

# A. Full responses from entities

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As mandated in s. 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to Building Queensland; the Department of State Development, Manufacturing, Infrastructure and Planning; the Department of Transport and Main Roads; the Department of Education; Cross River Rail Delivery Authority; and Queensland Corrective Services.

The head of these agencies are responsible for the accuracy, fairness and balance of their comments.

This appendix contains the detailed responses we received.



## Comments received from Chief Executive Officer, Building Queensland



Ref: D20/1101

23 April 2020

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
PO Box 15396  
City East QUEENSLAND 4002

Dear Mr Worrall

Thank you for providing the proposed report to Parliament in relation to evaluating major infrastructure projects. In noting the audit findings Building Queensland was pleased that the report acknowledged work undertaken with government agencies to improve the quality of business cases supporting government investment decisions.

Building Queensland would like to acknowledge the positive engagement undertaken by the Queensland Audit Office (QAO) during the conduct of the performance audit and the finalisation of the report.

Building Queensland also acknowledges and generally supports the findings and recommendations set out in the report.

We have provided responses and commentary in relation to the recommendations as requested. In our response we have indicated the extent to which we agree with the recommendations and the timeframes for implementation, noting current progress in some of these areas.

Thank you again for the positive engagement by the QAO and its officers throughout the performance audit process. Please feel free to contact me should QAO wish to discuss any of the matters outlined in our response.

Yours sincerely

A handwritten signature in black ink, appearing to read "D. Gould".

**Darpan Gould**  
Chief Executive Officer  
Building Queensland

**Attachment:** Report to Parliament – Evaluating major infrastructure projects. Response to recommendations provided by Chief Executive Office, Building Queensland, 23 April 2020

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## Responses to recommendations



### Building Queensland

#### *Report to Parliament – Evaluating major infrastructure projects*

Response to recommendations provided by Chief Executive Officer, Building Queensland, 23 April 2020.

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
Building Queensland			




**Queensland**  
**Audit Office**  
*Better public services*

**We recommend that Building Queensland:**

1. improves the design and application of its frameworks for developing business cases and providing assurance activities on business cases (Chapter 4)

This should include:

<ul style="list-style-type: none"> <li>• reviewing and refining its assurance framework to better reflect its current practices (that is, ensuring there is clearer alignment between BQ’s assurance framework and its actual assurance activities)</li> </ul>	Agree	2 <sup>nd</sup> qtr – 2020	The process, documentation requirements and timing of Tier 1 reviews to be clarified
<ul style="list-style-type: none"> <li>• improving how it manages any risks to its independence when it both leads the development of a business case and performs project assurance activities</li> </ul>	Agree	2 <sup>nd</sup> qtr – 2020	Business case development and assurance activities are not separate processes but are part of the overall process of preparing robust business cases. However, Building Queensland does acknowledge that the role of assurance activities in the development of business cases could be more clearly communicated.
<ul style="list-style-type: none"> <li>• improving the process for quantifying and monetising benefits for social infrastructure projects that have less-developed datasets available</li> </ul>	Agree	Ongoing	This is an ongoing challenge for the entire sector and Building Queensland ensures that the most up to date processes and methodologies for quantifying benefits from social infrastructure projects are utilised in business case development.
<ul style="list-style-type: none"> <li>• improving timing and conduct of its assurance activities on business cases, to enable comprehensive reviews and timely resolution of issues before finalising a business case</li> </ul>	Agree	Completed	Building Queensland has implemented a process improvement to include input from peer reviewers earlier in the business case development process
<ul style="list-style-type: none"> <li>• providing clear protocols for agencies to follow during the early stages of developing an infrastructure proposal to ensure announcements occur once sufficient assessment has been undertaken to determine the project is suitable and sufficiently viable</li> </ul>	Noted	Not applicable	It is not the function of the Business Case Development Framework to provide broad advice in relation to the timing of project announcements. Building Queensland will continue to engage with agencies early in the development of



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<ul style="list-style-type: none"> <li>establishing and applying internal guidelines for developing business cases for investment proposals where the government has already decided to deliver a project</li> </ul>	Noted	Not applicable	<p>infrastructure proposals to ensure required analysis at relevant stages of proposal development</p> <p>The Business Case Development Framework is a scalable tool and is able to be applied to address the characteristics of specific proposals. It is not considered that separate formal guidelines are required for projects the subject of existing government announcements.</p>
<p>2. publishes information in its infrastructure pipeline reports on how it uses its assessment criteria to identify infrastructure proposals that it considers to be a priority for the state (Chapter 5)</p>	Agree	Update to the infrastructure pipeline report aligned to State Budget	<p>The pipeline report will be used to reflect Building Queensland's work program progressing priority infrastructure proposals with agencies, while ensuring alignment with State Infrastructure Plan Part B. Building Queensland will outline the process and methodology in future updates to the pipeline report.</p>

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<p>3. develops and implements a strategy to improve its internal infrastructure knowledge and capability, so it can more effectively undertake its functions as required under the Building Queensland Act 2015 (BQ Act) (Chapter 6)</p> <p>The strategy should include plans for developing, retaining, and using internal capacity to undertake its core responsibilities, and optimising its mix of internal and external resources.</p>	Noted	Not applicable	<p>Building Queensland supports this recommendation in principle. Building Queensland's operating model has a strong focus on continuous development of capability and knowledge of Building Queensland staff, while also utilising the significant knowledge of the broader infrastructure sector to manage variability in workloads and required skill mix associated with the development of business cases across infrastructure sectors.</p> <p>Building Queensland's Strategic Plan and workforce strategy reflect requirements to supplement Building Queensland's internal resources and expertise with external specialist experience to progress strategic priorities and undertake functions under the <i>Building Queensland Act 2015</i> (BQ Act).</p> <p>The objective to leverage this operating model to develop Building Queensland staff, as well as sharing knowledge and building capability is consistent with Building Queensland's Strategic Plan.</p>

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<p>4. performs cost-efficiency analysis of its business case development activities to enable efficiency improvements (Chapter 6)</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>• monitoring costs and time of internal resources used in developing business cases</li> <li>• improving the process for recording costs of external consultants used in developing business cases to ensure all costs are appropriately categorised.</li> </ul>	Agree	3 <sup>rd</sup> qtr - 2020	Building Queensland has an ongoing focus on maximising efficient use of resources. While a detailed activity-based costing tool for internal resourcing is not considered necessary, Building Queensland will work with the QAO through annual audit processes to monitor effectiveness of cost and efficiency analysis.
<p><b>Building Queensland and Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP)</b></p>			
<p>We recommend that Building Queensland (BQ) and Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP) work together to:</p> <p>5. assess the merits of developing both BQ's infrastructure pipeline and DSDMIP's State Infrastructure Plan (Chapter 5)</p>	Agree	Timeframe to be confirmed in consultation with DSDMIP	The pipeline report will be used to reflect Building Queensland's work program progressing priority infrastructure proposals with agencies while ensuring alignment with State Infrastructure Plan Part B.

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<p>6. review and clarify BQ's role and obligations in fulfilling what is required under the BQ Act to enable it to more effectively manage its functions (Chapter 6)</p> <p>This should include reviewing the BQ Act and, where necessary, recommending to the Minister for State Development, Manufacturing, Infrastructure and Planning to amend the BQ Act and clarify its role of leading and developing business cases to ensure:</p> <ul style="list-style-type: none"> <li>there is clearer alignment between BQ's current practices and the obligations stated in the BQ Act (that is, BQ considers its role in developing business cases based on project risks and agencies' capability)</li> <li>there is clarity on the distinction between BQ's role in leading business cases and providing project assurance.</li> </ul>	Agree	Timeframe to be confirmed in consultation with DSDMIP	<p>Building Queensland agrees in principle with the recommendation. Building Queensland is confident that it is meeting its obligations under the BQ Act, consistent with the expectations of government.</p> <p>Building Queensland exercises its broader advisory responsibilities (including providing general infrastructure advice to government as outlined in section 10 of the BQ Act) through working with agencies in developing business cases in accordance with the Business Case Development Framework (BCDF). The Board of Building Queensland has supported the approach in the initial years of Building Queensland's operations of focusing resources on preparing business cases, developing, updating and applying our BCDF and building capability across government and industry in business case development.</p> <p>Building Queensland does not consider that the BQ Act requires amendment to clarify the distinction between leading development of business cases and undertaking assurance activities as part of the overall process of preparing robust business cases. However, Building Queensland does acknowledge that the role of assurance activities in the development of business cases could be more clearly communicated.</p>



## Comments received from Director-General, Department of State Development, Manufacturing, Infrastructure and Planning



Department of  
**State Development,  
Manufacturing,  
Infrastructure and Planning**

Our ref: DGC20/339

Your ref: 9189P, David Toma

24 April 2020

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
PO Box 15396  
CITY EAST QLD 4002

Email: [qao@qao.qld.gov.au](mailto:qao@qao.qld.gov.au)

Dear Mr Worrall

Thank you for your letter of 30 March 2020, with the proposed Queensland Audit Office (QAO) performance audit report on evaluating major infrastructure projects (the report).

Since its establishment as a statutory body on 3 December 2015, Building Queensland (BQ) has played a key role in the infrastructure planning and prioritisation framework in Queensland, through close collaboration with the Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP) and Queensland Government agencies. BQ recently reviewed and updated its business case development framework and guidance material to align with Queensland's project assessment framework, domestic and international best practice frameworks and learnings.

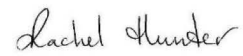
DSDMIP considers that BQ brings rigour and independence to the development of detailed business cases for major infrastructure projects, consistent with BQ's core functions set out in their strategic plan.

I have attached DSDMIP's response to Recommendations 5 and 6 of the report. I also acknowledge the positive findings in the report in the context of BQ's strong overall performance as the Queensland Government's independent infrastructure advisory body.

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If you require any further information, please contact Dr Caroline Smith, Executive Director, Economic and Infrastructure Strategy, DSDMIP on telephone or email who will be pleased to assist.

Yours sincerely



Rachel Hunter  
**Director-General**

Enc

cc: Dr Damian Gould,  
Chief Executive Officer  
Building Queensland  
Email:



## Responses to recommendations

### Department of State Development, Manufacturing, Infrastructure and Planning

#### Report to Parliament – Evaluating major infrastructure projects

Response to recommendations provided by Director-General, Department of State Development, Manufacturing, Infrastructure and Planning, 20 April 2020

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<b>Building Queensland (BQ) and Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP)</b>			
<p>We recommend that Building Queensland (BQ) and Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP) work together to:</p> <ol style="list-style-type: none"> <li>1. assess the merits of developing both BQ's infrastructure pipeline and DSDMIP's State Infrastructure Plan (Chapter 5)</li> </ol>	Agree	Q4 2020	DSDMIP and BQ are working together to develop BQ's infrastructure pipeline and DSDMIP's State Infrastructure Plan (SIP) as part of the 2020 update to the SIP Part B.
<ol style="list-style-type: none"> <li>2. review and clarify BQ's role and obligations in fulfilling what is required under the BQ Act to enable it to more effectively manage its functions (Chapter 6)</li> </ol> <p>This should include reviewing the BQ Act and, where necessary, recommending to the Minister for State Development, Manufacturing, Infrastructure and Planning to amend the BQ Act and clarify its role of leading and developing business cases to ensure:</p> <ul style="list-style-type: none"> <li>• there is clearer alignment between BQ's current practices, and the obligations stated in the BQ Act (that is, BQ considers its role in developing business cases based on project risks and agencies' capability)</li> <li>• there is clarity on the distinction between BQ's role in leading business cases and providing project assurance.</li> </ul>	Agree in principle	Timeframe to be confirmed in consultation with BQ	DSDMIP agrees in principle, it is important to continue to review, evaluate and clarify BQ's strategic role and functions.

## Comments received from Director-General, Department of Transport and Main Roads



Office of the  
Director-General

Department of  
**Transport and Main Roads**

**Confidential**

Our ref: DG38906

Your ref: 9189P

16 April 2020

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
qao@qao.qld.gov.au

Dear Mr Worrall

Thank you for your letter of 30 March 2020 seeking my comments on the proposed report to Parliament on the Performance Audit on Evaluating Major Infrastructure Projects (audit report) of the Queensland Audit Office (QAO).

The findings in the audit report on Building Queensland's role in effectively and efficiently leading and/or assisting in the development of detailed business cases for major infrastructure projects are noted, as are the number of opportunities QAO has identified for improvement in this regard.

I was pleased to note that the audit report acknowledges the internal expertise and experience within the Department of Transport and Main Roads (TMR) in developing detailed business cases for major road transport infrastructure projects. Further, the audit report states that it could be more beneficial if TMR leads the development of detailed business cases for large road transport infrastructure projects valued at \$500 million and greater, with Building Queensland potentially adding value through independent assurance activities.

Should you have any further queries or questions in relation to this matter, please contact Mr Tony Philp, General Manager (Portfolio Investment and Programming), TMR by telephone on or email at

I look forward to the implementation of the audit recommendations to improve the effectiveness and efficiency of evaluation of major infrastructure projects delivered by the Queensland Government.

Yours sincerely

A handwritten signature in blue ink that reads "Neil Scales".

Neil Scales  
Director-General  
Department of Transport and Main Roads

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## Comments received from Chief Executive Officer, Cross River Rail Delivery Authority



Our ref: D2020/31350

**Cross River Rail Delivery Authority**  
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20 APR 2020

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
Level 14, 53 Albert Street  
BRISBANE QLD 4002

Dear Mr Worrall

Thank you for your letter dated 30 March 2020 regarding the performance audit on evaluating major infrastructure projects and the opportunity for the Cross River Rail Delivery Authority (Delivery Authority) to provide a response on the proposed report's findings.

As stated in the proposed report the Brisbane Live project was originally initiated by AEG Ogden through the Queensland Government's previous market-led proposal framework. The project involves development of a new arena located over railways, roads, and properties in the Brisbane CBD. The business case was developed by Building Queensland (BQ) in partnership with the Delivery Authority.

Whilst the proposed report outlines a number of areas where potential improvements could have been made to the business case process, all of the analysis to date has shown that the Brisbane Live project would be a transformational investment at Roma Street. Location Options Analysis for the business case evaluated five categories including precinct operations that evaluated additional non-event day revenue generating opportunities and demand creation not currently catered for in the precinct. Other locations underperformed in this analysis from a space, precinct activation and connectivity point of view. However, the formal market sounding process will test exactly whether the current appetite for Roma Street suits the market's expectations.

Peer reviews of the business case found overall that the design, cost and program, economic and financial analysis undertaken was robust and supported its key findings and recommendations. Areas for further investigation included contingencies around the cost and construction program, which will be explored as the proposal is prepared for market readiness.

In its assessment of the Brisbane Live business case the BQ Board advised government that the business case highlighted several areas requiring further analysis prior to the project being market ready. In progressing the project these further analyses will be undertaken to ensure the Brisbane Live satisfies all the necessary requirements before finalisation.

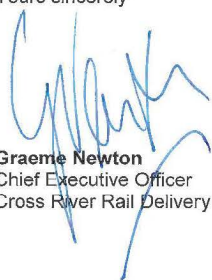
The business case was developed in partnership with highly-regarded consultants such as Deloitte Access Economics, who undertook detailed economic analysis for the proposal utilising Computable General Equilibrium modelling to model the impact of the project on the economy, which is an industry standard for projects of this size.

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The Delivery Authority has appreciated the opportunity to provide detailed responses to the individual issues raised during the development of the report, and will watch with interest as the report progresses through the tabling process.

If you require further information, I encourage you to contact Ms Tooley Elliott, General Manager, Planning and Economic Development on [redacted] or by email at [redacted]

Yours sincerely



**Graeme Newton**  
Chief Executive Officer  
Cross River Rail Delivery Authority

