

Question on Notice

No. 170

Asked on Tuesday 26 February 2019

MR S MINNIKIN ASKED MINISTER FOR TRANSPORT AND MAIN ROADS (HON M BAILEY) —

QUESTION:

Will the Minister detail the additional expenditure value of variations for procurement contracts that have occurred for the Department of Transport and Main Roads since 2015-16 (reported separately by financial year)?

ANSWER:

I thank the Member for Chatsworth for the question.

The Department of Transport and Main Roads (TMR) moves and connects people, places, goods and services safely, efficiently and effectively across Queensland. TMR plans, manages and delivers Queensland's integrated transport environment to achieve sustainable transport solutions for road, rail, air and sea.

For the department to do this, it undertakes a significant level of procurement resulting in contracts awarded to an array of suppliers. Contract variations are a normal business practice and a reality of managing commercial arrangements. All TMR standard contracts include a provision to vary the contract. Variations to contract can occur for many reasons resulting in a change to the contract scope, contract timeframes and/or contract value. Some of these reasons are unplanned such as latent conditions, weather events, market shifts, and some reasons are planned such as staging of projects or extensions of supply arrangements.

Variations to contract can result in both increases or decreases to the contract scope, contract timeframes and/or contract value. A variation to a contract does not necessarily mean an increase to the project budget, as the contract value is just one component of a project budget. TMR employs a robust project management discipline, including cost estimating processes, which allows for contingency within project budgets to account for risks. This approach helps ensure that the majority of infrastructure projects do not exceed the project estimate.

Note, the figures reported below refer to the net value of true variation to scope, cost or time (taking into account individual contract increases or decreases) for contracts with a value greater than \$2 million for the relevant period.

Over the whole period, the total awarded contract amounts greater than \$2 million is \$8,873,345,229, with a net total value of variations of \$753,685,537.

I can advise for the 2015–16 financial year, the awarded contract amounts greater than \$2 million was \$3,702,356,815, with a net value of variations of \$351,453,565.

I can advise for the 2016–17 financial year, the awarded contract amounts greater than \$2 million was \$2,229,569,713, with a net value of variations of \$254,137,612.

I can advise for the 2017–18 financial year, the awarded contract amounts greater than \$2 million was \$1,868,566,681, with a net value of variations of \$137,641,807.

Finally, I can advise for the 2018–19 financial year the awarded contract amounts greater than \$2 million was \$1,072,852,020, with a net value of variations of \$10,452,553.

This data is reported as at 11 March 2019.