



INFRASTRUCTURE, PLANNING AND NATURAL RESOURCES COMMITTEE

Members present:

Mr J Pearce MP (Chair)
Mr GJ Butcher MP
Mr MJ Hart MP
Mr S Knuth MP
Mrs BL Lauga MP
Mr LL Millar MP

Staff present:

Ms E Pasley (Research Director)
Ms S Cawcutt (Research Officer)

PUBLIC HEARING—BUILDING QUEENSLAND BILL 2015

TRANSCRIPT OF PROCEEDINGS

MONDAY, 17 AUGUST 2015

Brisbane

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Committee met at 9.00 am

HIEATT, Mr Arron, Senior Adviser, Advocacy, Local Government Association of Queensland

HOFFMAN, Mr Greg, General Manager, Advocacy, Local Government Association of Queensland

CHAIR: I declare open the public hearing for the committee's inquiry into the Building Queensland Bill 2015. I thank you for your attendance here today. I would like to introduce the members of the Infrastructure, Planning and Natural Resources Committee. I am Jim Pearce, the member for Mirani and chair of the committee. The other committee members are Mr Michael Hart, to my left, the deputy chair and member for Burleigh; Mr Glenn Butcher, on the far end to my left, the member for Gladstone; Mr Shane Knuth, the member for Dalrymple; Mrs Brittany Lauga will be here shortly; and young Lachlan Millar, the member for Gregory.

The Parliament of Queensland Act 2001 requires the committee to examine the bill to consider the policy to be given effect by the bill and the application of fundamental legislative principles. Today's public hearing will form part of the committee's examination of the bill. The hearing is being broadcast live via the Parliamentary Services website and is being transcribed by Hansard. Before we commence, I ask that mobile devices be switched off or put on silent. For the benefit of Hansard, I ask that witnesses state their names and positions when they first speak and speak clearly into the microphones. This hearing is a formal committee proceeding. The guide for appearing as a witness before a committee has been provided to those appearing today. The committee will also observe schedules 3 and 8 of the standing orders. Mr Hoffman, do you want to make an opening statement?

Mr Hoffman: Thank you, Mr Chairman. I do not have to defer to my colleague on this occasion, as my voice has returned. Thanks for the opportunity to appear before the committee to comment on our interest in the Building Queensland Bill 2015. At the outset, I state that the LGAQ fully supports the establishment of Building Queensland for the provision of independent advice to the state on matters relating to infrastructure in Queensland. The objective and transparent review of the merits of infrastructure projects should be an essential component of every infrastructure program and the LGAQ welcomes the state's commitment to a robust assessment of its infrastructure proposals.

As a significant holder of critical public infrastructure across Queensland—almost \$90 billion in 2013-14, according to the ABS—local governments have a profound interest in the state's decisions on infrastructure. You will have noted in our submission that there is a trend of growth in local government assets which continues to contribute in large measure to the overall capacity and function in all of Queensland's public assets. Typically, state owned assets will rely on local government owned infrastructure such as water and sewerage networks and local roads or will have secondary impacts on that infrastructure. For example, local governments manage over 150,000 of the 185,000 kilometres of roads in Queensland, with the remainder managed by the state government. This joint management occurs against a backdrop of one network, where the boundaries between who manages these roads is of little consequence to those who use them. Other examples can be readily identified, such as sport stadiums and public transport networks that have a connection to other infrastructure.

With growing public expectations that infrastructure, whoever manages it, should function appropriately and meet the needs of the community it serves, an appreciation for the links between infrastructure assets is vital. These connections underscore the importance of consideration and inclusion of local government in the process of state infrastructure planning. In addition, with the greater financial constraints on all levels of government, there is a need to work together to find the best fit-for-purpose solutions to infrastructure needs for all of Queensland's communities.

The interdependence of infrastructure and the importance to include significant stakeholders like local governments was the motivation for most of the comments provided in LGAQ's submission regarding the bill. In this context, I remind the committee of the four recommendations LGAQ identified

in its submission, namely, inclusion of the requirement for the state government to disclose the reasons for decisions when they are inconsistent with the advice given by Building Queensland; recommend additional provisions in section 11 of the bill to require consultation, especially with local government in the development of the framework; consider the potential to build upon the benefits of a pipeline by expanding its scope to include some local government infrastructure as appropriate; and explore whether a mechanism for the nomination of projects by local governments, based on their priorities and in the planning of their major infrastructure networks, should be developed by Building Queensland. These considerations appreciate that Building Queensland is created with the intention of reviewing state projects, many of which may already include local government as partners. However, the access to these resources, such as assistance in preparing business cases or cost-benefit analysis tools and frameworks for local government infrastructure, where appropriate, would also provide benefits. At the minimum, local government would like to work with the state to ensure that infrastructure priorities and investments are fit for purpose to those communities that need it most. Thanks, Mr Chairman.

CHAIR: At page 5 of the submission you have said that expertise developed by Building Queensland could benefit local governments in their delivery of infrastructure. What do you see as the main benefits to local government?

Mr Hoffman: The availability for local government to access the tools, the resources and the methodologies that Building Queensland will itself develop and use in the assessment of its infrastructure projects presented to it, obviously, is relevant to the way in which local government might assess its priorities or its infrastructure needs. It is also valuable to have consistency, I would think, in how these things are done. I say that particularly in the context of where the interface between local government infrastructure and state infrastructure to a particular project or projects is occurring.

One of the significant, dare I say, aggravations for local government in its dealings with state government is how the state, in the planning for and development of its own infrastructure, has a very inconsistent approach to its interface with local governments. The issues are around hospitals and schools, probably, as the largest infrastructure pieces that can impact. Of course, there are bigger projects. But where the on-site and off-site implications of what the state is doing in terms of its own infrastructure impacts on local infrastructure, then we are very keen to see an improved approach to how that interaction occurs. It is ad hoc. It is not based on any consistent approach across various agencies.

Our suggestion here is that as Building Queensland will undertake a significant part of this assessment of what agencies are doing and its own assessment for those initiatives that it might have referred directly to it, that they require or develop processes that improve that interface. That would be our most significant aspiration, if you like, out of the opportunities that the creation of Building Queensland would provide.

CHAIR: Improving that working relationship between yourself and state government or state government agencies; is that what you are saying?

Mr Hoffman: Absolutely. As I said, it is a longstanding issue and the approach depends pretty much on the disposition of the agency, of the individuals involved and the leadership of the agencies and, therefore, it is open to considerable inconsistency over time. Quite some years ago, we put in place a memorandum of agreement with the state government. It goes back to 1997. It was simply that: an administrative agreement that set out how state government agencies and local governments would work together. Because it was an administrative agreement, it was only as good as those who knew about it at the time. Despite our best efforts to constantly remind governments and agencies of it, its standing was diminished over time, because it was not seen as something that one government from another was necessarily a party to. It was simply used as a reference point and, as I said, never consistently nor appropriately in many instances. That is what we would look for, that in some way there be some mechanism that ensures that that process is secure and Building Queensland, perhaps, is the starting point for that to occur.

CHAIR: Do you have any fears or recognition at the moment of any cost that might be handed back to local government?

Mr Hoffman: That is an issue that exists at the moment anyway, when it comes to the infrastructure requirements on councils when major state infrastructure is constructed, and not only schools, hospitals and other state government buildings. The issue is a live one in terms of the operation of Economic Development Queensland, in what it does in taking over responsibility for the development of significant projects. It is that interface between the infrastructure provision to service those needs which are predominantly around residential development, but the issue is the same:

there is no assurance or confidence within local government ranks that the issues of concern to them and the cost implications of how their infrastructure provision to service the needs of that particular development will be addressed. That is why we are taking this opportunity to say that here is an example or an opportunity where the problem for local governments could be addressed.

CHAIR: Good point.

Mr HART: Greg, the MOU that you were talking about, who is that between?

Mr Hoffman: It was between the state government and the Local Government Association. It was put in place at the time of the Borbidge state government. It is still cited by us and used by us. Whenever issues arise between, in particular, councils and government agencies and our involvement is sought, we will reference that document and provide it as a basis to try to find a resolution in the debate about who pays for what.

Mr HART: So it is still fairly relevant?

Mr Hoffman: It is relevant in that it does identify what councils are expected to do and what they can reasonably do and how there is a cost apportionment. It basically talks about how certain things will be paid for by the state, certain things will be done by local government and where there is a crossover there is a fifty-fifty cost-sharing arrangement agreed upon. Of course, we would argue that perhaps that cost sharing should be a little more in favour of local government than it is at fifty-fifty, but in the absence of a reference point it is valuable in the debate as to what is fair and reasonable. I might add that this issue was the subject of considerable debate during the operation of the schools commission under the previous government where Education Queensland, the Catholic education system, the independent education system and ourselves sought to discuss how this problem might be resolved. In short, it was not.

The direction in which it was going was to, in fact, potentially remove the ability of local government to recover any of its costs and to leave the matter in the hands of the minister of the day to decide. I have to say that we were far from supportive of that approach. It simply made the situation even more uncertain from a local government perspective. Needless to say, that did not proceed. We are now in a debate about this particular approach to infrastructure provision at a state level. We are again seeking to ensure that the implications for local government are addressed.

Mr HART: Given that that document is almost 20 years old, is it time that that was updated?

Mr Hoffman: I would think so, at the very least. The point I made before about the work being done under the Schools Planning Commission was an attempt to bring it into contemporary parlance and consideration. That did not occur. Again, it is still relevant and we would certainly want to see it pursued through at least the framework of the operation of Building Queensland.

Mr HART: Has the Local Government Association been happy with the level of consultation that has happened over the past 20 years when it comes to state government infrastructure projects?

Mr Hoffman: Over 20 years, on some occasions it has been very good and on some occasions it has been atrocious. It really is a matter of the disposition not only of the government but also of ministers and departmental officers. It really comes down to individuals and how they recognise the value of and importance of engagement with local government. It is always our view that we work in partnership with the government of the day. On some things that works very well and on other things it does not. On every occasion we seek to find ways to put in place mechanisms and processes that can overcome the issues or at least provide a guaranteed mechanism to resolve differences where they arrive.

Mr HART: So are you saying that it moves with different governments, it moves with different ministers, it moves with different government organisations or departments of government? Is it time that this is locked down so that you know what level of consultation you are going to achieve in future when it comes to state government infrastructure?

Mr Hoffman: We certainly would like more certainty about it. It presents considerable problems for local government when there is inconsistency in approach from year to year, from agency to agency and the like. Apart from the issues around ensuring a good working relationship, which a better mechanism would provide, one of the biggest challenges for local governments is their ability to plan not only short- and medium-term but long-term for the financial implications of major infrastructure provision.

If there is a mechanism that ensures that they are part of a planning process at a government level that will impact upon them as soon as the government is in that process then they can in one, two or three years time better prepare for and budget for their contribution to that particular

infrastructure development. Where that is not the case and they are given very short notice of what is expected of them and there are costs involved, therein lies the problem—one, for the relationship and, two, for the budget and ultimately the sustainability of councils where their priorities are diverted away from what they have put in place in line with their community's expectations. Ensuring that we can get a better approach means that the end result will be better for everybody.

Mr HART: A lot of the submitters have suggested to us that they are concerned that a minister's decision may not reflect what Building Queensland has advised them to do. How would you like to see that situation rectified? How much information do you think is appropriate to be publicly disclosed in that area?

Mr Hoffman: Certainly in the submission we have made the point that Building Queensland's recommendations to government on particular projects should in fact be in the public domain. If the government of the day decides that it will not accept those recommendations or will vary them to some degree it should put on the record the reasons why. If the government is committed to the creation of Building Queensland and the objectives that are stated then if it chooses to ignore what Building Queensland recommends one would hope there would be very good reasons and those reasons should be on the public record as well. That is the point we have made.

In making that point, we do not see any ulterior motives on the part of government in putting forward the bill and the objective. We certainly think that having that level of transparency and disclosure around its operations adds to the value of its operation and its contribution to good public policy and good decision making on infrastructure investment.

Mr BUTCHER: You mentioned before that over history there have been some good and bad projects with local government input. You said there have been some really good projects and some really bad ones. Can you give me an example of a good project and how the relationship between the government and the Local Government Association made it a good project? What are the bad ones? Obviously, I want to understand what the bad ones are and how that would change with Building Queensland?

Mr Hoffman: Sure. I will describe it in two ways. There are those projects where there is significant co-investment by state and local government or federal, state and local government. You can cite Gold Coast Light Rail and heavy rail to Redcliffe as examples of how those things come about. That is usually as a consequence of quite significant negotiation and interaction between the three levels of government.

Who might initiate that proposal is irrelevant, in many respects. But, I might add, that certainly the heavy rail to Redcliffe has been a longstanding issue of governments, and, more particularly and in recent times, of the local government that promoted that initiative. When it takes that initiative and it goes to the state and local government the end result is a product of negotiation. In the case of local government they would not be proceeding with that if they were not comfortable with the outcomes. That is one example where it works well.

The other example is—and I again cite generally the issues around major public buildings of the state government—schools. They are the most ready example in that they are being built on a regular basis all over the state. What I would say, in citing again the work of the Schools Planning Commission under the previous government, is that there was one outcome from that process which is acknowledged by all parties as a significant achievement. It identified where school development will be required and put in place a process for engagement between state government and local government and, for that matter, engagement between the state government, the Catholic education sector, the independent schools sector and councils to identify what needs to happen, when it needs to happen and where it needs to happen in a far better fashion. That was a significant outcome from that process.

The problem arises, though, as to precisely when the button is pushed on this school, that school or the other school, the time line in which that development will take place and what ultimately is expected in the case of local government to contribute. If it is a short time line that exacerbates the problem. A longer time line eases the problem. Then there is a discussion, in both of those circumstances, as to who pays what. Therein lies the problem of a lack of clarity and inconsistency in that regard. That is something that we would like to see addressed. A refreshing of that MOA or some other mechanism that builds into, in this case, Building Queensland's operations would be an outcome we would seek on this occasion.

Mrs LAUGA: The LGAQ's submission raises a number of suggestions and issues with the bill. Could you elaborate more on what the LGAQ sees as the positives of the bill?

Mr Hoffman: The positives of the bill are that it does provide a mechanism for all interested parties—obviously, the state government is the primary interested party. Whenever a major piece of state infrastructure is constructed there are significant interests—public interests, stakeholder interests, other organisational and commercial interests. This process does ensure that when the state is considering whatever the project might be that there is a process around which all of those interests have an opportunity to potentially be heard or engaged and that there is an assessment of the proposal and the project done in a very rigorous, robust and independent fashion.

I think that is a contribution to good governance. Investment that is priority investment and engages those people who have an interest in that project I think adds considerable value. The government is to be commended for providing the opportunity for that process to occur. I think that is good governance and would result in timely and appropriate investment.

CHAIR: There being no further questions, we will close this session. Thank you for your attendance. That was good information.

Mr Hoffman: Thank you, Mr Chairman.

BARGER, Mr Andrew, Director, Economics and Infrastructure, Queensland Resources Council

CHAIR: I welcome Mr Barger from the Queensland Resources Council. Do you want to make an opening statement?

Mr Barger: In a break from tradition, rather than making a long, complicated opening statement, I will be almost as brief as our submission. Apologies from my CEO. We have a major health and safety conference running in Townsville. He and a lot of the other members are up there at the moment. Thank you for the opportunity to appear. I acknowledge the traditional owners on whose lands we meet today.

QRC's submission was a fairly brief one to say we support the bill. Infrastructure Australia has played a useful role nationally in trying to provide some clarity and transparency around the infrastructure projects that are in the pipeline and keeping track of how that pipeline ebbs and flows through time. Effectively, having a local counter body in Queensland is a useful innovation.

Our submission went to a couple of matters of detail about the role that Building Queensland would play. It was interesting to see that a couple of the other submissions drew that out. I think the diagram that the department gave you in response to a question on notice from the committee actually answered a lot of the questions that we had.

The bill is quite broad. It gives the body a lot of powers. Until it is in place and staffed and some of those administrative frameworks are in place it is difficult to see where it will sit in the food chain. I guess the way the resource industry sees it is that the body is a bit different because this is an industry that inherently invests in large, long-life infrastructure items, some of which are delivered through government owned corporations. You would then expect that there would be a role for Building Queensland. Given the regulatory hierarchy of planning for infrastructure, the assessment process that projects go through and the compliance role and the broad nature of the bill, the intent the bill seems to be that Building Queensland is supposed to mirror Infrastructure Australia and be that forward-looking body that is planning rather than the assessment and compliance body. There were some references to pricing and the efficient use of infrastructure that sounded a bit backward looking and reached back down the regulatory chain.

Our submission was just to say that it is a good innovation. We think that it will work well but we are looking for a bit more clarity about the role of the body and whether it has that forward-looking planning process, which is the way the explanatory memorandum reads, or whether there is scope for it to get into that compliance assessment.

The only other throw away reference is that you have had a lot of discussions in the hearing around the role of Building Queensland and Economic Development Queensland. In that three-stage process of planning, assessment and compliance a lot of the industry's infrastructure projects are also run through a Coordinator-General process. So you start to have a lot of statutory bodies. It would be really nice to have crisp delineations between them. That is probably not something you would address in the bill. I think that is something for the body itself as it gets established, gets a CEO and a board appointed, and gets all of those mechanisms in place that the bill gives a head of power for. That was really the gist of our submission.

CHAIR: Thanks, Andrew. You have suggested that ministerial directions given to Building Queensland under clause 18 should be accompanied by a public interest rationale for directing Building Queensland to not exercise their functions in particular circumstances. Could you expand on what you see as the advantages of publishing the rationale for a direction?

Mr Barger: Thank you for the question. The way we read the bill was that it was set up, as in the public interest, to have Building Queensland run the ruler over projects. Given that the rationale is transparency, if you have the minister deciding to sidestep that process, it would be good to make that very clear as to why that decision is being made. For example, if it is an Energex project where there are one or two large private users of the infrastructure—so it is different from a school or a hospital—then that would make sense. If that is the rationale for the decision, then make that explicit and call that out. I think that is part of delivering back to the bill's purpose of transparency so the public is entirely confident that if those processes are not being deployed it is understood why that is.

CHAIR: As a stakeholder in the development of Queensland or at least one that stands outside and keeps an eye on what is happening, when some infrastructure is being identified—let's say a school or hospital in a town—what is the importance of the resources industry knowing about what the state is actually doing in a local community?

Mr Barger: That is a great question. Where it is important is particularly for those communities where there are, as is usually the case, a couple of different companies or operations. In the case of a school, if the local school is getting to the population threshold where it needs new classrooms or new teachers, if you have two or three resource projects in that school's catchment that are perhaps all going to tip it over into the same school year, it is really good for each of them to know about each other and also for the school to know those projects are coming. For example, if you had a school that was 10 students away from having an extra teacher or an extra classroom and there were three projects perhaps bringing 20 families to the school in that year, you do not want them to be conditioned to provide a new school or a new classroom as they will be swimming in space. I think it is that transparency of what the other projects are doing, and it is for the community too. As often happens in communities, if they are looking to get some extra families into the catchment to build the school up, they can see where those projects are delivering something aligned to that community infrastructure. That holds true for hospitals, health and a whole range of public services.

CHAIR: Isn't that happening now?

Mr Barger: It is. The only thing I think where Building Queensland is different is that it is a whole-of-government approach. What projects have found in the past, particularly large projects, is that there is very good planning for the health service and for the school service but they may not be using the same numbers. They may not be talking to each other. The individual silos are working quite well but they might be working off different information. In the past some projects have had the experience where basically they have had to be the coordinator and jump between each of those community services to say, 'We think we are coming to town. We are bringing 100 people. What does that mean for your model? By the way, did you know that the ambulance or the school or the roads are using a different baseline and have a different consequence for those numbers?' That is where it gets messy and untidy. I think the transparency of Building Queensland is to bring that one government approach to bear.

Mr HART: Andrew, when you prepare responses to government legislation such as this, do you limit your consideration to how it affects the resources industry or do you look at how it affects the whole of the state?

Mr Barger: That is a good question. I guess strictly the letter of the law is that the members pay us to be completely selfish and to look after their self-interest collectively but often that overlaps. In the case of the example we ran through before where projects are moving into a community, it is not in the interests of those individual projects to each to be conditioned to provide the next increment of capacity if that is then duplicated three times by three projects running to the same time line. I would argue that that is also not in the interests of the community. In a lot of cases the two are aligned. The tricky bit would be if something was in the community interests but not in the state's interests I guess. Where would we sit in that? It is hard to think of an example. I think Building Queensland is in the happy majority where the industry's interests and the broader community's interests are marching in lock step.

Mr HART: You said before you had some concerns that the minister may direct Building Queensland to not investigate something as part of their infrastructure planning. Do you have concerns on the other side that Building Queensland may make recommendations to the government that may not be taken up?

Mr Barger: I think the nature of Building Queensland is that it will make recommendations that will not be taken up. That is the beauty of setting it up as a statutory body. It is not binding advice. It is an independent umpire to say, 'We think this project stinks.' The government will say, 'That is okay. On a strict running-the-numbers cost benefit it may stink but we have made an election commitment to deliver that bit of infrastructure. We have a different view about the growth in the region or the needs in that region, so we have taken a decision to deliver it anyway.' I think what Building Queensland does that is useful is that it makes that tension clear. So you have a hard cost-benefit numbers case being fed into the political process. My reading of the bill is that the transparency of that advice is quite good. So it will be quite clear to the public where those decisions are being made.

Mr HART: So you have no concerns then about the minister disclosing his reasons why he has not followed through with the advice of Building Queensland?

Mr Barger: I think because the advice is transparent coming to the minister, if the minister chooses not to take it, the obvious question is: what was the basis for that? You could argue for a report back, for a response. I would imagine a lot of the time the response would be, 'That was an election commitment.' In those cases it is in the minister's interests to argue the reason for not taking the advice anyway.

Mr HART: What is your understanding of how much information would be released by Building Queensland as to how they made their decision as far as the business case is concerned and financial statements and things like that?

Mr Barger: I guess there are expectations based around what Infrastructure Australia have done. Their summaries tend to be fairly high level and that is appropriate. You do not want a full business case being made transparent because you start to get into intellectual property and some of those sorts of concerns. What I would expect as a random community member that was interested in a project, whether it was 'I really want that road to go ahead,' or 'I'm worried the road is too close to me,' is that I can sit down and see the numbers, I can have a pretty good idea of what they are based on and I can satisfy myself as to whether I agree with them or not. It is a communication rather than an analytical role. That is how I would characterise it. I think that will probably evolve over time.

Mr HART: I share your concern about the roles of Building Queensland and the new Productivity Commission and the Queensland Competition Authority. Just for your own info, I will be asking the department to explain to all of that to us later in the day. So if you are around, you might get some feedback then.

Mr Barger: Thank you.

Mr MILLAR: Andrew, going back to what you said before, do you believe this could be another level of bureaucracy or another level of red tape that we have to deal with?

Mr Barger: Potentially it could be, but I think the way it is being set up, rather than an additional level of red tape, is that the idea is to provide consistent scrutiny for public infrastructure projects. I think the idea is to reach into the black box. From my point of view, the individual departments tend to do these processes quite well already. They are just not necessarily terribly good at explaining how they read the entrails of their modelling and explaining that to the community. I think what Building Queensland offers is almost like a SWAT squad of experts that are very good at coming in, doing that cost-benefit analysis and in some cases saying, 'We think your data is a bit deficient here,' or 'These other guys are doing something more updated.' I think there will be a cost.

In answer to your questions to the department earlier, they went into some of their budget projections. They actually seemed fairly modest to me. For the importance of the projects that they are assessing and the transparency that that will deliver, I think it is probably a pretty good investment. There is that downside risk that the bill gives them a very wide range of powers. If suddenly Building Queensland started to do retrospective cost-benefit analysis or looking at whether existing infrastructure is being used efficiently and priced efficiently, I would argue that is where the Productivity Commission or the Competition Authority would be stepping in and saying, 'That is our patch.' My reading of the introductory speech and the explanatory memorandum is that they suggest that that is the intention. It is a forward-looking planning process. It is a tool for particularly private investors interested in investing in Queensland to say, 'What is being built? Where are the projects that we might be able to participate in a partnership role with?' It is a forward-looking planning body, rather than a retrospective, analytical one.

Mr MILLAR: But aren't we seeing another level of paperwork? The Resources Council would be one to argue that—and we have seen this with the Galilee Basin—we need to get projects on the ground. It is jobs. It is employment. It is about growing jobs. Certainly where I come from and where most of the committee members come from, it is about regional Queensland. It is important that we have jobs and that projects get up. You don't feel that, given that it is so broad and we are still trying to work it out, we are seeing another level of paperwork, another level of bureaucracy and red tape, another hurdle that a project has to jump over to try to get an approval?

Mr Barger: No. It is a good point. Going back to what I was saying, if it was a retrospective process where you were perhaps talking about a project being delayed by 12 months for this cost-benefit process to occur, definitely there would be a concern there. I took heart from the department's evidence where they were saying they do not see it adding to the time lines because it is that prospective process. Because it is in the planning space, it should be able to be accommodated in the existing project time lines. Yes, there is some red tape but hopefully not delays. But you are right: striking the right balance there will be really important.

Mr KNUTH: Andrew, you might have in part mentioned this before. What examples can you give where this bill will benefit the resource industry and are there any disadvantages?

Mr Barger: I think where it benefits the industry is the transparency of the public infrastructure planning that is occurring. An example would be had the body been in place when the LNG industry was looking to move into Gladstone and invest in a big way in that community and you had those projects being conditioned to invest in the community. There was a Gladstone Foundation being set up.

Each of those projects was being conditioned individually at different points in time. The risk is that each project is assessed at a point in time, so if you have a project where there are new people coming into the community, each of its projects can be conditioned to deliver the increment of capacity that is needed, so each project can be conditioned to build the new road or the new school. If you have a very transparent pipeline of infrastructure spending already out, which would be one of the main outcomes of Building Queensland, it becomes very easy for those projects to say, 'That schoolroom has already been built. Rather than build another one that is going to stand empty for three years, what is the next thing on the list? The sewerage works are starting to hit capacity.' I think some transparency in the assessment and conditioning is a benefit for the industry.

The risk for the industry—going back to Mr Millar's point earlier—is if it starts to become just a tick-the-box regulatory process. 'What is at the top of our priority list?' 'Where is the next project?' 'That is yours.' The industry always likes to have its conditions tied to its impacts, so it is much easier as a project to say, 'We are going to be running our people or our traffic on this road so we need to upgrade the road,' as opposed to, 'We are going to be operating in this community. Most of our people will be living in another community, but we are investing in this community's school.' If they are investing in the community where the people are living and their kids are going to school, that connection makes it much easier. I guess the risk for the industry is if that prioritisation is too hard-edged and too much seen as a shopping list, there is a risk that that sense of the pipeline is lost a little bit. It cuts both ways, I guess. You have the transparency that you know what is coming for that community, and I guess it is up to the industry to argue which communities are relevant to that, so which priorities do the projects get anchored to.

Mr HART: Andrew, should that not be a function of the Coordinator-General overall?

Mr Barger: You are right, it is for major projects. You may well have a community like Gladstone, where they have a couple of major projects running through the Coordinator-General where they have line of sight on those, but if you have smaller projects running at the same time, they will still run through the normal environmental impact process through the environment department. So again I think there is some benefit for Building Queensland in being able to have a common pipeline that both of those regulatory processes can access and are visible.

Mr HART: It is sort of in the name 'coordinator' though that—

Mr Barger: It is. I guess the 'general' bit is where it falls down, because not all projects fall within the Coordinator-General's remit. There are smaller projects that are not complicated or controversial that sit in the usual EIS bracket.

Mr HART: Building Queensland are going to have a limit though. They are only going to get involved in projects over \$100 million, so how does that gel?

Mr Barger: There are a couple of tests around the Coordinator-General projects: complexity; if it is controversial; and the value has tended to be more than \$100 million. I cannot remember off the top of my head and I do not want to risk misleading you, but I have a feeling it is \$500 million and \$250 million is the threshold, so quite substantially above that.

I think there is a useful role there where projects may not be large enough or may choose not to use the Coordinator-General process, but they then are potentially covered by the cost benefit process.

Mr HART: It is 50 to 100. So more than 50 and less than 100 business case.

CHAIR: Thank you, Andrew.

LE COMPTE, Mr Lindsay, General Manager, Construction and Infrastructure, Australian Industry Group and Executive Director, Australian Constructors Association

Mr Le Compte: Australian Industry Group actually manage and provide operational services to both the ACA and the Queensland Major Contractors Association, so I am here on behalf of both of those entities.

CHAIR: I am glad you explained that to us. Would you like to make an opening statement?

Mr Le Compte: I do not want to take up a lot of time with an opening statement. We have put our position in the document that you have before you. I just have a couple of things though.

In relation to our consideration of the proposed legislation, we are really supportive of this type of measure. We think it has fantastic potential and is something that will help governments and industry and the community long into the future. What we are saying, though, is that there are aspects of the legislation which we believe could be improved in terms of giving some greater focus to the role of this organisation that is to be established and also in terms of enhancing the community's acceptance and industry's understanding of the role it will play. We have made some recommendations in some areas which we think will add to that.

By way of example, we have recommended that the legislation contain specific provisions regarding part-time members. We know that obviously the role that they will play must be relevant to the role of the organisation, but focusing that in a little bit more detail gives a greater degree of comfort to the industry in relation to where this organisation is going to go. That is partly why we also made recommendations regarding issues in relation to directions and also the requirement that we believe should be implemented, which is to have the organisation develop specific infrastructure plans for the state.

In saying that, we obviously respect the fact that any government has the right and responsibility to make decisions in relation to where it believes the state should go on the basis of the people who have elected it. We do not object in real terms to ministers having the ability to issue directions to organisations, but it comes down to transparency in that process. In some respects there may not be that many directions, but whatever they might be could be extremely important in terms of the way industry looks at where the organisation and the state is headed. In that sense, we would see that some more contemporaneous release of information relating to a direction would add to the transparency of the process. They could be tabled in parliament, for example, like regulations and statutory instruments and things like that, within a certain number of sitting days.

Overall we think it is a great thing. We think it can be improved, and we are happy to be involved in that process going forward.

CHAIR: In your submission you suggest that Building Queensland should have the same functions as Infrastructure NSW, including the assessment of unsolicited private sector infrastructure proposals. Can you tell us what would be the advantage of having Building Queensland do a cost benefit assessment of private sector infrastructure proposals?

Mr Le Compte: We would see that as taking the issue out of the political agenda and being given to an entity which, in theory, should have all the necessary expertise and skill to be able to assess large-scale private sector proposals that come into the government. It adds to the transparency of the process. It puts government in a position where they have the advantage of that quality assessment. They will ultimately make a decision based on a range of factors, naturally, but when some of these projects are regarded as somewhat controversial, I think it is important that a government be in a position where it is able to say, 'We have run this past the No. 1 agency in the state that is responsible for looking at these types of things.' It does have the skill and ability to properly assess them, and they have made recommendations one way or the other. Ultimately the government will make whatever decision it feels appropriate, but at least it will be in a position where it is able to say that there has been a proper analysis.

It will mean also in some respects that other parties—and I am saying stakeholders, not necessarily political parties—who may not necessarily see that project to their commercial or other advantage will have less ability to destabilise a decision in relation to that type of outcome.

CHAIR: That is a great positive comment. What do you do now? You are talking about some good things happening. For local government, for example, do you have any distance between yourselves in relation to the construction of state owned infrastructure? Where is the transparency and the realisation that it is a good project and the costs are right and there are benefits at the end of the day? Where does that all happen now?

Mr Le Compte: In terms of the way the industry works, the industry is a bit like a taxi at a cab rank. When projects come forward, the industry will make a decision whether or not to lodge bids for that particular project. They will do their own internal analysis of the particular project, what their expertise is, the type of consortia they may put together, their analysis of the cost benefit, whether or not local government or state government has its own, and then they will make a decision whether or not they want to tender for a particular project. At the end of the day, some constructors take more risk than others depending upon their business model and the nature of their business at a particular point in time, but that is just the way it works.

The problem they have, though, is that they never really know—unless there is an established pipeline—what is coming next unless there is more detail out there in terms of what the government's plans are for a particular area. So in that sense, doing projects which are all over the place and in an uncoordinated way does not help the planning of that business model for the construction side of it. Also financiers and funders need to see a lot more transparency in the process of analysis and the ability to be able to assess more effectively whether or not they ought to invest in a particular project. Without those things in place the risk is that you will get bids on a project which will be too low and which will result potentially later in major problems in terms of completion and other issues. A constructor may go under as a result. All sorts of things can happen in that sense.

In terms of the funding and financing models and the risk approach that is in contracts and other processes through that, you have a situation where the cost of finance may be more expensive because the analysis of the risk in a project may result in that; whereas better planning, better upfront analysis, more involvement of industry in the process—and I am talking about not just constructors, but the whole supply chain—can end up in a situation where you get far better outcome.

I am speaking there in broad context of larger projects. We would see smaller projects being run by government agencies who are responsible for their particular portfolio areas, and we would see Building Queensland as being the entity which perhaps reviews the procurement and tendering guidelines and puts in place or recommends a better outcome in relation to how those processes are undertaken. That gives greater guidance and more consistency in the way government agencies work.

CHAIR: I thank you for your response because I certainly did not deliver the question very well, but your response was what I was after.

Mr HART: I am sort of a bit stunned, Lindsay. Are you suggesting that the government should have a department that checks the homework of commercial bidders in infrastructure? Is that what you are saying?

Mr Le Compte: No, I am not saying that. What I am saying is that I take it that what the government intends to do by introducing this legislation is to establish an organisation which will be a very key adviser to it in relation to a general long-term pipeline of work and also to assist other parts of government by the development of more appropriate procurement and tendering and financing and other practices, and that would be similar to what is happening in New South Wales and also what is currently before the Victorian parliament in terms of the proposed Infrastructure Victoria.

Mr HART: Just tell us about what happens in New South Wales then with Infrastructure NSW. Do they assess the business case of a private infrastructure proposal?

Mr Le Compte: They can. They are responsible for developing a 20-year plan and five-year plans for the state as well as regional plans and they go to the Premier and the Premier then has the responsibility to consider those plans and approve or not approve. But in terms of what Infrastructure NSW does in other contexts, they are able to assess particular proposals and they are able to more easily work with Infrastructure Australia in relation to the general approach.

Mr HART: Let me use an example on the Gold Coast where I am from. There was a proposed cruise ship terminal. If the cruise ship proponent was going down the track of putting their business case together and working out their financials, are you suggesting that the government should mirror that process on some level and then compare the two results to see whether the proponent has put up a good suggestion or not, or am I missing the point?

Mr Le Compte: No, I am not suggesting that the government would mirror the proposal. All I am suggesting is that you would have an entity like Building Queensland which would have the skill to be able to assess that and provide advice to the government in relation to whether or not the government should accept whatever the proposal was. But it is up to the private sector to do its own modelling and to develop that structure for that proposal and go to the market, in appropriate circumstances, for funding and financing, but they really have to provide the government with an

effective business case. Of course Building Queensland has the function as part of its functions to provide advice to the government in relation to the structure of how that would all be assessed and in there it takes into account obviously impacts on local stakeholders—the community—as well as the wider issues in relation to a particular project and its deliverability.

Mr HART: I have a few more questions if that is okay and we have time.

CHAIR: Sure.

Mr HART: Is there anything else in Infrastructure NSW in terms of the way they do things that you would see would be advantageous to us dragging into Building Queensland?

Mr Le Compte: We have recommended that you take up some of the particular functions in the New South Wales legislation, and that is more specifically in the context of the role of the organisation in the development of infrastructure plans. In that sense I think the way that the concept was developed in New South Wales was to have that organisation involved in the sort of more higher level, broader approach to major infrastructure development in the state and leave the operational agencies to get on with it but have a relationship between the two entities so that agencies could go to Infrastructure NSW to talk about what they were proposing and get feedback and they could look at that in the light of what else was out there. But, importantly, I think giving that organisation the function of developing a 20-year plan and five-year plans really puts the government in a position where it is able to have an expert organisation developing that process. Importantly, those plans go to the Premier and the Premier is able to send them back and say, 'I'm not happy with this,' or 'Have you thought about that?' et cetera and there can be a toing and froing in terms of exchange of views and information. Ultimately, the Premier is going to make a decision through the government that they will adopt or not adopt a particular five-year plan or 20-year plan. But the reality is that they then have to announce that, so if there are any issues there which might be of major concern they are able to deal with them and they are transparent.

Mr HART: That goes directly to the Premier in New South Wales, does it?

Mr Le Compte: It does. He is the responsible minister in New South Wales. It does not have to be the Premier.

Mr HART: So the responsible minister?

Mr Le Compte: Yes, that is right. In that sense why we have referred to that in our submission is that in the bill at the moment Building Queensland has a wide remit and I guess if I had a concern from the larger construction side of the industry and the major organisations involved in supply, manufacturers et cetera they would be looking at it on the basis that the organisation should be focused on the really big-ticket issues and not get involved in downstream minutiae because all that is going to do is replicate the work of potentially a number of other government agencies.

Mr HART: So do you see Building Queensland more as an entity that has a 20-year plan and a five-year plan and then goes hunting to see how to achieve those plans more than waiting for an infrastructure project to be proposed and then working out whether that fits in with the plan?

Mr Le Compte: I think that if the plans are there and have been agreed to then that is sending a very clear message to the private sector as well as the public sector in terms of what they might develop underneath those plans. But if you know what is coming, and by way of example, if you had a five-year plan which had a number of key infrastructure proposals in the Gold Coast, state government organisations then could say, 'Okay, we know that these three projects are coming over the next five years. How does that fit in with what we have on our agenda at the moment?' So they are working, for example, in health and education on whether they build additional facilities and local government is looking at roads et cetera. If they have that plan and they can see what is happening and the government has committed to it, everybody knows where they are going and the private sector is able to then properly plan itself so it is able to maximise the outcomes and, at the end of the day, the community gets better infrastructure built more quickly at a better price.

Mr HART: The previous government had the Queensland Plan which had overarching motherhood sort of statements about regionalisation and stuff like that. Do you think this is the next step down to narrow down that actual plan?

Mr Le Compte: That is the way it is working under the New South Wales legislation—the overarching 20-year plan equivalent to the one you mentioned and then more localised in terms of a five-year strategy which can identify specific areas, and there is a further provision which allows them to go down a bit further if they think that is appropriate. But the important thing is maximising the skill and ability of the organisation so it does not get involved in so many things that it cannot achieve the real value that it can provide to a government. The other component of that which you have in the bill

allows the organisation to bring forward more innovative ways of funding and financing models which take into account what is happening overseas et cetera. You still have standardised approaches that will be operating at a lower level through government agencies, but this is an organisation that we see should be out there and advising the government on what is possible and not wasting a lot of time getting involved in day-to-day activity. However, it has to set up the model for day-to-day activity to be accountable and to operate effectively, and that is an important factor when you are looking at available funds and how you might use them.

CHAIR: As there are no further questions, thanks again.

Mr Le Compte: Thank you. If the committee would like any further information, we are only too pleased to provide that.

CHAIR: Thanks. Much appreciated.

MACLAINE, Mr Duncan, Director of Policy and Economic Research, Urban Development Institute of Australia

CHAIR: Would you like to make an opening statement?

Mr Maclaine: Yes. The UDIA supports the introduction of this bill. We see the investment of scarce resources to infrastructure and the rigour and the transparency in which that occurs as critical. Before I get into the submission that we made, just in terms of a bit of background, the UDIA is a not-for-profit national body. The Queensland state body is the largest of all of the state bodies across Australia and our members are small developers right up to your big listed developers, consultants, architects, planners and so on. We have a regional structure, so we have about 12 branches up and down the coast of Queensland with voluntary presidents that represent the industry and we are about ensuring our members can build better communities and a key input into good communities is infrastructure.

As I said, we support the bill and the increase of rigour and transparency that it proposes. One of the key barriers to facilitating the supply of new housing and new development in Queensland is the provision of infrastructure in a timely way. The private sector and developers should and do make contributions to that infrastructure, but often it is a shared responsibility. So there will be local government, there will be state government agencies, there will be energy companies and water retailers that will all need to support and provide that catalyst infrastructure required to rollout the housing that our population needs. We have seen over the years that, in major new developments, whether it is increased density in established urban areas or greenfield development, prolonged negotiations on the timing of the rollout of infrastructure and who pays for what and how is one of the key impediments to that timely supply. So we have a keen interest in the provision of the right infrastructure in the right places at the right time. The productivity of our cities and towns is driven by the appropriateness of and the provision of the right infrastructure.

As I mentioned, we support the premise of the bill in terms of providing increased rigour and consistency in the analysis of projects and the transparency around decision making. Most of our recommendations are to do with improving those provisions that provide that rigour and transparency, so I do not know whether you would like me to go through a couple of those key ones in my opening statement or I am happy to address them through questions.

CHAIR: You may as well do it now.

Mr Maclaine: In terms of transparency and ministerial directions that are provided for in the bill, we recognise that kind of reserve power for government to give a direction or to request Building Queensland take a different approach than what the standard approach might be. That is common in similar bodies in Australia and all around the world, so we recognise and accept that it is there in the bill. However, what we would recommend is that wherever there is a decision by the responsible minister to direct Building Queensland to do something the disclosure of that direction occur a little more frequently than what is proposed in the bill, so perhaps at six-monthly intervals in line with the disclosures around business cases and so on.

In terms of other disclosures around cost-benefit summaries, we note that the bill provides that those summaries go on to a website. We think that is important, because it allows the private sector, it allows the community to look at some of those key metrics and form their own opinions on whether that is a good project and whether that ought to have been a priority for government or not. Having looked through the bill, it appears as though there is no time frame stated in which those cost-benefit summaries must be published on the website except to say that they are to be published on the website.

The infrastructure pipeline is probably one of the most positive proposals that we see in the bill—having that independent analysis and rigour and then providing what Building Queensland sees as the priority pipeline projects to the government to consider. We think that is an excellent initiative and we note that that will feed into the decision-making by the responsible minister and the government into the state infrastructure plan. What we have noted, though, is that that pipeline document that is provided to the minister, we cannot see in the bill where there is any requirement for that to be published or made available. Again, that is the theme that we are providing—that we support the transparency but we think that there could be a bit more in the interests of allowing the community and the private sector to be able to form their own assessment of what the state's priorities are and an assessment of the government's decision-making.

On two separate issues, I note that one of the previous witnesses highlighted the issue of whether Building Queensland should get into some of the day-to-day minutiae. That motivated our recommendation around whether the dollar limit of the threshold in which Building Queensland leads

a business case is appropriate or not. We note that in the bill it is set at \$100 million. In discussing this with our members, a lot of them made the point that it is not uncommon these days for a major intersection upgrade in a city to cost more than \$100 million. The question was, 'Given that there are experts in the department of transport who do business cases and work on interchange upgrades all of the time, is it appropriate that Building Queensland would become the lead in those kinds of projects?' We propose that perhaps the limit should be higher. We suggested \$250 million. There is no science around that. In thinking about that a little bit more, perhaps those value limits could be set not in the primary legislation but somewhere else and provide the government with the flexibility to adjust them as they observe Building Queensland operating under this new framework and whether they are getting too many projects coming through their door or too few and the value that they are adding in some of those projects that are near that \$100 million threshold.

The last point we wanted to make is that the provision of local infrastructure is very important for urban development—that critical infrastructure like sewer upgrades, wastewater, stormwater, local roads and so on. We note in the bill that expensive, big infrastructure upgrades of utilities, for example, fall within the responsibility of a local government or a water retailer and does not fall within the scope of Building Queensland. We would suggest, given that history shows when there is a very expensive piece of local infrastructure being considered—it could be a \$100 million sewer upgrade that facilitates a big new industrial park or housing—local government should be able to provide that project to Building Queensland for it to undertake an assessment of or do a business case of. At the moment, it appears to be on a case-by-case basis. It could be light rail on the Sunshine Coast, there is the Rubyanna Wastewater Treatment Plant up near Bundaberg—a number of other projects where the local government does a bit of work and then it comes cap in hand to the state, 'We need some support from the state to fund this infrastructure project.' We see that time and time again. So rather than these ad hoc individual assessments by the state about whether it gets involved, whether it partners, whether it provides some of the funding, if there is a big project it is inevitable that the state usually comes to the party eventually and rather than having to get agreement by the state government that it will provide funding before Building Queensland can get involved, perhaps local government should be able to put those projects forward and Building Queensland be able to assess them and determine whether it should be in the pipeline for consideration by the state.

CHAIR: Thank you. You have the biggest membership in Australia you said?

Mr Maclaine: Yes. We have the largest of all of the states. I do not have the figures in front of me, but I believe that it is around 3,000 members.

CHAIR: With this legislation, what difference will it make with regard to the way that you operate now and the way that you will operate under Building Queensland?

Mr Maclaine: I think the increased rigour and the transparency, if it leads to better decisions around what infrastructure should be built and where then that obviously provides a productivity uplift. If there is a real demand for housing in an area that is experiencing strong population growth but there is a shortage of housing because there is a lot of expensive infrastructure that needs to be built first before that housing supplier can come on line, if there is a rigorous and transparent process that feeds into a state infrastructure plan and the benefits of facilitating that development are captured in that then, obviously, that allows that housing or employment-generating development to occur sooner and facilitates that to occur. I think whether the establishment of Building Queensland improves the quality of decision-making and the timeliness of the provision of infrastructure is probably not so much within the legislation itself but how Building Queensland operates practically on a day-to-day basis and its relationships with the individual agencies and the way that it works and the way that the government uses the information, the advice that Building Queensland provides.

CHAIR: How do you function at the moment? What is the driving principle for the way you work?

Mr Maclaine: If there is an individual developer and perhaps they are a first-mover developer, perhaps there is an area of greenfield land that has been identified by the state in the regional plan as being suitable for urban development but there needs to be very expensive water infrastructure upgrades, sewer upgrades and so on, if the first developer has to come along and pay for that all themselves then that is just not feasible because the benefits of that infrastructure will accrue to 20 other developers and eventually homeowners and the wider community later on. What tends to happen is that developers will sit down with local governments, individual agencies, the department of transport, Energex or Ergon could get involved in discussions and often infrastructure agreements are drawn up that spell out who is responsible for what infrastructure and how contributions are made

and any refunds. So the developer pays for all the infrastructure up-front but is guaranteed refunds later on as more development occurs. So it is very much a case-by-case negotiation basis between multiple agencies, local government and a developer. An example is the Coomera exit upgrade.

Mr HART: 54.

Mr Maclaine: Yes, that is it. The state put some money on the table, but there were many years of negotiations. Local government did not want to facilitate further development because of the capacity of the existing exit. So it required multiple parties and eventually there was a solution put forward. I think if major pieces of infrastructure were able to be centrally assessed for their costs and benefits to the state as a whole by an entity like Building Queensland we might cut through some of those delays and protracted negotiations that occur now.

CHAIR: Yes. Do you have any influence over local government at all?

Mr Maclaine: No. Our members, obviously, will always be in discussions with local government, because many of the conditions put on development, or whether a local government rezones an area to facilitate development, the decision to do that depends on whether the infrastructure can be provided and who might be required to pay for it. Those discussions occur as part of the normal development assessment process, or plan-making process. As an industry body we will make submissions on regional plans, on local government planning schemes and in the end a lot of it comes down to, 'We don't want to rezone this area for more development even though we think it's suitable for development because we can't afford to pay for the infrastructure now.' The private sector will not pay for all of it up-front and you end up with this backwards and forwards and eventually often the state is asked whether they can provide some kind of assistance or partnering with local government to pay for that infrastructure.

CHAIR: I do want to go further but I will leave it at the moment.

Mr HART: I am glad you brought up exit 54, Duncan, because that highlights to me that maybe the arbitrary figures of \$100 million and \$50 million are not appropriate given how important something like that is to the development of the northern area of the Gold Coast.

Mr Maclaine: Yes.

Mr HART: Billions of dollars worth of investment revolve around a \$47 million state investment.

Mr Maclaine: Yes.

Mr HART: Which would not have triggered the involvement of Building Queensland. Do you think that an arbitrary figure is suitable as a trigger point for the involvement of Building Queensland, or should there be some other considerations taking place and what are those other considerations?

Mr Maclaine: With that lower figure of 50, where Building Queensland assists in the business case, we did not make any recommendations or suggestions around that. It was the other threshold where BQ leads the business case. But I agree that you could have a tiny piece of catalyst infrastructure that costs only maybe \$20 million and that unlocks huge amounts of development. If you took 10 different \$20 million projects in a region or a local government area combined, that \$200 million may have a far greater benefit-cost ratio than an individual project of \$200 million. The question is when it is a smaller scale infrastructure project, even though the benefits are large, what value-adding does Building Queensland provide?

It is interesting that you note that, with the Coomera decision, the state contribution to that may not have triggered Building Queensland's involvement. I have not put too much thought into this, but dollar figures are always going to be a very broadbrush approach to deciding whether an entity should be involved or should not. Perhaps there is scope for a list of considerations that Building Queensland might take into account. I note that there is the capacity for the minister to request Building Queensland to assist in the business case even if it did not meet that threshold. Going back to what I mentioned before, perhaps those dollar thresholds sit outside the legislation so that there is greater capacity to adjust them if we see that they are not the right thresholds as Building Queensland starts to undertake its activities

Mr HART: You would like to see them as a regulation or something like that, maybe?

Mr Maclaine: Perhaps.

Mr HART: The department has come back to us about a question we asked during our public hearing with the department to say that Building Queensland will not be assessing local government proposals unless they are bought forward by a government agency. Do you think that should be changed?

Mr Maclaine: Yes.

Mr HART: Do you think local government should be considered a government agency for the sake of this particular bill?

Mr Maclaine: Yes and I think the reason is that individual expensive pieces of infrastructure that are notionally the responsibility of local government—\$100 million pieces of infrastructure or more—have historically involved the state government in some way eventually, whether they have come along later and offered to partner and provide part funding or, in the past, there have been subsidy schemes where the state provides annual subsidies to local government to cover the cost of these pieces of infrastructure. I think that these catalyst pieces of infrastructure—sewer upgrades, road upgrades—can often unlock huge amounts of investment and economic activity.

At the moment, local governments will undertake their own internal analysis of the project and prepare a business case. They might consult with the community. They will pull all this information together and then they will approach the state and ask whether they want to come on board. They have to get that agreement from the state in the first instance. The quality of the business case being prepared by local government can vary between local governments. Some of them have greater capacity to do that kind of work and others do not. The ability to put forward those very expensive local pieces of infrastructure directly to Building Queensland to assess the benefits and costs, and that then gets provided to the responsible minister, will then be the process by which the state can consider whether it wishes to invest in or partner with local government.

Mr HART: Do you see a role for Building Queensland in monitoring projects all around the state, including local government, to see whether they should recommend to the minister they get involved?

Mr Maclaine: Our proposal in our submission was that the local government would elect to put forward the project to Building Queensland. I think it would be too difficult and probably inappropriate for Building Queensland to become automatically responsible for every local government project above a particular threshold. I think it would be an opt-in type process. If the local government knows that this project is only ever going to see the light of day with financial assistance and partnering with the state, it can then put forward that proposal to Building Queensland to either assist or lead the preparation of the business case.

Mr HART: Are we suggesting that if the local government has a project, let us say, worth \$200 million and the state is only going to be required to put in 20 or 30 as part of that, it still may trigger Building Queensland getting involved and spending the state's money on putting a business case together for local government?

Mr Maclaine: From my interpretation of the bill, the threshold in which the state gets involved is not based on the dollar amount that the state is going to put into the project, but the dollar amount of the project itself. There may be instances where the Department of Transport only partially funds some transport infrastructure that a private sector has put forward a market-led proposal for. I would see that it would be no different to an expensive project where the state is only a part funder. Maybe the Commonwealth is funding three-quarters of a \$200 million project and the state only 50, but the state is leading the preparation of the business case.

Mrs LAUGA: Duncan and Michael, under clause 10, the explanatory notes details that '...if the state government is asked to invest in a local government project, it may be a requirement to involve Building Queensland as a condition of the funding'. The bill already includes provision for that.

Mr Maclaine: If the state government is asked to—

Mr HART: It may.

Mrs LAUGA: It may be a requirement to involve Building Queensland as a condition of the funding. That is written in a way that suggests that the state actually determines whether the council or the local government needs to take the project in to Building Queensland.

Mr Maclaine: I think, though, that the state would have to come to some decision about whether it is going to provide funding in the—

Mr HART: And someone would need to watch the process and make sure that they recommend to the minister that it happens. At this stage there is no process for that.

Mr Maclaine: If the minister asks Building Queensland to get involved, then I guess they can through the reserve powers. I think it still requires the state to form some opinion on the quality of the project before it will then ask Building Queensland to get involved, whereas I guess what we are suggesting is that with an expensive infrastructure project that may have very large benefits to the state but notionally is the responsibility of local government, there could be an automatic process where it goes directly to Building Queensland.

Mr MILLAR: Duncan, I guess this is a similar question to what I asked Andrew: do you see this as more red tape that you will have to deal with? The UDIA deals with a lot of projects and, obviously, likes to see projects get up and going. Are we providing another level of bureaucracy?

Mr Maclaine: I think that with Building Queensland and the way it is set up, the operational procedures and its relationships with state agencies, that ought not be the outcome of creating Building Queensland. Part of our motivation behind the proposal for lifting the threshold for when Building Queensland leads the business case was a concern that with some of those projects such as an interchange upgrade that might cost \$100 million, perhaps the individual department has the expertise—they do them all the time—and Building Queensland's role is more to provide the appropriate framework in which to calculate costs and benefits of a project. That was partly motivated by a concern that maybe Building Queensland could get bogged down with leading too many projects if that threshold was too low.

Mr MILLAR: But we have a Coordinator-General. Are we putting in another level of an approval process? The next level of an approval process, in some way, may hold things up by providing another level of red tape. I guess it could create a bottleneck if there are many projects such as the \$100 million roundabout or when road funding gets involved. Are we providing another bottleneck before projects get the tick?

Mr Maclaine: I hope not. I think it would be hard to predict whether or not that occurs. Obviously, as an industry body, we will be watching and observing how Building Queensland operates and how state government decisions are being made around major infrastructure projects. I think you have to think about the value add. If Building Queensland's involvement and the requirements around transparency mean better quality decisions, that is a positive for industry. If the value add is not there and it is adding time onto the final decision, obviously that is not a good outcome. You have independent infrastructure bodies operating in other states. In some places, our UDIA in other states have seen them as a positive inclusion in the process. Early on in the establishment of some of those bodies, there were concerns around that, but I think over time, as those operational arrangements were bedded down, those concerns went away. I guess, in some sense, it will be a watch and see.

Mr MILLAR: What would the UDIA like to see so that it does not become a bottleneck or another level of bureaucracy? Is there anything in the bill that you would like to see improved? Its intentions are good. It wants to see a growth in potential projects in Queensland. From the UDIA's perspective, is there anything that you would like to see in there?

Mr Maclaine: I think developing good quality processes and advice on how the individual agencies should undertake their own assessments and only leading on those really major projects of state significance where there might be multiple agencies. That is where it can value add. That was the motivation behind our \$100 million perhaps being higher, in case there are projects where perhaps they are better off just providing that guidance and support and assistance, as opposed to taking the lead.

On the question of the value add, a big issue with urban development is that land-use planning does not always align with infrastructure planning. We might have a regional plan that says that this is the area where the state wants to see growth or where housing is appropriate, but the infrastructure plan does not align with that land-use planning, so the infrastructure spend is not occurring where the land-use priorities are. We would see as part of the rigour and transparency that the investment dollars are going into the places where they provide that uplift and benefit. We see Building Queensland and the provisions around that disclosure and transparency as perhaps guiding investment in a better way.

Mr KNUTH: Duncan, you have read a lot of legislation in your time. From a committee person's perspective, when you read this bill did you see it as being a positive thing or was there a bit of pessimism?

Mr Maclaine: We saw it as largely positive. For the private sector and the development industry to be able to look at where the infrastructure spend is going and know and see what the costs and benefits are of competing priorities, I think, is valuable to the industry. I guess it puts a discipline on government to take on that advice. Reading through it, my initial assessment was that so much of whether Building Queensland provides value to the public and to the taxpayer will not be in the bill; it will be how they operate in practice, their relationships with the individual agencies and the documents and the qualities of the disclosures that they produce. In principle: great. But I think a lot of the practical benefits will be a function not of the legislation but of how they operate in practice.

Mr HART: With regard to transparency and disclosure, which you were just talking about, I notice you have an issue with ministerial directions only being put out in the annual report. You would like to see, I think you said, six monthly on the department's website. Can you tell us why you see this as a problem? How far should transparency and disclosure go? Should ministerial directions be published on the website in real-time?

Mr Maclaine: I think an important quality of transparency is the timeliness of the transparency. What are the benefits of transparency? It allows the voter and industry to look at the infrastructure proposals out there, to see a summary of what the costs and benefits of each are and then to form an opinion on whether or not the decisions by government on the priorities and the amount of funding for infrastructure are good decisions. Our proposal was on the basis that annual reports occur sometimes a few months before the end of a financial year. If there is a decision that requires Building Queensland not to assess a project, I think it is important that people know that within a reasonable period. Our suggestion was six months because that is the interval in which various other disclosures in the bill are required.

Real-time disclosure: I am not sure. I know that there have been debates around real-time disclosures in other areas. It is not something that we have thought about, but we did form a view that those reserve powers are common—they are usually there in these kinds of legislation—but perhaps the disclosure of when they are used needs to be a little more timely. We propose six months as an alternative to what could be a 15- or 16-month delay, potentially, between a direction and its appearance in an annual report.

Mr HART: How much detail would you like to see in the disclosure of the cost-benefit analysis?

Mr Maclaine: Enough of the key metrics so that a consultant or an infrastructure expert in industry could pick that up and form some reasonable opinion around whether project A or project B ought to be a priority relative to one another. I think there should be enough of the key metrics. There are a few of them that people who do cost-benefit analyses for a living look at. There needs to be enough of the key metrics for someone in the private sector to be able to form their own opinion about whether a project should be a priority and should be funded.

Mr HART: Just going back to your starting point where you talked about roads being very expensive—rail lines are very expensive as well—do you think that road and rail should have a different trigger point to every other project or are they that intrinsic to the development of Queensland that they need to stay at the same trigger point as everything else?

Mr Maclaine: In terms of when Building Queensland gets involved?

Mr HART: Yes, and when they lead the project.

Mr Maclaine: I guess that comes back to your earlier question about whether there is a financial threshold and whether there are other considerations. Those other considerations could be all sorts of things—social objectives of the government around encouraging greater use of public transport and so on. Perhaps there is an argument for having other provisions so that Building Queensland could say, 'This does not meet this threshold, but we think, for these reasons, we would like to get involved.' Again, we have not put too much thought into having differing requirements for different types of infrastructure.

Mr HART: I have started thinking that it would not be good if 80 per cent of the projects that Building Queensland is controlling are road projects rather than job creation projects and infrastructure projects apart from roads?

Mr Maclaine: I guess a cost-benefit analysis will be done. If it turns out that one type of infrastructure seems to be coming out on top in terms of its benefits to the community relative to its cost then the government would eventually have to make a decision on whether it spends 90 per cent of its funding envelope on this kind of infrastructure or that kind of infrastructure.

I know Infrastructure Australia produced a report that pretty much found that public transport infrastructure in SEQ was featuring in some of the highest priorities. Whether it would be an appropriate decision by government to spend all of its funds on public transport in SEQ is for the government to decide. It may not be an appropriate decision even if the cost analysis says that in one region one type of infrastructure are all the priorities. The government should always have the ability to make its own decision as long as people can see the independent advice that sat behind that decision.

CHAIR: The time has expired for this session. Thank you very much for your attendance.

BLAGEOV, Ms Bronwyn, Executive Director, Department of Infrastructure, Local Government and Planning

HARCH, Ms Catherine, Director, Strategy, Building Queensland

QUINN, Mr David, General Manager, Building Queensland

CHAIR: I welcome representatives from the Department of Infrastructure, Local Government and Planning and Building Queensland. Would you like to make an opening statement?

Mr Quinn: I will take the opportunity to make a brief opening statement having had the benefit of hearing various submissions earlier today. I thought some early commentary may assist in providing some further clarification.

Building Queensland is being established to provide independent expert advice to the Queensland government. It is intended that it will do this through the assessment of key government infrastructure proposals as per the thresholds set out in the bill. Rigorous project development and getting the project—particularly for large scale projects—will help ensure the state invests wisely in infrastructure.

With regard to the role of Building Queensland and other government entities, I will set out the following. The function of infrastructure planning for particular asset classes to support the delivery of services to Queensland belongs with the specific delivery agencies that provide services such as health care, education, transport, energy, water et cetera within Queensland. The responsibility for whole-of-government coordination and oversight of infrastructure planning lies with the Department of Infrastructure, Local Government and Planning which has the responsibility for developing the state infrastructure plan.

The state infrastructure plan is currently being developed for release in early 2016. The plan will include a program of state infrastructure projects over the next one to four years as well as identifying problems that may require investment in infrastructure in the longer term—up to 15 years. Local government infrastructure may be incorporated as part of the plan where it is regionally significant infrastructure.

I might touch briefly on the issue of regulation and the role of Building Queensland, the Queensland Competition Authority and the Queensland Productivity Commission. The Queensland Competition Authority is an independent economic regulator that has some decision-making powers in its own right, particularly in relation to third-party access to declared services. QCA's primary role is to ensure monopoly businesses do not abuse market power through unfair pricing or restrictive access arrangements.

In comparison, Building Queensland will provide advice only on policy, pricing and regulatory issues impacting on the efficient use of infrastructure. Building Queensland's role is strictly an advisory role. It will be a matter for the relevant minister or potentially a board of a GOC whether and how to act on any Building Queensland advice.

The Queensland Productivity Commission is also an advisory body that is being established. While the QPC may make recommendations about complex economic and regulatory issues—for example, pricing matters with electricity—the government and the relevant GOC will need to make a decision in respect of their recommendations.

CHAIR: Do we now have too many advisory bodies?

Mr Quinn: That is probably not a question that I can answer, to be honest. It was a priority of the government to establish Building Queensland for the reasons I have just outlined. Clearly my role is to ensure that we meet those objectives.

CHAIR: Do you see Building Queensland being able to work with other advisory bodies?

Mr Quinn: Definitely. We have already started consultation with a number of those advisory bodies. We have also had extensive consultation with other government agencies, with GOCs, with industry associations and with the private sector. Our role, if we are going to be effective, is to demonstrate our ability to work collaboratively with all groups.

Mr HART: Last time we talked was 3 June—about six weeks ago. How far has Building Queensland moved on since then? How many more employees have you got? Are you being referred any projects yet?

Mr Quinn: Thank you for the question. In relation to our structure, I point out that our structure has now been settled, which is good. We have recruited half of our workforce into the Building Queensland group. We have about half the number required. I have four out of five of my direct reports, which was key. From my perspective, it was important to get those direct reports on board to then start recruiting their retrospective teams.

We have obviously undergone significant consultation, which I referred to a moment ago, with agencies, with GOCs and with industry in general. There has been a lot of consultation underway. As part of that consultation we are clearly getting visibility on the projects that are likely to come to Building Queensland going forward.

Work on those projects has not stopped. We are identifying projects that are either being discussed in the media or we are engaging through agencies. We are identifying those projects we are likely to play a role in quite quickly. Our focus has been very much on getting ourselves established and up and running, which is where we are at.

Mr HART: So you have a watching brief on infrastructure in Queensland. Have any infrastructure projects been referred to you already?

Mr Quinn: Projects that are likely to be referred to us have been discussed clearly in the media. There are projects such as Cross River Rail which we believe we will get heavily involved in. The duplication of the north coast rail line is another project. Nullinga Dam is another such project. The fact that they have not physically relocated into Building Queensland does not mean that work on those projects has stopped. In fact, we have been engaging with people who are already involved in those areas to satisfy ourselves how things are going. At a certain point in time we will start injecting ourselves into that process.

Mr HART: How many staff have you got now?

Mr Quinn: Fourteen.

Mr HART: You will have—

Mr Quinn: Thirty is the nominated head count.

Mr HART: So you have almost half your staff, but you have not been referred projects yet? None have been referred to you yet?

Mr Quinn: None have been formally referred to us, but we have—

Mr HART: When do you anticipate that projects will start being referred to you?

Mr Quinn: I think that is in the very near term.

Mr HART: So you have no idea?

Mr Quinn: I suspect—

Mr HART: Has the minister advised you when this should start happening?

Mr Quinn: We are obviously in constant consultation with the minister in relation to that. The intention would be that we would start getting involved even before the bill is enacted. That would be the intention.

Mr HART: You can get involved before the bill is enacted, can you not? Is there any restriction on you doing that?

Mr Quinn: Our intention would be to get involved before the bill is enacted, yes.

Mr HART: How long has Building Queensland been in existence?

Mr Quinn: We were established administratively under the department at the end of April—I think 20 April.

Mr HART: You have started employing people but you still do not have any projects referred to you by the minister. That is good. We have discussed with a few of the groups that have talked with us a dollar figure being an arbitrary figure. Have there been any discussions within the department about there being other trigger points for referral to Building Queensland apart from the \$50 million and \$100 million figures?

Mr Quinn: I refer the member to clause 13 of the Building Queensland Bill. 13(1) (c) refers to the fact that we may be directed by the minister to get involved in projects outside of those thresholds—to both assist and lead business cases. The \$50 million to \$100 million assistance and the \$100 million plus lead is stated, you are correct, but there is also that discretion where we may be directed by the minister to get involved in projects of a—

Mr HART: You have no idea what the minister's trigger point will be apart from that monetary figure?

Mr Quinn: That will be at the discretion of the minister.

Mr HART: The QRC told us in their submission that they are expecting the transparency of the decisions that Projects Queensland make to be about the same level as Infrastructure Australia. Can you confirm that that will be the case?

Mr Quinn: If I recall correctly the answer from QRC, they suggested that the level of detail provided by the IA was at a fairly high level. The level of detail as to how much is provided ultimately will have to be determined by the board of Building Queensland but I think, consistent with what we indicated, our focus is very much on providing as much transparency as possible without compromising things such as commercial-in-confidence information or intellectual property. I cannot be prescriptive in relation to project by project, but clearly there is a desire from the government and the Building Queensland Bill strongly suggests that there is a focus on transparency and accountability. So as much as possible we have very broad powers under the bill to publish what information we think is appropriate on our website, under clause 16, and we will seek to no doubt exercise that opportunity.

Mr HART: When you were talking about Building Queensland and the policy pricing and regulatory roles that you have, you said that you will be reporting that but I do not think you said to whom. Who are you reporting to and how far is that information disseminated?

Mr Quinn: Ultimately the reference that I made was in relation to the strategic advice—or the provision of advice, I think, is the precise wording under the act. That advice obviously has to go to the board and get endorsement. Again, potentially that advice would then be published on our website which would make it obviously available for all.

Mr MILLAR: David, following on from the member for Burleigh's question, how many staff do you have? You have 14 out of 30 staff?

Mr Quinn: That is correct—14 out of 30.

Mr MILLAR: So what are they doing? If there are no infrastructure projects that you are looking at, what are they doing at the moment?

Mr Quinn: When I say there are no physical infrastructure projects that have been referred, there is a lot of engagement that has to go on with agencies and GOCs to understand what projects they have that fall within our remit. That has been a lengthy process but a critical process because, if we do not have visibility, we do not know precisely which projects we may be—

Mr MILLAR: But you have had no projects referred to you.

Mr Quinn: No projects have formally been referred to us, but there is an understanding where projects are at, what projects we think would fit within our remit and which projects would not fit within our remit. When you are capturing all the GOCs and government agencies, it is a significant piece of work. We obviously have people involved in Building Queensland establishing the statutory body side of getting Building Queensland up and running as an independent statutory body—so having to put all the frameworks and processes in place. There is a lot of work going on in relation to policy frameworks regarding cost-benefit analysis, regarding business case and those sorts of areas.

Mr MILLAR: What are the business cases on? You have no projects to look at. You have not been given the green light: 'We want you to have a look at this.'

Mr Quinn: We have to establish the frameworks around which we will then assess projects going forward to make sure they are assessed fully. So you have to have a business case template. You have to have cost-benefit analysis templates et cetera. You need to establish those to provide that guidance.

Mr MILLAR: What is the annual budget?

Mr Quinn: The annual budget of Building Queensland is about \$8 million.

Mr MILLAR: What is the staff budget?

Mr Quinn: About \$3.7 million.

Mr MILLAR: And you are looking at 30 staff.

Mr Quinn: Thirty staff.

Mr MILLAR: And we are still waiting. Just on the infrastructure, when are you expecting the go ahead? When is the first project? When do we hit the road?

Mr Quinn: At the end of the day I have to get a direction from government as to precisely which project they want me to pursue first, but we are ready to accept it.

Mr MILLAR: You have mentioned Cross River Rail, the duplication of the northern rail line and Nullinga Dam. Surely they would be ready to be looked at now, aren't they? Aren't they ready to look at some scoping around that?

Mr Quinn: The work continues in respect of those projects as we speak. It is not like those projects are on hold. The work that has been done on those projects continues as we speak. We continue to have engagement with those agencies that have responsibility for those projects. I do not think the fact that Building Queensland is not physically leading the project at this point in time in anyway delays the consideration of those projects. We are comfortable with the way in which they are heading at this point in time, but we will then inject ourselves in and start leading those business cases—

Mr HART: Who are controlling those projects at the moment, David?

Mr Quinn: In the case of Cross River Rail, it would be Transport and Main Roads. In relation to ETCS, it is a combination between Queensland Rail and Transport and Main Roads. In relation to Nullinga Dam, it is both SunWater and DEWS.

Mr HART: If you are going to lead those projects, are you going to take their staff or second their staff? How is this going to work with just 30 staff?

Mr Quinn: Potentially that will be the case. In fact, one of the benefits of the Building Queensland model is that it is very flexible. We can resource up and resource down depending on the number of projects we have at any point in time. In fact, part of the beauty of having a small group like Building Queensland in terms of numbers is the fact that it reinforces the need for agencies to bring staff with the projects, because at the end of the day the expertise does reside within the agencies. There is no doubt about that. But the benefit Building Queensland has is that we have a consistent approach across all projects. We actually want to bring staff in or second staff. Likewise we will, where necessary, get advice or get support from the external marketplace where there is particular expertise we may require.

Mr HART: Who pays for those staff if they are seconded across?

CHAIR: Members, I think on this line of questioning we have gone a little bit too far, because we should be talking about the bill.

Mr HART: We are talking about the bill, Chair.

CHAIR: The position of the department is that at the moment they are doing the groundwork getting ready for the bill to be passed. Our role is to consider, through discussions with all the stakeholders or people who will be affected by the bill, how the bill is going to benefit Queensland and if they have any problems with the legislation. I think we are talking about things that really have not—

Mr HART: I do not think we can make recommendations on how we should change the legislation if we do not understand how the department works.

CHAIR: No. I think you are going further than that. That is going to be my ruling. I will take a question about the bill.

Mr MILLAR: I have one more question and it is about the bill. You have probably heard what I have asked Andrew and Duncan in regard to red tape, and even the chair referred to it. We have one group and another group and another group in the planning phase. Is there going to be too much red tape here? What is stopping this from being another approval process that you have to jump over to get the go ahead, to get the tick? I am looking at certainty for people in getting projects on the ground—bang, let's get them away—without having to wait for now Building Queensland to give us the tick.

Mr Quinn: Thank you for your question. My view is that it will not create further duplication. The reality of the situation is that, if projects that meet our thresholds have to come to Building Queensland where they then subsequently go to government for approval, they have to have gone through Building Queensland. It is not a duplication. It is not going to be a case of Building Queensland does a business case in isolation and then it goes back to the agency and they do their own business case. In fact, the relevant people from the agency will come to Building Queensland, or in some cases we may go to them, to develop that case. When it goes to CBRC for a funding or investment decision, it has gone through the BQ board and it has gone through a project steering committee. So there will not be the duplication.

An example could be in a situation where you are looking at a PPP type project. We would also involve people from Queensland Treasury who would get involved in developing that business case. So when it comes to Queensland Treasury to go through the procurement, they have knowledge of the business case and they are satisfied with the assumptions that are made. Therefore, it will actually speed the process up. It is not going to create duplication. It is going to have the benefit, however, of creating consistency so that when government is considering a variety of projects they know that it has been through a consistent process, consistently rigorous, and then ultimately it is up to the government to make their decision as to which project they decide to proceed with.

Mr HART: David, in that case aren't you just taking the expertise and putting another level of bureaucracy above them?

Mr Quinn: I do not think so. I should say I know that is not the case. The reality is that different agencies have different levels of expertise in relation to developing business cases in particular. Clearly the government had a view that there were projects that had not been sufficiently rigorously assessed previously. Therefore, they wanted to establish Building Queensland with the purpose of getting that consistency. Whilst I think there are some agencies that do a lot of projects with the sorts of thresholds that we talk about and they are very experienced, there may be other agencies who either do not do a lot of projects in that space or alternatively may want our assistance to help them in relation to doing those sorts of projects.

Mr MILLAR: We will just have to wait and see.

Mr Quinn: There is now us, of course. At the end of the day we will be assessed. With the obligations we have on transparency and accountability, we will be very visible in terms of what we are doing and the benefit we bring.

Mr BUTCHER: We have talked a bit today about bottlenecks. Have you done any work prior to this bill being introduced on how much work you will actually have come through? Can you see these smaller projects blocking up Building Queensland?

Mr Quinn: Thank you for your question. In relation to my earlier response, in fact a lot of our time in probably the last two months or so since we last came before this committee has been very much on identifying those projects so we have visibility for precisely that reason, to understand the size of the numbers of projects that are potentially in front of us. I think in relation to potential bottlenecks, as I indicated before, the Building Queensland structure is a very flexible structure whereby we can resource up and resource down. Whilst we have a core establishment of 30 people, the reality is that we will get more people in if the projects necessitate it. At other times when things are quieter we can contract down. I do not believe there is any issue in relation to bottlenecks at all. In fact, clearly that should be one of my key performance indicators to demonstrate that we are not a bottleneck in the process.

Mr MILLAR: I hope not either.

Mr HART: It would be nice to get started on it then, wouldn't it?

Mrs LAUGA: Is it the case, David, that Building Queensland will only formally inject itself into these projects once it is recognised as a statutory authority by way of the passing of this bill?

Mr Quinn: Clearly the passage of the bill gives us that formal right to involve ourselves in projects, but we have been established administratively under the department. I think it was very much the focus of the minister to ensure that we were seen as being ready and available to start doing our activities. I think being administratively under the department does not prevent us from physically doing our job.

Mrs LAUGA: So the work that has been undertaken to date is about making sure that if and when the bill is passed Building Queensland can get straight into work as opposed to if and when the bill is passed Building Queensland then taking three or four months to set up the organisation administratively.

Mr Quinn: Definitely. The frameworks are what I refer to in my team as the building blocks of Building Queensland. We have to have these frameworks in place, because everything we do will be built upon those pieces of work. There is significant work being undertaken in that space as we speak. There is clearly the whole statutory body—the needs of establishing an independent statutory body need to be put in place. I cannot recall which submission it was earlier that indicated they wanted to make sure there is clarity around where we do or do not get involved and our interactions with agencies. There has been a lot of time spent in developing the guidelines around how that will take place. The bill obviously provides various powers and it is very broadly worded, but the guidelines themselves will demonstrate how we in fact interact with agencies and GOCs. We have also been

spending a lot of time in relation to governance in terms of exactly how steering committees will be formed, how project control groups will be formed, how they will operate and terms of reference et cetera. It is very much designed to ensure that we are able to hit the ground running as soon as the bill is passed. But, as I say, I do not think that prevents us getting involved now in projects, and that is what I am certainly looking to do.

Mrs LAUGA: Great. I am also really interested in the technical work that is going into the cost-benefit analysis and how you are developing that model. There are multiple models out there that could be used. I am interested in how you are developing the Building Queensland CBA.

Mr Quinn: You are right. Cost-benefit analysis has been around for many, many years. There are a lot of different models being applied. Again, we are obviously looking to be a centre of excellence in relation to it. Clearly, the first part of doing that is understanding and looking at the other models that are available both internationally and domestically. So my people have spent a lot of time doing research in relation to the various models from groups like the World Bank, for instance, and the United Nations all the way through to areas such as Infrastructure Australia. Clearly we will be looking for some of our business cases to go to Infrastructure Australia potentially to attract some level of federal funding. So we are wanting to satisfy ourselves that whatever we develop is going to be acceptable to them.

The consultation piece has been significant. I myself have been engaged, as I said, actively with the CEO of Infrastructure Australia and also with the CEO of Infrastructure New South Wales. I have been talking to Infrastructure Victoria and Infrastructure Tasmania to understand what frameworks they have in place. There has been a lot of engagement. That cost-benefit analysis in particular is a key piece of work. Once it is at a stage where it is sufficiently developed, again we would look to then discuss that with other affected parties. We have a broad remit under our bill in relation to consultation and we will certainly seek to exercise that.

Mr KNUTH: David, you mentioned before that Building Queensland has an advisory role. What is or will be the main criteria of Building Queensland's advisory role?

Mr Quinn: We are obviously required to provide that independent expert advice to government. I appreciate at the end of the day that we are not here to determine or make decisions for government. We do our job. We publish our results. We provide the information through to government as an adviser to government. At the end of the day it will be the government's decision as to which projects do or do not progress or which progress they do or do not fund. We are advisory in the sense that we have to provide very rigorous advice and very detailed advice, but it is a decision for government ultimately as to which projects they decide to take forward from a funding perspective.

Mr HART: I want to get this absolutely clear in my mind. I understand that you are going through the process of setting up, but if the minister were to direct you to get involved in a project today there is nothing to stop you from getting involved in the project; is that correct?

Mr Quinn: No, I do not believe there is.

CHAIR: Thank you very much. Time has caught up with us. I wish to thank everyone for being here today. We appreciate your contributions. I believe that we have gathered some valuable information which will assist our examination into the Building Queensland Bill. Thank you again. I declare the hearing closed.

Committee adjourned at 11.15 am