and extra costs of a joint responsibility for maintenance of public housing shared between housing and Q-Build, we question the government's decision to trial only a direct Q-Build program when other areas could have simultaneously trialed a system whereby Housing Area Officers could

have contracted out their maintenance to Q-Build or private contractors depending on the circumstances.

If the Government fails to take this course of action, which does not include Housing having its own day labour force, they will never know which system was really the best, not just for Q-Build and the Housing Department but for public housing tenants and, of course, the tax payer.

This is something that should be studied next year by the Public Works Committee.

VAUGHAN JOHNSON MLA
Member for Gregory

BRUCE LAMING MLA
Member for Mooloolah