



STATE DEVELOPMENT, INFRASTRUCTURE AND WORKS COMMITTEE

Mr JJ McDonald MP—Chair
Ms B Asif MP (via teleconference)
Mr TA James MP
Mr D Kempton MP
Mr SR King MP
Mr BJ Mellish MP

Staff present:

Ms S Galbraith—Committee Secretary
Ms R Duncan—Assistant Committee Secretary

PUBLIC BRIEFING—CONSIDERATION OF THE AUDITOR-GENERAL'S REPORT 5: 2024-25 PREPARING FOR THE BRISBANE GAMES AND REPORT 9: 2024-25 MAJOR PROJECTS 2024

TRANSCRIPT OF PROCEEDINGS

Tuesday, 25 March 2025

Brisbane

TUESDAY, 25 MARCH 2025

The committee met at 9.19 am.

CHAIR: Good morning. I declare open this public briefing. My name is Jim McDonald. I am the member for Lockyer and chair of the committee. With me today are: Mr Terry James, the member for Mulgrave; Mr David Kempton, the member for Cook; Mr Shane King, the member for Kurwongbah; Mr Bart Mellish, the member for Aspley; and Ms Bisma Asif, the member for Sandgate, who is substituting for our deputy chair, Ms Jonty Bush, the member for Cooper.

The purpose of today's briefing is to assist the committee with its consideration of the Auditor-General's Report 5: *2024-25 Preparing for the Brisbane games* and Report 9: *2024-25 Major projects 2024*, which have been referred to the committee. This briefing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Witnesses are not required to give evidence under oath or affirmation, but I remind all witnesses that intentionally misleading the committee is a serious offence. I also remind members of the public that they may be excluded from the briefing at the discretion of the committee.

These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's direction at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. Please turn your mobile phones off or to silent mode. Finally, I remind everyone to press the microphone button before speaking and then turn it off when you are finished speaking.

BROWN, Mr Darren, Assistant Auditor-General, Queensland Audit Office

COOPER, Mr Joel, Director, Queensland Audit Office

STEMMETT, Mr Vaughan, Senior Director, Queensland Audit Office

VAGG, Ms Rachel, Auditor-General, Queensland Audit Office

CHAIR: I welcome the Auditor-General and officers from the Queensland Audit Office. I invite you to brief the committee. After that, the committee members will have some questions for you.

Ms Vagg: Thank you and good morning. I would like to acknowledge the traditional owners of the lands throughout Queensland, and that includes the Turrbal and Yagara peoples, who are the traditional custodians of the land on which we meet today. Thank you for the opportunity to brief the committee on my reports *Preparing for the Brisbane games* and *Major projects 2024*. I am joined today by Darren Brown, the Assistant Auditor-General responsible for the performance audit program; Joel Cooper, who is the engagement leader on the games audit; and Vaughan Stemmett, who is my senior director with responsibility for the major projects report.

Preparing for the Brisbane games was tabled in December and is the first of a series of reports I have planned to examine the planning, delivery and benefits of the 2032 Olympic and Paralympic Games. Planning for a major event such as the games is complex, with many stakeholders involved across all levels of government. The Queensland government holds the greatest contractual and financial risk for delivering the games, so effective governance arrangements are key to managing the risk.

The audit examined the effectiveness of the governance arrangements and planning for the games. We assessed whether entities have appropriate governance arrangements, strategies and plans to effectively prepare and coordinate their activities. By 2032, Queensland will have had 11 years to prepare for the games since winning the bid. This is more than most previous hosts, which typically had seven years to prepare. Entities need to fully embed governance arrangements and further progress project planning and budgeting practices to be ready for 2032. What we have seen is that changes to governance arrangements over the past three years have led to pauses and some changes in planning. As a result, entities have not necessarily been able to maximise the additional time they had to plan for the games.

The current governance structure has been effectively designed. We found no evidence or reason to suggest that it could not support the efficient and effective planning for the games if implemented well. The governance structure included most of the necessary elements to lay the foundations for effective management, oversight and decision-making. These structure and reporting plans and systems are continuing to develop and be refined. It will be necessary for the entities to ensure that roles, accountabilities and reporting lines are clearly defined.

I found that the Department of Sport, Racing and Olympic and Paralympic Games had not established a consolidated budget to capture all estimated costs to deliver the games. Without a consolidated games budget to clearly define what will be included and excluded, there is an increased risk of unforeseen and unmanaged costs.

The organising committee and games authority have developed key strategies and plans including the Brisbane 2032 Games Plan and the Elevate 2042 legacy strategy. Work is underway to develop supporting action plans and begin implementing the 10 identified programs that need to be delivered. While early planning is progressing, entities need to progress identifying and managing the delivery risks and interdependencies between programs. The entities were drafting a sustainability strategy, and they need to determine how they will track and report progress against the sustainability targets. Clarity and transparency will be needed to manage community expectations and address potential risk to the reputation of the government and games delivery partners. I made four recommendations to improve how entities manage the risks, monitor costs and ensure sustainability of the games.

I move now to my *Major projects 2024* report, which was tabled in January. In this report I provided insights into the significant infrastructure projects in Queensland and an analysis of expenditure by the Queensland government. These insights and analysis are based on our annual financial statement audit work, which is focused on past financial records to ensure they are accurate and complete and follow accounting rules. Significant changes in the strategy or budget following the change of government in October 2024 were not covered in the report. They will be included in next year's report.

Investment in well planned and maintained infrastructure plays a crucial role in driving exponential growth, strengthening communities and improving living standards. The Queensland government budgeted a total of \$22.9 billion for capital expenditure in 2024-25, and that was a 40 per cent increase from the 2023-24 budget and an 82 per cent rise since the 2022-23 budget. This expenditure focuses on areas such as energy, education, health, water and transport.

Significant challenges exist for the construction sector including a tight labour market, industrial disputes and rising supply chain costs. These risks could impact the delivery of major projects and meeting long-term infrastructure goals. Projects like Cross River Rail have faced delays and complications, particularly in construction timelines and asset transfers. The project has encountered supply chain, labour and industrial relations challenges which have caused delays in major construction works. As a result, the opening date has been pushed back, with a revised date and budget still to be determined.

The Cross River Rail Delivery Authority transferred assets to Queensland Rail before 30 June 2024 and there was a delay in formal acceptance of the assets due to differing views on the transfer date. To improve this process, greater collaboration across current processes, including asset transfers between entities, is needed. This will become more important as assets are operationalised. You may benefit from hearing from the agencies themselves, including the progress in implementing any recommendations I have made. I am happy to take any questions the committee may have.

CHAIR: Thank you. I appreciate that. I will go to the member for Aspley for the first question.

Mr MELLISH: Thank you, Auditor-General, and your office as well for the fantastic reports you have put together. I will go to report No. 9, *Major projects 2024*. I am happy for you or Mr Stemmett to answer. You go into the milestones and the timeframes of Cross River Rail in some depth. Is there anything you have seen from the information you have been provided by the relevant agencies, Transport, Queensland Rail or the Cross River Rail Delivery Authority—I am going to figure 4A in terms of the progress and the plan. Is there anything you have seen from those departments that would indicate that that is not accurate in terms of the information they have given you on the future timeframes of the project?

Ms Vagg: In terms of the information provided to us, particularly historical financial information and governance practices, we have not seen anything that we consider to be of concern and that we have raised as an audit issue. In terms of the plans and any revisions that may sit in those plans, I

have nothing that would suggest that what they have given to me was incorrect. It does not mean it is always up to date, given the changing nature of the environment and the challenges currently faced by Cross River Rail.

Mr MELLISH: Given that before the release of this report the government indicated a three-year delay to the project, is there anything you have seen in your deep-dive audit that would indicate a delay of that length of time?

Ms Vagg: As we have raised, there are significant challenges with the project. In terms of the timeframe of the project, I think that question is probably better asked of the delivery authority itself.

Mr MELLISH: When auditing a project, that is a pretty big KPI of a project—a three-year delay. Was there anything you found during that audit that would indicate there was a delay of that type in the works or being put forward in information to you?

Ms Vagg: There have been challenges along the way which we have been advised of, particularly when it relates to historical financial information and then any commitments disclosed in financial statements. There has not been anything related to the financial information provided to me that ends up in financial statements that I am concerned about. In terms of the project activity, project planning and reporting, they are future pieces of information that are not part of my financial statement work and so I could not comment on those.

Mr JAMES: The Auditor-General's report acknowledges—

Following its successful bid in July 2021, Queensland will have had 11 years to prepare for the games by 2032.

More than three years have now passed, with less than eight years remaining. That is at page 5. Does the Auditor-General have a view as to whether the elapsed three years have been used effectively to prepare for these games?

Ms Vagg: I have raised in the report that effective governance structures have been designed during that time but also raised that there have been significant changes during that period of time, that those governance structures which have been designed look like they will be effective for future delivery and that focusing on embedding those governance structures, appropriate risk management and appropriate budget oversight is important to ensure effective delivery of the games. That is the element that I would focus on and comment on based on this report.

Mr JAMES: Okay, but in the conclusion you say—

... this report provide limited assurance about the audited entities' performance.

Can you elaborate on 'limited assurance'?

Ms Vagg: Yes, I can. There are two types of audit views that I can give. One is called limited assurance and one is called reasonable assurance. With limited assurance, typically I am looking at the design of something and I benchmark the design against accepted principles. In this instance I looked at the design of the governance structure, design of risk management and design of budgetary oversight, and the design appears appropriate to deliver what those organisations need to deliver. If I were to do a reasonable assurance piece of work, what I would have done is actually test the implementation of those design principles—that is, what they expected to happen and if it is actually happening in practice. Because of the stage of preparation and the stage of design, it was too soon to go and test whether or not it had actually been implemented, which is why I gave a limited assurance view rather than a reasonable assurance view.

Mr MELLISH: I go back to the major projects report and figure 4B, which indicates our major rail and associated infrastructure projects. Could you outline what you would consider as part of the project cost and which related projects you would not consider part of the cost of the project, given there has been pretty significant commentary recently about what is considered part of the cost of the project and what is not? What is the Auditor-General's office's view of this?

Ms Vagg: What constitute the costs of the Cross River Rail project?

Mr MELLISH: Yes.

Ms Vagg: That particular diagram tries to give clarity of the number of projects involved in the delivery of the rail upgrade, which will include specific Cross River Rail Delivery Authority projects as well as projects associated with other entities, so this is the attempt to give clarity to that information. When a budget is reported, the thing we look at is clarity and transparency of what is being included in there, so when a number is provided there is clarity about what is actually included in that number for that particular project. The peach-coloured or the orange-coloured boxes there are those that are being delivered by the Cross River Rail Delivery Authority and included in the budget, and then there

is the European Train Control System and complementary and associated works which are associated with Queensland Rail but still being delivered by the delivery authority. Then in the green box what we have are all of the associated projects within the rail network at the moment. In terms of what should be included, all and any of those should be included. It should actually just be clarity and transparency of what is within a particular number that is being reported.

Mr MELLISH: So just drilling down on that a little bit, if you are talking about the costs of the project you would not include things like Logan and Gold Coast faster rail, direct Sunshine Coast rail or new Gold Coast stations and projects like that?

Ms Vagg: They are not directly associated with Cross River Rail itself so, no, I would not.

Mr KEMPTON: I guess trying to audit and predict is a bit of a crystal ball exercise. Given that we have lost that number of years, which must come at a cost, and compressing the time is probably going to create costs, and apart from the risk assessment and the sustainability, it is almost inevitable that this is going to blow out by 2032. Are there other measures you can take to try to rein in the spending or keep it under control? On a punt, I reckon we could throw it up by 20 per cent or 30 per cent between now and 2032, so are there other measures that you would like to see or are available to see that it does stay on track, and not only this but most projects?

Ms Vagg: I would not comment on the current budget. What we typically look at in terms of budgetary controls is well-defined scope, so understanding what is being delivered and when, and then monitoring that defined scope, and that helps to understand where you might exceed budget or go under budget—that is quite clear from the beginning—and then understanding the risks associated with that particular budget and particularly areas where there might be supply chain issues and other things that I have talked about in the major projects report and making sure there is appropriate understanding of what can be done to mitigate those risks and there is appropriate monitoring of those particular risks. Typically, there are three elements for project delivery: the timing of a project, scope of the project and then management of costs of the project. It is making sure that government and the government agencies are clear on all of those elements.

Mr KEMPTON: When you throw in the odd natural disaster, out it goes.

Ms ASIF: Thank you for coming in today. I have a quick question around expenditure. You have written about the benefits of tracking overall expenditure when it comes to the games. Would you expect any ongoing cost to the taxpayer such as ongoing costs when it comes to leases through public-private partnerships? Would you recommend they be included in the reporting and tracking of overall expenditure when it comes to the games?

Ms Vagg: I think it is about defining what is in the budget and understanding the spread of the budget and costs across governments defining what is within the scope and then putting appropriate monitoring in place, so if it is defined that they are within scope then collect the information from an accuracy sense and then report on it; if it is defined that they are outside of scope then actually leave the monitoring at the agency level. What we are talking about in the report is appropriately defining responsibility for budgets at the agency level and then defining what the scope of the overall budget of the games is and then appropriate monitoring of that budget.

Ms ASIF: If there is an ongoing lease through a public-private partnership, what would your process be to define that, then? How would you go about it?

Ms Vagg: That would probably be a question for the agency, about what they are adding into their budget. What we do not like to see is changes to that scope over time, so that is probably the other point in that. Typically, if a cost is directly associated with a project—so a transaction has been entered into to enable a project to be delivered—you would expect that to be included within the scope of a budget and then there is some allocation for overhead costs. That is the general nature of running organisations: you can have some allocation of costs in there. Those particular transactions you are speaking about might be a direct cost and, if they are, they should be included within a budget. Joel, I am not sure if there is anything you need to add?

Mr Cooper: No, I think you have answered it, Rachel. Really, that was the key finding: the entities needed to clearly define what was included and excluded from the budget. We had a recommendation—recommendation 2—that the entities come up with a consolidated games budget and clearly define what is and is not included.

CHAIR: I have a couple of questions about timing and cost about the Olympics relating to report 5. In terms of the almost 1,300 days since Queensland was awarded the games—and you talked about some of the reasons for those changes—do you think that time has been squandered, given the unusually long lead-up that we had to the games?

Ms Vagg: I made a comment that Queensland had a longer period to prepare than most other games and after three years is still defining and embedding the overall governance structure and then embedding the actual practices in there, so I think that time has already passed. It is now time to focus on embedding those governance structures and other recommendations that we have made.

CHAIR: Sure. In your report you referred to the 2004 Olympic and Paralympic Games in Athens, where cost overruns were 50 per cent. Do you think Queenslanders face the same risks? If so, what might have been the cause of those risks?

Ms Vagg: Setting appropriate budgets which are as accurate as possible and revising those budgets as supply chain costs may increase, as there might be other shortages that are affecting costs, is really important, so keeping up to date with those budgets. We raised that particular example because it is an example where budgets perhaps have not defined actual costs and been realistic in expectations; nor have they been revised as cost increases have been identified. There are always risks when it comes to major projects—capital in nature as well as just delivery of an event—that they may cost more than budgeted, which is where realistic budgeting and very carefully scoped and managed budgeting is important. Joel, is there anything you want to add?

Mr Cooper: No.

Ms Vagg: No? Okay.

CHAIR: Very good. Page 11 of your report states—

The current arrangements provide greater independence compared to the governance structure ... prior to July 2024.

Could you explain what you mean by 'greater independence' and why this arrangement may lay the foundation for effective oversight compared to the previous approach?

Ms Vagg: Prior to these current governance structures being in place, some of the activities were embedded within a government department. Separating them from a government department, having an appropriate board structure sitting in place—so independent oversight of activities—and then separation of reporting to ensure it is transparent brings greater governance when we apply good governance principles for something like this. So it is appropriate oversight, appropriate structure and then transparent and independent reporting of those entities.

CHAIR: Okay. Thank you.

Mr KING: Thanks for coming in. I want to talk about the Olympics authority—the Deputy Premier's hand-picked Olympics authority. You noted that a reporting framework has not been established. Has there been any commitment to you around when that reporting framework will be operating?

Ms Vagg: Joel, do we have anything?

Mr Cooper: No. They were early just in the design of developing that framework, so no timeframes had been given. At the end of the tabling of our report that was just being worked through by the entities, so no timeframe had been given.

Mr KING: Okay. Thank you.

Mr JAMES: Rachel, you used the term 'appropriate budgets' a lot then. Looking at your major projects report, there is a graph where you have the key government portfolios. Education, which is right on the end, seems to be sliding right down compared to the large spikes in transport and energy. Do you look at that and see if it is appropriate—that is, the fact that it has gone down over the last five years and not gone up?

Ms Vagg: That is figure 2C, the reduction in expected education budget?

Mr JAMES: Yes.

Ms Vagg: In terms of budget settings, it is not something I make a comment on—whether or not budgets are appropriate for agencies. I audit the actual expenditure as it is delivered by the agency. I also audit whether there is appropriate infrastructure management, so capital spend within agencies, to maintain infrastructure. That is where I would provide comments: it is when something actually occurs. I would not provide a comment about whether or not the education budget is appropriate. It could be a question back to the director-general or to the Minister for Education.

Mr JAMES: It is really up to the government of the day?

Ms Vagg: That is right, yes.

Mr MELLISH: I am sorry to make you jump back and forth between two different reports. Going back to report 9, I note one of the recommendations under the second dot point of recommendation 1, which states—

all delivery milestones are accurately recorded, and the operational handover date of the assets is agreed.

Is the reason you have that recommendation that you feel they have not been accurately recorded to date in terms of the delivery milestones?

Ms Vagg: This is related to the transfer of assets between entities. Cross River Rail has been designed to construct assets and then hand it over to other organisations once it has been operationalised or is being used by the agencies. This year some assets were transferred between Cross River Rail and Queensland Rail and there were some issues that we have identified in this report about the transfer of assets between those two organisations. This recommendation is really about that transfer process between Cross River Rail and other entities within the rail structuring, and that is defining when things are likely to happen and what each of those delivery milestones means because it becomes quite important about when they are then recorded on the books of the entity that is receiving the assets. What we are looking for overall in this recommendation is collaboration amongst government agencies to define when an asset is transferring from one to another. It is quite important. There is risk associated with managing that particular asset as well as the bit we are mostly interested in—that is, accounting and recording of the assets and when it sits in a set of financial statements.

Mr MELLISH: Outside of the asset transfers part of it, are you comfortable that the delivery milestones have been accurately reported to the QAO?

Ms Vagg: We have only looked at those delivery milestones when it relates to a financial transaction that needs to be reported in financial statements. In terms of any other delivery milestones that have been published or communicated by those entities, I would not be able to comment on the accuracy of those milestones.

Mr KEMPTON: Despite timing, scope, risk mitigation and so on, it does occur that things blow out. Should there be a line of responsibility in relation to that that is measurable and should there be consequences? We often see things just go wrong and the same person keeps doing the same thing over and over again. Is there a chain of responsibility that is identifiable and should there be consequences for those overruns?

Ms Vagg: Are you talking about the Olympic Games or just generally?

Mr KEMPTON: No, more in major projects. We do not know about the Olympic Games yet. I can talk to you in 2033 and we will see.

Ms Vagg: We have a chart that sits in the report that talks about performance of actuals to the expected costs of budgets. The directors-general or chief executives of the agencies are those who are responsible for delivery of the projects against their budgets and it is probably a question to go back to them in terms of how they assess performance against budget. We have highlighted in this report that there are challenges in the construction sector in terms of supply chain costs, ability to access resources and industrial disputes, so there are challenges there. Those directors-general and CEOs should ensure they adequately budget for expected costs of the projects. In terms of performance of those CEOs and directors-general, I think that is something to discuss at that level and not with us. It is up to them what performance framework, in terms of their personal performance, they put in place.

Ms ASIF: You have spoken about governance in your report. I just wanted to get clarity around whether you think members should be independently, based on a merit basis, put into the appointment. Should the members of the independent infrastructure and coordination authority be selected through a merit-based appointment process?

Ms Vagg: You are talking about the members of the board?

Ms ASIF: Yes.

Ms Vagg: The members of the board and the scope of that membership are often defined by enabling legislation when an organisation is first established. What we look for is compliance with that legislative framework. If the legislation allows for certain appointments to occur or directs certain appointments to occur, that is the decision of the lawmaker. In terms of general boards, what we typically look for is having the right skill sets to manage the strategies and the risks associated with that particular organisation. Typically, skills matrices are defined by what is needed for that particular organisation and then their members are appointed according to that skills matrix. What I audit and

provide commentary on is, one, compliance with that legislation and, two, the overall outcomes of an organisation. The composition of a board and the performance of a board is often seen through the outcomes of that particular organisation.

Ms ASIF: I am referring to the selection process for members of the independent infrastructure and coordination authority. In recommendation 2 in your report you talk about the need to establish a consolidated budget for the games. Seeing that the process has not yet started, when would you hope to see the consolidated budget finalised and signed off?

Ms Vagg: In terms of the timing, it will depend on each of the individual organisations defining their strategies and scope of work. I know that there is a review about to be announced and a plan about to be announced. Once scope is defined, budgets should be set at the organisational level, and that is one of the organisations that should set a budget. There should then be a consolidation of each of those individual budgets within the department of Olympics and Paralympics, with oversight and monitoring of each of those individual budgets.

Ms ASIF: Do you have an indication of when that may happen?

Ms Vagg: I do not think we had a direct commitment. It will depend on the scope of the activities of each of the organisations. Joel, did you have anything extra there?

Mr Cooper: The Department of Sport, Racing and Olympic and Paralympic Games did agree with that recommendation to establish a consolidated games budget. It is due to develop and implement that budget in the 2025-26 financial year. That is based on its response in the report to parliament.

CHAIR: Prior to the 100-day review, there were a number of previously announced Olympic and Paralympic infrastructure projects experiencing blowouts. There was the Gabba that was to be \$1 billion, soon to be \$2.7 billion, which our former committee looked at. There was also the Chandler sports centre and the Sunshine Coast Stadium. What does the Auditor-General see as the reasons for these cost overruns?

Ms Vagg: I have not audited those particular overruns to be able to provide a comment on it. It is probably best placed back with those agencies that prepared those budgets.

CHAIR: I ask that question because I link it to infrastructure report No. 9 as well. Could you inform the committee why you believe those cost overruns have occurred?

Ms Vagg: We do make comments in the report, particularly related to Cross River Rail, about supply chain challenges and accessing appropriate materials and labour to be able to deliver the project as well as industrial issues. That would not be isolated to the Cross River Rail project. Many projects experience supply chain and cost escalations. They would be the main reasons in that report.

CHAIR: You mention industrial disputes. Do you know how many days were lost on Cross River Rail?

Ms Vagg: I think that would be a question to go back to the CEO of Cross River Rail.

CHAIR: I was fortunate to be the deputy chair on the former state development committee, which looked at a number of these infrastructure projects and reports from the Auditor-General about major infrastructure projects. Could you inform the committee about the former government's response to recommendations from those former reports in light of this report now and some of the findings still being the same?

Ms Vagg: Vaughan, did you have a comment on the previous recommendations and the implementation of those recommendations? What we do each year when we prepare a report to parliament is ask organisations to self-assess their progress against the implementation of the recommendations, so we have followed those up. We have had some historical recommendations about improving the transparency of the budget document itself, and that is really about providing some consolidated positioning of overall infrastructure budgets that sit within the budget papers themselves. Treasury did respond from a positive perspective with that particular recommendation and we will follow through to see what future budgets look like in responding to that particular recommendation, but I will just check to see whether there were any others in there.

Mr Stemmatt: Queensland Treasury accepted the previous recommendation that was made in the prior major projects report.

CHAIR: The \$22.9 billion proposed budget was a 40 per cent increase. Obviously that is for a budget that occurred last year and we have not seen the changes to that, but 40 per cent is an extremely large increase in one year. Do you believe that the Queensland government could have delivered on that increased budget?

Ms Vagg: That is probably a question back to government about whether they think they can deliver on it. I audit the actuals, and we can see the actual costs which have been incurred by government. What I have highlighted is that there has been an increase in the budget last year and a significant increase in the last two years, and that means that good oversight and practices in terms of recording are very important. The other comment I have in here is that actual expenditure is larger also than the budgeted expenditure. That can be for a couple of reasons: the scope of the projects or extent of the projects has increased, or the costs associated with the budgets have increased. It is either a scope change or an underlying cost change of those budgets. I have just highlighted that in the report.

Mr KING: Hopefully, the new stadium announced today stays to budget. My question is actually about the ambition of the games to be the most inclusive Olympics regarding disability. I am just wondering if there are any key actions you could see that the various entities would need to enact to make sure these are the most inclusive games?

Ms Vagg: That is probably a good question back to the organisations themselves. What we look at is their planning for delivery of the desired outcomes of the games, and there are a number of planning packages that have been established by the organising committee and the delivery authority. We look to see that those packages of work appeared appropriate from a design perspective and did not raise any concerns there. Those particular intentions when it comes to inclusivity and other intentions should be included in one of those packages for delivery. Then what we would like to see is that there is appropriate governance and oversight sitting over those packages of work. It is defining the outcomes, defining milestones and then assessing delivery against those milestones.

Mr JAMES: Generally, the report talks about delivering on time and on budget and achieving the intended sustainability and legacy outcomes. Do you think the legacy outcomes are clearly outlined in the budget in terms of what they want to achieve or the parameters around this?

Ms Vagg: I will refer to Joel there. I can speak generally to the legacy strategy. Joel, is there anything else on that side?

Mr Cooper: The entities have a legacy strategy. *Elevate 2042* is the legacy strategy that outlines the health, environmental and economic benefits for the games. The entities were still working through the implementation plan for that strategy. The time we undertook the audit was early in the planning phase and the entities were still pulling together those key plans to work through and make sure the legacy benefits are realised.

Mr JAMES: You do not give guidance on that for the future?

Ms Vagg: I will go back to the principles of defining the scope of work and then having appropriate monitoring of milestones of delivery against a particular scope of work. There is advice and guidance provided outside of what we do in terms of defining what legacy benefits are as well as reporting against those particular legacy benefits. Darren, do you have something else there?

Mr Brown: The purpose of coming in at this particular point is to look at that overall initial design around the strategies and where they are at in terms of the plan, because we do not want to come in later in the piece and say, 'You have the initial design wrong for your strategy.' By coming in and saying, 'You have a strategy and it covers aspects of what we would expect to see,' we make recommendations where we think progress needs to be made. That is the reason we have come in at this particular point in time of the program. We will then start to look through further audits at how those things are being implemented so we are providing that ongoing level of assurance to the parliament and recommendations to the agencies.

Mr JAMES: The same applies with the CO₂ emissions. How do you determine the strategy for that and report on that? It really is what it is: it is the games. What do you do to say you have to reduce CO₂ emissions?

Ms Vagg: The comment in the report is about defining what the objective is in terms of sustainability, define that objective in the agreement that the government has put in place and then put a plan in place to respond to that. There are some comments about making sure that sustainability strategy is established and embedded into the practices of the organisations. In terms of how far that should go, that is up to the entities themselves and government itself.

Mr MELLISH: Jumping back again to report No. 9, figure 4B, which is the table about major rail and associated infrastructure projects—I am sorry, I do not have the page numbers on my copy—I note that you state—

The Cross River Rail Delivery Authority capital budget for the Cross River Rail project ... is \$7.848 billion.

Given that there has been some recent commentary saying that the project is now \$17 billion, I am trying to work out how it gets from \$7.8 billion to \$17 billion, based on that graph of how related projects are included or not included in the cost.

Ms Vagg: What we have reported here were the published budgets that were available and the projects that were included overall in terms of major rail and associated projects. In terms of any other commentary on expected costs associated with Cross River Rail, the question would be: which projects are included and then which costs and changes to costs have been included in that particular number? I do not know how that was constructed so I cannot really give a comment on that.

Mr MELLISH: Given the recent commentary on costs and the recent commentary on timeframe, is a further audit into Cross River Rail something you are looking at in the future as part of the ongoing research into major projects that your office does?

Ms Vagg: We will continue to report in the major projects report on the Cross River Rail project and the associated projects. I also audit the financial statements of the delivery authority every year. Part of that is looking at financial controls as well as appropriate governance controls that are in place, so that is in place. The other thing I am preparing at the moment is my forward work plan, which actually looks at my performance audits for the next three years. There is a consideration about which projects should be included in that particular forward work plan. That is due to be published before 30 June.

Mr KEMPTON: As you know, Cook is at the other end of the earth. In your audit process, is any attention given to equity issues about how funding is distributed between the south-east and the remotest areas of the state? Is the equity of funding a consideration at all?

Ms Vagg: In terms of the budget process in determining which projects are included in the budget and which are not, that is a process of government that is not within my audit remit. Having said that, when I do performance audits we often include equity of services in certain locations within the state or for certain groups of people. That may be included in the performance audit. That is more about the delivery of a particular outcome of government. I am thinking about, say, health outcomes for Indigenous communities, which has been an audit in the past. Typically, that is where I would focus as opposed to funding decisions, which are a decision of government.

Mr KEMPTON: I was about to say that health is a pretty obvious choice in terms of equity.

Ms ASIF: I have another question about reporting lines. A lot of your report talks about transparency and making sure that reporting is done in a way that is transparent to the taxpayers. A question was asked earlier regarding the new Olympics authority and how the members have been picked. There was yet to be a reporting framework of how it would be operating. You said you were not too sure when that was coming. Do you normally have an indication of how long this framework takes when such authorities are set up? It is concerning to me that it has been a number of months and it is not yet clear when you will be getting a reporting framework.

Ms Vagg: It is important. With governance overall, structures and clarity of responsibility and then reporting according to those responsibilities are some of the foundations of good governance. There is an expectation that it will not be a long-term activity for the organisation to determine those appropriate governance structures. I audit the authority every year from a financial statement perspective, so I am undertaking an audit this financial year on the financial statements, which includes our assessment of appropriate governance structures. If we see that there is not appropriate reporting, transparency or decision-making structures within that organisation, I will report it to that organisation for action. If it is of significant concern that I think parliament needs to know about it, I will include it in a future report to parliament.

CHAIR: Auditor-General, I understand your report, particularly around infrastructure, is an accounting treatment and you refer to the relevant agencies outlining materials, labour and industrial relations costs. Treasury has forecast an additional expenditure of \$17 billion between now and 2032. There are reports of \$1.4 billion just on Olympics infrastructure being caused by what was called BPIC, Best Practice Industry Conditions. Did any of your work in either of these reports identify BPIC as a reason for the cost?

Ms Vagg: We audit actual costs as they happen. In terms of whatever conditions are required through procurement practices of government, I would look at the timing of when those contracts are entered into and whether it is included in those contracts specifically or not. There are activities that result in increased costs within a sector and we see those come through as actual costs. In terms of those specific questions, though, they are probably better placed back to the agencies themselves about why actuals are different from budget.

CHAIR: I understand. Major contractors have said to me, 'It wasn't a problem with BPIC because the former government was paying it, but we had a heck of a time with regard to the days lost on our project.' Did either of your reports examine those days lost as well?

Ms Vagg: No. We have not looked at that. We have looked at the actual delivery according to the budget and the actuals being recorded in financial statements.

Mr KING: Overall, on your confidence levels in the degree and structure of the oversight and governance, in a perfect world what would you like to see changed to make it easier for you when you come to audit?

Ms Vagg: Just generally or the Olympics in particular?

Mr KING: The Olympics, but feel free to expand if you wish.

Ms Vagg: There are certain principles that we apply to good governance practices, so that is having appropriate structures in place, appropriate mechanisms within an organisation to record and communicate the right information, appropriate risk management practices and mitigation strategies for those risk management practices, and appropriate systems and controls. We look at all of those elements each year as we audit each entity. We have applied those good governance principles into our assessment of the games structure. Where I have made recommendations it is because we have seen, in our assessment in some of those good principles, that there are improvements that can be made. Any improvements that we have identified through that assessment I have included in the recommendations so there is nothing in addition to that. Structures change from time to time for various purposes. We go back to those fundamentals of good governance and we think these fundamentals of good governance and those recommendations apply even if there are minor structural changes in the delivery model.

CHAIR: Auditor-General, I have a couple of questions with regard to the structure for the Olympics. I asked before about independence. In your report you talk about the current structure being fit for purpose, or it appears to be fit for purpose. Could you outline or expand on that issue of fit for purpose and why you believe that is the case?

Ms Vagg: I can. What we look at is those principles of good governance that I referred to earlier and whether that design is according to those principles of good governance. It is also looking at the defined outcomes from a particular set of organisations: are they well defined and articulated and are strategies set to deliver those outcomes at this stage of a process? I am looking at all of those elements with an early-stage lens over those points. As the delivery starts to progress, you would expect more rigour and adherence to those good governance principles. We would expect that it would refine and mature as this progresses.

CHAIR: The obvious follow-up question is: were the previous arrangements fit for purpose?

Ms Vagg: I have made some comments about improved governance with this structure, including transparency and accountability in that structure. Those comments are included in the report. It is a comparison of multiple models. Each model has benefits and each model has issues associated with it as well. It is looking at the balance against those principles about what would be the best structure to deliver a particular outcome. Joel, is there anything else in that structuring piece?

Mr Cooper: One of the key improvements is establishing the coordination authority as an independent body that then reports to an independent board. I think, as was acknowledged earlier, the previous arrangements did have the Brisbane coordination authority sitting within government. Obviously, that is one of the improvements based on these changes.

CHAIR: It is now 10.15 so that concludes the briefing. Thank you very much for the information you have provided today. Thank you to our Hansard reporters and broadcast staff. No questions were taken on notice. A transcript of these proceedings will be available on the committee's webpage in due course. I declare the public briefing closed.

The committee adjourned at 10.15 am.