



# ***HOUSING, BIG BUILD AND MANUFACTURING COMMITTEE***

**Members present:**

Mr CG Whiting MP—Chair  
Mr JJ McDonald MP  
Mr DJ Brown MP  
Mr MJ Hart MP  
Mr RI Katter MP  
Mr TJ Smith MP

**Staff present:**

Ms S Galbraith—Committee Secretary  
Ms A Bonenfant—Assistant Committee Secretary

## **PUBLIC BRIEFING—INQUIRY INTO THE PUBLIC-PRIVATE PARTNERSHIP (TRANSPARENCY AND ACCOUNTABILITY) BILL 2024**

### **TRANSCRIPT OF PROCEEDINGS**

**Monday, 9 September 2024**

**Brisbane**

## MONDAY, 9 SEPTEMBER 2024

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**The committee met at 10.00 am.**

**CHAIR:** Good morning. I declare open this public briefing for the committee's inquiry into the Public-Private Partnership (Transparency and Accountability) Bill 2024. My name is Chris Whiting. I am the member for Bancroft and chair of the committee. I respectfully acknowledge the traditional custodians of the land on which we meet today and pay our respects to elders past and present. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander peoples, whose lands, winds and waters we all share. With me today are Jim McDonald, member for Lockyer and deputy chair; Don Brown, member for Capalaba; Michael Hart, member for Burleigh; Robbie Katter, member for Traeger; and Tom Smith, member for Bundaberg.

This briefing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. I also remind members of the public that they may be excluded from the briefing at the discretion of the committee.

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**ANDREW, Mr Stephen, Member for Mirani, Parliament of Queensland**

**MONTEATH, Ms Patricia, Parliamentary Policy Officer**

**CHAIR:** Good morning. I invite you to brief the committee after which committee members may have some questions for you.

**Mr Andrew:** Thank you, Chair and committee. I thank Trish for coming in today to support me with this. I would like to thank the members of the Housing, Big Build and Manufacturing Committee for this opportunity to appear before you this morning. I will try to give a broad overview of the reason for the bill as well as its main objectives and how they will be achieved. Today, public-private partnerships, PPP, arrangements are being used to deliver everything from roads, tunnels, railways, energy and water to schools, aged-care facilities, hospitals and prisons. There is, therefore, a real need to establish transparent disclosure standards for all public-private operations that provide infrastructure or public services in Queensland. Accordingly, the bill seeks to establish a general principle in favour of full transparency and accountability around the state's PPP arrangements, restore public trust, mitigate against the risk of corruption and increase public knowledge on how taxpayers' money is being spent and what contractual commitments the government is taking on which may bind the state for decades to come.

The bill also responds to various findings and recommendations contained in the reports of the Queensland Audit Office, QAO, over the past decade or more. Many of these reports make reference to the lack of disclosure and reporting on the delivery of PPP projects and programs in Queensland. On 14 December 2023, the Queensland Audit Office report titled *Major projects 2023* highlighted—

Clear and complete reporting on capital projects is critical to building public trust and ensuring accountability.

...

This particularly applies to the disclosure requirements for the annual capital statement ... and public-private partnerships ...

In another report on contract management, the Auditor-General reflects—

The public has a right to know how much public money government is spending, on what, and with which vendors.

The underlying principle of the bill is therefore that the information should be made public unless there is a justifiable commercial reason for it not to be.

The bill's measures to increase the transparency and accountability of PPPs will be introduced in a proportionate way so as to not unnecessarily increase the burden of administration and costs of PPP projects. These measures include embedding the principle of value for money in the procurement process and ensuring that commercial activities carried out by PPPs are conducted in accordance with the principles of transparency, fairness, proper management, integrity, accountability and long-term sustainability.

Over the next few years, the Queensland government has said it plans to invest in transport infrastructure, including additional train rolling stock, Gold Coast Light Rail, M1 highway upgrades and Cross River Rail; construction of new schools; critical infrastructure upgrades and construction, including the Woodford youth detention centre, hospitals and social housing; and venue infrastructure for Brisbane's 2032 Olympic and Paralympic Games. According to last year's Budget Strategy and Outlook, these projects will mainly be delivered through public-private partnerships, PPP. Given the large size of these PPP transactions and the long financial commitment by the taxpayer, more transparency is needed to ensure this massive program of infrastructure is delivered in as transparent and cost-efficient a manner as possible. With interest rates rising, the higher cost of private finance, compared to the government borrowing, will increasingly make PPP arrangements a significantly more expensive option for the delivery of government services and infrastructure.

Clause 13 of the bill sets out general obligations for public sector entities before undertaking a major project as a PPP. These include a requirement to analyse the viability and expected risks, costs and benefits of the proposed PPP, including an assessment of the business case for the project, and an evaluation of the qualifications, experience and financial capacity of the private sector entity that will be carrying out the project to confirm whether the entity has the actual ability to deliver the project on time and within the budget.

The bill also requires government entities to carry out a value-for-money, VMF, assessment, and to publish the VMF assessment on a government website, along with details of the data and methodology used to make the assessment and its results. When assessing whether the project is likely to achieve value for money, the public sector entity must also consider for each step in the project the priority of the step, alternative ways of achieving the step, and the costs and benefits of alternative approaches. The public sector entity must also prepare an appropriate public sector comparator for the project measured against a public sector option. Without the proper checks and balances being legislated around its commercial arrangements, the government cannot be properly held to account for its spending decisions.

In the case of large-scale infrastructure, it is critical that financing arrangements not be secretive, that communities have a say and that the implementation proceeds with independent oversight.

The second key objective of the bill is to allow the Auditor-General to inspect and examine the PPP reports of the public sector entities in Queensland. Clause 16 of the bill outlines the reporting duties of public sector entities to the Auditor-General, including the preparation of a report on the progress of results of the project at least once every four years. Clause 17 requires the Auditor-General to conduct a review into all relevant matters relating to the major project as soon as practicable after receiving this report. The Auditor-General must then give the review report to the minister, who will then table it in parliament within 10 business days.

I thank you all for allowing me to speak and my policy officer to attend. I am happy to answer any questions from the committee.

**CHAIR:** Thank you very much, member for Mirani. My first exposure to PPPs was as a newly elected MP in relation to school in my electorate which had just commenced. The terms that were revealed to me were a bit of an eye-opener. Have you seen any PPP projects that have concerned you?

**Mr Andrew:** I have. Cross River Rail is an example of the blowouts we see in government projects all the time. I am trying to give a broad overview. I am very concerned about the Olympic Games and how the cost could blow out over time. That is one thing that has really taken my attention. We cannot really get a full gauge of that. We cannot get information on the Pioneer-Burdekin hydro project, either. I wanted to provide an opportunity for overview, to provide real transparency of all projects going forward, given our debt level, what is happening with interest rates, what we are achieving, how we are achieving it and the costs.

**CHAIR:** With capital projects there are different models of funding, but you are focusing on public-private partnerships, where risk and reward are shared between the government and the private sector. Is there anything in particular that—

**Mr Andrew:** The hospitals, for starters.

**CHAIR:** I meant in terms of the principles. It is projects generally or just PPPs?

**Mr Andrew:** Mainly PPPs to start with. If the bill can be superimposed on other projects, that is great. We will be able to see everything, which is the way it should be. Our financial commitment is part of that. We are trying to introduce what was mentioned by the Auditor-General. We are trying to establish a baseline. It is a new and novel idea in Queensland. In other states it is not. For example, recently New South Wales—my policy officer will probably attest to this—discovered that the cost of a project had blown out to three times what it should have cost the government to deliver. These are the kinds of things we are trying to identify—how it works—so that not only the opposition and those on the outside but also the government can understand where we are at.

As you know, I asked questions recently in estimates. We have not conducted many audits on anything, really—not even our budget or any of our workings with PPPs. This was born out of that. We are in new territory and we are trying to do our best to implement something that provides transparency not only for the government but also for the taxpayer.

**CHAIR:** Some of the biggest projects recently include Cross River Rail and Gold Coast Light Rail stage 3. You have mentioned Olympic projects and renewable energy projects. Is there any reason you are concerned about those particular projects?

**Mr Andrew:** We cannot see the arrangements. It would be nice to understand what they mean for us as taxpayers. It is all hidden in this commercial-in-confidence arrangement. We want to try to open that up to see what we are getting for our money—what it will cost us over time and what is in those contracts. Do they contain rehabilitation arrangements? Do they include requirements to work with the Aboriginal corporations that own that land? Who is responsible for the liability? There is stuff in there that I would like to see. People should be able to understand what these really mean for Queensland.

**Mr McDONALD:** Where do you see your bill intersecting with the commercial-in-confidence arrangements? How do you differentiate between commercial-in-confidence as it is currently stands and under your bill?

**Mr Andrew:** We do not want to see what the companies actually do; we just want to see an overview of where the spend is. Some companies have their own IP. We are not after any of that. We always talk about commercial-in-confidence and it is so that there is a fair playing field, or so that what the business does and how they do it is not exposed. We do not want to know that. We just want to have transparency around the cost arrangements and the contractual arrangements with the government. We want reports on that to see how it is running.

**Mr McDONALD:** This committee looked at some of the Auditor-General reports around infrastructure and some of the cost increases in those areas. The Auditor-General does have a look at some of those things. What will be different under your bill compared to what is business now?

**Mr Andrew:** I will throw that over to my policy officer. I am sure she will give you a more in-depth look at that.

**Ms Monteath:** Could you repeat the question?

**Mr McDONALD:** Sure. My understanding of your bill is that the Auditor-General can look at any PPP. How does that change what currently happens, because they do look at some things?

**Ms Monteath:** In some of the other states, their auditors-general have done specific performance audits on PPP arrangements—New South Wales, Victoria and I think WA. I think Tasmania has done it, too. Queensland has never done a PPP performance audit. Steve, during estimates, double-checked that with the acting Auditor-General—

**Mr Andrew:** That is right.

**Ms Monteath:** The study that we looked at was from 2017. There is not much out there that has been written on it, as distinct from an infrastructure program. It stated that Queensland had never done a performance audit on any of its PPPs. Then Steve asked the Auditor-General and she confirmed that it had never been done. It is different to what the Auditor-General does now. He does make passing comments on PPPs, as Steve quoted in his opening remarks. I think in 2011 they talked about PPPs and how there was no transparency around the arrangements.

Earlier you were asking Steve about commercial-in-confidence. Steve's position is that companies listed on the stock exchange have to give certain information and they are able to do that without jeopardising their IP or trade secrets, so we do not see why the PPP consortiums cannot be a little more transparent, particularly since these are complex, large projects and agreements that go for decades. They are pretty inflexible, too, so it would be nice to know the terms of those agreements.

**Mr BROWN:** In the explanatory notes there is no indication of the consultation that you have done with other parties. You have made a couple of references to 'we'. Have you been consulting with someone about the formation of this bill?

**Mr Andrew:** I have spoken to a few different people. I have spoken directly and indirectly with the Audit Office as well. We wanted to basically get some information from whomever we could in order to put this bill together. We did not go to any of the major parties. I did speak with some other people around politics and other businesses about the situation and how it would affect not just them. They actually tender for stuff all the time, whether it be state or local government. They did tell us, 'Look, it would be good to see some of this information put out there for the public to understand.' That is generally what I did. I have been studying a lot to do with the delivery of the Mount Morgan pipeline and some of the other projects in my region. It just rings out to me. We ask questions, even with the renewable sector, but it seems that you just cannot get any information from anyone. That is part of the reasoning behind what I have done.

**Mr BROWN:** Mount Morgan started the journey for you and then you have consulted with some businesses?

**Mr Andrew:** Yes. It is mainly to do with that side of it. I have spoken to a lot of large law firms in Brisbane about the situation in general—they do not talk about their clients, per se—and what happens with those partnerships. A lot of people raise questions like, 'How does that work?' and we cannot answer because we do not know. We wanted to see what the situation was in other states because the other states have looked at that. It was very surprising to me, when I asked that question in estimates, that we had not done a performance audit at all.

There is definitely a need for it. We are a unicameral parliament. We do not have the oversight of an upper house, so these are checks and balances that we thought would be beneficial not only for us in terms of how we work, as government and non-government members, but for the taxpayers as well. Every time we go to the papers we see that there is a blowout. Cross River Rail has blown out by almost a billion dollars. There are other examples of PPPs: light rail stage 3, which was originally budgeted at \$709 million, has since reached a target budget of \$1,219 million; and the Coomera Connector was originally costed at \$1.53 billion but has since been revised up to \$2.162 billion. All this stuff keeps coming up, but we cannot seem to find out how it works and why. It does bind the state. It binds up public money for a long time and projects are held up. We are just trying to work around that situation.

**Mr BROWN:** Do these lawyers and companies talk about how it works in other jurisdictions?

**Mr Andrew:** We were talking earlier about the situation in New South Wales. Trish, you might be able to expand on that.

**Ms Monteath:** I think it is in the explanatory notes that there is not any specific legislation governing PPPs and how they operate anywhere in Australia. In New South Wales, Allan Fels did a review recently. I am not sure if you saw it on the news. Transurban owns I think 11 tollways down there. On one in particular, WestConnex, with the cost of living the tolls have all gone up. They are talking about having to somehow pay Transurban out and about the government taking it over, because people are up in arms. This review was quite damning. I think there is a real lack of legislation. There are guidelines, but they are not mandatory in the way legislation would be. An example from the Auditor-General's report on major projects is that in Queensland there is no requirement to disclose in relation to PPPs: the project advisers; the risk allocations; the contract termination rights; the contract modification procedures; value-for-money analysis; service payments; and contributions by parties including private financing. Queensland is much worse than the other states; the other states do require those things to be disclosed.

**Mr HART:** Steve, how did you come up with the \$10 million threshold figure? Do you know how many PPPs would be around that sort of figure?

**Mr Andrew:** It was just a figure that we came up with. We worked with OQPC and other people around that figure being the minimum threshold. It would give us a more clarity on the smaller jobs and smaller contracts. It just gives us a bit more fidelity, if you know what I am saying.

**Mr HART:** I have light rail stage 3, a PPP, in my patch. I do not know how it works or what is involved because it is not transparent and accountable. While I think this is a good idea, I have some concerns over information that may become available to a PPP entities' competitor. If you put out exactly how everything works—

**Mr Andrew:** We were not looking for that, Mr Hart.

**Mr HART:** So you are more interested in general information?

**Mr Andrew:** Yes.

**Mr HART:** With, for instance, light rail stage 3, we know how long the availability charge goes on for but not how much is being paid—that sort of information. What level of information would you see being made available to the public, or would it be restricted more to the Auditor-General?

**Ms Monteath:** The auditors-general have said that a lot of these private entity parties are large consortiums with an effective monopoly so competition is not usually a factor. We think there is a lot more room for disclosure, in particular around the terms of the agreement. The Airtrain, for example, charges an exorbitant amount so nobody rides on the Airtrain, but the government does not seem to have any way to get them to change that, so we are kind of stuck. They have been trying to persuade—I think it is a UK pension fund that owns it, and they will not—

**Mr HART:** How does what you are proposing here change that outcome?

**Ms Monteath:** Well, disclosure because we would have—

**Mr Andrew:** You will not be making the same mistakes again. If we know where we are failing, if we know what is going on, we can at least go back and review the process of where we started from in the beginning. This is the whole thing: what have we learned from it? We cannot learn anything if we do not audit it. This is why all of us get audited—

**Mr HART:** Okay, good point.

**Mr Andrew:** That is the thing going forward. How do we measure where we stand if we have never measured it? It will not go across just that one example; it will go across most of the examples of government interaction in large contractual agreements going forward. From what we learn we can adjust and review and then, hopefully, make it a better process and cheaper for us. Instead of measuring our success on what we spend, it would be good to measure our success on what we save as far as I am concerned.

**Mr HART:** Okay, thank you.

**CHAIR:** We will extend this session by a few minutes.

**Mr SMITH:** Member for Mirani, you have served two terms here. Is this your first private member's bill?

**Mr Andrew:** We drafted a private member's bill on Australian South Sea Islanders but the government did not support a Governor's message. We were not allowed to put that forward.

**Mr SMITH:** That was in this term?

**Mr Andrew:** That was in this term. This is the second one.

**Mr SMITH:** Wonderful. So with this private member's bill you have submitted double what the LNP have in this current term; is that correct?

**Mr Andrew:** I will not go into politics. That is an observation you have made in terms of the political side of it. We are just trying to work for the people of Queensland. I am sure we all are.

**Mr SMITH:** Thank you, member for Mirani. You are a very hardworking member. Ms Monteath, as a parliamentary policy officer you are employed by the parliament; is that correct?

**Ms Monteath:** Yes.

**Mr SMITH:** Member for Mirani, I take you back to what the member for Capalaba said. You keep saying 'we'. When you are saying 'we' are you referring to yourself and Ms Monteath or are you referring to yourself and others in your office?

**Mr Andrew:** It is just a generalisation.

**Mr SMITH:** But this is very much your bill and your intention and the ideas and policies in here are yours?

**Mr Andrew:** We have worked a lot on this together, yes.

**Mr SMITH:** And that is how you have come to this final decision?

**Mr Andrew:** Yes.

**Mr SMITH:** Wonderful. Thank you. At part 2, proposed section 11, 'Assessment of major project for PPP', it says—

- (4) If the public sector entity decides to undertake the major project as a PPP, the procurement of goods and services, and construction carried out, as part of the project must be in accordance with this Act.

There are only three mentions of procurement in this bill. Are you suggesting that this bill outlines the procurement of goods and services and how it must be?

**Mr Andrew:** No.

**Mr SMITH:** Could you explain that so it is a little clearer?

**Mr Andrew:** To give that level of clarity I will take that on notice so we can come back to you about what exactly you need for that. That would be the better way for us to do that.

**Mr SMITH:** I have a final question before I hand back to the chair, because I know the member for Traeger will have questions. Earlier you highlighted some projects that, to use your term, had blown out rather than being recosted. Is it your intention, then, that if projects became more expensive because of an increase in the cost of materials those projects would be cut and no longer go ahead?

**Mr Andrew:** No, absolutely not. It is about the way we deliver the projects and what we can do. No-one can foresee the blowouts in the cost of raw materials. That is on the world stage; that happens in the way that it does. It is about trying to make sure that the content of whatever the project is—how we deliver it and what we are delivering—is in accordance with what we believe is the best outcome for the government and also the taxpayers. You cannot control some of those blowouts, obviously, but we do the best we can.

Does that mean that when we engage the project we pre-buy all the materials to stop those blowouts? Does that mean that we have to make sure we have all that situation cared for as part of the pre-arrangement of the contract so we do not see that blowout? If it is prepaid, we will not have that blowout. These are the sorts of things that need to be incorporated into these PPP arrangements that will see a definite change in the way these things blow out. That is part of morphing into what the bill will be. We have to get the bill in place first to see where that will end up.

**Mr SMITH:** Has industry engaged with you about concerns about engaging with the government if there was to be oversight by the Queensland Audit Office?

**Mr Andrew:** No.

**Mr KATTER:** As I understand it, we were made aware that there was a change to the policy on the website after the introduction of the bill. Can you enlighten us about that?

**Mr Andrew:** I was having a look and there has been an introduction after the bill.

**Ms Monteath:** In our bill we referred to the 2015 PPP guidelines, which govern PPP arrangements in Queensland. When I was looking last night I saw that a day or two after Steve tabled our bill they updated the guidelines quite comprehensively. It is the *Queensland public private partnership supporting guidelines*.

**CHAIR:** You can table that.

**Ms Monteath:** It does contain a lot of the things we have in the bill. The idea was to have something in legislation.

**Mr KATTER:** Do you want to table that document?

**Mr Andrew:** If we could, please.

**CHAIR:** That is fine. It is an official document, so I am sure it will be fine.

**Mr Andrew:** It started something that maybe could morph into something that is very practical and tangible for us to use as government, crossbench and opposition.

**Mr SMITH:** Point of order, Chair: is the member suggesting that his introduction of a private member's bill has sent the department to rigorously change the policy framework?

**Mr Andrew:** No, I never suggested anything. I just made a—

**Mr SMITH:** It is an insinuation that is unfounded at this point.

**Mr KATTER:** It was me insinuating it by the question I asked. I think it is a pretty pertinent observation to make that, after 2015, it was changed only after the introduction of the bill. Whether or not it was in response to that I do not know. It was just an observation.

**CHAIR:** Thank you, everyone. Let's continue. You have talked about the people you have consulted with and you have talked about some of the companies. Were they companies that work, for example, in delivering renewables or in delivering the resource companies in your area?

**Mr Andrew:** I have talked to a lot of people from all walks of life about it. A lot of people in my electorate are already—take, for instance, the pipeline at Mount Morgan. We started off with \$44 million and it went to \$80-something million and there are a lot of questions around that. Some of the big providers like SMW in Rockhampton came to me and asked, 'What's going on? How does this all work?' We are trying to find out about those sorts of things that have driven me from my

electorate to work out a way of doing it. Like I said, we came forward by asking in parliament about these audits. It was just another thing that we thought would add value to the Queensland parliament if we took on some of the same initiatives that other jurisdictions have in terms of the way they audit. That is pretty much it.

**CHAIR:** SMW, for example, is—

**Mr Andrew:** A contracting company.

**CHAIR:** Is it based in your area?

**Mr Andrew:** Yes.

**CHAIR:** Were the law firms as well? You said there were some law firms.

**Mr Andrew:** They were not law firms as such but just people I have spoken to. They are lawyers whom I know and different people whom I run into—acquaintances.

**CHAIR:** In the future, it would aid us in the consideration of the bill if we had transparent disclosure of who you have been talking to and getting advice from.

**Mr Andrew:** I will take that into consideration.

**CHAIR:** That would help us out with our consideration.

**Ms Monteath:** I did have some conversations with a lawyer at PricewaterhouseCoopers.

**CHAIR:** We appreciate that. You have talked about the guidelines from the Information Commissioner about commercial-in-confidence. Are they new requirements or existing requirements that the Information Commissioner can deliver? I think it was about delivering those guidelines on commercial-in-confidence requirements. I was not quite sure if that is something new that is being proposed or a better application of what is already out there.

**Mr Andrew:** It is more so a better application, I would say.

**CHAIR:** That concludes this briefing. There was one question taken on notice which was more information about procurement of goods and services. We will email you the direct question.

**Mr Andrew:** Thank you very much. I appreciate that.

**CHAIR:** We will need a response by 5 pm next Monday. That concludes the briefing. Thank you to everyone who has participated today. Thank you to our Hansard reporters. A transcript of these proceedings will be on the committee's webpage in due course. Thank you to our secretariat as well. I declare this public briefing closed.

**The committee adjourned at 10.37 am.**