Queensland Government response to:

An Administrative Review of Building Queensland's Operating Arrangements

June 2018

Introduction

The Queensland Government commissioned an independent review of Building Queensland (BQ), twelve months after it commenced operations. The report documenting this review—*An Administrative Review of Building Queensland's Operating Arrangements* was prepared by Dr Peter Wood, Principal of E3 Advisory. Below is the government's response to the report's findings and recommendations.

Recommendation	Government response	Comments
Recommendation 1 Explore, as a medium-term reform option, the relative benefits to Government of improving infrastructure reforms through: i) A more targeted approach to selecting the major business cases on which Building Queensland will lead the development. This targeted approach could be achieved by the adoption of a risk-based assessment of project owner/agency capability and project risk.	**Recommendation supported in principle** The Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP) will work with Building Queensland (BQ) and affected agencies to detail criteria and process to determine which business cases BQ will lead and these will be reflected in legislative amendments.	Different agencies have differing levels of maturity in terms of their experience with infrastructure proposals and development of business cases. The capability and capacity of the project owner and the risk and complexity of the project should be the key focus to determine risk and to drive which business cases are led by BQ. Where a business case is prepared by an agency, BQ should have an assurance role to ensure that business cases are developed in a robust and consistent way (see Recommendation 1(ii) below). Note: legislative amendments will be required as currently the *Building Queensland Act 2015* (BQ Act) requires BQ to lead all business cases for projects valued over $100 million.

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ii) The adoption of leading practice business case assurance principles that would include ensuring the independence of the assurer from the development of the business case.	**Recommendation supported in principle** Recommend that the BQ Board assess the effectiveness of its business case assurance process once the impact of implementation of the other recommendations is known and report to its responsible Minister with options within 12 months.	Current BQ Board assessment processes provide a level of independence and assurance process. However, the BQ Board has indicated that it will continue to assess the effectiveness of the current assurance processes as business cases endorsed by BQ progress to procurement and delivery stages. Given that other recommendations include changing which business cases are led by BQ, whether BQ's role should focus on an assurance role of business cases prepared by agencies should be assessed after implementation of those recommendations.
iii) An extension to its current business case assurance role to providing Government with an appropriate investor review (against the endorsed business case) at the critical junctures in the project life cycle: procurement, delivery and benefits realisation.	**Recommendation supported in principle** Investor review at critical junctures in the project lifecycle is already done via Gateway Reviews required by the Project Assessment Framework (PAF). However, BQ develops best practice processes through its Business Case Development Framework. Consequently, BQ conducting post business case reviews on a selected basis would enable continuous improvement to these processes to ensure best practice is maintained.	Implementing this recommendation will provide the government with the opportunity to explore the reasons and justification for any departures from the analysis and recommendations agreed at the Business Case stage. BQ could conduct post-business case reviews on a selected basis.
Recommendation 2 Continue to set a mandatory and consistent standard for the development of all Queensland Government business cases by maintaining custodianship of Business Case Frameworks.	**Recommendation supported**	BQ will continue to develop best practice processes in the Business Case Development Frameworks and collaborate across government agencies and industry to ensure application of the frameworks enhance the transparency and rigour in business cases.

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Recommendation 3 Increase the public transparency of business cases led by BQ (or provided assurance on) by publishing sufficient information (redacting commercial-in-confidence material) to ensure confidence that the basis of Government's investment decision was robust and in the public interest.	**Recommendation supported**	A balance needs to be achieved between full disclosure and ensuring that commercial outcomes are not compromised. Consequently, it is proposed that business cases be published in consultation with the Minister for State Development, Manufacturing, Infrastructure and Planning and the Minister responsible for the project. Note that the submission also recommends that all completed detailed business cases be presented to Cabinet Budget Review Committee (CBRC) for endorsement prior to public release. BQ has already initiated processes to prepare business cases for public release with key commercial and policy information redacted. Note: BQ would still have a statutory obligation to publish a summary of the business case under the BQ Act and has already commenced publishing summaries with significantly more information included.
Recommendation 4 Reduce the current publication frequency of the Infrastructure Pipeline from bi-annual to annual with a mid-cycle (6-monthly) update of material changes. This recommendation aligns with the BQ Act which contemplates the preparation of an initial Infrastructure Pipeline with 6-monthly updates.	**Recommendation supported in principle** DSDMIP will work with BQ to make legislative amendments to align the annual publication of the pipeline with the Queensland Budget process. Statutory requirement for a mid-cycle update to be removed so it can be done administratively via BQ's website.	A full update to the Infrastructure Pipeline would be prepared on an annual basis to align with the State Budget process. The six month update published administratively by BQ would capture changes in status for projects and capture new initiatives identified in the Mid-Year Fiscal and Economic Review.
Recommendation 5 Maintain a Board composition of five Board Members from the Private Sector and three Board Members from Queensland Government Departments to ensure a balanced and independent Board.	**Recommendation supported**	No action needed as the current board composition reflects the recommendation.

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Recommendation 6 Permit the Government Board Members to appoint a senior executive as their proxy to attend and vote at a Board Meeting.	**Recommendation supported**	**Note:** the BQ Act already allows the government board members to appoint a senior executive as their proxy on a permanent basis. However, legislative amendments to the BQ Act can clarify that such an appointment is permitted for individual board meetings.
Recommendation 7 Develop and communicate a map of the various Queensland Government bodies that have a critical role in the prioritisation, investment decision, development and approval, funding and delivery of infrastructure.	**Recommendation supported**	DSDMIP will map roles and responsibilities across agencies as this role is an outcome of the State Infrastructure Plan.
Recommendation 8 Explore in greater depth the differences and similarities between ICT projects and traditional physical infrastructure and the implications for Building Queensland's role in leading business cases for major ICT projects.	**Recommendation supported**	While Information and Communication Technology (ICT) projects have very different characteristics from physical infrastructure projects, BQ oversight can ensure appropriate rigour is applied to the development of these projects during business case stages. BQ will continue to develop guidance material on the application of the Business Case Development Framework to ICT projects.