




Speech By
Jim Madden

MEMBER FOR IPSWICH WEST

Record of Proceedings, 16 November 2023

STATE DEVELOPMENT AND REGIONAL INDUSTRIES COMMITTEE

Report, Motion to Take Note

 **Mr MADDEN** (Ipswich West—ALP) (3.51 pm): I rise to speak to the examination of *Auditor-General Report 16: 2021-22—Contract management for new infrastructure* by the State Development and Regional Industries Committee and its report No. 39 of the 57th Parliament tabled February 2023. I would first like to acknowledge my fellow members of the State Development and Regional Industries Committee: our chair, the member for Bancroft; the deputy chair, the member for Lockyer; and the members for Bundaberg, Burleigh and Traeger. As well, I would like to thank the committee secretariat, Hansard and the staff of the Queensland Auditor-General's office.

The Auditor-General focused on the Department of Energy and Public Works and the Department of Education. This is because these departments deliver approximately 60 per cent of the Queensland government's building infrastructure project. The audit focused on contracts entered into by the Department of Energy and Public Works for six projects with a combined value of \$1.4 billion. After doing so, the Auditor-General made 11 recommendations relating to government frameworks, managing contract performance and good practice. A summary of the key findings of the Auditor-General's office states—

The DEPW and the DoE have designed their contract management frameworks to manage new infrastructure projects but have not adequately updated them.

During a project, the scope of work may change for various reasons, resulting in contract variations. Some variations can be positive and others indicate a range of issues. At September 2021, the contracts reviewed by the QAO had over \$127 million in contract variations, or nine per cent of the total cost of the audited projects.

The Capital Works Management Framework (for which the DEPW is responsible) is the whole-of-government framework for managing infrastructure projects. The QAO found that at the whole-of-government level, DEPW could further promote its services by managing infrastructure contracts. At the same time, entities could be making more use of the department's knowledge.

The Auditor-General also stated—

... the Department of Energy and Public Works and the Department of Education need to provide better guidance, training and support to their project teams in managing contracts for infrastructure projects. Project teams have not consistently demonstrated that they appropriately manage contract risks and issues, nor have they always adequately assessed the performance of contractors.

The Auditor-General advised that the Department of Energy and Public Works was modernising the governing framework for infrastructure asset management in the public sector and it is addressing the Queensland Audit Office's recommendations across government through the recently released Building Policy Framework. He stated—

The new BPF consolidates and rationalises 4 existing frameworks which govern how agencies plan, deliver, and maintain government building projects. The new framework was set to commence 1 July 2023.

As part of the BFP implementation, DEPW has commenced the Reinforced Infrastructure Contract Management (RICMAN) initiative. This initiative seeks to develop a targeted contract management framework for infrastructure contracts and bridge the gap between policy principles and their operational application by public sector entities.

All of the recommendations made by the Auditor-General were supported by the State Development and Rural Industries Committee. The committee recognised that effective contract management is critical to ensuring value for money, securing the project's intended benefits and reducing the risk of cost overruns and delays.

Having considered *Auditor-General Report 16: 2021-22—Contract management of new infrastructure*, the committee made two recommendations: firstly, that the Legislative Assembly note the contents of the report; and secondly, that the State Development and Rural Industries Committee, within 12 months, further examine the progress of implementation of the Queensland Audit Office recommendations by the Department of Energy and Public Works and the Department of Education. I commend the report to the House.