



# Estimates Committee C

2010

## Report to the Legislative Assembly

### Introduction

1. The Legislative Assembly appointed Estimates Committee C on 20 May 2010 to examine and report on the proposed expenditures contained in the *Appropriation Bill 2010*.
2. The Legislative Assembly appointed this committee to examine and report on the proposed expenditure for the organisational units within the portfolios of:
  - Minister for Natural Resources, Mines and Energy and Minister for Trade, and
  - Minister for Transport.
3. The committee conducted a public hearing on Thursday, 15 July 2010 to take evidence from these ministers. A transcript of the committee's hearing is available on the Parliament's web site at:  
[http://www.parliament.qld.gov.au/view/legislativeAssembly/hansard/documents/2010.pdf/2010\\_07\\_15\\_EST\\_C.pdf](http://www.parliament.qld.gov.au/view/legislativeAssembly/hansard/documents/2010.pdf/2010_07_15_EST_C.pdf)
4. For the purposes of examining the proposed expenditure for the organisational units allocated to it, the committee considered information obtained at the public hearing and in:
  - budget papers
  - written responses provided by ministers to the committee's questions on notice prior to the public hearing
  - documents tabled at the hearing.
5. During its inquiry the committee examined a wide range of issues, including those listed in this report.

6. Answers to the pre-hearing questions on notice, together with other material provided in response to requests by the committee and minutes of the committee's meetings, are included in a volume of additional information tabled with this report.

### Minister for Natural Resources, Mines and Energy and Minister for Trade

7. The Minister for Natural Resources, Mines and Energy and Minister for Trade's portfolio forms part of the Department of Employment, Economic Development and Innovation (DEEDI), and part of the Department of Environment and Resource Management (DERM). Within the DEEDI and DERM structure, the Minister is responsible for matters such as natural gas, electricity, energy, explosives, geological survey, minerals, mining, petroleum, land titles, valuations, Aboriginal and Torres Strait Islander land interests and cultural heritage, native title, natural resources, water and trade.
8. The following tables detail the appropriation for 2010-11 compared to the previous financial year for the Minister's portfolios within DEEDI and DERM.

|                              | 2009-10        | 2010-11        |
|------------------------------|----------------|----------------|
|                              | \$'000         | \$'000         |
| <b>Controlled Items</b>      |                |                |
| <i>Departmental Services</i> | 197,824        | 215,590        |
| <i>Equity Adjustment</i>     | 24,717         | 10,745         |
| <b>Administered Items</b>    | 643,043        | 349,064        |
| <b>Vote</b>                  | <b>865,584</b> | <b>575,399</b> |

Source: Department of Employment, Economic Development and Innovation.

|                              | 2009-10        | 2010-11        |
|------------------------------|----------------|----------------|
|                              | \$'000         | \$'000         |
| <b>Controlled Items</b>      |                |                |
| <i>Departmental Services</i> | 354,272        | 366,576        |
| <i>Equity Adjustment</i>     | 58,439         | 13,101         |
| <b>Administered Items</b>    | 33,915         | 55,702         |
| <b>Vote</b>                  | <b>446,626</b> | <b>435,379</b> |

Source: *Department of Environment and Resource Management.*

### Budget highlights

9. Key funding initiatives for DEEDI and DERM within the Minister's portfolio in 2010-11, include:

- expansion of the Wild River Rangers program
- the implementation of new laws to protect high value native regrowth vegetation from clearing
- establishment of a new in-market trade representative in Santiago, Chile
- further development of trade relationships with Papua New Guinea, South Africa, North Asia, China, Africa, Eastern Europe, and the United Arab Emirates
- development of Queensland's natural gas resources through individual case management of major LNG projects
- investing \$115 million over five years into a range of solar electricity initiatives;
- allocating \$12.5 million to streamline government mining and petroleum tenure approval and regulatory processes
- \$10.7 million capital investment over three years towards developing a fully integrated electronic tenure management system, and
- investing \$18 million over four years in the Greenfields 2020 program to target under-explored geological terrains.

### Issues considered by the committee

10. The committee considered a range of issues including:

- the electricity usage of the Tugun desalination plant
- DERM and Trade Queensland staffing arrangements
- details relating to infringements investigated and prosecuted by DERM
- capital works expenditure and the redirection of excess capital expenditure
- details relating to advertising and marketing campaigns
- benefits gained by the National Framework for Energy Efficiency
- funding for a drill core facility in Mount Isa
- mine safety and management
- the expansion of regional export facilities
- mapping and spatial dataset services
- water management and environmental research
- energy consumer complaints and issues
- transport compliance issues
- capital expenditure on energy infrastructure
- energy prices, concessions and consumption
- departmental monitoring and administration of resources, mining, petroleum and gas activities
- government funding of solar hot water and electricity initiatives
- the economic impact of the closure of sandmining on North Stradbroke Island

- government policy on electricity supply in the Daintree area
  - machinery-of-government changes regarding departmental responsibilities
  - water policy and consumption, and the administration of the Queensland Water Commission
  - land and vegetation management
  - administration of aboriginal cultural heritage legislation, and
  - Queensland Trade staffing and administration.
- \$150 million funding for the Eastern Busway connection between the South East Busway and Main Avenue
  - \$219 million funding for the Gold Coast Rapid Transit System project which involves delivery of stages of a light rail project from Parkwood to Broadbeach
  - \$20.3 million to continue the construction of cycle links
  - \$7.1 million to continue construction of new recreational boating facilities to meet future recreational boating demands
  - continued program to update school vehicle fleets, and
  - finalisation of *Connecting SEQ 2031 – An Integrated Regional Transport Plan South East Queensland*.

## Minister for Transport

11. The Minister for Transport's portfolio forms part of the Department of Transport and Main Roads, and is responsible for passenger transport, railways, busways, maritime services and air services.
12. The following table details the appropriation for 2010-11 compared to the previous financial year.

|                              | 2009-10          | 2010-11          |
|------------------------------|------------------|------------------|
|                              | \$'000           | \$'000           |
| Controlled Items             |                  |                  |
| <i>Departmental Services</i> | 1,384,640        | 1,409,968        |
| <i>Equity Adjustment</i>     | 540,609          | 623,291          |
| Administered Items           | 1,558,925        | 1,553,610        |
| <b>Vote</b>                  | <b>3,484,174</b> | <b>3,586,869</b> |

Source: *Department of Transport and Main Roads*

## Budget highlights

13. Key funding initiatives in 2010-11 include:
- the continued implementation of the *South East Queensland Infrastructure Plan and Program*, including the following major projects:
    - \$197 million funding for the Northern Busway between Enoggera Creek and Kedron
14. The committee considered a range of issues including:
- public transport issues in the Torres Strait
  - contract issues for public transport
  - development of the Cairns Rapid Transit plan
  - issues relating to the new Queensland drivers licenses
  - the new vessel tracking centre and its role in protecting the Great Barrier Reef
  - improving standards in the taxi industry
  - transport capital expenditure
  - integrated transport planning
  - transport compliance officer staffing issues
  - public transport patronage figures
  - expenditure on media campaigns

- vehicle registration fees
- the management of Queensland's railway facilities
- government investment in infrastructure
- the administration of Translink and other public transport services, and
- departmental road safety initiatives.

## Recommendation

15. The committee recommends that the proposed expenditure, as detailed in the *Appropriation Bill 2010* for the portfolios of: the Minister for Natural Resources, Mines and Energy, and Minister for Trade; and Minister for Transport, be agreed to by the Legislative Assembly without amendment.

## Acknowledgements

16. The committee thanks ministers and their staff for their cooperation and assistance during the estimates process.
17. Additionally, the committee acknowledges the assistance of officers of the Parliamentary Service who contributed to the organisation of the estimates process.



**Evan Moorhead MP**  
Acting Chair

August 2010

## Committee Members

Mr Jason O'Brien MP (Chair)  
*Member for Cook*

Mr Evan Moorhead MP  
(Acting Chair from 26 July 2010 – 2 August 2010)  
*Member for Waterford*

Ms Dianne Farmer MP  
*Member for Bulimba*

Mrs Dorothy Pratt MP  
*Member for Nanango*

Mr Jeff Seeney MP  
*Member for Callide*

Ms Fiona Simpson  
*Member for Maroochydore*

Mrs Lillian van Litsenburg MP  
*Member for Redcliffe*

Ms Vicky Darling MP  
(Member from 26 July 2010 – 2 August 2010)  
*Member for Sandgate*

## Secretariat

Ms Rachelle Stacey (Research Director)

Mr Alistair Maclennan (Principal Research Officer)

Ms Carolyn Heffernan (Executive Assistant)

## **STATEMENTS OF RESERVATIONS**

### **ESTIMATES COMMITTEE C**

**FIONA SIMPSON MP**

**SHADOW MINISTER FOR MAIN ROADS AND TRANSPORT**

#### **GENERAL COMMENTS**

There are a number of general reservations that need to be made in relation to the Queensland Estimates Committee process:

- The structure of the Budget Papers, and in particular the Service Delivery Statements, do not provide sufficient detailed information to enable proper scrutiny of activities and expenditures undertaken by Government
- Insufficient time is allocated for hearings by Estimates Committees when considering particular portfolios (only about 90 minutes for non Government members)
- Insufficient opportunities are provided for hearings by Estimates Committees throughout the year – particularly of significance when major variations on budget are made mid-year – or in the case of Redcliffe Rail - two weeks after the Budget Estimates Committee has convened
- Opposition Members are provided with insufficient time during Estimates Committees Hearings to pursue issues
- There is a continued failure by Government Ministers to allow Public Servants and Statutory Officials who exercise direct responsibility for the conduct of activities to directly answer questions posed by Members
- No mechanism exists to require full, direct and honest answers to Questions on Notice
- No mechanism exists to require Ministers to fully, directly and honestly answer questions posed during Hearings

#### **TRANSPORT CAPITAL BUDGET**

The Transport Capital Budget was underspent by \$120 million in the previous year. This is particularly concerning in light of the additional \$500m the Queensland Government is collecting as a result of their broken promise imposing an additional fuel tax on Queensland motorists for the first time.

It should also be noted that the budget papers show a substantial drop off in infrastructure spending in the forward estimates, with Net acquisition of Non-financial assets halving between 2009-10 and 2013-

14. This drop is highly concerning and undermines any confidence that industry may have that infrastructure spending will continue.

We note major “landmark projects” were massively underspent in the last financial year, with the Gold Coast Rapid Transit System underspent by around \$90 million.

The LNP noted with considerable concern the Minister’s comment that effectively stated that the reason the Government was selling Queensland Rail was that they did not see the regional transport network, particularly with regards to freight, as a core responsibility of Government. The LNP understands that our economy is based on our export performance and will give it appropriate prominence in government.

## **INFRASTRUCTURE PLANNING**

The LNP notes Queensland did exceedingly poorly in the preparedness of projects in the Infrastructure Australia Report to COAG.

The Cross River Rail project is a prime example where it is only listed as having potential, despite having a such a timeline that any slippage of this project at all will mean this project is not completed by the revised (and delayed) timeline of 2016.

The LNP continues to be concerned with the quality of regional transport planning with no coordinated approach being evident. Also the lack of planning in the critical logistical and freight networks is to be condemned.

The Office of Sustainable Transport’s failure to fulfil its charter of developing “transport policies that balance and integrate economic, environment and social needs to deliver a sustainable transport system” by ensuring our freight system is efficient and effective leads to serious questions about its charter.

The integrated planning documents for the State continue to be years out of date, a point criticised by the Auditor General. This has not yet been resolved.

This is compounded by a failure in SEQIPP’s rigour. This document’s timeframes and costing for major transport and roads infrastructure continue to be arbitrary, meaning it does not provide certainty to industry of forward works or to the community that there will be appropriate sequencing of vital infrastructure.

## **REDCLIFFE RAIL – PETRIE TO KIPPA RING – MORETON BAY RAIL LINK**

The State LNP strongly supports the bringing forward of Redcliffe Rail in SEQIPP which is what we fought for at the last election for this high growth corridor. At the time, the State Labor Government ridiculed the need to bring the project forward and claimed it would cost \$2.4 billion – double what they now claim it will cost. Unfortunately these new costings and new priorities were not in the Budget or raised at the hearing by the Minister which means that they could not be scrutinised.

In light of this major budget variation so soon after the Estimates hearing of the State Budget, we call on the State Government to outline what funding for the project will be brought into this financial year to ensure it is properly planned and delivered in a cost effective way.

Furthermore, the latest SEQIPP released during Budget Estimates in July still had Redcliffe Rail languishing in the out years. However, before the end of the month the project had been brought forward - with the State to contribute \$300 million – with construction due to begin in 2012 and finish in 2016.

The Government only then released its report re-evaluating the project to claim it was necessary to meet existing demand – as well as future – growth.

This disconnect in SEQIPP to actual growth and road and transport requirements highlights that this document is not providing the rigorous assessment necessary for sustainable development in SEQ.

### **NEW QUEENSLAND DRIVERS LICENCES (NQDLs )**

The LNP notes the massive blowout in cost for the New Queensland Drivers Licence (NQDL), including \$30 million in the last year, and the ongoing refusal of this Minister to provide details on this matter.

The project started out at about \$20 million and has now risen to about \$112 million. As a result of this mismanagement, the Bligh Labor Government recently announced the cost of a 5-year licence would more than double over the next few years.

Queensland motorists are hurting from all these increased costs which now make this State the most expensive to own and operate a car. They are paying for the mismanagement of this Labor Government which refuses to acknowledge its mistakes and fix its faulty decision making . As a result by the end of July this year, 75,000 Queenslanders had signed an e-petition protesting the price increase for a drivers licence.

The Queensland Parliament has also previously received e-petitions of about 100,000 signatories protesting the hike in registration fees. This means angry motorists in Queensland have been some of the strongest respondents to e-petitions as a means of having their voice heard.

In particular, it appears little or no value will be gained from this massive expenditure of taxpayers' money and the foreshadowed doubling of licence cost for motorists. This massive increase, on top of the new fuel tax, increased registration and huge toll hikes, demonstrates this government's continued disregard on this matter.

The issuing of this licence will be slower (up to two weeks ), the public will only be given a paper receipt in the meantime, and the information on the card will allegedly be similar to the existing licence. However, this does not answer how the "smart chip" will be used in future. The NQDL was originally to be operational by 2006 yet will not be rolled out statewide until 2011. This project must be held up as a massive failure of public policy by this Minister and Government.

### **Go Card**

The LNP highlighted the fact that there had been a \$10 million blow-out in expenditure in Go Card integrated ticketing equipment on last year's budgeted \$1.148 million allocation.

This unplanned expenditure the Minister tried to defend as planned despite the chaos and distress her new public fares caused in January when paper ticket users were savagely penalised for not using Go Cards – even if they had nowhere near them to buy a Go Card.

Thus most of new top-up and retail points were rolled out after the public faced a 40% hike in paper tickets (which was about 20 % dearer than the Go Card price) in January.

Whole districts in SEQ did not have one Go Card outlet when the Minister forced this through in January ie Buderim on the Sunshine Coast which has above the State-average elderly population.

The LNP warned the Government before Christmas last year about the lack of outlets well before they increased the fees to penalise paper ticket users but the Government refused to act until the travelling public had already been hurt by lack of access to alternatives.

The LNP believes that this blatant disregard for public commuters who do not have the internet or who cannot drive, was shoddy. There was no apology from the Transport Minister at the hearings

The LNP notes the Minister's advice that Go Card's integrated ticketing system has cost Queenslanders \$99.5 million so far for one million card owners. It is not clear how many of these cards are in operation.

The LNP just wants a cost-effective integrated ticketing system which works and takes into account customer needs rather than the slow response to their genuine issues of access, cost and overbilling. Thus we do not apologise for fighting to see this system fixed and improved.

The LNP also notes the Minister has not outlined when the previously promised "Go Card lite" is to be rolled out. The lack of a temporary pass for casual users (particularly from out of the region) and tourists who do not have easy access to Go Cards is poor customer service. For a great tourism state like Queensland, this neglect is a very poor welcome to SEQ.

**QUEENSLAND RAIL**



The LNP continues to be strongly against the fire-sale of Queensland Rail assets. The LNP was disappointed yet again the Minister did not give a clear guarantee that no Queensland Rail staff would lose their jobs or guarantee they would be properly consulted.

The LNP continues to express concern that access and ownership rights have not been resolved in this process.

In addition the LNP notes that QR is asking for a 15 percent return on assets for the missing link access fee (North Goonyella to Newlands) contrary to the undertaking given to the Queensland Competition Authority which allows for a 9 percent return.

## **LIVESTOCK RAIL**

The LNP notes with concern the lack of consideration and interest shown by the Minister when questioned about what planning had be undertaken into the impact that the additional 5,200 trucks on our roads would have as an outcome of the Government's 12 percent increase in cattle freight rates.

This would mean an additional 350,000 head of cattle transported by road to their destinations, massively impacting on our road infrastructure and other motorists yet it appears from the Minister's statements that no proper investigation of the flow-on costs for our economy has been undertaken or any guarantee of the long term future of the livestock or grain services in regional Queensland.

## **HEAVY VEHICLE COMPLIANCE**

The State Labor Government is diverting transport officers to non-safety related duties such as policing transit lanes in Brisbane with no additional resources.

The LNP raised this issue at the hearing in light of complaints we were receiving about this diversion and the lack of resources outside of daytime workday weeks for truck compliance.

However, when questioned about the availability of these officers to undertake their primary duty – of heavy vehicle compliance - the Government could not answer the question as to what work these officers were doing after dark or on weekends.

The Minister made the claim that the department was using the officers to ensure “better intelligence allowing for the better targeting of transport inspectors to where the problems really are”.

There was no evidence provided to back this claim. In response to a question taken on notice at the hearing about data on after dark work relating to heavy vehicle compliance, the Minister's response was: “Rosters for Transport Inspectors are managed manually, so it is difficult to extract the hours worked during daylight and night time hours separately.”

Without this basic data, this does not appear to be a very intelligent “intelligence system”.

The LNP is concerned by the lack of hours and priority given to the core role of transport officers, heavy vehicle enforcement. The LNP supports these officers in their endeavours to perform these roles but this government has not provided the resources and salary required for this responsibility, and we are concerned by the trend of diverting transport officers into policing non-safety related issues such as transit lanes. This must be condemned.

### **DISCONTINUED MEASURES**

The LNP would like to express concern regarding the wide swathe of discontinued measures shown in Appendix 5. These include the discontinuing of the measure listing the number of licences and vehicles in Queensland, rail track subsidised and the number of school crossings or supervisors.

It is also concerning that the measure for congestion in the new SDS measures is not available and is still under review.

A handwritten signature in black ink that reads "Diana Simpson". The signature is written in a cursive, flowing style.

Member for Maroochydore

Shadow Minister for Transport and Main Roads

## **STATEMENTS OF RESERVATIONS**

### **ESTIMATES COMMITTEE C**

**JEFFERY SEENEY MP**

**SHADOW MINISTER FOR NATURAL RESOURCES, MINES AND ENERGY**

#### **GENERAL COMMENTS**

There are a number of general reservations that need to be made in relation to the Queensland Estimates Committee process:

- The structure of the Budget Papers, and in particular the Service Delivery Statements, do not provide sufficient detailed information to enable proper scrutiny of activities and expenditures undertaken by Government
- Insufficient time is allocated for hearings by Estimates Committees when considering particular portfolios
- Insufficient opportunities are provided for hearings by Estimates Committees throughout the year
- Opposition Members are provided with insufficient time during Estimates Committees Hearings to pursue issues
- There is a continued failure by Government Ministers to allow Public Servants and Statutory Officials who exercise direct responsibility for the conduct of activities to directly answer questions posed by Members
- No mechanism exists to require full, direct and honest answers to Questions on Notice
- No mechanism exists to require Ministers to fully, directly and honestly answer questions posed during Hearings

#### **MINING INSPECTORS**

The responses provided by the Minister to the committee confirmed the view held by the LNP that the Government has failed to properly monitor and supervise the resources boom especially in relation to the emerging gas industry in heavily populated and intensively farmed areas in the South East corner of the State. It is especially concerning that the Minister has failed to recognise the role the Government has to ensure that the rights of existing landholders and the concerns of communities are properly respected and addressed.

## **WATER COMMISSION**

The LNP is concerned about the independence of the Water Commission and whether this body is appropriately resourced or qualified to perform the tasks assigned.

## **OFFICE OF CLIMATE CHANGE**

The LNP continues to be concerned about the prominence given to the “Office of Climate Change” in light of the proliferation of like offices through-out government and the lack of financial responsibility of this office. This is particularly shown by the allocation of an assistant director-general when this office is responsible for just two percent of departmental staff and three percent of the department’s expenditure.

## **ELECTRICITY**

The LNP noted that the Government advised the committee that the majority of funding for capital expenditure by Energex is not sourced from Government coffers, but from borrowing or retained earnings. The LNP would like to express concern regarding the procedure under which the Government relies on the Australian Energy Regulator (AER) and the Queensland Competition Authority (QCA) to ensure there are no inefficiencies in Energex’s capital expenditure.

In addition the LNP notes the Minister confirmed energy retailers lobbied for a guarantee of a profit margin through a headroom mechanism for retail electricity prices and that the Government has no real policy or position that would maintain downward pressure on power prices for Queensland consumers.

## **MINISTERIAL RESPONSIBILITY**

It was clear in the answers given to questioning during the hearing that it was often unclear which Minister had responsibility of certain parts of the portfolio and the Minister repeatedly used the convenience of having responsibilities that formed part of two departments to avoid or obfuscate in his answers.

A handwritten signature in blue ink, appearing to read 'Jeff Seeney', is positioned above the typed name.

Jeff Seeney MP

Member for Callide

Shadow Minister for Natural Resources, Mines and Energy.