



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 M Telford (Principal Research Officer)
Ms M Westcott (Principal Research Officer)

PUBLIC BRIEFING—EXAMINATION OF THE BUILDING QUEENSLAND BILL 2015

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 3 JUNE 2015

Brisbane

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Committee met at 8.59 am

BLAGOEV, Ms Bronwyn, Director, Legal, Legislation and Policy Services, Department of Infrastructure, Local Government and Planning

HARCH, Ms Catherine, Director, Building Queensland, Department of Infrastructure, Local Government and Planning

QUINN, Mr David, Interim Chief Executive Officer, Building Queensland, Department of Infrastructure, Local Government and Planning

CHAIR: Good morning. I declare open the public briefing for the committee's examination of the Building Queensland Bill 2015 and thank you for your attendance here today. I am Jim Pearce, the member for Mirani and chair of the committee. Other committee members are Mr Michael Hart, the deputy chair and member for Burleigh; Mr Glenn Butcher, the member for Gladstone; Brittany Lauga, the member for Keppel—she will be here shortly; and Mr Lachlan Millar, the member for Gregory. Mr Shane Knuth is an apology this morning, but he will be here for later proceedings. The briefing is being broadcast live via the Parliamentary Service's website and a transcript will be made by parliamentary reporters and published on the committee's website. The briefing is a formal committee proceeding and, as such, you should be guided by schedules 3 and 8 of the standing orders, a copy of which has been provided. The aim of the briefing today is for the committee to gather preliminary information in relation to the bill. I welcome representatives from the Department of Infrastructure, Local Government and Planning. I invite you to make an opening statement.

Mr Quinn: I thank you for the opportunity to brief the committee on the Building Queensland Bill 2015. I am the interim chief executive officer of Building Queensland and, as indicated, I am accompanied today by Ms Catherine Harch, Director, Building Queensland and also Ms Bronwyn Blagoev, Director, Legal, Legislation and Policy Services, Department of Infrastructure, Local Government and Planning. If it pleases the committee, I will make an opening statement that briefly outlines the objectives and contents of the Building Queensland Bill 2015. The bill is the result of the government recognising the need for increased rigour, transparency and consistency during all stages of project development in Queensland. To provide this increased rigour, transparency and consistency, the bill proposes the establishment of an independent statutory body called Building Queensland. The functions of Building Queensland as provided for in the bill include providing independent expert advice about infrastructure in Queensland; developing a robust and transparent project assessment framework taking into account the cost and benefits of proposals; evaluating proposals for new and existing infrastructure; assisting with or leading the preparation of business cases for infrastructure proposals; preparing a pipeline of priority projects for government consideration; leading the procurement and delivery of projects when directed to do so by the minister; and publishing information and promoting public awareness regarding Building Queensland's functions. I will continue by briefly expanding on each of these functions and how it is envisaged Building Queensland will operate under the bill.

Firstly, in relation to providing independent expert advice about infrastructure in Queensland, Building Queensland will be established as an independent statutory body to provide expert advice regarding infrastructure project development to the state government. This could include things such as commentary about current and future state infrastructure needs and priorities, infrastructure pricing, regulatory issues and any foreseeable impediments to infrastructure planning and processes to mitigate these impediments. Building Queensland will be a centre of excellence which will research and provide advice on emerging global infrastructure trends, including procurement and delivery of projects. In relation to developing a robust and transparent project assessment framework taking into account the cost and benefits of proposals, to ensure we achieve this aim that infrastructure proposals are developed in a consistent and rigorous way, Building Queensland will be responsible for developing a framework for assessing projects. This framework will also take into account the cost and benefits of proposals. It is envisaged this framework will be applied across government, ensuring consistency for infrastructure proposal development going forward. In relation to evaluating proposals

for new and existing infrastructure, Building Queensland will evaluate proposals for investment in new infrastructure and for enhancing existing infrastructure. These proposals will be provided to Building Queensland from government agencies. Building Queensland will provide a summary of the proposals it assesses to the minister at the end of every six-month period.

In relation to assisting or leading the preparation of business cases for infrastructure proposals, Building Queensland will assist agencies during the preparation of business cases for infrastructure proposals with an estimated capital cost of over \$50 million but under \$100 million. For projects with an estimated capital cost in excess of \$100 million, Building Queensland will lead the preparation of business cases. The bill also makes provision for Building Queensland to assist or lead in the preparation of a business case outside these thresholds if directed to do so by the minister. Notwithstanding Building Queensland's role in developing business cases, the relevant department will ultimately be responsible for progressing the project for government consideration, including funding deliberations.

In respect of preparing a pipeline of priority projects, importantly Building Queensland will develop and maintain an infrastructure pipeline similar to that constructed by Infrastructure Australia in that the pipeline will record proposals Building Queensland considers should be prioritised on the basis of economic, social and environmental sustainability; cost versus benefits; and community benefits. The government will then consider the pipeline of priority projects to assist in the development of the state infrastructure plan. In relation to leading the procurement and delivery of projects when directed to do so by the minister, Building Queensland must lead the procurement or delivery of a particular infrastructure project if directed by the minister. The minister must consult with the responsible minister for the project before giving any such direction. Having said this, it will typically be the department continuing to lead and deliver their own projects. However, if and when Building Queensland is directed to lead the delivery of a project, it will work cooperatively with the department or delivery area and will draw on the resources and expertise of these government agencies as required.

With respect to publishing information and promoting public awareness regarding Building Queensland's functions, the bill requires Building Queensland to publish certain information on its website. For each cost-benefit analysis undertaken, a summary will be published on the Building Queensland website. This does not limit what Building Queensland may publish. It can publish other information relevant to its functions or to raise public awareness of its functions and roles in Queensland's infrastructure development landscape.

With respect to the board and resourcing for Building Queensland, Building Queensland will be constituted by an independent board and staffed with considerable expertise and knowledge about infrastructure. The board will develop and approve the overall objectives, strategies and policies of Building Queensland and will ensure the effective performance of its functions and achievement of the objectives of this bill. The bill sets out the membership of the board and how the board will be appointed. The board will be made up of a chairperson and four part-time members from the private sector with considerable skills and experience in infrastructure and who will be appointed on the recommendation of the minister. The three other members of the board will be the chief executive officers of the government departments relevant to the operation of Building Queensland—namely, the Department of the Premier and Cabinet, Queensland Treasury and the Department of Infrastructure, Local Government and Planning. The bill goes on to provide the relevant provision necessary for the effective functioning of the board and the appointment of the chief executive officer and staff. It is important to note at this point that, in performing the functions I have just outlined, Building Queensland will not operate as an advocate for particular projects. Rather, it will make transparent recommendations to government about existing and future infrastructure priorities within a consistent framework. In fact, the bill makes it clear that Building Queensland is an independent statutory body which does not represent the state. It is anticipated that the work which Building Queensland will undertake will help to provide certainty for industry and that this in turn will allow industry to invest in Queensland with confidence.

With respect to consultation, during the development of the bill extensive consultation was undertaken across agencies. In addition, the Deputy Premier has recently invited over 40 industry associations, private sector companies and Queensland universities to attend upcoming information sessions on the content of the bill, including the establishment of Building Queensland and its role and functions. These sessions will be led by myself and my staff and will occur progressively during June. In closing, I want to take this opportunity to thank the committee for its consideration of the Building Queensland Bill and my colleagues and I are happy to answer any questions you may have. Thank you.

CHAIR: Thank you for that briefing. I have a question with regard to the explanatory notes, which state that Building Queensland is being generally modelled on Infrastructure Australia. Can you please tell us what similarities and differences there are between the two bodies?

Mr Quinn: The similarities with Infrastructure Australia are that the bill itself is modelled along very similar terms. In relation to what Infrastructure Australia does, Infrastructure Australia also produces a priority project pipeline and it is envisaged that Building Queensland will produce the same sort of document. That is probably the major similarity. Probably the differences between what Building Queensland will be doing and what Infrastructure Australia does is that Building Queensland will be leading business cases whereas Infrastructure Australia predominately assesses business cases provided by various state governments. If I could contextualise it in the fact that we probably get more into the detail of individual projects while they look at business cases that have been completed and just assess them.

CHAIR: Do other jurisdictions in Australia have similar bodies?

Mr Quinn: They do. I have recently gone down to both Sydney and Victoria to talk with my peers in those states. Infrastructure NSW is a similar body down in New South Wales, although once again it probably focuses more on the high-level strategic, 30-year infrastructure plan for that state. With the change of government in Victoria, the new Labor government is intending to introduce a body called Infrastructure Victoria and also Projects Victoria. To be honest, they are at a similar stage where we are but still when we met with them they indicated that they anticipate that Infrastructure Victoria will be again similar to Infrastructure NSW in terms of focusing on that longer term strategic plan and Projects Victoria is probably going to be more of an assurance role. But I think they are very much still developing their remit and how they are going to function.

CHAIR: We have Economic Development Queensland. Are there any similarities there or can you tell us the difference between the two bodies?

Mr Quinn: In relation to EDQ, being an independent statutory body, we are immediately different from EDQ in that respect. In terms of the work, we are going to probably engage with EDQ but it is a slightly different role in relation to us leading business cases. The focus for us will be the business case leadership and doing the cost-benefit analysis. So there will be some overlap I believe and there will be some assistance provided by EDQ, but I think they are quite separate roles.

Mr HART: Mr Quinn, just following on from that question, the bill talks about \$50 million and you assisting in the planning stages for that and actually leading at \$100 million. My understanding is that you came from Projects Queensland; is that correct? Can you just tell us the difference between Projects Queensland, what we are doing here and EDQ? What is anticipated happening to EDQ and Projects Queensland once this entity is in place?

Mr Quinn: Thank you for your question. If I try to approach each of these in turn, hopefully I will answer the question in the process. You are correct; I was previously executive director and head of Projects Queensland. Projects Queensland did not produce a pipeline of projects as such and were more involved in assisting with the procurement of principally PPP type projects. They did get involved in other sorts of projects, but really the focus was very much on the skills that they had in the PPP financing project space. In relation to their role, they are probably heavily involved in the procurement and, as I understand, Treasury intends to retain that commercial capability within Treasury moving forward. Projects Queensland clearly was not an independent statutory body so therefore the notion of Building Queensland being at arm's length from government and having its own board again is a reinforcement of that arms-length arrangement that will be in place.

The other piece in relation to Building Queensland, as I have said, is that we are producing a pipeline of projects. That was not the role of Projects Queensland. Projects Queensland, as I understand it, will continue to perform to function. We will still work with Projects Queensland. I expect that, if projects that we lead from a business case perspective are seen as candidates for a PPP, financing of those projects will go to Commercial Group within Treasury which was previously called Projects Queensland. It will procure that project and, to the extent it is asked to, potentially get involved in delivery. PQ and BQ are quite different entities in that respect. Likewise with EDQ, again, EDQ will continue to function. It will continue to have a role. Again, it is within government so it hasn't got that arms-length relationship that Building Queensland has going forward. So there is that difference again that exists.

Mr HART: Are there clear demarcation lines here or is it a bit blurry between the three entities?

Mr Quinn: An implementation group has been formed that has representatives from all the key agencies, and we are working through the very clear policy framework now as to precisely the involvement of the different parties in respect of infrastructure projects in the state. I am comfortable

we will get a resolution that makes it very clear, but at the end of the day we will continue working very closely with a whole host of agencies in order to articulate a clear pipeline of projects going forward. Like anything, I think there will be a period of time where things settle down and we will get a clear understanding, but I am comfortable that over time that clear delineation will be established and will work effectively.

Mr HART: With regard to the cost-benefit analysis, some of these projects I imagine will require federal funding. Are we going to be copying the cost-benefit analysis of Infrastructure Australia? Will we be working closely with it to mirror what it does? Is that how this will work?

Mr Quinn: We will certainly be developing business cases that will ultimately, in some cases, go to Infrastructure Australia in order to seek federal government funding. Therefore, the relationship we have to establish with Infrastructure Australia and our understanding as to what it particularly wants to see in our business cases will certainly direct us to some degree. We intend to go over and above any requirements it has. Clearly, if Building Queensland is going to be a centre of excellence, as is proposed, and cost-benefit analysis is going to be a clear area of focus for us, we will be looking to continually improve that model going forward. But certainly that engagement with Infrastructure Australia is going to be important.

Mr HART: Following on with the cost-benefit analysis, you mentioned earlier that a summary would be provided every six months. Why are we only providing a summary? You said there could be more information put forward. Why isn't it standard that we put forward more information all the time?

Mr Quinn: Thank you for the question. In relation to what we are providing in terms of a summary, there is clearly some commercial-in-confidence information that may be contained within the business cases and as part of that cost-benefit analysis. We intend to be as open and as transparent as we can be. Clearly, the intent behind Building Queensland, establishing a website and providing this information is to be as open and transparent as we possibly can be. As you correctly point out, the information we will be publishing will not just be limited to business cases. There is other policy advice, recommendations, global trends or suggestions we may make or the board may want to publish to ensure that there is increased public awareness.

Mr HART: As part of that, clause 10(2) talks about 'social and environmental sustainability'. What is social sustainability?

Mr Quinn: Social factors that may form part of the cost-benefit analysis. It is going to be on a case-by-case basis with each project. There are social elements to any cost-benefit analysis you may be looking at in terms of the social impact a project may have on a particular area on a particular site.

Mr HART: Clause 10(2)(d) talks about 'including social return'. How are you going to peg that? How are you going to put in a formula that decides what a social return is and whether we are getting a good social return for this infrastructure we are building?

Mr Quinn: I think that is definitely a developing area in relation to cost-benefit analysis. Again, we would be seeking advice from experts in that area, which is the intent behind Building Queensland, to make sure that we seek the advice of independent experts to assist us in formulating that. The reality is that as part of us developing business cases, whilst we have capability within government and within Building Queensland, if we are going to have the most contemporary practices and look at trends in the broader industry, we will need to go to the external marketplace to get advice on different projects. It really will be a project-by-project, case-by-case basis. Again, I think that is the notion behind developing business cases that are centre of excellence, that are best of class, to ensure that those areas are fully explored.

Mrs LAUGA: We heard yesterday from Engineers Australia that there is a sovereign risk in infrastructure investment in Queensland, that we should be optimising the use of existing infrastructure, that the private sector needs confidence and that a sense of urgency is required. How will Building Queensland help fill those needs that Engineers Australia says there are in the marketplace?

Mr Quinn: Thank you for your question. I also attended that session yesterday. I found it very informative. The one piece of feedback I have had consistently since I have taken on this role—and, to be honest, even formerly in my role with Projects Queensland—is that the private sector is looking for a pipeline. It wants to know there is a steady flow of projects coming to market. Given that our role is to establish a pipeline, I think that will give the private sector the certainty it needs because then it in turn can ensure it has the right resources with the right skill sets in order to support that. I think the establishment of the pipeline is going to go a long way towards giving industry the certainty it requires.

In relation to sovereign risk, I am not clear in terms of what exactly they meant. Clearly, there have been some issues down south, and in Victoria in particular, but I must admit I have not heard that raised previously in the Queensland context. I think the pipeline is principally what private industry is looking for and having that continuity. They do not want a number of big projects and then nothing for an extended period of time. They are looking for that continuity, and that is principally one of the roles that Building Queensland will provide.

Mr BUTCHER: So now we are going to have three levels. We have Projects Queensland, Building Queensland and Economic Development Queensland and, as you said, they will probably work closely together. Do you see that this might add time to a project or a development that someone wants to get off the ground?

Mr Quinn: I do not expect so. As I say, the role with Projects Queensland will be complementary, I would say. Building Queensland will, in most cases, do the front-end work in relation to assisting with the development or, in some cases, leading the development of the business case. Once it is determined that that project is a likely project that would be a candidate for a PPP type transaction, it would then go across to what is commonly referred to as Projects Queensland but I believe will be called Commercial Group going forward and it will then lead the procurement. I think that will streamline that process because potentially even during the business case phase we may look at involving people from Queensland Treasury out of Commercial Group in the development of the business case. Therefore, they have that knowledge to take it through. So I think there should not be any delay in respect of that interaction between Building Queensland and Projects Queensland.

In relation to EDQ, I believe it will be much the same situation. The whole idea is to streamline the process and make it efficient. Clearly, as we have indicated, we are not advocates for projects at the end of the day. That is not our role. We are also not going to be going to government seeking funding. Our role is very much to work with agencies. Likewise, they are incentivised to work with us to ensure that the business case is strong and robust so that when they do go to government for funding they can demonstrate there is a clear need and they are able to make the case successfully for the project moving forward.

Mr MILLAR: Can you clarify whether there is anything in this legislation which requires new infrastructure projects to be subject to a cost-benefit analysis?

Mr Quinn: As part of developing the business case, the business case requires us to do a cost-benefit analysis on that project. So the business case must contain a cost-benefit analysis. Therefore, providing the project satisfies the threshold or the minister directs us to lead the business case, it will be a requirement that the cost-benefit analysis must be completed.

Mr MILLAR: Clause 10(2) requires that when advice is provided in accordance with clause 10(1) a cost-benefit analysis is carried out in accordance with clause 13(1)(c) and clause 13(3) and Building Queensland will report on it. However, if the minister applies clause 18(3), a cost-benefit analysis of the project will not be undertaken and Building Queensland will not report on it; is that correct?

Mr Quinn: In respect of clause 18(3), that is correct. If we get a direction from the minister not to consider a project, then potentially a cost-benefit analysis would not be completed. Any projects that we are required to lead will have to have a cost-benefit analysis completed.

Mr MILLAR: Is there anything in this legislation which requires government projects to be subject to a full cost-benefit analysis?

Mr Quinn: I refer the member's attention to clause 13(2). In relation to projects that Building Queensland lead in terms of preparation of the business case, it does state that it must give the minister the following information: 13(2)(a), details of the productivity gains; 13(2)(b), time frames; and 13(2)(c), a cost-benefit analysis for the proposal.

Mr MILLAR: Turning to clause 12, the way I read the clause is that it means only a summary of each proposal is released to the public. Am I right in reading that the full cost-benefit analysis and assessment of value for money may not be fully released to the public?

Mr Quinn: That is correct.

Mr MILLAR: So releasing a cost-benefit analysis will not always be the case?

Mr Quinn: It may not, yes. The intention is to release a summary of the cost-benefit analysis. A cost-benefit analysis as part of our assessment of the business case will be required to be performed and will be provided to the minister. For the purposes of publishing that information on the website, a summary would be provided.

Mr MILLAR: I have one more question. Reading through the provisions of clause 13(1), Building Queensland is required to assist in the preparation of business cases for projects above \$50 million and lead the preparation of business cases for projects worth \$100 million or more. How does this vary from what currently occurs with Projects Queensland specifically regarding these amounts?

Mr Quinn: It is very similar. Projects Queensland was involved in projects with values in excess of \$100 million and high-risk, high-value projects. So the thresholds are not unlike those that currently exist with Projects Queensland.

Mr MILLAR: Would I be fair in saying that what is happening now is going to move under the new legislation?

Mr Quinn: Certainly in relation to the development of those business cases, it has. But, as I indicated, the role of BQ is somewhat different from the role of Projects Queensland, being an independent statutory body and also with us leading the business cases. In most cases what is expected to occur once the business case is complete is that the agency would take that back to government to seek funding. If government approves funding, they would then take it to what was formerly known as Projects Queensland. If it was a PPP, it would go to Projects Queensland to manage the procurement and then back to the agency for delivery. The thresholds are similar, you are correct. In relation to Building Queensland, the independence of Building Queensland, the fact that we are a statutory body and the fact that we are not advocating for any projects are designed to reinforce the independence from government and making sure that projects that proceed are effectively independently assessed as being necessary to progress.

Mr MILLAR: On that point, you talk about the independence of a statutory authority or a statutory body, but the cost-benefit analysis is not necessarily released to the public. It is under the direction of the minister; is that right?

Mr Quinn: No, a summary of the cost-benefit analysis will be released to the public. The full cost-benefit analysis will be provided clearly to the minister, but a summary will be provided to the website. The key elements of the cost-benefit analysis will be released. Clearly, there are aspects of any cost-benefit analysis that may well be commercial in confidence in which case the private sector itself would prefer to have some of this information not released because it may give insights in relation to the way in which they are looking at a project. They may not be necessarily keen to make that public because it may impact upon their competitive position.

CHAIR: I just want to bounce back a little bit to the point where we talked about the preparation of business cases and estimated capital cost greater than \$50 million up to \$100 million. I just do not get why you put an upper limit on that, because \$100 million does not go far today; you are not going to build much.

Mr Quinn: I believe that is a policy position of government.

Mr HART: Can I go back to the question the member for Gregory asked before about cost-benefit analysis. I just want to try to get this straight in my head. Are you saying that clause 13(2) requires a cost-benefit analysis for any project that Building Queensland leads; is that correct?

Mr Quinn: That is correct.

Mr HART: Therefore, every government project in that cost range should have a cost-benefit analysis, correct?

Mr Quinn: Can I just have a moment? That is correct.

Mr HART: Clause 18(c) allows the minister to direct you not to lead a project. Is that correct?

Mr Quinn: That is the only exception.

Mr HART: So a ministerial direction could lead to no cost-benefit analysis of a government project?

Mr Quinn: There is that provision under the bill; that is correct.

Mr HART: Ministerial directions are going to be reported on under clause 50?

Mr Quinn: That is correct—

Mr HART: If the minister made a decision to direct you not to provide a cost-benefit analysis by going down that path, would that be something that would be reported?

Mr Quinn: That is correct; any ministerial direction we receive must be reported in our annual report.

Mr HART: So it will be any ministerial direction and it will be completely reported?

Mr Quinn: A ministerial direction as defined under the bill is required to be reported in the annual report.

Mrs LAUGA: Being the organisation of the masters of cost-benefit analysis, let's apply that cost-benefit analysis to Building Queensland. Are you confident that the cost of establishing Building Queensland, of operating Building Queensland, will actually result in a net benefit to the state?

Mr Quinn: The establishment of Building Queensland was a clear policy position of the government. From my perspective in terms of being the chief executive officer of Building Queensland, I think there are clear benefits in relation to establishing Building Queensland, having that independence from government, being seen as a centre of excellence, having a very clearly defined role. In turn, I think that will drive efficiencies and savings going forward. Ultimately, our survival will depend upon us being able to deliver on that mandate. Clearly, I am focused and I know the rest of my team is very much focused on demonstrating the value we can bring to the infrastructure landscape here in Queensland.

CHAIR: Would you be able to explain to the committee in what situation it is envisaged that the minister would direct Building Queensland not to exercise its function in relation to a particular infrastructure proposal or project?

Mr Quinn: I think that would be a decision of the minister. I do not think I could give you any direction, unfortunately, in relation to that point.

Mr HART: On that, when the minister's directions are reported, will that just be a summary or will there be details of the direction?

Mr Quinn: I would like to take that question on notice if I could in terms of the extent of it. It is clearly specified that we have to record the fact that there is a ministerial direction received. In terms of the level of the detail, I would like to check.

Mr HART: How often is that done, just remind me? Is it six monthly or when the direction is made?

Mr Quinn: It is an annual report—consistent with the annual reporting cycle. We have an annual report to publish and it would be captured in the annual report.

Mr HART: Those annual reports are done in what month of the year?

Mr Quinn: They follow the financial year I believe—that timing.

Mr HART: So after estimates?

Mr Quinn: I would need to confirm the timing if I could in relation to precisely when it would be published.

Mr HART: I would like to know whether those details would be available around the estimates time.

CHAIR: Is the six monthly reporting just a report on the progress that has been made on the projects you have looked at or are looking at?

Mr Quinn: Effectively, that will be advice to the minister in relation to the proposals that we have looked at during that six-month period. So it could be business cases, it could be projects that were at an early stage, evaluation of proposals. So I would summarise our work flow during that six-month period.

CHAIR: Given the processes that are already in place or similar processes, how much time, if any, would Building Queensland involvement add to the approval of the project? Is there a time lag between what Projects Queensland might do and you cannot follow on until that has been completed? Do you understand where I am coming from?

Mr Quinn: I do understand I think. I will attempt to answer the question. First of all, in relation to existing projects that the Commercial Group is managing or what was referred to as Projects Queensland, we do not see a role for Building Queensland in those projects; they are too far progressed and I think that potentially could add delay. I do not see there being any time delay at all going forward in relation to projects. We are performing a different role. We are not adding to time periods. In fact, by centralising this early stage evaluation and also the business cases with Building Queensland, it gives a very clear mandate for what we have to do. The intention would be that once the business case is completed, which was the same process previously, it will be a robust and rigorous business case. It would then be handed on to either the Commercial Group in Treasury if it is a PPP project or potentially directly to the agency if it is a traditional design and construct project. I do not envisage there would be any additional time involved in taking the projects forward.

CHAIR: In your experience in this area, are we a little bit too top heavy with these types of boards or independent authorities doing not exactly the same work, but similar work? My reading of what you are saying is that you will be assessing the projects and seeing if they actually stack up as a good indicator as to whether the government should be involved and funding the project. Is that the way it is intended to work?

Mr Quinn: I think that is a fair assessment. We are at the front end. We will be working with agencies in relation to strategic needs, strategic assessments they are doing. We will be potentially working with agencies in relation to preliminary evaluations where they are still to get a very clear picture as to precisely what the solution is. When you move into business case phase, clearly you have a particular outcome you are seeking; you are just trying to identify whether it will stack up. I think that process is a good process. It is an appropriate process when you are talking about the size of the projects we are talking about.

In relation to your first question in terms of being top heavy, again the establishment of Building Queensland is a policy position of government. I do think that Building Queensland clearly can safely co-exist with those other agencies. At the end of the day, as I say, it is very much the agency's project. Building Queensland will come in and provide that consistency, but it is the agency's project.

CHAIR: I would see it at the moment, sitting here listening to you, that it is really a position of government that is about protecting taxpayers' dollars, making sure they are not invested in the wrong type of project and that we do not lose out as taxpayers at the end.

Mr Quinn: Definitely. That is the focus.

Mr MILLAR: Looking at clause 12, the legislation only provides for a summary of each proposal at the Building Queensland website. Is there anything in the legislation which would require a full business case to be released to the public?

Mr Quinn: No, there is not.

Mr MILLAR: One more question, clause 14 of the bill states, 'Building Queensland is to prepare and maintain a document (the *infrastructure pipeline document*) ... 'but no time frame is given. Why is that? There is no time frame; there is no actual end date.

Mr Quinn: Once the pipeline is established it has to be updated to the minister every six months after it is first prepared. Effectively, every six months we will be giving an update to the minister in relation to projects and proposals that we have considered. They will effectively be placed in a pipeline and that pipeline will then be consistently updated every six-month period after that.

Mr MILLAR: But there is no end date on the project to have that completed, is there?

Mr Quinn: Hopefully I am answering your question. If I am not, I am sure you will ask me a follow-up question. The intention behind the pipeline is it is not static; it is ongoing. There will be some projects on that pipeline that are in business case phase that will then move from business case into procurement phase and, therefore, over time that project will fall away from the list because it will have been delivered and is operational and, therefore, new projects will come in at the back end of the pipeline. The pipeline is continually being refreshed as determined by the needs or the assessments made by agencies as to what infrastructure is required. It is an evolving pipeline that will continue to be updated.

Mrs LAUGA: During the hearing we have heard a couple of questions about the difference between Building Queensland, Projects Queensland and Economic Development Queensland. Having worked in the industry, I understand the differences. Perhaps it might be worthwhile to the members of the committee to produce a diagram or a simple explanation on the interrelationship and how the three work together.

Mr Quinn: I would be very happy to take that on board and provide exactly that. I do appreciate it does become quite confusing. I am very happy to provide something which may assist the members of the committee to fully understand the respective roles.

Mr MILLAR: I have one more question, a very general question. What is the cost of setting up this new statutory authority? Is there a budget that has been set aside? What are we looking at?

Mr Quinn: We have sought funding through CBRC. We have put a funding submission in. I am yet to receive formal notification from Treasury, but we would expect it to be in the region of probably \$5 million to \$6 million per year to set up and operate Building Queensland on an annual basis.

Mr MILLAR: How does that compare to the previous situation where you were working before? How does that compare budget-wise?

Mr Quinn: It is hard to make a straight comparison because of the differences. If I use some points of comparison, from a head count perspective, Projects Queensland as compared to Building Queensland, we are expecting to have about 30 staff in Building Queensland. Projects Queensland had approximately 30 Treasury people and then some people from QTC and then external consultants as well. So there is probably a higher head count in Projects Queensland, but that was probably reflective of the fact that the nature of its procurement process is quite labour intensive. There are differences, no doubt about it. From a statutory body perspective, there are additional costs involved in setting up a statutory body and operating a statutory body.

Mr MILLAR: Correct me if I am wrong, because of the \$5 million budget allocation to set up Building Queensland and then to run it, is it more expensive to do it this way than to run it internally through the department?

Mr Quinn: I would say it was comparable. That is probably the best way to reflect it. It is comparable.

Mr HART: Thirty staff and \$5 million a year does not seem like a lot of money to me to run something as important as this particular group appears to be. Are you going to be using a lot of consultants or something external? Is that the total funding?

Mr Quinn: You are correct. The \$5 million is effectively what I would refer to as, I suppose, our establishment funding in terms of the existing 30 people we have within Building Queensland and running an office and doing the functions associated with what Building Queensland is required to do. Outside of that, as projects come to Building Queensland we will bring personnel from agencies, effectively seconded into BQ, to assist with the development of the business case, because clearly, with 30 people, we cannot have expertise in rail and roads and hospitals and all the other areas of infrastructure that are required. So, as an agency gets funding approved to develop a business case we will be looking for agencies to provide staff to Building Queensland to assist in the development of that business case. On top of that, yes, we will be going to the external marketplace, the advisory market, because clearly, whilst there is a cost involved in doing that, they also bring very contemporary ideas and knowledge that just due to the volume of transactions they get involved in help guide us in relation to development of our business cases. So, the \$5 million is very much the establishment costs of setting up and running Building Queensland on an annual basis, but there will be additional costs on top of that.

Mr HART: The explanatory notes say that Building Queensland will be funded through a combination of base funding, in part through the reallocation of existing government resources and associated funding. Is anybody able to tell me where the reallocation of funding is coming from?

Mr Quinn: Effectively what that represents is staff that will come from within government and be transferred into Building Queensland. To give a clearer picture, of the 30 full-time staff within Building Queensland we anticipate roughly 20 of those 30 staff will come from other agencies and we are in the process of talking to those agencies now to bring expertise across and there will probably be about 10 people or thereabouts who will come from the external marketplace again to assist us in getting the most relevant and most competent expertise to assist us in performing our task.

Mr HART: So other agencies will have their staffing levels cut back or those people will be replaced there?

Mr Quinn: The intention would be that their numbers would reduce, although it is relatively small when you consider that we are seeking those numbers across agencies such as Health, Education, State Development, Treasury, DSITI, et cetera. It is not a significant number of people across large agencies like that. How they then accommodate that within their own requirements going forward I am not quite sure. By bringing their people into BQ we are going to therefore have some capability to assist them with their projects going forward. That is the intent.

Mr HART: You came from Projects Queensland. I imagine there will be other people coming from Projects Queensland. Were you replaced at Projects Queensland?

Mr Quinn: There is an acting executive director. As I say, I am the interim CEO of Building Queensland at this point in time. There is an acting executive director who has gone into my role in Projects Queensland. He was an existing resource within that group. To answer your earlier question, I would expect that clearly there is some expertise within Projects Queensland that we would look to bring across into Building Queensland going forward.

Mr HART: Just going back to the infrastructure pipeline—last question, I promise. Clause 18 (3), the ministerial direction that basically says you do not have to lead a project, can that stop the publication of the infrastructure pipeline information or any of it at any time?

Mr Quinn: The website is obviously a Building Queensland website to publish information relevant to projects that Building Queensland is either assisting or leading. I may need to seek some direction on this, but the logic would flow then that if we were not assisting or leading the business case we therefore would not be publishing that information to our website because at the end of the day our board would have to endorse the work we are doing and if we are not involved in it, it is very difficult for the board to endorse it.

Mr HART: Do you want to think about that and take it on notice and get back to us?

Mr Quinn: Very happy to, thank you.

CHAIR: Has Building Queensland got a fee structure or has a fee structure been determined? That will give us some idea of what your costs might be.

Mr Quinn: It is still being determined at this point in time.

Mr BUTCHER: In the recruitment process for the chairperson and part-time positions on the board, can you tell us about how that is going to be played out?

Mr Quinn: Thank you for your question. To give you a bit of background, we advertised both within the state and also nationally on 8 and 9 May of this year. We have used an external recruiter who specialises in the area of recruiting for board positions. Advertisements were on 8 and 9 May. Applications closed on 25 May. I have heard anecdotally that there has been a very strong response from a wide range of very well qualified and credentialed people. The recruiter is now going through the sorting process of going through those applications and is clearly looking for the skill sets we are after. As you can appreciate, the remit of Building Queensland is very broad so we have actually set quite a large range of different skills we are looking for. Clearly, as part of the process, directorial experience is very useful. We are also looking at areas such as conflict of interest issues in terms of how we would manage any conflict and therefore are there any conflicts that may come with the person that may make it very difficult for them to sit on the board. That process is underway as we speak. But as I say, applications closed last Monday and there were, needless to say, a few last-minute applications that came in. That process is being worked through as we speak.

Mr BUTCHER: The minister is responsible for selecting that position?

Mr Quinn: Ultimately it will be a ministerial direction that will go to and they will be appointed by the Governor-in-Council. But at this stage the process is being managed externally by a private recruiting organisation.

Mr HART: Division 3, Powers, 19(3) says Building Queensland may exercise its powers inside and outside Queensland. In what instances would we be building infrastructure outside Queensland?

Mr Quinn: I think we are principally talking there about a situation where we may be engaging a consultant or an advisory firm whose principal business is located outside in Queensland. So we may be engaging them.

Mr HART: They shouldn't do that either.

Mr Quinn: Sorry, I missed that?

CHAIR: That is a statement, not a question. There being no further questions we will close the briefing. Thank you for your attendance here today at this hearing. I believe that the committee has gathered valuable information that will assist in our examination of the Building Queensland Bill 2015. Before I close, may I ask for a member to move that the committee authorise the publication of the proof transcript of today's proceedings?

Mr HART: So moved.

Mr MILLAR: I will second it.

CHAIR: If I can remind you, we would appreciate answers to the questions asked on notice to be provided by close of business Wednesday, 10 June. I declare the hearing closed.

Committee adjourned at 9.53 am