

2015 - 16 Budget Estimates

Report No. 3, 55th Parliament

Utilities, Science and Innovation Committee

September 2015

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Acknowledgements

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Chair's Foreword

This report presents a summary of the Utilities, Science and Innovation Committee's examination of the Budget Estimates for the 2015-16 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 2015 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

September 2015

Abbreviations

BCIPA	<i>Building and Construction Industry Payments Act 2004</i>
CS Energy	CS Energy Limited
CSO	Community Service Obligation
DEWS	Department of Energy and Water Supply
DHPW	Department of Housing and Public Works
DSITI	Department of Science, Information Technology and Innovation
DTMR	Department of Transport and Main Roads
Ergon Energy	Ergon Energy Corporation Limited
EEQ	Ergon Energy Queensland Pty Ltd
Energex	Energex Limited
GAWB	Gladstone Area Water Board
GOC	Government Owned Corporation
ICT	Information and communication technology
MIWB	Mount Isa Water Board
Powerlink	Powerlink Queensland
QBCC	Queensland Building and Construction Commission
QBCC Act	<i>Queensland Building and Construction Commission Act 1991</i>
QSA	Queensland State Archives
QSS	Queensland Shared Services
RTA	Residential Tenancies Authority
RTRA Act	<i>Residential Tenancies and Rooming Accommodation Act 2008</i>
SLQ	State Library of Queensland
Stanwell	Stanwell Corporation Limited
SunWater	SunWater Limited

1. Introduction

1.1 *Role of the Committee*

The Utilities, Science and Innovation Committee (the Committee) is a portfolio committee established by the Legislative Assembly of Queensland (the Legislative Assembly) on 26 March 2015.

The Committee's primary areas of responsibility are:

- main roads, road safety, ports
- energy and water supply
- housing and public works
- science, information technology and innovation.¹

On 17 July 2015, the Appropriation Bill 2015 and the estimates for the Committee's areas of responsibility were referred to the Committee for investigation and report.²

The Committee conducted a public hearing on 28 August 2015 and took evidence about the proposed expenditure from the Minister for Main Roads, Road Safety and Ports and Minister for Energy and Water Supply, the Minister for Housing and Public Works and Minister for Science and Innovation and other witnesses. The transcript of the Committee hearing can be accessed [here](#).

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 and Water Supply, and the Minister for Housing and Public Works and Minister for Science and Innovation with questions on notice in relation to the estimates.

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:

- Mr Andrew Powell MP, Member for Glass House, attended and asked questions for the period between 9.00am and 11.00am of the estimates hearing for the Minister for Main Roads, Road Safety, Ports and Minister for Energy and Water Supply.

¹ Standing Rules and Orders of the Legislative Assembly, Schedule 6. The schedule provides that departments, statutory authorities, GOCs or other administrative units related to the relevant Minister's responsibilities regarding these areas are included.

² 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.

- Mr Scott Emerson MP, Member for Indooroopilly, attended and asked questions for the period between 11.30am and 1.30pm of the estimates hearing for the Minister for Main Roads, Road Safety, Ports and Minister for Energy and Water Supply.
- Miss Fiona Simpson MP, Member for Maroochydore, attended and asked questions for the period between 11.30am and 1.30pm of the estimates hearing for the Minister for Main Roads, Road Safety, Ports and Minister for Energy and Water Supply.
- Mr Tim Mander MP, Member for Everton, attended and asked questions for the period between 2.30pm and 4.30pm of the estimates hearing for the Minister for Housing and Public Works and Minister for Science and Innovation.
- Mr John McVeigh MP, Member for Toowoomba South, attended and asked questions for the period between 5.00pm and 6.00pm of the estimates hearing for the Minister for Housing and Public Works and Minister for Science and Innovation.

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 2015 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 and Water Supply

The Minister for Main Roads, Road Safety and Ports and Minister for Energy 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 statutory bodies reporting to the Minister and energy and water supply government-owned corporations:

- CS Energy Limited (CS Energy)
- Stanwell Corporation Limited (Stanwell)
- Energex Limited (Energex)
- Ergon Energy Corporation Limited (Ergon Energy)
- Powerlink Queensland (Powerlink)
- SunWater Limited (SunWater)
- Gladstone Area Water Board (GAWB)
- Mount Isa Water Board (MIWB)
- Seqwater.³

The Minister is also the Minister responsible for main roads, road safety and ports which are administered through the Department of Transport and Main Roads (DTMR) and its entities RoadTek and the Gold Coast Waterways Authority.⁴

3.1 Department of Energy and Water Supply

DEWS has two service areas:

- Energy - responsible for policy development, reform and regulation of the Queensland energy sector to ensure cost effective, secure and reliable energy supply.⁵
- 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.⁶

In 2015-16, 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)⁷ and Origin Energy Limited estimated at \$438.2 million
- water related CSO payments to SunWater and Seqwater estimated at \$12.2 million
- 22 non-commercial water assets including water supply dams and weirs with a capital spend of \$2.053 million, recurrent spending of \$3.62 million as well as \$500,000 for current grants.⁸

³ State Budget 2015-16, Capital Statement – Budget Paper No. 3, pp 40-46

⁴ State Budget 2015-16, Service Delivery Statements, TMR, p 1

⁵ State Budget 2015-16, Service Delivery Statements, DEWS, p 3

⁶ State Budget 2015-16, Service Delivery Statements, DEWS, p 6

⁷ EEQ is a controlled entity of Ergon Energy see <https://www.ergon.com.au/about-us/who-we-are/our-company/corporate-governance> (accessed 1 Sep 2015)

⁸ State Budget 2015-16, Service Delivery Statements, DEWS, p 8

The following table compares the appropriations for DEWS for 2014-15 and 2015-16.

Appropriations	Budget 2014-15 \$'000	Est. Actuals 2014-15 \$'000	Vote 2015-16 \$'000
<i>Controlled Items</i>			
departmental services	46,257	39,529	45,514
equity adjustment	..	(2,022)	..
<i>Administered Items</i>	707,278	635,902	459,196
Vote	753,535	673,409	504,710

Source: Appropriation Bill 2015, Schedule 2, p 8

3.1.1 Budget highlights

The 2015-16 budget highlights for the energy service area include:

- seek to improve the State's regulatory environment and improve on its performance in engaging with the community and regulating compliance with energy legislation
- plan and begin to implement key government commitments, including:
 - continue to subsidise regional power prices and maintain the Uniform Tariff Policy to keep regional power prices in line with metropolitan prices
 - keep the headquarters of a merged energy Government Owned Corporation (GOC) in Townsville and support the delivery of the Government's commitment to merge the energy GOCs
 - provide a stable and welcoming regulatory environment to encourage private sector investment in renewable energy
- maintain support for the Clean Energy Finance Corporation and advise government on the Australian Government's Renewable Energy Target
- support the instigation of a review into a fair price for solar through the independent Queensland Productivity Commission
- support the commencement of a renewable energy study to investigate policy measures to support the creation of an export-oriented renewable energy economy
- develop options and advise government on a trial 40 megawatt renewable energy auction to support private investment and jobs in the renewable energy industry
- support a review to investigate whether the provision of electricity in remote areas can be opened up to competition from local governments, which would provide communities with a direct say on localised solutions, including the facilitation of off-the-grid technologies
- plan and begin implementing measures to support the aspirational target set by the Government for a million Queensland rooftops to have solar panels by 2020
- provide advice on a better functioning and more dynamic domestic gas market
- lead the development of biofuels and the expansion of Queensland's biofuels and bio-manufacturing industries.⁹

⁹ State Budget 2015-16, Service Delivery Statements, DEWS, pp 3-4

The 2015-16 the budget highlights for the water supply service area include:

- commence upgrade works for two of the Department's non-commercial assets
- commence five, and complete seven, Regional Water Supply Security Assessments
- prepare a preliminary cost/benefit assessment, for consideration by Building Queensland, of the proposed Nullinga Dam, having regard to the Australian Government's Northern Australia Policy commitment regarding Nullinga Dam
- 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.¹⁰

In 2015-16, the total capital program for the energy and water supply portfolio areas is \$2.423 billion.¹¹

The capital program of \$2.1 million for the Department mainly relates to upgrades on non-commercial water assets, which provide a range of services and public values including recreation and water supply for mining, irrigation and construction.¹²

The capital works programs for associated entities in 2015-16 include:

- CS Energy \$99.9 million
- Stanwell \$225.1 million
- Energex \$713.7 million
- Ergon Energy \$864.4 million
- Powerlink \$323 million
- SunWater \$39.1 million
- GAWB \$33.7 million
- MIWB \$5.4 million
- Seqwater \$117 million.¹³

Estimated concessions for DEWS in 2015-16 include:

- Ergon Energy – Uniform Tariff Policy (excluding Isolated Systems) \$375.7 million
- Ergon Energy – Uniform Tariff Policy for Isolated Systems \$56 million
- Ergon Energy – Uniform Tariff Policy \$6.5 million
- Urban Water Price Path \$56.8 million
- Cloncurry Water Pipeline Water Supply Subsidy \$5.5 million
- SunWater Rural Irrigation Water Price Subsidy \$4.7 million
- Seqwater Rural Irrigation Water Price Subsidy \$2 million
- Extending Existing Drought Relief Arrangements \$2.5 million.¹⁴

¹⁰ State Budget 2015-16, Service Delivery Statements, DEWS, p 6

¹¹ State Budget 2015-16, Capital Statement – Budget Paper No. 3, p 40

¹² State Budget 2015-16, Capital Statement – Budget Paper No. 3, DEWS, p 40

¹³ State Budget 2015-16, Capital Statement – Budget Paper No. 3, DEWS, pp 40-46

¹⁴ State Budget 2015-16, Budget Strategy and Outlook, Budget Paper No. 2, p 168

3.2 Key issues raised at the public hearing – Energy and Water Supply

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

- electricity network prices, including the potential impact of determinations made by the Australian Energy Regulator, deregulation of electricity prices and market monitoring
- impact of the Government's 100 per cent dividend policy on the network GOCs' ability to invest in infrastructure upgrades
- renewable energy, including the renewable energy auction, grid utility support system, battery technology trials, electric vehicle uptake, solar bonus scheme, Sunverge, potential impact of 50 per cent renewable energy target on consumers, renewable energy projects and target of one million solar rooftops by 2020
- biofuels industry, including plans for growth and results of consultation on the proposed biofuels mandate
- definition of a front-line worker in relation to power GOCs
- job losses and redundancy policy within Ergon Energy
- electricity prices and tariff reform, particularly in the agricultural industry in relation to irrigation
- proposed merger of power generation businesses CS Energy and Stanwell
- strategies to reduce debt related electricity disconnections and the cost of energy concessions and rebates
- flood preparedness, in particular the recommendations of the 2015 Callide Creek flood review report of the Inspector-General of Emergency Management and the independent review of the dam warning systems provided by both Seqwater and SunWater
- the use of the Tugun desalination plant for water supply during floods
- bulk water prices in South-East Queensland
- Seqwater staffing, including the training provided to trainees and their average salary.

3.3 Department of Transport and Main Roads (Main Roads, Road Safety and Ports)

DTMR aims to “*plan, manage and deliver Queensland's integrated transport environment to achieve sustainable transport solutions for road, rail, air and sea.*”¹⁵ 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.¹⁶

In 2015-16, DTMR will administer funds on behalf of the Government for the driver and marine licensing systems, and vehicle and vessel registration systems.

¹⁵ <http://www.tmr.qld.gov.au/About-us/Our-organisation/Organisational-structure.aspx> (accessed 28 July 2015)

¹⁶ State Budget 2015-16, Service Delivery Statements, DTMR, p 4

The major administered revenue items for 2015-16 are:

- vehicle registration \$1.66 billion
- transport and traffic fees \$377.3 million.¹⁷

The following table compares the total appropriations for DTMR for 2014-15 and 2015-16.¹⁸

Appropriations	Budget 2014-15 \$'000	Est. Actuals 2014-15 \$'000	Vote 2015-16 \$'000
<i>Controlled Items</i>			
departmental services	4,619,043	4,527,872	4,601,502
equity adjustment	1,683,438	1,031,163	1,202,977
<i>Administered Items</i>			
	58,750
Vote	6,302,481	5,559,035	5,863,229

Source: Appropriation Bill 2015, Schedule 2, p 11

3.3.1 Budget highlights

In 2015-16, total capital purchases for DTMR's portfolio areas are \$3.931 billion.¹⁹ DTMR's budgeted capital purchases for 2015-16 total \$2.905 billion including capital grants of \$211.5 million.²⁰ DTMR's capital purchases will primarily focus on critical investment in transport infrastructure that meets the current and future needs of the growing Queensland population.²¹

Capital works program highlights for DTMR include:

- \$175.9 million for the \$1.162 billion project to widen the Gateway Motorway North to six lanes in Nudgee and Bracken Ridge (jointly funded by the Australian and Queensland Governments)
- \$172.1 million for the \$1.606 billion Toowoomba Second Range Crossing project
- \$113.1 million for the \$490 million project towards duplication of the Bruce Highway (Cooroy to Curra), (jointly funded by the Australian and Queensland Governments)
- \$33.4 million for the \$170 million project to provide a new elevated crossing on the Bruce Highway across the Yeppen Floodplain (jointly funded by the Australian and Queensland Governments)
- \$19.3 million for the \$40 million Western Roads Upgrade Program to provide target road network upgrades within western Queensland local government areas
- \$15 million toward the \$30 million estimated cost to signalise Ashmore Road and Ross Street intersection on Labrador-Carrara Road, as part of the \$160.7 million program of works to upgrade Gold Coast roads in preparation for the Commonwealth Games

¹⁷ State Budget 2015-16, Service Delivery Statements, DTMR, p 17

¹⁸ A breakdown of the budget figures for each of the two responsible Ministers is not available in the Budget Papers

¹⁹ The portfolio includes the Department, 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 2015-16, Capital Statement – Budget Paper No. 3, p 107

²⁰ State Budget 2015-16, Capital Statement – Budget Paper No. 3, p 107

²¹ State Budget 2015-16, Capital Statement – Budget Paper No. 3, p 107

- \$12.9 million toward the \$70 million estimated cost for replacement of timber bridges and approaches at various locations on the Peak Downs Highway, between Nebo and Mackay (jointly funded by the Australian and Queensland Governments).²²

Capital grants program highlights for DTMR include:

- \$70 million of transport infrastructure development grants to local governments including Aboriginal and Torres Strait Islander community assistance
- \$34.3 million of Royalties for the Regions funding to provide better, safer roads to support regional development
- \$3 million for sealing and upgrading sections of the Outback Way between Boulia and Tobermorey.²³

Estimated concessions for the portfolio in 2015-16 include:

- vehicle and boat registration concessions \$146.1 million
- practical driving test \$6.2 million
- commercial ship registration and licensing \$4.9 million.²⁴

3.4 RoadTek

RoadTek is a commercial business 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 in-house construction fleet. 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 the Department, the Government and the community, including partnering with regional and Indigenous communities to enhance training, development and employment opportunities.²⁵

The budget comparison for 2014-15 and 2015-16 for RoadTek is shown below.²⁶

Agency	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
RoadTek	481,423	506,675	363,457

Source: State Budget 2015-16, Service Delivery Statements – DTMR, p 43

RoadTek's priorities for 2015-16 are:

- continue to deliver transport infrastructure projects and solutions on behalf of DTMR and Regional Councils

²² State Budget 2015-16, Capital Statement – Budget Paper No. 3, pp 107-8

²³ State Budget 2015-16, Capital Statement – Budget Paper No. 3, p 108

²⁴ State Budget 2015-16, Budget Strategy and Outlook, Budget Paper No. 2, p 169

²⁵ State Budget 2015-16, Service Delivery Statements, DTMR, p 40

²⁶ The table indicates the agency budget - it may not represent the actual appropriation

- drive continuous improvement and innovations in processes and practices to achieve greater efficiencies including the Mobile Data Collection Implementation, Roadworker Safety initiatives and the Asset Maintenance Management System replacement
- develop staff in business management, technical and operational qualifications.²⁷

3.5 Gold Coast Waterways Authority

The Gold Coast Waterways Authority was established on 1 December 2012 as provided for by the *Gold Coast Waterways Authority Act 2012*. The Authority's main function is to deliver "... the best possible management of Gold Coast waterways at reasonable cost to the community and Government, while minimising regulation".²⁸ 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.²⁹

The budget comparison for 2014-15 and 2015-16 for the Gold Coast Waterways Authority is shown below.³⁰

Agency	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
Gold Coast Waterways Authority	9,581	9,503	10,445

Source: State Budget 2015-16, Service Delivery Statements – DTMR, p 53

In 2015-16, Gold Coast Waterways Authority has allocated \$10.2 million to improve management of and provide better access to the Gold Coast waterways, canals and rivers. Capital program highlights for 2015-16 include:

- \$8.2 million to improve access and safety by dredging navigation channels and improve accessibility and quality of waterways information
- \$1.2 million to provide boating infrastructure such as boat ramps, pontoons and implementing the Surfers Riverfront Masterplan.³¹

3.6 Key issues raised at the public hearing – Main Roads, Road Safety and Ports

Key issues raised by the Committee in relation to main roads, road safety and ports include:

- road safety, including the *Road Safety Action Plan 2013-15* and the *Safer Roads, Safer Queensland: Queensland's Road Safety Strategy 2015-17*, the estimated road toll and the impact of proposed 3 am lockouts on drink and drug driving
- the Queensland Transport and Roads Investment Program, in particular the Vines Creek bridges program, Gold Coast road projects, Bruce Highway upgrades, Mooloolah River interchange, deferral of \$600 million in projects from 2014-15 to future years, estimates for road maintenance, Federal Government contributions in particular for the Rothwell roundabout and upgrades to the M1, forward planning, contracting of works on the Peninsula Development Road (Cape York),
- Transport Infrastructure Development Scheme funding and liaison with local governments

²⁷ State Budget 2015-16, Service Delivery Statements, DTMR, pp 40-41

²⁸ State Budget 2015-16, Service Delivery Statements, DTMR, p 49

²⁹ State Budget 2015-16, Service Delivery Statements, DTMR, p 49

³⁰ The table indicates the agency budget - it may not represent the actual appropriation

³¹ State Budget 2015-16, Capital Statement – Budget Paper No. 3, p 108

- RoadTek operations, in particular competition with the private civil construction industry in South-East Queensland and the cost to the Government of administering RoadTek's road maintenance contract
- expenditure by DTMR and the Gladstone Ports Corporation preparing for the privatisation and contestability of government entities
- refurbishments costs for ministerial office
- Marine Infrastructure Fund expenditure
- Berth 4 project at the Port of Townsville

4 Minister for Housing and Public Works and Minister for Science and Innovation

The Minister for Housing and Public Works and Minister for Science and Innovation has ministerial responsibility for the portfolios administered by the Department of Housing and Public Works (DHPW) and the Department of Science, Information Technology and Innovation (DSITI).

The Minister's areas of responsibility are administered through:

- DHPW and its commercialised business units (Building and Asset Services and QFleet) and statutory bodies (the Queensland Building and Construction Commission (QBCC) and the Residential Tenancies Authority (RTA))³²
- DSITI and its statutory body (Library Board of Queensland), commercialised business unit (CITEC), shared service provider (Queensland Shared Services (QSS)) and other entities (the Queensland Government Chief Information Office and the Office of the Queensland Chief Scientist).³³

4.1 Department of Housing and Public Works

DHPW's strategic objectives focus on the "... delivery of valued solutions to customers and industry in the areas of housing, asset management, procurement, and building and construction policy".³⁴ The Department provides services to its customers through three broad service areas:

- Housing Services - provides housing assistance and homelessness support services to Queenslanders most in need, including remote Indigenous housing, social and private housing assistance, homelessness support services and crisis accommodation, for the duration of their need, through a mix of direct delivery and arrangements with funded service providers. Housing Services also includes the Office of the Registrar which oversees the National Regulatory System for Community Housing (NRSCH) in Queensland.³⁵ The Registrar operates independently from the funding arm of Housing Services.³⁶
- Government Accommodation and Building Policy Services³⁷ - delivers the Government's office accommodation and employee housing portfolio, and manages significant building and property initiatives including developing and advising on building and plumbing legislation in Queensland.³⁸
- Procurement Services - manages the whole-of-government procurement framework, including governance, policy, processes, tools and the development of responsible and prudent procurement capability for the public sector.³⁹

³² State Budget 2015-16, Service Delivery Statements, DHPW, pp 1-2

³³ State Budget 2015-16, Service Delivery Statements, DSITI, pp 1-2

³⁴ State Budget 2015-16, Service Delivery Statements, DHPW, p 3

³⁵ The NRSCH is a national system for registration, monitoring and regulation of community housing providers. It provides uniform legislation that regulates community housing organisations with the aim of growing the capability and capacity of these organisations. (State Budget 2015-16, Service Delivery Statements, DHPW, p 5)

³⁶ State Budget 2015-16, Service Delivery Statements, DHPW, p 5

³⁷ The 2014-15 service area of Building Services has been renamed Government Accommodation and Building Policy Services to clearly reflect the range of services provided. There has been no change in functions. (State Budget 2015-16, Service Delivery Statements, DHPW, p 10)

³⁸ State Budget 2015-16, Service Delivery Statements, DHPW, p 9

³⁹ State Budget 2015-16, Service Delivery Statements, DHPW, p 11

In 2015-16, DHPW will administer funds on behalf of the Government for:

- revenue from the collection of fees for the Building and Development Tribunal appeals and for the accreditation of residential service units and retirement villages by Housing Services.⁴⁰

The following table compares the appropriations for DHPW for 2014-15 and 2015-16.

Appropriations	Budget 2014-15 \$'000	Est. Actuals 2014-15 \$'000	Vote 2015-16 \$'000
<i>Controlled Items</i>			
departmental services	729,686	670,205	680,059
equity adjustment	67,017	(34,861)	180,881
<i>Administered Items</i>	3,452	10,745	3,468
Vote	800,155	646,089	864,408

Source: Appropriation Bill 2015, Schedule 2, p 8

4.1.1 Budget highlights

Total budgeted capital purchases for the DHPW portfolio, including its statutory bodies, for 2015-16 are \$381.5 million with capital grants of \$67.3 million (total \$448.8 million). Capital purchases include the QBCC of \$4.7 million and the RTA of \$8.5 million.⁴¹

Total capital purchase and capital grants expenditure for the Department for 2015-16 are \$435.6 million. Capital works program highlights include:

- \$183.6 million for social housing to commence, complete, purchase and upgrade existing social housing units
- \$129 million to commence, complete, purchase and upgrade social housing in Indigenous communities (including \$112.8 million funded through the National Partnership Agreement on Remote Indigenous Housing)
- \$11.9 million for Government Employee Housing to provide multi-unit developments to support the delivery of government services on Thursday Island
- \$9.4 million for Government Employee Housing to undertake upgrades of residences across the existing portfolio
- \$9.1 million to commence construction of a facility in Townsville to support people from Indigenous communities pursuing employment, education and training opportunities
- \$6.2 million for roof repairs at the Cairns Convention Centre and the repair of associated structural elements
- \$5.6 million to construct a facility in Cairns to provide specialist supported accommodation for rough sleepers.⁴²

⁴⁰ State Budget 2015-16, Service Delivery Statements, DHPW, p 12

⁴¹ State Budget 2015-16, Capital Statement – Budget Paper No. 3, p 69

⁴² State Budget 2015-16, Capital Statement – Budget Paper No. 3, p 69

Capital grants program highlights for DHPW include:

- \$38.3 million for social housing in Indigenous communities to commence construction of 14 rental units, complete construction of 12 rental units, upgrade existing social housing and undertake infrastructure development
- \$29 million for social housing to commence construction of 56 rental units, upgrade existing social housing and undertake infrastructure development.⁴³

Estimated concessions for DHPW in 2015-16 include:

- | | |
|--|---|
| • government managed housing rental rebate | \$393.7 million |
| • National Rental Affordability Scheme | \$28.8 million |
| • Home Assist Secure | \$19.6 million |
| • non-residential buildings – subsidised rents | \$6 million |
| • Rental Bond Loans | \$1.9 million |
| • non-government managed housing | (estimate not available). ⁴⁴ |

In addition to the capital works program, in 2015-16, DHPW will also deliver initiatives supporting portfolio priorities by:

- improving the quality of Government Employee Housing, particularly to attract and retain skilled employees delivering government services in locations of high need
- re-establishing a dedicated plumbing industry regulatory body within the broader statewide construction industry regulatory organisation to replace the Plumbing Industry Council
- re-establishing access to free, independent and impartial advice for tenants
- undertaking a full review of housing policies to ensure fairness
- auditing Queensland Government office accommodation to determine appropriate value for money improvements
- releasing a policy paper to propose solutions to issues raised in the Transport, Housing and Local Government Committee Report No. 13: Review of the *Retirement Villages Act 1999*
- ensuring there are minimum standards for temporary buildings and structures relating to mining projects
- working with industry and government to develop ways to encourage the upgrade of new and existing buildings to improve sustainability
- reviewing the findings and recommendations of the Senate Economic Reference Committee Inquiry into affordable housing, and working with key stakeholders to implement the relevant recommendations
- undertaking a wide-ranging review of security of payment laws affecting all building and construction projects in the State, to protect the rights and risk of subcontractors incurring financial losses
- developing a five-year Indigenous housing strategy to guide the development of the sector in Queensland, in partnership with the Indigenous housing sector

⁴³ State Budget 2015-16, Capital Statement – Budget Paper No. 3, pp 69-70

⁴⁴ State Budget 2015-16, Budget Strategy and Outlook, Budget Paper No. 2, p 168

- continuing to support the Government response to the Domestic and Family Violence Taskforce Report
- continuing to contribute to the child safety reform agenda initiated in response to the Queensland Child Protection Commission of Inquiry final report
- commencing implementation of recommendations from a broad ranging review of government procurement practices to ensure probity, value for money and local content provisions remain at the forefront of the State's procurement policies.⁴⁵

4.2 Building and Asset Services

Building and Asset Services delivers coordinated procurement and contract management of building services by providing value for money to Queensland government agencies. Building and Asset Services will assist government agencies to manage risks associated with the ownership and operation of their asset portfolios, as well as the risks associated with the planning, procurement and delivery of new building infrastructure.⁴⁶

The budget comparison for 2014-15 and 2015-16 for Building and Asset Services is shown below.⁴⁷

Agency	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
Building and Asset Services	736,330	843,180	799,868

Source: State Budget 2015-16, Service Delivery Statements – DHPW, p 37

In 2015-16, Building and Asset Services will continue to deliver significant initiatives and enhance its operating model through:

- delivering savings by aggregating work to achieve economies of scale prior to contracting with the private sector
- delivering pilot programs for service maintenance and housing maintenance such as the completed Caboolture Housing Trial which demonstrated cost benefits and improved service delivery for unplanned maintenance to social housing through aggregated contracts delivered by local contractors
- maintaining a rapid response capacity to support disaster recover, urgent after-hours repairs, asbestos issues and vandalism impacting State Government facilities
- improving service delivery to customers by implementing web portal and electronic interface technology to improve operating effectiveness, efficiency and data accuracy
- building flexibility to ensure efficient and effective delivery of the State's building capital works and maintenance programs
- maximising opportunities to support local employment and building regional capability and resilience
- delivering cost effective services and solutions in remote and Indigenous communities and working closely with Indigenous Councils to build procurement and contract management capability.⁴⁸

⁴⁵ State Budget 2015-16, Service Delivery Statements, DHPW, pp 3-4

⁴⁶ State Budget 2015-16, Service Delivery Statements, DHPW, p 35

⁴⁷ The table indicates the agency budget - it may not represent the actual appropriation

⁴⁸ State Budget 2015-16, Service Delivery Statements, DHPW, p 34

4.3 QFleet

QFleet is the owner and manager responsible for a fleet of approximately 9,800 vehicles. QFleet provides a centralised pool of expertise in vehicle procurement and contract management, fleet advisory services, fleet leasing, vehicle servicing and repairs, vehicle disposal, whole-of-government vehicle fleet reporting, and the development and management of whole-of-government fleet policy development to public sector departments as well as government-funded organisations.⁴⁹

The budget comparison for 2014-15 and 2015-16 for QFleet is shown below.⁵⁰

Agency	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
QFleet	141,166	147,616	133,436

Source: State Budget 2015-16, Service Delivery Statements – DHPW, p 45

In 2015–16, QFleet will continue to implement a range of initiatives, including:

- delivering enhanced fleet management services to improve efficiencies and generate savings at a whole-of-government level
- continuing to work with semi-government organisations to identify procurement opportunities through access to procurement arrangements.⁵¹

4.4 Queensland Building and Construction Commission

The QBCC is a statutory body established on 1 December 2013, under the *Queensland Building and Construction Commission Act 1991* (QBCC Act).⁵² It provides a comprehensive building industry licensing regime, performs regulatory functions under the QBCC Act including compliance activities, complaints management, administration of the Queensland Home Warranty Scheme and provision of consumer and contractor education. The QBCC also administers the *Building and Construction Industry Payments Act 2004* (BCIPA), the *Subcontractors' Charges Act 1974* and the *Domestic Building Contracts Act 2000*. The QBCC regulates the building and construction industry to ensure the maintenance of proper building standards, providing remedies for defective building work, and promoting contractor and consumer confidence in the industry.⁵³

The budget comparison for 2014-15 and 2015-6 for the QBCC is shown below.⁵⁴

Agency	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
Queensland Building and Construction Commission	187,164	203,828	235,145

Source: State Budget 2015-16, Service Delivery Statements – DHPW, p 57

In 2015-16, the QBCC has capital purchases of \$4.7 million to relocate two regional offices, enhance the customer service centre in Brisbane, continue replacing ageing information technology systems and replacing ageing property, plant and equipment to reduce administration costs improve customer service and turnaround times.⁵⁵

⁴⁹ State Budget 2015-16, Service Delivery Statements, DHPW, p 42

⁵⁰ The table indicates the agency budget - it may not represent the actual appropriation

⁵¹ State Budget 2015-16, Service Delivery Statements, DHPW, p 42

⁵² The QBCC replaced the former Queensland Building Services Authority which ceased operations on 30 Nov 2013.

⁵³ State Budget 2015-16, Service Delivery Statements, DHPW, p 51

⁵⁴ The table indicates the agency budget - it may not represent the actual appropriation

⁵⁵ State Budget 2015-16, Capital Statement – Budget Paper No. 3, p 70

In 2015–16, the QBCC will deliver improved services to customers by:

- implementing reform of domestic building contracts, reviewing licensing requirements and ensuring more accountability by professionals who provide advice and plans
- implementing reforms to the Queensland Home Warranty Scheme
- communicating awareness of BCIPA reforms which will deliver improved payment outcomes, making a fairer and more equitable building and construction industry
- adopting best practice models of customer-centric service delivery, implementing process improvements for all services using customer-based design methodologies
- making it simpler and easier for customers to access frontline services and information by introducing a wide range of digital SmartForms, mobile applications and website improvements
- communicating awareness of the QBCC and its services with the implementation of the annual marketing strategy, continually updating, refreshing and promoting home owner education videos and using social media as an effective method of listening to and engaging with our customers
- further improving the organisational structure and leadership to accommodate delivery of expanded services and improved service delivery
- empowering the workforce by ensuring staff have the appropriate delegated authorities, and making it simpler and easier to better deliver services to customers by continuing the task of streamlining and making processes and procedures more effective and efficient with technology, including implementation of new platforms for knowledge management and single service delivery
- implementing a business efficiency program to reduce operating expenses, reviewing investment strategies and exploring additional revenue opportunities
- focusing on supply chain management, innovation and best practice to deliver quality services.⁵⁶

4.5 Residential Tenancies Authority

The RTA is a statutory authority established under the *Residential Tenancies and Rooming Accommodation Act 2008* (the RTRA Act), accountable to a Board of Directors. The RTA regulates the residential rental sector in Queensland and is self-funded from the earnings on the investment of rental bonds lodged with the organisation.⁵⁷

Services provided by the RTA include rental bond management, tenancy information and education, dispute resolution, investigation and prosecution of offences under the RTRA Act, monitoring sector data, conducting industry research and providing policy advice to the Government about the residential rental sector. The RTA assists tenants, lessors, agents, residents and accommodation providers in houses, flats, caravans and rooming accommodation.⁵⁸

⁵⁶ State Budget 2015-16, Service Delivery Statements, DHPW, p 52

⁵⁷ State Budget 2015-16, Service Delivery Statements, DHPW, p 63

⁵⁸ State Budget 2015-16, Service Delivery Statements, DHPW, p 64

The budget comparison for 2014-15 and 2015-16 for the RTA is shown below.⁵⁹

Agency	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
Residential Tenancies Authority	37,742	33,079	39,997

Source: State Budget 2015-16, Service Delivery Statements – DHPW, p 66

In 2015-16, the RTA has capital purchases of \$8.5 million including replacing the ageing information technology systems to meet the future needs of Queensland's residential rental sector.⁶⁰

In 2015-16, the RTA will:

- provide \$5 million to DHPW for social housing programs
- continue progressing a program of work aimed at transforming business systems and processes to ensure the RTA continues to deliver responsive and integrated client services
- engage with the sector about the legislative review of the RTRA Act including public consultation on prescribing minimum standards
- progress legislative amendments to ensure Queensland meets minimum standards around tenancy database listings.⁶¹

4.6 Key issues raised at the public hearing – Housing and Public Works

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

- social housing capital portfolio including:
 - plans for the provision of housing in the Gold Coast and Logan areas including the Logan Renewal Initiative (in particular progress and the cost of the community engagement process) and the Gold Coast revitalisation project
 - new public housing in Capalaba
 - provision of modified housing for people with a disability
 - capital grants to regional and community housing providers
 - Federal Government funding of the National Partnership Agreement on Remote Indigenous Housing
- management of the social housing portfolio including:
 - the number of people on the housing register
 - review of housing policies including the temporary absence policy and rent policy
 - the average rent paid by social housing tenants
 - clean-up of meth labs or ice labs in public housing

⁵⁹ The table indicates the agency budget - it may not represent the actual appropriation

⁶⁰ State Budget 2015-16, Capital Statement – Budget Paper No. 3, p 70

⁶¹ State Budget 2015-16, Service Delivery Statements, DHPW, p 63

- Government Employee Housing including:
 - the number of properties to be disposed of due to residences no longer required
 - potential transfer to Indigenous communities
 - availability of housing for government employees
 - the cost of providing alternative housing
- funding for the Tenant Advice and Advocacy Service
- assistance to people accessing the private rental market including the Bond loan program, RentConnect program and the National Rental Affordability Scheme
- assistance provided to Aboriginal and Torres Strait Islander people to enter into home ownership including the sale of social housing at affordable prices under 99-year home ownership leases, a freehold pilot project and supporting home ownership on Indigenous land
- assistance provided to the homeless and those at risk of becoming homeless including the National Partnership Agreement on Homelessness
- the review of the *Manufactured Homes (Residential Parks) Act 2003*, in particular engagement with manufactured home park residents
- proposed establishment of a dedicated plumbing industry regulatory body (Services Trades Council)
- security of payments for subcontractors
- Home Warranty Insurance Scheme including increases in premiums and any proposed reforms to the scheme
- proposed reforms to the QBCC including the 10-point action plan
- job creation in relation to the housing and public works portfolio, including the use of local labour and contractors in Indigenous communities.

4.7 Department of Science, Information Technology and Innovation

DSITI's strategic objectives are "..... to lead science, ICT [information and communication technology], innovation and digital and customers services policy; to deliver excellent specialist support services; and to be a high performing innovative, clever and connected organisation".⁶²

DSITI has the following four service areas:

- Science – works in partnership with government agencies, universities and other research groups, industry and natural resource management groups, to provide scientific services and science grants management services.⁶³
- Strategic ICT – supports whole-of-government initiatives by providing strategic advice on ICT programs and projects. This is supported through ICT strategic sourcing and procurement arrangements, facilitation of engagement between the ICT industry and government, management of whole-of-government infrastructure and information brokerage.⁶⁴

⁶² State Budget 2015-16, Service Delivery Statements, DSITI, p 3

⁶³ State Budget 2015-16, Service Delivery Statements, DSITI, p 4

⁶⁴ State Budget 2015-16, Service Delivery Statements, DSITI, p 6

- Digital Productivity and Services - comprises of the Digital Economy and Productivity Office, Queensland State Archives (QSA), One-Stop-Shop and Smart Service Queensland. Key services include: provision, expansion and improvement of customer access to a wide range of government information services, collaborative projects and events to promote the adoption of digitally enabled technology and services across Queensland, and management, preservation and facilitation of access to Queensland's permanent archival records.⁶⁵
- Strategic Policy and Innovation – leads the innovation and entrepreneurship agenda, with a primary focus on increasing levels of innovation in business, and supporting the commercialisation of ideas in research organisations, startups and small to medium enterprises. It also supports innovation across government to facilitate innovative thinking for government services and challenges.⁶⁶

In 2015-16, DSITI will administer the following funds on behalf of the State:

- \$2 million for CITEC to deliver GovNet services to the rest of the Queensland Government
- \$16.4 million for QSS for system and process improvement activity
- \$61.8 million for the Library Board of Queensland to improve access to library services, co-create Queensland's memory and extend the reach of learning and creative programs.⁶⁷

The following table compares the appropriations for the DSITI for 2014-15 and 2015-16.

Appropriations	Budget 2014-15 \$'000	Est. Actuals 2014-15 \$'000	Vote 2015-16 \$'000
<i>Controlled Items</i>			
departmental services	362,789	326,457	324,729
equity adjustment	(43,362)	(31,653)	(7,689)
<i>Administered Items</i>	152,545	125,455	71,625
Vote	471,972	420,259	388,665

Source: Appropriation Bill 2015, Schedule 2, p 10

4.7.1 Budget highlights

Total capital purchases for the DSITI portfolio for 2015-16 are \$24.7 million and capital grants are \$23.9 million including its statutory body, commercialised business unit and shared service provider.⁶⁸

Estimated concessions for the DSITI in 2015-16 include \$300,000 for the State Library of Queensland (SLQ) for venue hire rebates.⁶⁹

Capital program highlights for 2015-16 include:

- \$8.2 million to manage the consolidation and upgrade of the finance and human resource systems managed by QSS

⁶⁵ State Budget 2015-16, Service Delivery Statements, DSITI, p 7

⁶⁶ State Budget 2015-16, Service Delivery Statements, DSITI, p 9

⁶⁷ State Budget 2015-16, Service Delivery Statements, DSITI, p 11

⁶⁸ State Budget 2015-16, Capital Statement – Budget Paper No. 3, p 101

⁶⁹ State Budget 2015-16, Budget Strategy and Outlook, Budget Paper No. 2, p 169

- \$5.9 million for replacement of assets and information brokerage legacy software in CITEC
- \$4 million for ongoing replacement of departmental assets including essential scientific equipment
- \$3 million to the One-Stop Shop for the procurement of Queensland Government Customer Identity Management system and finalisation of phase 2 deliverables
- \$2.2 million to the Library Board of Queensland for the purchase of heritage and infrastructure collections, intangible assets in the form of digital collections as well as replacement of information technology and micrographic equipment
- \$1.1 million to the Government Wireless Network for the purchase of software to deliver an integrated digital wireless network for Queensland's public safety agencies and emergency workers.⁷⁰

2015-16 service areas highlights for DSITI include:

Science

- coordinate the first round of funding under the Advance Queensland initiative
- coordinate cross-agency reef science projects to inform land management practices and understand water quality impacts on the Great Barrier Reef
- continue to provide scientific and technical services, information and advice to support disaster response, management and recovery
- deliver the 2012-14 state-wide Land and Trees Study that will include Queensland land clearing rates to support natural resource management and property planning
- redesign the Long Paddock website to continue to provide the best climate advice tailored for Queensland to enable landholders, graziers and the general community to sustainably manage their stock, crops and pastures
- maintain the air quality monitoring network across locations in Queensland and continue to support environmental investigations
- complete Groundwater Dependent Ecosystem Mapping for 40 per cent of Queensland to provide baseline information to inform planning and development decision making.⁷¹

Strategic ICT

- continue to lead and embed ICT category management across the Queensland Government to ensure whole-of government needs are met
- implement the GWN throughout South East Queensland to increase network capability, functionality and security for public safety and emergency service agencies
- refresh the ICT Services Panel to ensure the most current and innovative suppliers are available to the Queensland Government
- continue to actively engage with the ICT industry and support small to medium enterprises to work with the Queensland Government, including implementing a co-designed ICT Industry Engagement Action Plan
- continue to deliver the Queensland Government ICT modernisation agenda to support a connected, integrated government that uses modern, innovative and cost-effective ICT

⁷⁰ State Budget 2015-16, Capital Statement – Budget Paper No. 3, p 101

⁷¹ State Budget 2015-16, Service Delivery Statements, DSITI, pp 4-5

- finalise the review of the Government Information Technology Contracting Framework and implement accepted recommendations to simplify ICT procurement for government and industry
- advance information management capability and work practices to improve the way information is shared with customers and across government
- continue to develop the public sector ICT workforce to support a growing digital and knowledge economy.⁷²

Digital Productivity and Services

- further progress a digital economy policy and service agenda that promotes the increased use of digital technologies, applications and open data
- continue to implement the One-Stop Shop program by expanding the single customer log-in, proof of ID and my account concept; continuing to optimise high volume online services and improve online customer experience; and evaluate the results of the local service outlet pilots
- lead the review of the *Public Records Act 2002* and QSA will also undertake a review of the strategic direction of the Archives in the context of digital readiness, and will plan the design of a digital archives solution
- continue to provide service excellence to Queenslanders via phone 13QGOV and in person at Queensland Government Agent Program locations and Queensland Government Service Centres.⁷³

Strategic Policy and Innovation

- Startup Queensland Fund – the continuation of \$300,000 per annum in funding will assist in building capability within the Queensland startup community, including regional areas, by delivering practical information and advice; increased collaboration and networking opportunities, connectivity and transformational entrepreneurship
- launch and run the first round of the Knowledge Transfer Partnerships program utilising up to \$2 million in funding that is available for Queensland business in 2015-16 as part of the Advance Queensland initiative
- continue to support Queensland startups by providing early-stage, high-growth potential businesses with access to experienced entrepreneurs and incubator services, including an enhanced focus on delivering outreach programs to regional entrepreneurs
- recognise local 'grass roots' innovators and science champions across Queensland through the Science and Innovation Champions Program
- facilitate the placement of PhD students from participating Queensland universities in Queensland businesses through the PhD Employment Experience Program, to enable collaboration and knowledge sharing and deliver work ready PhD students to benefit Queensland business and industry.⁷⁴

⁷² State Budget 2015-16, Service Delivery Statements, DSITI, p 6

⁷³ State Budget 2015-16, Service Delivery Statements, DSITI, p 7

⁷⁴ State Budget 2015-16, Service Delivery Statements, DSITI, p 9

4.8 CITEC

CITEC delivers consolidated ICT infrastructure services for the Queensland Government, covering data centre, network, storage, data protection, and ICT platform and solution integration services. CITEC also delivers information solutions to customers in business and the community Australia-wide on a fully commercial basis.⁷⁵

CITEC will remain a Queensland Government owned information and communication technology provider which will mean that in 2015-16, CITEC will continue to transition to the most appropriate business model to ensure efficiency, sustainability and continued delivery of excellent service that meet the needs of agencies and clients.⁷⁶

The budget comparison for 2014-15 and 2015-16 for CITEC is shown below.⁷⁷

Agency	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CITEC	167,113	160,652	147,372

Source: State Budget 2015-16, Service Delivery Statements – DSITI, p 39

4.9 Queensland Shared Services

QSS facilitates a range of corporate services including finance, human resource management and mail support services to government departments and statutory bodies, excluding Queensland Health and the Department of Education and Training.⁷⁸

The budget comparison for 2014-15 and 2015-16 for QSS is shown below.⁷⁹

Agency	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
Queensland Shared Services	168,320	163,320	158,441

Source: State Budget 2015-16, Service Delivery Statements – DSITI, p 50

In 2015-16 QSS will continue the business transformation agenda including ongoing work to:

- transition remaining out-of-support payroll systems to a modern supported environment with standardised processes
- automate payroll processes with greater self-service for employees and managers
- reduce transaction costs in the finance area with automation and e-forms
- undertake finance system upgrades to achieve modern, in-support and standardised environments.⁸⁰

⁷⁵ State Budget 2015-16, Service Delivery Statements, DSITI, p 35

⁷⁶ State Budget 2015-16, Service Delivery Statements, DSITI, p 34

⁷⁷ The table indicates the agency budget - it may not represent the actual appropriation

⁷⁸ State Budget 2015-16, Service Delivery Statements, DSITI, p 46

⁷⁹ The table indicates the agency budget - it may not represent the actual appropriation

⁸⁰ State Budget 2015-16, Service Delivery Statements, DSITI, p 45

4.10 Library Board of Queensland

SLQ is governed by an independent Board, the Library Board of Queensland, which is a Statutory Body enabled through the *Libraries Act 1998*. SLQ's legislated role is to collect and preserve Queensland's cultural heritage and ensure the intellectual and historical record is preserved for the future. Its key objectives are to enable access, engage the community and build capability.⁸¹

The budget comparison for 2014-15 and 2015-16 for SLQ is shown below.⁸²

Agency	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
State Library of Queensland	63,480	68,877	68,318

Source: State Budget 2015-16, Service Delivery Statements – DSITI, p 58

2015-16 budget highlights for SLQ include:

- invest \$23.3 million in public library collections and services
- provide early childhood literacy programs, including First 5 Forever, Dad's Read and the National Summer Reading Club
- lead a broad community of interest to deliver year two of Q ANZAC 100
- pilot a new enterprise centre to support business, social enterprise and creative industries
- lead the National and State Libraries' Australasia Digital Infrastructure Collaboration project, piloting infrastructure for long term digital preservation.⁸³

4.11 Key issues raised at the public hearing – Science, Information Technology and Innovation

Key issues raised by the Committee in relation to DSITI included:

- ICT systems, including integrity and performance and government procurement processes in relation to the ICT needs of government agencies
- CITEC including its future business model, its role in relation to cybersecurity improvement and its customer performance standard
- Advance Queensland initiative including cost of administration, staffing, funding allocated to encourage women in science, the PhD scholarship program, funding for research fellowships
- scientific research programs and their success
- Public Library Grants, in particular in relation to Moreton Bay Regional Council
- First 5 Forever literacy program including funds allocated, access to the program, the assistance it provides in early childhood development and the cost of rebranding the program
- proposed health and knowledge precinct at the Commonwealth Games village site adjacent to Griffith University.

⁸¹ State Budget 2015-16, Service Delivery Statements, DSITI, p 55

⁸² The table indicates the agency budget - it may not represent the actual appropriation

⁸³ State Budget 2015-16, Service Delivery Statements, DSITI, p 55

Statement of Reservation

This statement of reservation is submitted by Mr Rob Molhoek MP, the Member for Southport and Deputy Chair of the Utilities, Science and Innovation Committee.

Energy and Water

The LNP Opposition believes the purpose of estimates is to allow for scrutiny of public monies and government policies. The LNP Opposition felt legitimate lines of questioning in relation to the appropriation, which included reference to the Service Delivery Statement, were in many cases unable to be explored by the Committee during the hearing.

Crucially important questions on the Australian Energy Regulator's draft and final determinations and the implication of these considerations on household power prices were ruled out of order.

Both the Ergon and Energex CEOs indicated during the estimates hearings that they had made revised submissions to the Australian Energy Regulator prior to the final five-year determination for the 2015-2020 regulatory period. The LNP Opposition believes the impacts of these submissions and determinations on household power bills should be fully understood by Queenslanders, however questions were consistently ruled out of order.

The committee chair even questioned whether the Member for Glass House should be allowed to ask questions about the number of employees at the government-owned corporations, stating:

You are asking how they are running their business—that is not to do with the Appropriation Bill.

The LNP Opposition would like to refer the committee chair to previous estimates hearings, where the Member for Inala was allowed to ask questions, uninterrupted, about the number of staff at state-owned energy companies. Most notably, the 2014-15 budget estimates hearings on July 17, 2014.

When the Member for Glass House asked the director general questions about the impact of a 100 per cent dividends policy and the importance of retained earnings at state-owned electricity companies, the Minister interjected asking what part of the Budget he was referring to. The LNP Opposition finds it galling and embarrassing that the Minister would even question the relevance of these policies to the budget. The Minister even went so far as to waste the committee's time asking the Member for Glass House to point to the exact line of the page of the service delivery statement to which he was referring.

For the benefit of the Minister, the state-owned electricity companies are referred to throughout the budget documents, including this reference on page 3 of the service delivery statement - 'represent the Minister's interests in State-owned energy entities'. This year the state-owned electricity companies are forecast to provide \$1.3 billion in dividends to the budget. Their capital projects are included in the capital statement for the Department of Energy and Water Supply. This year the government implemented a 100 per cent dividends policy on these businesses, as identified at page 126 of Budget Paper 2. For the Minister to waste time and question the validity of asking questions about the ongoing management of these businesses defies belief.

The Minister employed the same tactics regarding questions around the Labor Government's decision to delay the move to market monitoring. At one stage the Minister even questioned whether the Member for Glass House should be able to table a document because it wasn't a budget document. Many documents are tabled throughout the estimates process, at all committees, which aren't budget documents. These documents are used to inform further debate on budget issues. The LNP Opposition believes this was either a deliberate attempt to waste time, or an illustration of the Minister's inexperience.

There were various other questions the LNP Opposition would have liked to have asked the Minister. There was only the brief opportunity to ask him about the proposal to merge the electricity generators, which has been criticised by the Australian Competition and Consumer Commission. Again, the budget papers do not provide detail as to whether this key election commitment is progressing, or indeed if it will happen at all.

Main Roads

The LNP Opposition recognises and supports the important work to upgrade the Peninsula Development Road to assist with developing Cape York and facilitating jobs growth in the region. While largely funded by the Commonwealth Government, it is being delivered by the State. In the interests of transparency and accountability the Member for Maroochydore, requested that the State Government releases the terms and conditions of the agreement signed with the Cape York Land Council.

This was to address concerns that the process has been undertaken in secret and that a number of Traditional Owners do not believe they were consulted in the development of the agreement and do not know what it contains. The Minister for Main Roads undertook to get back to the Member for Maroochydore about releasing the agreement, however the government has not yet responded.

On another issue, the Opposition holds reservations that the both the Minister and Director-General failed to rule out that Government owned construction arm, Roadtek, would be gearing up to compete with the private civil construction industry in the South-East Queensland region, despite considerable capacity in the private sector. While Roadtek has a role to play in areas of the State where there isn't the same private capacity or competition, the Opposition questions whether this is a good use of public resources

The LNP Opposition also expresses concerns that there is approximately \$670million in projects which have been rolled over from last financial year to this year. While some projects will have valid reasons for the delay in release of funds, the quantum of the rollover is significant. This adds to the uncertainty and lack of confidence in the construction market which saw an 11% downturn in the last quarter.

Housing and Public Works

The LNP Opposition believes the Minister's performance throughout the Estimates process reveals the lack of focus and commitment for the Ministers portfolio of Housing and Public Works. The Minister struggled to answer basic questions about the portfolio such as the average rent that a social housing tenant would currently pay in Queensland. The Minister was unable to list any new projects initiated under the Labor Government, instead having to take this question on notice. As the Minister responsible for housing the Minister should be aware of the rent that tenants have to pay and the initiatives being undertaken within their department.

The LNP Opposition is also concerned about delays to the Logan Renewal Initiative and the Gold Coast Revisitation project. This was potentially \$1.6 billion in construction jobs, 4000 new homes at little or no cost to the government in Logan and the Gold Coast. Despite acknowledging the merit of the Logan Initiative, the Minister could not provide a definitive answer of just when this important project will go ahead. The Minister appears to be more concerned with planning to plan and consulting about consulting than the Minister is about creating much needed jobs and building the new homes desperately required in Queensland.

It seems indefensible that the Minister would seek to delay these two important initiatives which already had departmental support and sign-off prior to the last election, and at a time when demand for social and affordable housing in the South East is at a premium.

Household stress in Logan and on the Gold Coast is significant as are the long wait lists for social and affordable housing. Furthermore there is an urgent need to reconfigure old and poorly maintained public housing stocks in the South East, especially as most of the social housing stock covered by these two initiatives were developed in the 1970s and early 1980s and as such does not meet current demand patterns.

Sadly also on hold is not only the development of new social and affordable housing stock for Logan but also an extensive community renewal program in partnership with Logan Council intended to encourage better outcomes within this community and a more balanced mix of housing stocks generally.

The Service Delivery Statement specifies that the Labor Government is proposing to sell 45 government employee houses worth \$12.5 million in the 2015/16 financial year. However, there appears to be discrepancies between the figures stated in the Service Delivery Statement and a letter dated 20 August 2015, from the Department of Housing and Public Works regarding the marketing and sale of residential dwellings and land located throughout Queensland. The letter states that the department currently has some 64 properties and 97 residences up for sale in the 2015/16 financial year. Under questioning the Minister was unable to provide an adequate explanation regarding the discrepancy.

Further, the LNP Opposition notes that the Minister's comments regarding the sale of government employee housing. During the estimates the Minister commented:

"This is business as usual..... when the government do not need housing anymore for a particular purpose then we will divest that property"

The LNP Opposition does not believe this reflects previous stated objectives that the Labor Government will not sell any assets. This arguably an asset sale as it amounts to \$12.5 million in sales.

The Labor Government is undertaking a number of reviews within the Housing and Public Works portfolio, particularly of the temporary absence policy and three strikes policy. The LNP Opposition is concerned that any changes to these successful policies will 15,780 people currently on the social housing waiting list, will miss out on public housing.

In the Capital Statement I note that there has been a significant reduction (approx. \$33m), from \$101.2m last financial year to \$67.2m in capital grant funds to be made available to community housing providers across Queensland this financial year. It's unfortunate that the incoming government does not appear to be providing any real or renewed support for these many hard working not for profit service providers across the state. These groups work hard to maximise the returns from community owned housing and often are the front line in supporting some of the more

marginalised individuals in our communities with a home and typically a broad range of other support services. Not only will this reduction in capital result in less housing being developed where it is most needed but the lack of support from the government will only serve to demoralise and disappoint those many volunteers and volunteers boards and committee workers from around Queensland who give their time and talent so freely to help build a better, more inclusive and supportive communities.

I note also that while the overall capital works program is up some \$84 million the Minister was unable to identify a single new housing project or initiative that wasn't simply a carryover from the previous Minister's Housing 2020 Vision to build 12,000 affordable and social housing dwellings.

In fact in her response to questioning about the capital works budget the Minister described the program as simply being, "of a rolling nature". This is hardly the passion and conviction I would have hoped to have heard from a Minister with responsibility to provide for one of life's most fundamental essentials, shelter. Queenslanders whether disadvantaged, marginalised or hard working low income workers are all important and the Government should be ashamed at its inaction and failure to progress with all urgency initiatives like those proposed for Logan and the Gold Coast.

These initiatives were to pave the way for similar programs across Queensland in places like Hervey Bay, Bundaberg, Rockhampton, Mackay, Townsville and Cairns to name a few. I sincerely hope that the government does not waste too much more time or for that matter financial resources on more consultation when those funds and resources could be better spent actually building homes.

Science and Innovation

This year's Estimates process prohibited proper scrutiny of the Minister in relation to her portfolio and in particular the policy that is meant to be the flagship initiative of the government's budget. As noted, by the Member for Toowoomba South, over the roughly two hundred and fifty hour period of estimates, only one hour was made available for the portfolio of Science and Innovation, compared with approximately five hours of scrutiny made available for Science, Information Technology and Innovation last year under the previous government.

The LNP Opposition is supportive and remains committed to any initiatives that invest in the critical areas of research and innovation. Concerns are reserved though, that for such a critical area that is meant to be the flagship initiative for this government, the Minister was unable to answer questions in detail on the Advance Queensland Initiative, particularly in relation to the funding that will be directed to the administration of the program or when specific programs will be begin to be implemented.

Further, during the Estimate Hearings the Minister was asked by the LNP Opposition when the initiatives announced in the Government's Advance Queensland Plan would be implemented. The Minister responded that the Plan had not yet commenced as the Government was establishing an Implementation Committee to oversee delivery of this Plan. It seems incomprehensible that the central platform announced by the Government as part of their Budget remains stalled. The LNP Opposition will continue to monitor the implementation of this program to ensure the best outcomes in this critical area for Queenslanders.

The LNP Opposition believes the Minister's performance in the Estimates hearing is indicative of a lack of commitment and long term planning by the government across a wide range of issues. The Minister was unable to outline the steps she is taking as the Minister to ensure critical data is shared across government.

It should be noted that the Department of Science, Information Technology and Innovation, despite being the department for Information Technology, has yet to update their website to reflect machinery of government changes, when almost all other departments have been able to undertake these changes.

Further, the LNP Opposition is concerned that the Minister was unable to outline a business plan for CITEC or any initiatives the Government is undertaking to future proof CITEC. The LNP Opposition holds concerns about the Minister's ability to manage the advice and standards of IT systems provided across Government. The LNP Opposition holds concerns about this government's ability to successfully manage government IT systems.

The Minister was unable to justify the reasoning for rebranding Best Start, a program announced last year under the previous government to First Five Forever. As noted the response to a question taken on notice during the estimates hearing, no physical First Five Forever marketing collateral has been created and the costs associated with updating the website on the State Library Website will be undertaken by staff. This rebranding appears to be a waste of resources to simply rename an already announced and successfully implemented program of the previous government.

Regards

A handwritten signature in blue ink, appearing to read 'Rob', with a horizontal line underneath it.

Robert Molhoek MP

Member for Southport

Shadow Minister for Housing & Public Works

Deputy Chair Utilities, Science & Innovation Committee

