



STATE DEVELOPMENT AND REGIONAL INDUSTRIES COMMITTEE

Members present:

Mr CG Whiting MP—Chair
Mr JJ McDonald MP
Mr MJ Hart MP
Mr RI Katter MP (Virtual)
Mr JE Madden MP
Mr TJ Smith MP

Staff present:

Dr S Dodsworth—Committee Secretary
Ms M Telford—Assistant Committee Secretary

PUBLIC BRIEFING—CONSIDERATION OF AUDITOR-GENERAL REPORT 7: 2022-23—MAJOR PROJECTS 2022

TRANSCRIPT OF PROCEEDINGS

Monday, 15 September 2023

Brisbane

MONDAY, 15 SEPTEMBER 2023

The committee met at 12.00 pm.

CHAIR: Good afternoon. I declare open this public briefing for the committee's consideration of *Auditor-General Report 7: 2022-23—Major projects 2022*. My name is Chris Whiting. I am the member for Bancroft and chair of the committee. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today and pay our respects to elders, past and present. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander peoples, whose lands, winds and waters we all share.

With me here today are: Jim McDonald, member for Lockyer and deputy chair; Michael Hart, member for Burleigh; Jim Madden, member for Ipswich West; and Tom Smith, member for Bundaberg. We will be joined later via teleconference by Robbie Katter, member for Traeger.

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

I remind committee members that the departmental officers are here to provide factual or technical information on the audit report and progress in implementing recommendations of the Queensland Audit Office. Any questions seeking an opinion about policy should be directed to the minister or left to debate on the floor of the House.

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 my 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.

HARCH, Ms Catherine, Acting Executive Director, Infrastructure Planning and Advisory, Department of State Development, Infrastructure, Local Government and Planning

HORTZ, Mr Tim, Acting Executive Director, Regional Strategy, Department of State Development, Infrastructure, Local Government and Planning

HYAMS Mr Will, Director, Regional Strategy, Department of State Development, Infrastructure, Local Government and Planning

CHAIR: I now welcome from the Department of State Development, Infrastructure, Local Government and Planning: Catherine Harch, Acting Executive Director, Infrastructure Planning and Advisory; Tim Hartz, Acting Executive Director, Regional Strategy; and Will Hyams, Director, Regional Strategy. I invite you to provide an opening statement, after which committee members will have some questions for you.

Ms Harch: Thank you for the opportunity to appear today to discuss the State Infrastructure Strategy and regional infrastructure plans. My name is Catherine Harch. I am the Executive Director, Infrastructure Planning and Advisory. Today I am joined by my colleagues Mr Tim Hartz, Executive Director, Regional Strategy; and Will Hyams, Director, Regional Strategy. Together we work within the infrastructure and regional strategy group within the Department of State Development, Infrastructure, Local Government and Planning.

The State Infrastructure Strategy was released in June 2022 and it is the Queensland government's vision for infrastructure over the next 20 years. The regional infrastructure plans support the strategy by focusing on regional strengths, priorities and needs. Together the strategy and the regional infrastructure plans help inform the Queensland Government Infrastructure Pipeline.

Turning to the strategy, it was developed in 2021 drawing on extensive stakeholder and agency consultation. This included 270 stakeholders who attended over 13 regional workshops. It included more than 200 online responses and 90 written submissions. The strategy sets the framework to align

infrastructure investment across agencies and to help inform industry and other levels of government. It is intended to be updated every four years. The objectives of the strategy are: to encourage jobs, growth and productivity; to develop regions, places and precincts; to enhance sustainability and resilience; and to adopt smarter approaches. The strategy has over 180 priority actions which cover 10 infrastructure classes. These actions are being delivered collaboratively between state and local governments, the private sector and the community.

The priority actions are backed by the state's four-year approximately \$89 billion Capital Program. For this financial year, 2023-24, there is a \$20.3 billion investment in infrastructure across the state. This includes regional investments such as the \$594 million for the CopperString project and over \$600 million for Stanwell to develop wind farms and large-scale batteries. This year's budget also allocated \$5 million to progress the development of an SEQ digital twin, which will create a legacy for the community and support Brisbane 2032 planning.

Turning to regional infrastructure plans, they are key deliverables under the strategy applying a place-based approach to prioritise and align infrastructure planning and investment in each region. The regional infrastructure plans are being progressively developed as part of a coordinated program that includes the development of statutory regional plans and regional transformation strategies. Each plan is developed with input from key regional stakeholders and recognises the diversity of regions and their different priorities. The plans articulate the enabling infrastructure required to support regional economic and social priorities as identified by the region over a 20-year planning horizon.

The identification of regional priorities and the state's infrastructure responses provide transparency to other levels of government and the private sector about the strategic infrastructure needs of communities. The first of the regional infrastructure plans was the Central and Western Queensland Infrastructure Plan, which was released in March 2023. The Far North Queensland Infrastructure Plan is expected to be released before the end of this year. The remaining regional infrastructure plans will be progressively developed throughout 2023 and 2024 and they will be reviewed every two years.

Regional infrastructure supplements have a narrower scope and are also being developed to enable accelerated delivery alongside statutory regional plans. They draw on the priorities that have already been identified through regional planning processes and associated stakeholder consultation. These supplements will be reviewed and upgraded to full regional infrastructure plans within two years.

The South-East Queensland and Wide Bay-Burnett infrastructure supplements are currently being prepared alongside their respective regional plans to be released before the end of the year. The draft South-East Queensland Infrastructure Supplement, along with the draft ShapingSEQ 2023—otherwise known as the draft SEQ regional plan update—has been released for statutory consultation. That started on 1 August and will close on 20 September.

Turning to the Queensland Government Infrastructure Pipeline, the strategy and the RIPs are complemented by other priority actions including the release of the first interactive Queensland Government Infrastructure Pipeline, which occurred in March 2023. This provides industry with key forward planning information to identify and harness opportunities to deliver Queensland's Big Build, supporting their planning for workforce and material requirements.

Thank you again for the opportunity to appear before the committee this morning. We are happy to take questions from the committee in relation to the State Infrastructure Plan and regional infrastructure plans.

CHAIR: Thank you very much, Catherine. I will start with a couple of questions. We appreciate you talking about the seven regional infrastructure plans which are prepared through public input, especially local government, which would be crucial for that. One of the things I am interested in—and I do not know if this ties into the regional plans, but you have talked about the progress of those—is the place-based approach to infrastructure planning. That is a very important approach, especially in a decentralised state like Queensland. Can you talk a bit more about the importance of a place-based approach in what you do?

Mr Hyams: A place-based approach in relation to the regional infrastructure plans is recognising that infrastructure is a key enabler of economic and social prosperity. The starting point for this work is to understand what those economic and social aspirations are in the regions. The place-based component of it is that direct engagement with local governments, the peak stakeholders and industry. I like to think of it as a regional development process where infrastructure is the key enabler. Each plan has, as its foundation, those priorities.

CHAIR: In terms of using that approach to develop the plans, it is a constant dialogue, would that be right, between the planners and the people on the ground? The people on the ground are saying, 'We need this.' Planners are saying, 'Have you thought about this?' It is not just a recounting of what people want. There is constant dialogue and interpretation and a plan evolves through that process. Have I got that correct?

Mr Hyams: Absolutely. A good way to think about this is that we are trying to get as close to a consensus between what the region is trying to aspire to in terms of the stakeholders and having a really good understanding of what individual agencies that are responsible for delivering a particular type of asset class want—to find that point of alignment in terms of strategy so that we are all pulling in the same direction. The RIPs are absolutely intended to guide the priorities of local government and, indeed, the Commonwealth as well. That is a key part of why we involve them in that place-based engagement throughout the process.

CHAIR: Have you found that the local governments have been engaged? They have probably been engaged and to a degree excited about this approach being used to develop those infrastructure plans because it means they have real input.

Mr Hyams: I believe so. It is a new approach in Queensland. I think it does provide an opportunity for local governments to look at where their local infrastructure priorities align with those larger regional and state identified priorities and, indeed, with the Commonwealth. It makes it easier for local governments to shine a spotlight on how their local priorities fit within that larger framework of state priorities.

Mr McDONALD: I have a few different questions. Firstly, in terms of the capital budget versus underspend from 2018 through to the current year, why has there been an underspend over all of those successive years? What are the reasons? I would have thought there might be an underspend but then we would catch up.

Mr Hyams: Do you want to take that one, Catherine?

Ms Harch: I am certainly happy to. There has been an underspend from previous years compared to the capital budget. That reflects the overall position across the Queensland government. That is an aggregate position when you look at the final expenditure from all government agencies. It really comes down to what each agency is able to achieve in terms of delivering their capital program. There are different reasons there may be under expenditure. For example, a significant weather event may prevent construction occurring as had been planned originally. It very much depends on what is happening within individual agencies.

Mr McDONALD: The table that we were provided in terms of capital expenditure talks about the budgeted capital expenditure but then it refers to the actual spend per capita. It does not compare the dollars. Is there a table that has the budgeted capital expenditure and then the actual expenditure as opposed to the per capita spend?

CHAIR: Which table are you referring to?

Mr McDONALD: Figure 1C in the AG's report looks at the budgeted capital expenditure provided. The reference is Budget Paper No. 3.

Ms Harch: Figure 1B in the QAO report looks at budgeted expenditure versus the estimated actual expenditure at a whole-of-government level.

Mr McDONALD: That is not just your infrastructure department.

Ms Harch: That is an aggregate position across the whole of the Queensland government.

Mr McDONALD: I understand the answer with regard to weather events. Is this a case of the government bragging about a big spend and not delivering? The fundamentals of accounting is that budgets—

Mr SMITH: I raise a point of order, Chair.

Mr MADDEN: That's commentary.

CHAIR: I got it. Don't worry.

Mr HART: Members don't like that question, Jim.

CHAIR: Deputy Chair, you might want to be more specific without including argumentative language.

Mr McDONALD: A good practice in accounting is to have a budgeted amount and then keep controls in place to spend that budgeted amount. I am concerned that over successive years there has been an underspend. I asked the question why before. It seems like there is a very large budgeted amount that is not being achieved. Can you explain why?

Ms Harch: Again, I refer back to my earlier answer that the underspend figures we are looking at here do represent a whole-of-government position and there will be different reasons from individual agencies why they may not be able to achieve the delivery of their full capital program in any one year.

Mr McDONALD: Do you ask those departments why?

Ms Harch: There is tracking of the expenditure that agencies do complete in any given year, yes.

Mr McDONALD: Moving on from that, I am concerned about the prioritisation of projects in different areas if you are using a per capita basis across the state. Obviously there is a reason for that in that you might see a very high per capita level for outback Queensland and less elsewhere. How important is that to prioritise projects in the state? Are those numbers benchmarked over a number of years so we can see if that is increasing or decreasing?

Ms Harch: The allocation of funding to projects and across different geographical areas is something that Queensland Treasury considers as part of the annual budget process. I think any questions around how those funds are allocated and what geographic aspects are taken into account, including per capita spend, might be better directed to Queensland Treasury.

Mr McDONALD: The reason for that question is I am very interested in seeing infrastructure projects as a legacy of the Olympics as the local government cohort fought for originally. If there is an emphasis on the population issue, then obviously the north and south are going to get very strong representation as opposed to the west which captures 85 per cent of Queensland. It does not have an overemphasis on those prioritisations to make sure that there is work happening out to the west?

CHAIR: I am not sure how concisely that can be answered.

Mr McDONALD: How do we get the best deal for the west?

Mr Hyams: The regional infrastructure plans are certainly trying to shine a spotlight on what those needs are in those more sparsely populated areas of the state. The budget consideration process is led by Treasury.

Mr McDONALD: In this report last year, we uncovered some strong issues with regard to the Gabba redevelopment and business cases. Do you have any oversight of that now, or has that been transitioned to the Olympics and Paralympics delivery authority?

Ms Harch: The government is undertaking project validation reports for the Olympics infrastructure, and that includes the Gabba project. Those reports are currently being considered by government.

Mr McDONALD: Does that fall within your remit?

Ms Harch: That does fall within the department of state development, yes.

Mr McDONALD: How far progressed are you with the business case? In this report and also at estimates we heard that the business case was progressing.

Ms Harch: It is currently being considered by government.

Mr McDONALD: When will that be completed and maybe we can see it?

Mr HART: Is that finished, is it?

Ms Harch: I would have to take that—

Mr SMITH: Point of order, Chair.

CHAIR: It is being considered by government. You are asking when the government is going to finish considering it.

Mr McDONALD: If it is being considered by government that probably means that it has been completed.

Mr HART: That is my question.

Ms Harch: I would have to take on notice any question around when the timing of that might be.

Mr McDONALD: Thank you.

Mr HART: To go back, if it is with government for consideration, it is finished, is it not?

CHAIR: That is an assumption. Are we talking about the Olympics? What are we talking about?

Mr HART: The Gabba business case.

CHAIR: Which business case?

Mr HART: That is with the government now for consideration.

Mr McDONALD: Auditor-General report 7 was where we discovered the lack of a business case. I think the Auditor-General said it happened through a media release.

CHAIR: Well, that was the Auditor-General's opinion of how he thought that may have happened. As we have heard later, that was not the case.

Mr HART: He was the one looking at it.

CHAIR: Yes, but if you had been following it, that was proved later to be a statement that the Auditor-General thought—

Mr HART: I beg your pardon?

Mr SMITH: At estimates the Deputy Premier went through it.

CHAIR: Listen to estimates; it is in there. The Deputy Premier went through it. We will get some information back on the progress of that for which business case it is, because there are three different kinds of business cases, as far as I can remember.

Mr MADDEN: Thanks very much for coming in today. I want to ask a question about Brisbane Metro. Is it appropriate that I ask you a question about Brisbane Metro?

Mr Hyams: My colleague Tim might be able to answer it.

Mr MADDEN: It is a very simple question—nothing complicated. I want to know where we are at with Brisbane Metro and when we expect it to open. I just wanted to couch that with this. In coming from Ipswich, Cross River Rail and Brisbane Metro will be incredibly important for our commuters in terms of moving around the CBD and South Bank. What stage are we currently at with Brisbane Metro and when is it expected to open?

Mr Hartz: Brisbane Metro is a project being delivered by the Brisbane City Council in partnership with the Australian government. I am unable to answer any specificities about where they are at on their program, unfortunately. It is outside the remit of this department. We are obviously keenly tracking its progress in the context of the growth of the region.

Mr MADDEN: Maybe I will ask you a different question. How does the department determine the economic life of major infrastructure projects such as dams like the Rookwood Weir? How do you determine the economic life of a project like the Rookwood Weir?

Ms Harch: It is considered as part of the business case development process and depends on the nature of the asset, any technical components or in fact the life of the physical components that make up the asset itself. For example, for roads you are looking at the condition of asphalt over time. With dams it might be how long that concrete is in a suitable form. All of those things are factored into how long we take the life of the asset to be.

Mr HART: How closely does your department monitor the infrastructure projects that are underway? Is it a regular thing, like every six or 12 months, to make sure they are on time and on budget?

Ms Harch: The department does monitor the progress of projects that are currently being delivered by infrastructure agencies. There is regular reporting that is done to central agencies on a monthly basis.

Mr HART: Do all these projects have to comply with the government's procurement policy?

Ms Harch: That would be my assumption, yes.

Mr HART: Has the department done any modelling to see how much the BPICs policy has inflicted cost blowouts on projects?

Mr SMITH: Point of order, Chair? There is an imputation in the wording.

Mr HART: Come on. Let me just ask a question.

Mr SMITH: You cannot use an argumentative word.

CHAIR: You will have to try better than that, member for Burleigh. We know where you are going—'overruns inflicted by government policy'.

Mr HART: Trying to cover up. Members ask their own questions.

CHAIR: I think you need to re-ask that question without the imputations and argument.

Mr HART: It is not an imputation.

CHAIR: It is argumentative in that case.

Mr HART: Do these projects have to comply with the government's procurement policy? The government's procurement policy is that everything has to have best practice industrial conditions in it. What effects does that have—

CHAIR: You mean paying decent wages?

Mr HART: If the department is monitoring the projects for being on time and on budget, has the department seen any budget increases because of those policies being put in place?

CHAIR: I do not think that is a legitimate question—

Mr HART: Come on.

CHAIR:—the impact of one government policy. You have read the briefings here about the cost overruns with regards to materials and supplies. I think what you are asking for is just a broad, 'What is impacting on any cost overruns?' That would include a variety of things. Anyway, I will let our witnesses answer that as they see fit.

Mr HART: Please!

Ms Harch: The department does track the delivery of projects. When it comes to understanding the rationale for any changes in costs while those projects are being delivered, that would be quite a significant undertaking to understand all the potential drivers of any changes. With reference to the best practice industry conditions, that policy is administered by the Department of Energy and Public Works and that department would be best to answer any questions in relation to that policy.

Mr HART: Thank you. See, that was a straightforward, simple answer.

CHAIR: It would have been a much easier with a straightforward, simple question. Do you have another one for me?

Mr HART: Do you want to write my questions for me?

CHAIR: I wish I could.

Mr HART: This is out of control. Let us talk specifically about the train manufacturing program in Maryborough—that infrastructure project. We have seen reports lately that it has increased from \$7.1 billion overall to \$9.5 billion. When did your department become aware of that figure changing?

Ms Harch: I would have to take that question on notice.

Mr HART: Have you seen any changes in the overall costing of Cross River Rail in the last 12 months?

Ms Harch: No, I have not.

Mr HART: It is on budget as far as the department knows?

Ms Harch: From my personal perspective, I have not seen any changes in the costings of Cross River Rail over the past 12 months.

Mr HART: Is that something that in your position you would normally be aware of?

Mr SMITH: Point of order, Chair. I question whether or not the member is asking a question of an individual and not a government employee?

CHAIR: I understand where you are going. There is no point of order, member for Bundaberg. I think we are just about to get an answer.

Ms Harch: The role of the department of state development includes the monitoring of all projects across Queensland government. In relation to Cross River Rail, any specific questions around the status of that project's budget and costs should be directed to the Department of Transport and Main Roads.

Mr HART: They are sitting up the back there, so I am sure they have heard that. Going back to the regional infrastructure plans, are local MPs involved in the consultation process?

Mr Hyams: It probably varies a little bit. Where we have regional planning processes in place, we have a regional planning committee chaired by the Deputy Premier and government MPs will generally form part of that committee. It would vary I think somewhat.

Mr HART: So it is only government MPs?

Mr Hartz: I understand at the estimates session—

CHAIR: That is an assumption that you have made there, member for Burleigh, but keep going.

Mr HART: Sorry, that is what the director of regional strategy just told us—word for word.

CHAIR: That is not what I heard. Anyway, keep going.

Mr HART: Sorry, I am not trying to put words in your mouth. There is nothing tricky here.

Mr Hartz: I understand at the estimates committees with the Deputy Premier he recently made an offer to brief other government MPs on the content and the approach for the draft South-East Queensland infrastructure supplement.

Mr HART: Fine. Thank you.

Mr SMITH: In your opening address, you spoke about the FNQ Infrastructure Plan being currently underway—in draft effectively. Is that correct?

Mr Hyams: Yes.

Mr SMITH: The CQ infrastructure plan has been completed; is that correct?

Mr Hyams: Correct.

Mr SMITH: Does that mean that both the FNQ and CQ regional plans have been completed?

Mr Hyams: No, it does not. We have an approach in the department called the regional growth framework where we are looking to update regional plans in a coordinated way alongside the regional infrastructure plan. In relation to Far North Queensland, the infrastructure plan is well advanced. It is going through a final stage of consultation with local governments and key stakeholders this week. Once it has been considered by government, it will form a key input to the two regional plan reviews relevant to that region, which are the Far North Queensland regional plan and the Cape York regional plan.

Mr SMITH: Is it normally a case of infrastructure plans come before regional plans or regional plans come before infrastructure plans, or is it determined at the time depending on what is the greatest need?

Mr Hyams: The regional infrastructure plans tend to be more nimble documents. We can develop them more quickly. So it depends, I think, more in terms of how contemporary the regional plan is for that region. There is a program of updating the statutory regional plans across the state at the moment.

Mr SMITH: Would an example be where the Wide Bay regional plan is currently underway and then co-aligning with that, because of its recency, the infrastructure plan or supplementary infrastructure plan is co-existing with it?

Mr Hyams: Exactly. We have worked closely with our planning group colleagues to develop a Wide Bay infrastructure supplement to coincide with the development and finalisation of the regional plan which is to happen this year.

Mr SMITH: Thank you. The member for Burleigh might like to know I am one of those pesky people who have been involved in the Wide Bay regional plan meetings. Could the department outline what are some of the challenges around trying to interconnect different parts of regions? For instance, the Wide Bay region is very broad. We take in the South Burnett, the North Burnett, we take in through Gympie, Maryborough, Hervey Bay, up to Bundaberg, all with their own, I guess, different penchant for industry and so forth. What are some of the challenges that the department faces around trying to create that balanced, interconnected regional plan?

Mr Hyams: That one, given it has been led by our planning colleagues, I think it is important to get at the outset a good sense of what that regional vision is, so trying to get a comprehensive sense of where the region is trying to go. Absolutely it is challenging where there are different aspirations, different economic drivers et cetera, and then the role of infrastructure as a key enabler for that. So things like connectivity tend to be really important in terms of a region—individual local governments coming together as a region, because that is where you start to unlock some of those economic flows.

Mr SMITH: Can I ask one quick clarifying question?

CHAIR: No.

Mr HART: Then I have got one too.

CHAIR: No, I am going to pull it up there.

Mr McDONALD: Excuse me, Chair, could we maybe get those quick ones into a letter?

Mr SMITH: I am happy to move on.

Ms Harch: Chair, if I may come back on the point around the Gabba business case, my colleagues have advised me that it is currently progressing for government approval.

CHAIR: Progressing for government or through government?

Ms Harch: For government approval.

CHAIR: The other question on notice was when the department became aware of any cost increase for the Maryborough train project. Clearly the department will be telling us about that when we get to them. Thank you. That concludes our briefing.

PHILP, Mr Tony, General Manager, Portfolio Investment and Programming, Policy Planning and Investment Division, Department of Transport and Main Roads.

STANNARD, Ms Sally, Acting Director-General, Department of Transport and Main Roads

CHAIR: Welcome to our next witnesses. If you could give us an opening statement of about five minutes then we will have some questions for you. Over to you, Sally.

Ms Stannard: Good morning, everyone, and thank you for the opportunity to speak with you today. I will begin by respectfully acknowledging the traditional owners and custodians of the land on which we are gathered today. I pay my respects to their elders, past, present and emerging.

I will start today's discussion by outlining the relationship between TMR's strategic planning documents, regional transport plans and investment decisions. We use these documents to ensure that our investment decisions are aligned with the government and TMR's overarching goals and objectives. Those goals and objectives are outlined in the following key strategies: the Queensland government's objectives for the community; the Queensland Transport Strategy; the State Infrastructure Strategy; the Transport Coordination Plan; TMR's Strategic Plan 2023-27; and regional transport plans. The Queensland Transport Strategy at the top of that hierarchy sets out a 30-year vision to show how TMR plans to harness the emerging transport trends that continue to evolve and help us to move people and products safely and efficiently into the future. The strategy moves us towards a transport industry which will be cost effective, safer and more reliable, where innovation can thrive and benefits are experienced across the community.

The State Infrastructure Strategy sets out the Queensland government's 20-year vision for infrastructure. The strategy is supported by relevant regional infrastructure plans, as the committee was just discussing, and they are a place-based approach to ensure that regionally significant infrastructure needs are considered and prioritised. TMR's own Transport Coordination Plan is developed in accordance with the requirements of the Transport Planning and Coordination Act 1994 and it provides a strategic framework for the planning and management of transport resources in Queensland over a 10-year time frame. That plan informs other transport planning documents, including our regional transport plans and modal strategies which determine how the high-level transport objectives are best delivered.

The TMR Strategic Plan 2023-27 defines the department's direction over a four-year time horizon to ensure we meet our vision and purpose of creating a single, integrated network that is accessible to everyone and contributes to the Queensland government's objectives for the community. Our regional transport plans have been developed across all of Queensland and they set out transport priorities and actions for developing transport systems in a way that supports regions and their goals for the community, economy and environment. These plans were developed in genuine collaboration with all 77 local governments right across Queensland as well as with input from many stakeholders and partners. They play a critical role in defining the strategic direction of regional transport systems over a 15-year planning horizon.

Regional transport plans are how we meet TMR's legislative responsibility under the Transport Planning and Coordination Act 1994 to develop integrated regional transport plans that complement land use planning and support the goals and objectives of regional plans. They are a fundamental component in the hierarchy of integrated system planning and they guide future transport planning and investment in road and transport infrastructure. Regional transport plans align planning and investment frameworks with the region's challenges and opportunities. These plans and the actions in them vary in scale and complexity, they vary by transport mode and they include a broad range of planning, infrastructure and non-infrastructure initiatives. For example, actions can include planning for major motorways and highways such as the Bruce, Pacific, Cunningham and Warrego highways. They also include planning for overtaking lanes, wide centre-line treatments, rest areas and all the facilities that support safe trucking and tourism across the state. The plans include principal cycle network planning; reviewing and updating our principal cycle network plans across the state; personalised transport planning, for example, demand responsive transport trials such as the one in Logan; smart ticketing; and public transport initiatives that enhance the customer's experience. These are examples of cost-effective uses of technology to ensure we have future growth in public transport use. The plans also include planning for improved passenger transport facilities such as bus and rail interchange upgrades. The examples support the growth of the economy and productivity, tourism and general accessibility, making it easier for people and goods to move around our state.

Actions and the subsequent project recommendations that follow inform future updates of investment plans and programs such as the Queensland Transport and Roads Investment Program, QTRIP, and other relevant service and infrastructure investment strategies across all levels of government. As of June 2023, over 90 per cent of the 567 actions that are across the program are either complete, underway, committed or ongoing. Our regional transport plans are periodically reviewed and updated to ensure that they remain current with the objectives in each local community.

I will move on now to TMR's role in planning and mitigating supply chain risk. I know the committee has been interested in how we address that. Market capacity constraints are presenting significant challenges for the procurement and delivery of infrastructure right across the state. The projects are impacted by factors such as the significant infrastructure pipeline underway nationally. There is also substantially escalating material costs and supply chain issues due to international disruptions and unprecedented weather events in Australia and labour and skills shortages due to attraction and retention challenges and cultural issues that have led to poor productivity and mental health issues across the sector. The Queensland government is working with the Australian government and all Australian jurisdictions to address market capacity constraints that are affecting the construction industry. This includes consideration of the infrastructure programs and the competition for resources across the eastern Australian states through prioritising the forward pipeline of projects in consultation with industry and government. For example, collaboration with the civil construction industry has been critical to the Queensland government's response to supply chain challenges to ensure the continued delivery of our Queensland Transport and Roads Investment Program, QTRIP.

The Queensland government is mitigating the impacts of the extraordinary escalation in construction costs by supporting local manufacturing and forward planning to increase the local supply of equipment and input materials. TMR continues to implement initiatives to manage cost-related risk. These include collaborative contracting methods, attracting and retaining a sustainable workforce, investing in research and innovation and applying value engineering to our options assessment and product and service procurement strategies.

In summary, we use our transport plans and strategies to provide a comprehensive structured framework for responding to current and future challenges. We deliver transport outcomes that align with those statewide and regional objectives for the community, economy and environment. We have robust governance and assurance processes in place and that is why I am proud to be accompanied by our general manager for portfolio investment and programming where we have a strong focus on ensuring the gated management of our program of work and we are focused on the delivery of the projects that we have planned and prioritised to ensure that they provide the strategic direction and key principles we need to invest in the transport network

CHAIR: Thank you. I want to talk about what you have correctly labelled as market capacity constraints. You talked about the significant infrastructure pipeline that is happening all over Australia. Looking at, for example, Snowy Hydro, that is a massive project that would be basically sucking up a lot of the supply for steel and concrete. Can you tell us about that competitive infrastructure pipeline that is affecting everyone across Australia?

Ms Stannard: Certainly. I will talk to a number of economic factors that I believe are impacting the infrastructure program. You point out that we are currently experiencing a range of challenges, and a number of those are global as well as local in terms of market conditions. The supply chain disruption that we experienced during COVID is a good example of things that have driven extraordinary cost increases into the program of work underway. We have seen material price escalations that are unprecedented in our experience of delivering infrastructure and we are seeing that at the same time as we are seeing an increasing number of construction projects Australia-wide. These challenges have led to significant constraints around skills and materials, with leading economic indices, peak bodies and suppliers all contributing to what is now a significant body of evidence that is supporting us in terms of how we manage and operate in this heated market.

The after-effect from COVID-19 and the restrictions that were in place at the time, as well as the parallel geopolitical unrest, including the Ukraine conflict, are being felt across a number of areas. Factors that impact us include the reduced skilled migration that was occurring into Australia during that time, as well as the increased freight costs that have occurred as we have sought to bring goods and materials that are required for our program of work. I refer to the IBISWorld industry report on construction in Australia from March 2023. That report has a section that is described as digging deep. Supply chain disruptions have demolished profit for construction firms and it outlines these impacts. Disruptions to the construction supply chain have inflated input prices and dampened profit margins. Construction profits slumped as material and equipment prices escalated alongside

blockages to the supply chain. Construction contractors often bear significant risk on projects and may have difficulty securing contingencies for rising input prices and project delays. A couple of examples include the further impact by natural disasters and the increased demands that arise from population growth. For example, the Australian Bureau of Statistics lists Queensland's population growth rate at 4.3 per cent. Capacity is being further impacted by increased global and local demand for construction, labour and materials.

We are seeing that significantly play out in terms of contractor financial distress and insolvencies. Again, referring this time to the Australian Securities and Investments Commission, 1,709 construction companies entered administration between July 2022 and April 2023. That is up from 1,284 in the same period 12 months earlier. The heavy and civil engineering construction insolvencies are up 151 per cent year on year and the building construction insolvencies are up 67 per cent year on year. We are seeing increasing demand and skill shortages that have led to labour market tightening and that is in turn putting upward pressure on wage rates. I have some further data related to that.

In response, we are doing what we can to work with the construction industry. We are exploring and implementing solutions that help resolve and manage those issues as best we can. We do that particularly through our procurement and contracting practices, and improved collaboration is seen to be key in this time where we are seeing unprecedented risks and issues emerge on the network. Our approach is to refer to collaboration as standard. Our standard approach now is to enter into collaborative contracts. Industry and TMR are working together on an enhanced collaborative procurement and delivery framework. It means we award contracts based on capability, capacity, past performance and the ability to deliver value for money, not just on the lowest cost as tendered. The aim of the framework is to reduce the time and cost of tendering. That is a significant cost for industry. Clearly we need a competitive process but to reduce the time and costs through a streamlined tender process. We maximise value at the front end and try to produce more realistic target outturn costs.

CHAIR: Thank you, Sally.

Mr McDONALD: Thank you for being here today. Obviously when you undertake business cases or business plans it is about making sure there is bang for buck in the project and that you are uncovering some issues that might need to be undertaken so that can be mitigated. What is the process for updating a business case and what are the triggers for that update?

Ms Stannard: We do multiple reviews of projects as we progress through their readiness to enter different phases, so we call that health checks or assurance frameworks. The state is governed by the project assurance framework and that requires us to do gated checks on projects' readiness to enter each of the next stages. At that point we always examine the benefits that we set out to achieve and how well on track or otherwise we are for continuing to deliver those benefits. That assurance framework is set out by Queensland Treasury and it requires us to have external parties involved in reviewing the project. Officers will be interviewed, experts will come to the table and a report will be provided at each of those gating phases which helps us check that we are still on track to deliver the benefits.

Mr McDONALD: That was going to be my next question: who is the project assurance framework, but it is under Queensland Treasury?

Ms Stannard: Yes.

Mr McDONALD: Is it right across the government that needs to apply that or is there a threshold?

Ms Stannard: There is a threshold to the value.

Mr Philp: Yes. The threshold where the Project Assessment Framework applies is \$100 million and it is applied consistently across all the—

Mr McDONALD: So over that you have to do the health check?

Mr Philp: You have to comply with all of the key steps of the assurance framework. As Sally touched on, there are a number of key gating steps and the assurance pieces happen along that journey in terms of assurance reviews and health checks.

Mr McDONALD: Was there a business plan undertaken for the train project?

Ms Stannard: I can talk to the Queensland Train Manufacturing Program, and I will just get my notes so I have the facts in front of me.

Mr McDONALD: Was there a business case undertaken for that train project?

Ms Stannard: Certainly. We start off with a strategic plan to identify the need, which we did, and we published that as *SEQ rail connect*, a blueprint for 10 years on the rail network, and then from the identified need we then assessed the best way to develop that. An investment decision report was used to assess whether we should progress with that investment.

Mr McDONALD: So is that investment decision report associated with the business case or separate?

Ms Stannard: Yes, it is together with the business case.

Mr McDONALD: Okay, so there was a business case done for the train project?

Ms Stannard: Yes. To my knowledge it was referred to as an investment decision report at the same time. It addresses those same requirements of a business case.

Mr McDONALD: And was that for the original \$4.5 billion or \$4.6 billion project?

Ms Stannard: There were multiple phases in assessing the needs for the project. The member may remember that there was an initial assessment of the need for 20 trains and then a subsequent assessment of the need for a growth beyond that, so there were multiple phases in that development.

Mr McDONALD: Okay, so then when that grew to the \$7.1 billion there was a business case and a health check and examination under the Project Assessment Framework?

Ms Stannard: The Project Assessment Framework—

Mr McDONALD: Assurance framework.

Ms Stannard: The assurance framework has particular points but they are not triggered by, to my knowledge, changes in the scope of the project per se; they are triggered by where you are up to in the investment life cycle.

Mr McDONALD: But surely the cost of the project would be a big impact if you have undertaken a business case that says, 'Yes, this is feasible,' and if there is a dramatic increase surely there would be a health check on that?

Mr Philp: Throughout the process you are able to instigate health checks yourself if something changes throughout the investment planning stages. Just to touch on those, there are a number of key stages. The first stage is actually defining the problem and the service need and if there is a need for a project requirement you then go through a very detailed options analysis. Usually then after the assessment of those options using a multicriteria analysis you will take one or two through to the business case and then you will fully assess looking at all of the aspects, looking at scope, looking at cost, looking at risk. I think in this case here, once a business case is complete and an investment decision is made, you then go to market and the market answer may very well be different to what was captured in the business case.

Mr McDONALD: Okay, so then there was a business case done at the \$7.1 billion I suspect and the market has said \$9.5 billion, because it is obviously the same supplier as there was in the business case?

Ms Stannard: Perhaps I can talk to the important findings that happen when we go to market. There are a number of scope items that can be offered by the market that are not in the original scope necessarily, optional scope items. In the case of the Queensland Train Manufacturing Program, there were indeed optional scope items offered by the bidders and in fact we elected to take up a number of those that improved the accessibility of the eventual trains that we will be delivering. In addition, a number of the significant increases that we have seen in the civil construction market did play out in the time between the business case, going to market and then receiving those tenders back.

Mr McDONALD: Did you get a chance to review the business case once it was discovered there was an increase from the \$7.1 billion to the \$9.5 billion?

Ms Stannard: Not during that evaluation of tenders. You need to understand that that process was occurring during the evaluation of tenders and that is not a time where we can open up the offers to multiple parties to look at.

Mr McDONALD: Yes, for sure. With regard to the priorities—north, south and west, South-East Queensland and all of greater Queensland—what priorities do you use with regard to that, because obviously they are different competing business cases? We want to make sure that greater South-East Queensland and Queensland gets bang for buck for the infrastructure spend.

Mr Philp: Yes, absolutely, and I am happy to talk to that. Member for Lockyer, I grew up in Grantham and Gatton, so I have a very strong rural upbringing and focus. We undertake a statewide approach with our investments. It is a full portfolio approach using managing successful programs—

portfolio, program and project. We have the overall portfolio broken up into 15 investment programs and there are processes to allocate the spread of the funding across those investment programs. In terms of that process, I will not go into too much detail but it captures strategy, performance and condition and as each of those things changes you will see a shift of the money across the investment programs. Once you get down to the program layer, inside each one of the 15 there are separate processes to prioritise investments. All of our investments have a planning basis and again it is a statewide approach. As a general rule, if you were only going to use economic analysis to rank your projects, we would not be investing in regional Queensland. In fact, we would not be investing in Queensland if the Commonwealth was going to use that; it would only be in Sydney and Melbourne because of the urban density. Economic analysis and value is one component, but we look at many components in terms of the condition, the traffic volumes, the hierarchy of the road, the importance of the road to the community.

Mr McDONALD: Flooding?

Mr Philp: Absolutely. Flood resilience is a key component in the consideration. We are acutely aware. We do have the longest road network of any jurisdiction in the country but are acutely aware of the importance of the road network for regional Queensland—connectivity, people to people, people to places, goods to market.

Mr McDONALD: Sounds like a promising set up for the overpass at Glenore Grove to stop the flooding and the crashes.

Mr Philp: I have driven the Warrego many times and, yes, we are fully aware and we are doing some investment planning and working out at the moment the priorities at that particular piece. That was a corridor piece. There are many challenges on that corridor.

CHAIR: We will not go down this path. We all have projects. We will not do that.

Mr McDONALD: I just thought it was too good an opportunity.

CHAIR: I know. I did not start on mine, and I hope that the member for Ipswich West is not going to do the same, but he does have a question.

Mr MADDEN: Yes. Thanks very much for coming in today. My questions relate to business cases, as the questions from the member for Lockyer did. Does the department currently engage external consultants to prepare business cases on projects on the National Highway grid—the Cunningham Highway, the Warrego Highway? Do you currently engage consultants to do business cases?

Mr Philp: Yes, absolutely.

Mr MADDEN: Are you engaging private consultants to do the business case for the Warrego Highway-Mount Crosby Road interchange?

Mr Philp: I do not have that level of detail here, but I would say with a reasonable level of confidence that there are a number of different chapters of a business case and absolutely. We go to and need assistance from the market to help with the technical expertise, so I would say—

Mr MADDEN: Can you take that one on notice?

Mr Philp: Okay, sure.

Mr MADDEN: What is the department doing to try and increase the number of internal staff to avoid the need to engage external consultants to prepare business cases?

Mr Philp: If we look at the overall staffing profile of TMR and we look at the history, particularly in our infrastructure delivery, our delivery and planning and delivering have matured year on year and our performance continues to mature, and that includes capability. We have a number of different programs and processes underway within the department to ensure we are developing staff where we have graduate programs where we are bringing staff in at the bottom and developing them, so absolutely. We are not just relying on the market but there is definitely an engagement for all projects, but there is certainly plenty of expertise inside the department.

Mr MADDEN: Your preference would be to use internal staff?

Mr Philp: We will always use internal before external where required.

Mr MADDEN: Thanks again for coming in today.

Mr HART: I am glad to hear that you are changing your tender process. I think that is very good. Can you tell us whether the Cross River Rail and train contracts are included in that sort of tender process, or were they pre that change?

Ms Stannard: The Cross River Rail project has a number of contracts, so there is a central contract which is a PPP. That is not a collaborative contract per se. It does also have what we refer to as the RIS alliance—so the rail, infrastructure and systems alliance—and an alliance is a form of collaborative contracting. For the delivery of the signalling technology, there is also a sequence alliance—again, another collaborative form of contract. The vast majority of the spend is in the PPP—the big central tunnel and stations package—and it is often the case when you work in brownfield environments where there are operating rail lines and you have to connect to those you would use an alliance because we need the expertise of Queensland Rail involved to make sure we get that tie in correctly and also in the application of new technology, which is the case in the ETCS. That alliance model provides for some more collaboration on the development and delivery.

Mr HART: Given these cost blowouts that we are seeing across the board with—

Mr SMITH: Point of order.

Mr HART:—infrastructure projects, has there been any talk about the Cross River Rail increasing in cost?

CHAIR: Member for Burleigh, we just had a point of order from the member for Bundaberg. Do you mean cost increases?

Mr HART: Yes, that is what I said.

Mr SMITH: You said 'blowouts'.

CHAIR: Yes, cost increases. By increases we would prefer—

Mr HART: I do not think I said 'blowout'.

Mr SMITH: You did.

Mr HART: If I did, I meant increases.

CHAIR: You did; I know. Please continue.

Ms Stannard: I understand the committee may have had a tour this morning of the Cross River Rail sites.

Mr HART: We did. It was wonderful.

Ms Stannard: I am sure you can see that significant progress has now been made on those 5.9-kilometre twin tunnels under the Brisbane River and CBD and those four underground stations. Certainly when you are down there it starts to look like a real train line. It is very exciting. In terms of Cross River Rail, like any other project—and we certainly view this across the project—no project in the program is immune from those high-impact, low-probability events that we have seen in the last little while. They have included the global pandemic, many weather events—so we refer to La Nina—and the war in Ukraine. Unlike other states, Queensland was able to keep construction sites moving. That did save us some cost in terms of keeping that site running.

Mr HART: Director-General, we are going to run out of time. Are you aware of any cost increases that come in on that which have not been disclosed to the public yet?

Ms Stannard: The only cost increase I am aware of is the one that had been advised in March 2023.

Mr HART: On the train program, are you able to tell us what percentage of the contract will be spent in Australia versus outside of Australia, particularly with Hyundai Rotem, or a percentage even if you cannot disclose a figure?

Ms Stannard: I am not in a position to go into that level of detail because we hold one contract with Downer, and Downer hold various subcontracts that they then use to acquit that program and one of those is with Hyundai Rotem.

Mr HART: Is the department aware of what those figures are? I do not want you to disclose it. Is the department aware?

Ms Stannard: Not so much aware of the nature of those commercial engagements. We do have requirements about the componentry and elements that need to be built in Australia. There are requirements in the deed that say 'these aspects must be delivered or manufactured in Australia'. There is wording in the deed that makes that requirement very clear.

Mr HART: We have a bus manufacturer in Burleigh. They buy in a chassis and they build the frame and the vehicle around it. Are we likely to see the same sort of process in the train, or is everything going to be built in Maryborough?

Ms Stannard: What you are experiencing in Burleigh is very typical of manufacturing in Australia; that we import some parts that make sense and we do some sensible work locally which is happening in Burleigh. Through the train program, we developed what we called a transport investment legacy strategy that says the benefits to the community are not just about the componentry and what is made where but actually extend to what are the benefits for local high school kids in that region; how can they get involved in this kind of work; what kind of apprenticeships can come from a program happening in a regional area. As you would understand in Burleigh, some of the benefits for the community are not about where the chassis comes from, but actually about the jobs and the benefits for the community. So we are taking what I would call a much more sophisticated approach to managing local investment to make sure that those benefits accrue to the full supply chain that is there locally, as well as people who are growing up in the region.

CHAIR: On this issue of building chassis, Farley in Narangba do the same thing, building fire engines and ambulances.

Mr SMITH: I am aware of the time. I am happy for you to take these three questions on notice, although if you do have the answer right there, which you may potentially, I am happy for them to be answered, too. The first one is: how many jobs will come from the construction of the Torbanlea facility? How many ongoing jobs at the facility post construction are predicted? The third question, which I completely understand if you would rather take on notice and write to the committee on, is: what is the address of the new facility?

CHAIR: The address?

Ms Stannard: I cannot tell you the address.

Mr SMITH: I drive along that road a lot.

Ms Stannard: You should see some bunting up now. There is some bunting around the site so you should be able to see it now. I do not think I have the job numbers here. I am just checking my notes to make sure. Hundreds of jobs throughout the Maryborough region is probably the best information I have to hand.

CHAIR: That is fine. We can get that on notice.

Ms Stannard: Jobs on the Torbanlea construction, jobs through the life of the contract and the address of the facility.

Mr HART: Can I add one to that?

CHAIR: Yes.

Mr HART: What is the date of the delivery of the first train?

Ms Stannard: That one I can answer. The first train is expected to complete manufacture in 2026. It then goes into a period of testing with Queensland Rail to ensure—

Mr HART: Is that a contracted date?

Ms Stannard: There are a series of milestones in the contract. I could not actually answer where that is in the contract, but bidders present a schedule which becomes part of the contract.

Mr McDONALD: That has sparked something, very quickly, Chair. Is that one of the prototype trains or is that actually a train—

Ms Stannard: No, it is one of the first trains manufactured here.

CHAIR: We always think of business plans as the plan you have at the start and that is it, but from what I am seeing, there are a number of different studies or things that you can call business plans done at various stages and they are not static; they are constantly updated. Do I have that right? I am paraphrasing that. To increase our understanding, when we say 'business plans', these are probably another way to characterise them?

Mr Philp: It does get confusing and people do use from time to time different terminology, but if we just stick to the project assessment framework and, again, those three gates. The first bit is actually called SASR, which is strategic assessment of the service requirement. The next stage is called the PE, which is the preliminary evaluation. A lot of people refer to that second stage as the preliminary business case.

CHAIR: That is where I have heard of it, from TMR.

Mr Philp: Exactly. Then the third stage is the business case. There is a following gate then around readiness for market and even a fifth gate around awarding to market. Throughout that whole life cycle, people do from time to time use multiple different pieces of terminology, but what I just stepped you through there are the most commonly used.

Ms Stannard: The only other thing I would add is that one of the best practices that we use is benefits management to ensure that the benefits that we set out at the beginning of the project are monitored throughout the life of the program. It is really important that some of the benefits you set out to achieve are not solely delivered by one investment, so we have to look across our programs to make sure we are realising those benefits.

CHAIR: There being no further questions, that concludes our briefing. Thank you for attending today. Thank you to Hansard and the secretariat staff. A transcript of these proceedings will be available on the committee's webpage in due course. We will be getting back to you on those questions taken on notice. Answers to those are due by 5 pm on 29 September. I declare this briefing closed.

The committee adjourned at 1.06 pm.