

2016 - 17 Budget Estimates

Report No. 21, 55th Parliament
Transportation and Utilities Committees
August 2016

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Chair's Foreword

This report presents a summary of the Transportation and Utilities Committee's examination of the Budget Estimates for the 2016-17 financial year.

Consideration of the Budget Estimates allows for the public examination of both the responsible Minister and Chief Executive Officers of agencies within the Committee's portfolio area. This examination was undertaken through a process of questions on notice and public hearing.

The Committee has made one recommendation as follows:

- *that the proposed expenditure, as detailed in the Appropriation Bill 2016 for the Committee's areas of responsibility, be agreed to by the Legislative Assembly without amendment.*

On behalf of the Committee, I wish to thank each Minister and their departmental officers for their cooperation in providing information to the Committee throughout this process.

I would also like to thank the members of the Committee for their hard work and valuable contribution and the Committee's secretariat for their assistance and support through the process.



Shane King MP

Chair

August 2016

Abbreviations

CS Energy	CS Energy Limited
CSO	Community Service Obligation
DEWS	Department of Energy and Water Supply
DTMR	Department of Transport and Main Roads
Energy Queensland	Energy Queensland Limited
Energex Limited	Energex
EEQ	Ergon Energy Queensland Pty Ltd
Ergon Energy	Ergon Energy Corporation Limited
GC2018	Gold Coast 2018 Commonwealth Games
GAWB	Gladstone Area Water Board
GOC	Government Owned Corporation
MIWB	Mount Isa Water Board
SEQ	South East Queensland
Powerlink	Powerlink Queensland
Stanwell	Stanwell Corporation Limited
SunWater	SunWater Limited

1. Introduction

1.1 Role of the Committee

The Transportation and Utilities Committee is a portfolio committee of the Legislative Assembly which commenced on 27 Mar 2015¹ under the *Parliament of Queensland Act 2001* and the Standing Rules and Orders of the Legislative Assembly.²

The Committee's primary areas of responsibility are:

- Main Roads, Road Safety, Ports, Energy and Water Supply
- Transport and the Commonwealth Games.

Section 93(1) of the *Parliament of Queensland Act 2001* provides that a portfolio committee is responsible for examining each bill and item of subordinate legislation in its portfolio areas to consider:

- the policy to be given effect by the legislation
- the application of fundamental legislative principles
- for subordinate legislation – its lawfulness.

On 14 Jun 2014, the Appropriation Bill 2016 and the estimates for the Committee's area of responsibility were referred to the committee for investigation and report.³

On 28 Jul 2016, the Committee conducted a public hearing and took evidence about the proposed expenditure from the Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply, and the Minister for Transport and the Commonwealth Games and other witnesses. A copy of the transcript of the Committee's hearing can be accessed on the Committee's website.

1.2 Aim of this report

The Committee considered the estimates referred to it by using information contained in:

- budget papers
- answers to pre-hearing questions on notice
- evidence taken at the hearing
- additional information given in relation to answers.

This report summarises the estimates referred to the Committee and highlights some of the issues the Committee examined.

Prior to the public hearing, the Committee provided the Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply, and the Minister for Transport and the Commonwealth Games with questions on notice in relation to the estimates. Responses to all the questions were received.

¹ Commenced as the Utilities, Science and Innovation Committee on 27 Mar 2016 with its name changing on 18 Feb 2016 to Transportation and Utilities Committee.

² *Parliament of Queensland Act 2001*, section 88 and Standing Order 194

³ Standing Order 177 provides for the automatic referral of the Annual Appropriation Bills to portfolio committees once the Bills have been read a second time.

Answers to the Committee's pre-hearing questions on notice; documents tabled during the hearing; answers and additional information provided by Ministers after the hearing; and minutes of the Committee's meetings are included in a volume of additional information tabled with this report.

1.3 Other Members participation

The Committee gave leave for other Members to participate in the hearing. The following Members participated in the hearing:

- Mrs Jo-Ann Miller MP, Member for Bundamba, attended and asked questions for the entire duration of the estimates hearing for the Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply and the Minister for Transport and the Commonwealth Games.
- Mr Michael Hart MP, Member for Burleigh and Shadow Minister for Energy, Biofuels and Water Supply attended and asked questions for the period between 9.00 am and 11.00 am of the estimates hearing for the Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply.
- Mr Andrew Powell MP, Member for Glass House and Shadow Minister for Transport and Main Roads attended and asked questions for the period between 11.30 am and 4.01 pm of the estimates hearing for the Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply and the Minister for Transport and the Commonwealth Games.
- Mr John-Paul Langbroek MP, Member for Surfers Paradise and Shadow Minister for the Commonwealth Games attended and asked questions for the period between 4.30 pm and 6.01 pm of the estimates hearing for the Minister for Transport and the Commonwealth Games.

2 Recommendation

Pursuant to Standing Order 187(1), the Committee must state whether the proposed expenditures referred to it are agreed to.

Recommendation 1

The Committee recommends that the proposed expenditure, as detailed in the Appropriation Bill 2016 for the Committee's areas of responsibility, be agreed to by the Legislative Assembly without amendment.

3 Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply

The Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply is the Minister responsible for the Department of Energy and Water Supply (DEWS) and the energy and water supply portfolio which includes the following statutory bodies reporting to the Minister and energy and water supply government-owned corporations:

- CS Energy Limited (CS Energy)
- Stanwell Corporation Limited (Stanwell Corporation)
- Energex Limited (Energex)⁴
- Ergon Energy Corporation Limited (Ergon Energy)
- Powerlink Queensland (Powerlink)
- SunWater Limited (SunWater)
- Gladstone Area Water Board (GAWB)
- Mount Isa Water Board (MIWB)
- Seqwater.⁵

The Minister is also the Minister responsible for main roads, road safety and ports portfolio which is administered through the Department of Transport and Main Roads (DTMR) and its entities RoadTek and the Gold Coast Waterways Authority.⁶ The Committee examines these portfolio areas in section 4 of the report.

3.1 Department of Energy and Water Supply

DEWS has two service areas:

- Energy - responsible for ensuring Queensland's energy sector is efficient, equitable and sustainable and contributes to an adaptive, resilient energy sector that powers consumer value and choice and Queensland's economic growth and prosperity.⁷
- Water Supply - responsible for implementing water sector reform to ensure the delivery of safe, reliable and cost effective water supplies and the safety of referable dams, and to plan for water supply security and flood mitigation.⁸

In 2016-17, DEWS will also administer funds on behalf of the Queensland Government for:

- electricity related Community Service Obligations (CSO) payments to Ergon Energy Queensland Pty Ltd (EEQ)⁹ and Origin Energy Limited estimated at \$561.2 million
- water related CSO payments to SunWater and Seqwater estimated at \$11.7 million
- 22 non-commercial water assets including water supply dams and weirs with recurrent spending of \$6.7 million.¹⁰

⁴ On 30 Jun 2016, Energex and Ergon Energy merged under a new parent company called Energy Queensland.

⁵ State Budget 2016-17, Capital Statement – Budget Paper No. 3, pp 47-55

⁶ State Budget 2016-17, Service Delivery Statements, TMR, pp 1-2

⁷ State Budget 2016-17, Service Delivery Statements, DEWS, p 3

⁸ State Budget 2016-17, Service Delivery Statements, DEWS, p 5

⁹ EEQ is a controlled entity of Ergon Energy see <https://www.ergon.com.au/about-us/who-we-are/our-company/corporate-governance> (accessed 11 Jul 2016)

The following table compares the appropriations for DEWS for 2015-16 and 2016-17.

Appropriations	Budget 2015-16 \$'000	Est. Actuals 2015-16 \$'000	Vote 2016-17 \$'000
<i>Controlled Items</i>			
departmental services	45,514	39,343	57,167
equity adjustment
<i>Administered Items</i>	459,196	504,876	583,828
Vote	504,710	544,219	640,995

Source: Appropriation Bill 2016, Schedule 2, p 8

3.2 Budget highlights

The 2016-17 budget highlights for the energy service area include:

- develop and implement Government responses to the independent Queensland Productivity Commission review into electricity prices and a fair price for solar power produced by small customers and exported into the grid
- undertake a renewable energy study to investigate policy measures to support the creation of an export-oriented renewable energy sector (including establishing an independent expert panel to investigate how Queensland can achieve a target of 50 per cent renewable energy by 2030)
- ensure the successful rollout of Solar 60 (the 60-megawatt large-scale solar energy auction) in partnership with then Australian Renewable Energy Agency, to support private investment and jobs in the renewable energy industry
- investigate whether the provision of electricity in remote areas can be opened up to competition from local governments, including consideration of a legislative mechanism for local governments to take control of their power generation and distribution needs
- support the Government's A Solar Future commitments, including an aspirational target for a million solar residential rooftops, or 3,000 megawatts of installed solar photovoltaic capacity by 2020
- provide advice on a better functioning and more dynamic domestic gas market implement the *Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Act 2015* to help grow Queensland's biofuels and bio-manufacturing industries
- implement key government commitments relating to energy, including:
 - continuing to subsidise regional power prices under the community service obligation and maintain the Uniform Tariff Policy to keep regional power prices in line with metropolitan prices
 - supporting the delivery of the Government's commitment to merge the energy network GOCs (and to retain the headquarters of the new Energy Queensland merged entity in Townsville)

¹⁰ State Budget 2016-17, Service Delivery Statements, DEWS, p 8

- providing a stable and welcoming regulatory environment to encourage private sector investment in renewable energy
- increasing our focus on the Council of Australian Governments Energy Council national energy reforms in key
- priorities of gas supply, emerging technologies, system stability and energy productivity.¹¹

The 2016-17 the budget highlights for the water supply service area include:

- progress refurbishment works for two of DEWS's non-commercial assets
- progress Regional Water Supply Security Assessments
- progress local management arrangements of SunWater's eight channel irrigation schemes - commencing with the Eton, Emerald, St George and Theodore channel schemes
- undertake actions relevant to DEWS arising from the Queensland Government's consideration of the report of the independent review into the operation of Callide Dam during the flood arising from ex-Tropical Cyclone Marcia
- collaborate with the Australian Government on the rollout of the National Water Infrastructure Development Fund to ensure Queensland water supply is secure and delivers strong economic benefits for the State.¹²

In 2016-17, the total capital program for the energy and water supply portfolio areas is \$2.184 billion.¹³

The capital works programs for associated entities in 2016-17 include:

- CS Energy \$ 77.9 million
- Stanwell \$189.8 million
- Energex \$705.3 million
- Ergon Energy \$787.1 million
- Powerlink \$214 million
- SunWater \$ 48.7 million
- GAWB \$ 40.8 million
- MIWB \$ 8 million
- Seqwater \$112.5 million.¹⁴

Estimated concessions for DEWS in 2016-17 include:

- Ergon Energy – Uniform Tariff Policy (excluding Isolated Systems) \$500.4 million
- Ergon Energy – Uniform Tariff Policy for Isolated Systems \$ 58 million
- Urban Water Price Path \$ 35.7 million
- Cloncurry Water Pipeline Water Supply Subsidy \$ 5.9 million

¹¹ State Budget 2016-17, Service Delivery Statements, DEWS, pp 3-4

¹² State Budget 2016-17, Service Delivery Statements, DEWS, p 5

¹³ State Budget 2016-17, Capital Statement – Budget Paper No. 3, p 47

¹⁴ State Budget 2016-17, Capital Statement – Budget Paper No. 3, pp 47-55

- | | |
|---|------------------------------|
| • Drought Relief Arrangements | \$4.1 million |
| • SunWater Rural Irrigation Water Price Subsidy | \$3.7 million |
| • Origin Energy – Uniform Tariff Policy | \$2.8 million |
| • Seqwater Rural Irrigation Water Price Subsidy | \$2.1 million. ¹⁵ |

3.3 Key issues raised at the public hearing

Key issues raised by the Committee in relation to DEWS include:

- deregulation of the South-East Queensland energy market, including the number of new retailers, the impact on electricity charges, and the rollout of the energy consumer education program
- growing the renewable energy sector in Queensland, including investment in solar and wind projects such as the Mount Emerald Wind Farm, Solar 120 scheme, appointment of an independent renewable energy expert panel to investigate how Queensland can achieve a 50 per cent renewable energy target by 2030, biofuels mandate, and geothermal generation in Queensland
- electricity prices and assistance to vulnerable customers to avoid the added cost of electricity disconnections, including the requirement of retailers to have a hardship scheme
- the merger of Energex and Ergon Energy to a form the new entity named Energy Queensland, including cost efficiencies, staff numbers and relocation and the role for the new energy services business
- the transfer of local irrigation channels from being administered by SunWater to being managed by the local irrigators who use the channels
- long term water planning including the Bundamba recycled water plant and its role in drought response planning in South-East Queensland
- investment in capital works to connect 100,000 Moreton Bay residents to the South East Queensland Water Grid
- capital investment in state-owned energy and water infrastructure and subsidies to regional Queenslanders to equalise energy prices
- implementation of PowerQ and WaterQ initiatives
- water and sewerage charges
- partnering with water service providers to develop regional water supply security assessments, in particular assistance for Townsville City Council.

¹⁵ State Budget 2016-17, Budget Strategy and Outlook, Budget Paper No. 2, p 215

4 Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply and the Minister for Transport and the Commonwealth Games

The Minister for Transport and the Commonwealth Games, and the Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply are jointly responsible for the Department of Transport and Main Roads (DTMR).

The Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply is also responsible for RoadTek and the Gold Coast Waterways Authority.

4.1 Department of Transport and Main Roads

DTMR aims to “*plan, manage and deliver Queensland’s integrated transport environment to achieve sustainable transport solutions for road, rail, air and sea.*”¹⁶ The Department has five service areas:

- transport system investment planning and programming
- transport infrastructure management and delivery
- transport safety and regulation
- customer experience
- passenger transport services.¹⁷

In 2016-17, DTMR will administer funds on behalf of the Government for the driver and marine licensing systems, and vehicle and vessel registration systems.

The major administered revenue items for 2016-17 are:

- vehicle registration \$1.638 billion
- transport and traffic fees \$396.5 million.¹⁸

The following table compares the total appropriations for DTMR for 2015-16 and 2016-17.

Appropriations	Budget 2015-16 \$'000	Est. Actuals 2015-16 \$'000	Vote 2016-17 \$'000
<i>Controlled Items</i>			
departmental services	4,601,502	4,802,329	5,218,430
equity adjustment	1,202,977	545,177	1,411,276
<i>Administered Items</i>	58,750	..	83,750
Vote	5,863,229	5,347,506	6,713,456

Source: Appropriation Bill 2016, Schedule 2, p 12

¹⁶ <http://www.tmr.qld.gov.au/About-us/Our-organisation/Organisational-structure.aspx> (accessed 5 Jul 2016)

¹⁷ State Budget 2016-17, Service Delivery Statements, DTMR, p 4, 6, 9, 11, 13

¹⁸ State Budget 2016-17, Service Delivery Statements, DTMR, p 17

4.2 Budget highlights

In 2016-17, total capital purchases for the transport and main roads portfolio are \$4.388 billion including capital grants of \$334.5 million.¹⁹ DTMR's budgeted capital purchases for 2016-17 total \$3.467 billion towards critical infrastructure investment across the State.²⁰

Some of the service areas highlights for DTMR to include:

Transport System Investment Planning and Programming

- developing key strategies, including Queensland's long-term transport strategy, Regional Transport Plans, Queensland Cycle Strategy, Queensland Tourism and Transport Strategy and South East Queensland passenger transport strategy
- implementing Moving Freight Actions, including mapping flood immunity of the road and rail freight networks, investing in infrastructure to relieve identified bottlenecks and upgrading sections of the network to allow access by higher productivity freight vehicles
- developing strategies that set the direction for the use of new technologies to better manage and improve the performance of Queensland's transport network
- undertaking the South East Queensland Travel Survey to collect updated travel data from over 10,000 households across the region and continue to proactively publish results on the Queensland Government's Data Portal
- finalising Gold Coast 2018 Commonwealth Games (GG2018) public domain transport operational plans, including plans for road network operations, Games-time public transport and transport coordination.²¹

Transport infrastructure management and delivery

- continuing works on the \$260.5 million Cape York Region Package to better connect and provide economic opportunity for Indigenous and non-Indigenous communities on Cape York Peninsula
- progressing works on the \$40 million Western Roads Upgrade Program that provide targeted road network upgrades in western Queensland to support economic development in 11 western Queensland local government areas.²²

Transport safety and regulation delivery

- continuing to improve maritime safety and community satisfaction by managing the movement of vessels in Queensland waters for commercial and recreational vessels including the protection of the marine environment from ship-sourced pollution
- continuing to deliver marine safety and ship-sourced pollution prevention outcomes including preparing for the transition of responsibility for domestic commercial vessels to the Australian Maritime Safety Authority and contributions to the development and planning of Queensland waters in line with the implementation of the Reef 2050 Plan
- progressing the enhanced cooperative and strategic approach to maritime safety outcomes and continuing to encourage and foster safety as a core value and culture

¹⁹ The portfolio includes the DTMR, Queensland Rail, Far North Queensland Ports Corporation Limited, Gladstone Ports Corporation Limited, North Queensland Bulk Ports Corporation Limited, Port of Townsville Limited, RoadTek and the Gold Coast Waterways Authority; State Budget 2016-17, Capital Statement – Budget Paper No. 3, p 115

²⁰ State Budget 2016-17, Capital Statement – Budget Paper No. 3, p 115

²¹ State Budget 2016-17, Service Delivery Statements, DTMR, p 4

²² State Budget 2016-17, Service Delivery Statements, DTMR, p 6

within the commercial, fishing and recreational sectors of the maritime community (with a particular focus on increasing involvement with, and improving access and amenity for, recreational boating in Queensland)

- continuing to advance rail safety outcomes by driving rail research activities and leading rail safety projects, including chairing a national working group exploring best practice for existing and emerging level crossing technologies and coordinating a project to reduce road congestion around level crossings
- improving road safety by delivering life-saving initiatives in a new Queensland Road Safety Strategy and Action Plan, including in education, community engagement, enforcement, technology and a protective road environment.²³

Customer experience

- developing a capability framework to embed the customer experience approach across all departmental activities
- inviting customers into the department's Customer Design Hub which will be a co-design space that tests new and existing ideas, products and services with customers early in the design process
- understanding customer journey maps to allow us to build enhanced products and services in partnership with customers in real-time
- implementing a program partnership approach with the various branches to assist in the development of customer-centric processes and approaches that underpin our service delivery
- progressing a series of 'quick wins' which highlights value to the customer and the department including, for example, transport network and services publication to assist people migrating to Queensland
- introducing additional online customer services such as:
 - direct debit registration renewal scheme
 - emailing vehicle registration notices and providing electronic reminders for renewal payments
 - enabling customers to transfer their vehicle or vessel registration online without needing to present at a Customer Service Centre
 - eTicketing for a range of infringements
 - providing customers with the option to receive email reminders for transactions such as driving test appointments, penalty infringement notice payments, driver licence renewal, vehicle inspection bookings and hazard perception test eligibility
 - enhancements to the existing Rego Check App
 - an electronic logbook for learner drivers and an eLearner driver online learning and assessment tool to support pre-learners in obtaining a learner licence
 - introduction of an online web chat service to assist customers with queries
- commencing the transition of 31 Department of Justice and Attorney-General offices in regional locations to the department, enabling improved access to licensing and registration services to customers in these communities

²³ State Budget 2016-17, Service Delivery Statements, DTMR, p 9

- new call steering technology to be deployed to the 13 23 80/13 23 90 customer contact numbers to help reduce customer wait times.²⁴

Passenger Transport Services delivery

- commencing implementation of taskforce proposed recommendations accepted by Government once the review is finalised:
 - passenger transport services fare review on the TransLink network in South East Queensland (SEQ)
 - personalised transport services review on the taxi, limousine and rideshare services in Queensland
- commencing rail passenger services between Petrie and Kippa-Ring station on the Moreton Bay Rail Link
- continuing the New Generation Rollingstock project to deliver 75 new six-car train sets for SEQ
- continuing the procurement of:
 - SEQ bus contracts
 - new generation ticketing
- delivering additional public transport infrastructure including Redland Bay Marina Bus Station, Victoria Point Central Bus Station, Deception Bay Driver Facility and Park 'n' Ride projects.²⁵

Capital works program highlights for DTMR

- \$417.9 million towards the delivery of 75 new six car sets over the next five years, and construction of a new maintenance centre at Wulkuraka, and services over a 32 year period, at a total cost of \$4.156 billion
- \$399.9 million to construct the Toowoomba Second Range Crossing, providing a bypass route to the north of Toowoomba, from the Warrego Highway at Helidon to the Gore Highway at Athol, at a total cost of \$1.606 billion in partnership with the Australian Government
- \$250 million towards widening the Gateway Motorway North to six lanes, between Nudgee and Bracken Ridge, at a total cost of \$1.143 billion, in partnership with the Australian Government
- \$94.5 million to extend the Gold Coast Light Rail system from the Gold Coast University Hospital to the Helensvale Rail Station, at a total cost of \$420 million, in partnership with the Australian Government and Gold Coast City Council
- \$84 million to construct a four lane realignment of the Bruce Highway from Traveston Road and Keefton Road, Gympie, Cooroy to Curra (Section C), at a total cost of \$384.2 million, in partnership with the Australian Government
- \$62.9 million to widen and improve five major Gold Coast roads in preparation for the 2018 Commonwealth Games, at a total cost of \$160.7 million

²⁴ State Budget 2016-17, Service Delivery Statements, DTMR, p 11

²⁵ State Budget 2016-17, Service Delivery Statements, DTMR, p 13

- \$56.9 million to duplicate the Bruce Highway (Brisbane - Gympie) from Cooroy Southern Interchange to Sankeys Road, Cooroy to Curra (Section A), at a total cost of \$490 million, in partnership with the Australian Government
- \$55.1 million of accelerated infrastructure projects under the Accelerated Works Program which include new overtaking lanes, intersection upgrades and road widening and strengthening, at a total cost of \$144.6 million, in partnership with the Australian Government
- \$40.1 million to upgrade the interchange at Exit 54 of the Pacific Motorway at Coomera, at a total cost of \$74.7 million, in partnership with the Australian Government and an external developer
- \$26.2 million for the replacement of timber bridges and approaches at various locations on the Peak Downs Highway between Nebo and Mackay, at a total cost of \$70 million, in partnership with the Australian Government
- \$24.6 million to duplicate the Warrego Highway from two to four lanes, between Charlton and Kingsthorpe, at a total cost of \$160 million, in partnership with the Australian Government
- \$16.4 million for a six-laning extension of the Bruce Highway between Robert Road and Foster Road, as part of the Cairns Southern Access Corridor (Stage 2) project, at a total cost of \$58 million, in partnership with the Australian Government
- \$20.5 million to convert the existing roundabout at Anzac Avenue and Deception Bay Road to a signalised intersection at Rothwell, at a total cost of \$37.5 million, in partnership with the Australian Government and Moreton Bay Regional Council
- \$13.5 million to commence two projects on the Gregory Developmental Road, including widening sections between Charters Towers and The Lynd and the construction of a new high-level Cape River Bridge, south of Charters Towers, at a total cost of \$76.9 million
- \$4 million to seal the Kennedy Developmental Road (The Lynd - Hughenden), known locally as the Hann Highway. State funding of \$19.6 million over five years has been allocated for the Hann Highway improvements, with negotiations to continue with the Australian Government to secure a federal funding commitment. The Hann Highway spans both Far North and North West districts and project funding will be allocated to each district when scope and costings have been finalised
- \$3 million to upgrade road access to tourist and culturally significant sites in Western Queensland, at a total cost of \$10 million.²⁶

Capital grants program highlights for DTMR include:

- \$70 million of infrastructure development grants to local governments through the Transport Infrastructure Development Scheme and Aboriginal and Torres Strait Islander community assistance
- \$21.6 million for the Queensland School Upgrade Scheme to provide funding to eligible school bus operators to assist with the purchase of new buses or buses that are less than five years old
- \$15.2 million towards development of cycle networks throughout Queensland.²⁷

²⁶ State Budget 2016-17, Capital Statement – Budget Paper No. 3, pp 115-116

²⁷ State Budget 2016-17, Capital Statement – Budget Paper No. 3, p 117

Estimated concessions for DTMR in 2016-17 include:

• General Public Transport Concessions (SEQ)	\$1,227.6 million
• Rail Network and Infrastructure Funding	\$542.8 million
• General Public Transport Concessions (Regional Qld)	\$246 million
• Vehicle and boat registration concessions	\$161.1 million
• School Transport Assistance Scheme	\$149.6 million
• TransLink Transport Concessions (SEQ)	\$97.6 million
• Livestock and Regional Freight Contracts	\$41.5 million
• Rail Concession Scheme	\$36.5 million
• Other transport concessions (Regional Qld) and taxi subsidies	\$27.5 million
• Practical driving test	\$5.0 million
• Commercial ship registration and licensing	\$3.9 million
• Designated Public Transport Concessions for senior cards holders	\$3.8 million. ²⁸

4.3 Gold Coast Waterways Authority

The Gold Coast Waterways Authority is a statutory body that operates under the *Gold Coast Waterways Authority Act 2012* with responsibility to deliver “... the best possible management of, and access to, Gold Coast waterways at reasonable cost to the community and Government, while minimising regulation”.²⁹ The Gold Coast Waterways Management Strategy 2014 – 2023 sets out a vision and objectives to sustain, enhance and promote the waterways and is supported by a four year rolling Waterways Management Program.³⁰

The budget comparison for 2015-16 and 2016-17 for the Gold Coast Waterways Authority is shown below.

Agency	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
Gold Coast Waterways Authority	10,445	10,445	10,645

Source: State Budget 2016-17, Service Delivery Statements – DTMR, p 44

In 2016-17, the Gold Coast Waterways Authority has allocated \$7.6 million to improve management of, and provide better access to, the Gold Coast waterways, canals and rivers. Capital program highlights include:

- \$4.4 million to improve access and safety by dredging navigation channels and improve accessibility and quality of waterways information
- \$1.8 million to provide boating infrastructure such as boat ramps, pontoons and implementing the Surfers Riverside Masterplan.³¹

²⁸ State Budget 2016-17, Budget Strategy and Outlook, Budget Paper No. 2, p 222

²⁹ State Budget 2016-17, Service Delivery Statements, DTMR, p 41

³⁰ State Budget 2016-17, Service Delivery Statements, DTMR, p 41

³¹ State Budget 2016-17, Capital Statement – Budget Paper No. 3, p 117

4.4 RoadTek

RoadTek is a commercial business unit within DTMR that specialises in delivering technically difficult and hard-to-scope projects for state and local governments in regional and remote areas. RoadTek's range of services includes civil, structures, electrical and line-marking, supported by an internal construction fleet, strong project management and procurement practices. RoadTek's business is about:

- delivering transport infrastructure, maintenance works and services, and with a highly skilled and capable workforce is able to respond at short notice to disruptive events and infrastructure failures across Queensland
- investigating, trialling and developing innovative solutions and practices as well as delivering tactical asset management and detailed analysis to support investment planning and decision making
- developing the infrastructure delivery skills for DTMR, the Government and the community, including partnering with regional and Indigenous communities to enhance training, development and employment opportunities.³²

The budget comparison for 2015-16 and 2016-17 for RoadTek is shown below.

Agency	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
RoadTek	363,457	417,870	436,566

Source: State Budget 2016-17, Service Delivery Statements – DTMR, p 52

RoadTek's priorities for 2016-17 are:

- continued delivery of transport infrastructure projects such as the Road Asset Management Contract and the Riverside Expressway Rehabilitation program in Brisbane
- working with the Maranoa Regional Council via the Memorandum of Understanding
- implementing a number of mobile technology solutions to enable in the field entry on the performance of the transport system
- progressing the RoadTek Workforce Blueprint including targeted training programs and the promotion of diversity and cultural and Indigenous initiatives.³³

4.5 Key issues raised at the public hearing

Key issues raised by the Committee in relation to DTMR:

- QTRIP investment, including the number of current and planned projects, the impact of the Accelerated Works Program
- innovative procurement models for capital works
- Transport Infrastructure Development Scheme and local government transport infrastructure
- etoll charges, including administrative costs charged to customers
- intelligent transport systems, including cooperative ITS and autonomous vehicles

³² State Budget 2016-17, Service Delivery Statements, DTMR, p 49

³³ State Budget 2016-17, Service Delivery Statements, DTMR, p 49

- various road upgrades including the Pacific Motorway Gateway Motorway merge upgrade, Western Roads Upgrade Program, Ipswich Motorway upgrade stage 1, Logan Road-Kessels Road intersection, Walkerston bypass on the Peak Downs Highway, Boundary Road-Bruce Highway interchange, Rothwell Roundabout, Toowoomba Range Capacity Project, and Coomera to Helensvale Duplication Project
- DTMR's learner driver e-logbook app
- Queensland Road Safety Strategy
- Camera Detected Offence Program
- installation of flashing school signs
- consistency of speed limits on the Ipswich Motorway
- Scenic Lookout Upgrade Program
- capital investment in state-owned ports
- appointment of the CEO of Gladstone Ports Corporation
- pilotage services at Gladstone Port and the Port of Brisbane
- cruise ship berthing at the Port of Cairns
- improved access and amenity for recreational boating
- investigation into the oil spill off Townsville in Jul 2015
- Cross River Rail, including funding and whether a levy/fare increase will be imposed to assist with funding Cross River Rail, and the impact construction may have on the availability of rail freight paths
- construction of the Gold Coast Light Rail Stage 2
- Dakabin Station options study
- business case for the Townsville eastern access rail corridor
- planned new rolling stock for passenger trains
- signalling system for Moreton Bay Rail Link
- signalling technology to enhance the SEQ Citytrain network
- public transport, including patronage, fares and concessions, timeliness, introduction of TransLink to Mackay
- Brisbane and Ipswich bus and train services, including Park'n'Ride facilities
- Queensland Rail staffing
- regional rail services, including the level of subsidy per passenger
- assistance to primary producers, including heavy vehicle registration costs, the upgrade to the Oakey beef project and the regional freight transport and livestock transport services contracts
- cost of registration and mandatory insurance compared to other jurisdictions
- review of taxi, limousine and rideshare services in Queensland
- transport infrastructure to support the GC2018
- impact of bridge strikes by heavy vehicles on the South-East Queensland rail network.

5 Minister for Transport and the Commonwealth Games

The Minister for Transport and the Commonwealth Games is also responsible for the 2018 Commonwealth Games which is administered through the Department of Tourism, Major Events, Small Business and the Commonwealth Games.

5.1 Office of the Commonwealth Games

Through the Office of Commonwealth Games, the Department of Tourism, Major Events, Small Business and the Commonwealth Games will:

- deliver the capital program for the development and construction of GC2018 venues; the Reconciliation Action Plan; the GC2018 Benefits program; an Arts and Culture program and delivery model; a portfolio assurance and reporting framework; and integration and oversight of GC2018 activities including implementation of the State Protocol Plan
- connect Queensland businesses with opportunities to provide goods and services to GC2018 through the Business and Industry Portal
- implement healthy and active lifestyle initiatives through the Embracing 2018 and Arts and Culture programs.³⁴

The budget comparison for 2015-16 and 2016-17 for Tourism and Events Development is shown below.³⁵

Agency	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
Tourism and Events Development	192,220	146,285	213,016

Source: State Budget 2016-17, Service Delivery Statements – Department of Tourism, Major Events, Small Business and the Commonwealth Games, p 10

In 2016-17, Department of Tourism, Major Events, Small Business and the Commonwealth Games has capital purchases of \$11.7 million with \$83.3 million in capital grants.³⁶

5.2 Budget highlights

Program highlights include:

- \$6.5 million is allocated to the Queensland State Velodrome for track cycling
- \$5.1 million is allocated to the Carrara Stadium upgrades for athletics and warm up tracks.³⁷

Capital grants highlights include:

- \$44.5 million is allocated as grants to the Carrara Precinct including Carrara Indoor Stadium, Carrara Southern Precinct and Carrara Sports and Leisure Centre for wrestling and badminton facilities
- \$14.8 million is allocated as grants to the Belmont Shooting Centre for clay target, full bore, pistol and small bore shooting

³⁴ <https://www.dtesb.qld.gov.au/commonwealth-games>

³⁵ The table indicates the service area budget which includes the Office of the Commonwealth Games

³⁶ State Budget 2016-17, Capital Statement – Budget Paper No. 3, p 113

³⁷ State Budget 2016-17, Capital Statement – Budget Paper No. 3, p 113

- \$8.9 million is allocated as grants for the Gold Coast Hockey Centre
- \$3.7 million is allocated as grants to the Coomera Indoor Sports Centre for gymnastics and netball facilities
- \$1.5 million is allocated as grants for the Nerang Mountain Bike Trails
- \$1 million is allocated to the Village Roadshow Sound Stage 9 for squash, table tennis and boxing facilities.³⁸

5.3 Gold Coast 2018 Commonwealth Games Corporation (GOLDOC)

Gold Coast 2018 Commonwealth Games Corporation (GOLDOC) was established on 1 Jan 2012 under the *Commonwealth Games Arrangements Act 2011* to plan, organise and deliver the GC2018 in conjunction with the Australia Commonwealth Games Association, the Commonwealth Games Federation, the City of Gold Coast, the Office of Commonwealth Games within the Department of Tourism, Major Events, Small Business and the Commonwealth Games and the Australian Government. GOLDOC's vision is to stage a great Games in a great city, leaving great memories and great benefits for all.³⁹

The budget comparison for 2015-16 and 2016-17 for the GOLDOC is shown below.

Agency	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
GOLDOC	72,284	70,998	191,564

Source: State Budget 2016-17, Service Delivery Statements – Department of Tourism, Major Events, Small Business and the Commonwealth Games, p 29

5.4 Key issues raised at the public hearing

Key issues raised by the Committee in relation to the Commonwealth Games include:

- Office of the Commonwealth Games, including staff and how they are funded, accommodation, KPIs, budget and the role of the Office
- progress in relation to the capital works program including Carrara Sports and Leisure Centre, Coomera Indoor Sports Centre, refurbishment of the Cairns and Townsville basketball venues, Gold Coast Aquatic Centre, Queensland State Velodrome and the super sound stage at Village Roadshow in Oxenford
- preparation for the GC2018, including the latest six monthly review by the Commonwealth Games Federation Coordination Commission in May 2016
- benefits the GC2018 will deliver to SEQ, including legacy benefits, the local economy and job opportunities
- broadcasting and sponsorship revenue
- arrangements for the Gold Coast Hockey Centre and the impact on the Labrador Hockey Club
- the inclusion of beach volleyball as an eligible sport and the countries that will participate in this sport
- enhancements to drug testing of athletes by WADA
- security measures for the GC2018
- games volunteer program.

³⁸ State Budget 2016-17, Capital Statement – Budget Paper No. 3, p 113

³⁹ State Budget 2016-17, Service Delivery Statements, DTMESBCG, pp 26-27

Statement of Reservation

TRANSPORTATION AND UTILITIES COMMITTEE

The Palaszczuk Government's second budget consists of raids, rip offs and write-downs. It is a budget based on short-sighted hollow log raids, instead of outlining a clear economic vision for Queensland and a plan to strengthen the state's financial position.

The performance of the various Ministers at the Transportation and Utilities Estimates Hearings again illustrated the Palaszczuk Government is asleep at the wheel, and Queenslanders are being hurt because of their lack of action.

Energy, Biofuels and Water Supply:

The lack of action from the Palaszczuk Labor Government is perfectly exemplified in its failure to launch a consumer education campaign prior to the introduction of electricity price deregulation in south-east Queensland (SEQ).

In delaying the decision to introduce deregulation into SEQ, the Minister claimed this was needed to properly educate consumers about the changes. However, it was revealed during Estimates hearings that the consumer education campaign did not start until after the July 1 introduction of deregulation this year.

This lack of education and consumer awareness campaign has left Queenslanders paying more for power. This is evidenced in testimony given by Director General Prof Simshauser during Estimates, when he revealed the difference between standing offers and market contracts is as much as \$400. Queenslanders who were rolled on to standing offers on July 1 because they were unaware of these changes are paying as much as \$400 more on their annual power bill because the Minister failed to tell Queenslanders living in SEQ this major change to the electricity industry was coming.

The Minister's failure to act completely undermines the hollow reasons he gave for delaying the introduction of deregulation in 2015. The LNP Opposition finds it galling that the Minister would rather see Queenslanders in SEQ paying more for power than proactively launch a campaign to let them know about the potential savings they can make simply by switching to a market contract.

At Estimates, we again heard the Energy Minister overstating the benefits of merging Ergon and Energex to create Energy Queensland. It's clear the Labor Government has walked away from its election commitment outlining savings of \$150 million annually by merging these entities together, and that the true savings are, in reality, significantly lower.

At Estimates it was also revealed the government's flagship Energy Queensland entity still has no staff. The interim chair of Energy Queensland was unable to say how many staff had been transferred to its new head office location in Townsville. Mr Effeney was also unable to answer questions about how many staff would be transferred into the new Energy Services Business that will compete directly against independent electrical contractors for work. In fact, it was revealed at Estimates that the government still has no business case for the new Energy Services Business. The LNP Opposition is astounded that such significant answers for a key election promise are still unable to be answered. The Palaszczuk Government has been able to identify modelling outlining savings from merging these businesses, but cannot say how many staff will be transferred or relocated and cannot quantify the size of the new Energy Services Business. It is astounding the Palaszczuk Government does not have further details about a key election commitment that has been more than a year and a half in the making.

Finally, the LNP Opposition asked questions regarding the low water levels in the Ross River Dam. This is a significant issue for the people of the Townsville region and requires ongoing attention.

Main Roads, Road Safety and Ports:

As was identified in Question on Notice 1, a significant number of the so-called 'Accelerated Works Program' (AWP) projects were barely accelerated at all. As highlighted by the Member for Glass House, one particular project has exactly the same start date as previously earmarked – yet another example of the Palaszczuk Labor Government misleading the people of Queensland. It is disappointing that in his responses the Minister chose

to attack the questioner instead of comprehensively answering the question. It is indicative of the style of the Palaszczuk Government that these sorts of important questions are ignored.

Unfortunately, this process of obfuscation was followed by the Minister throughout this portion of the Estimates hearing. For example, the Opposition repeatedly asked for the total investment the state was making in relation to Cooperative Intelligent Transport Systems – in essence, technology designed to accommodate driverless vehicles - but the Minister consistently danced around the question and failed to provide the amount. The question remains, why is the Palaszczuk Labor Government spending taxpayer dollars doing work that Google, BMW and other companies have long overtaken?

It was also revealed during Estimates that the Palaszczuk Government spent approximately \$300,000 developing an app that had already been developed by the private sector, with \$100,000 ongoing for identified maintenance. Again, a government wasting taxpayer dollars on work already done by the private sector.

The Palaszczuk Government has repeatedly illustrated it is incapable of getting value for taxpayer dollars, reiterated by the Minister's evidence provided during the Main Roads, Road Safety and Ports section of the Estimates hearings.

Transport:

The LNP Opposition raised concerns about Cross-River Rail patronage growth assumptions and tabled a report from 2013 indicating that high growth assumptions have been factored into the business case and even with the European Train Control System (ETCS), the Government are still working towards a need for Cross-River Rail to be in place by 2021. In 2015/16, the patronage growth rate was 2.21%, when the 2021 deadline requires a cumulative annual growth rate of 4.9%.

Despite his best attempts to look like he was answering the question, the Minister failed to rule out a public transport levy to fund Cross-River Rail.

The Minister confirmed that he will receive the Varghese review of taxi, limousine and ridesharing services by the end of July. He also said that it was his intention that the Government would consider the report, consult with key stakeholders and then table a government response at the same time that the report was made public. Given this could take several weeks, if not months, the LNP fails to see the point of bringing the review due date forward given that there is still a considerable amount of uncertainty in the industry, for many operators and consumers and until the report and response is made public, that uncertainty will continue.

The Committee also received evidence from the CEO of Queensland Rail that the issues that have delayed the opening of the Moreton Bay Rail Link were only detected in 2015 – not in 2014 as had been indicated previously by media statements of Queensland Rail, almost as a cynical attempt to try and shift the political blame for the delay to the former LNP Government.

Commonwealth Games:

The LNP Opposition has concerns that there is effectively a shadow bureaucracy in place in Brisbane, specifically the Office of the Commonwealth Games who are essentially shadowing GOLDOC. The Committee also heard evidence about the delivery schedule for Commonwealth Games venues and the significant industrial stoppages that have occurred at some venues by the CFMEU, particularly the Carrara Sports and Leisure Centre. It appears the completion timeframe for the venue has already been pushed back from October 2016 to April 2017 and despite the fact that this is still ahead of when the Games will be staged, it is a significant concern and one that the Government has failed to deal with. Of greater concern is that the Minister also flippantly dismisses continuing industrial stoppages because the State will not be liable for projects that aren't delivered on time, as per the contract. The Committee also heard evidence that the overall cost of adding beach volleyball to the Games will be just over \$19M.



Rob Molhoek MP

Member for Southport

Deputy Chairman Transport & Utilities Committee

