

BUILDING QUEENSLAND

Annual Report 2016–17





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Translating and Interpreting Assistance

Building Queensland is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on 07 3237 7500 between 9 am and 5 pm Monday to Friday (except for public holidays) and we will arrange an interpreter to effectively communicate the report to you.

This annual report provides information about Building Queensland's financial and non-financial performance for 2016–2017. It has been prepared in accordance with the *Financial Accountability Act 2009*, the *Building Queensland Act 2015* and the Financial and Performance Management Standard 2009.

This report has been prepared for the Deputy Premier, Minister for Transport and Minister for Infrastructure and Planning to submit to Parliament. It has also been prepared to meet the needs of stakeholders, including the Commonwealth and local governments, industry and business associations, community groups and the public.

Copies of this report are available in paper form and can be obtained from Building Queensland.

Additional information is available online and on the Queensland Government open data website

www.qld.gov.au/data

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25 August 2017



The Honourable Jackie Trad MP
Deputy Premier
Minister for Transport
Minister for Infrastructure and Planning
PO Box 15009
CITY EAST QLD 4002

Dear Deputy Premier,

I am pleased to submit for presentation to the Parliament the annual report 2016–2017 and financial statements for Building Queensland.

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2009
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*, and
- section 51 of the *Building Queensland Act 2015*.

A checklist outlining the annual reporting requirements can be found on page 70 of this annual report.

Yours sincerely

A handwritten signature in black ink, appearing to read "Alan Millhouse".

Alan Millhouse
Chair
Building Queensland Board

CHAIR



The Chair's statement

Building Queensland has now been fully operational as an independent statutory body for more than 18 months. I am pleased to present to you our second annual report—and our first detailing a full financial year.

Building Queensland reached its first anniversary on 3 December 2016. Since our last annual report, and during our first full financial year of operation, we have established a strong and respected influence on Queensland's infrastructure landscape.

Infrastructure is the backbone of our economy and it is all connected. Our organisation carefully examines infrastructure across all sectors, which are aligned with the categories in the State Infrastructure Plan: arts, culture and recreation, education and training, energy, health, justice and public safety, social housing, transport, water and digital.

Importantly, infrastructure needs are changing. While core infrastructure such as roads, rail and water will always be in demand, there has been real progress in smarter infrastructure in the health and information and communications technology sectors. This has been reflected in our Infrastructure Pipeline Reports, which identify priority infrastructure proposals for Queensland Government consideration.

We have had an integral part in the progression of many important infrastructure projects for our state. Building Queensland's first two finalised business cases for European Train Control System (ETCS)—Inner City and Cross River Rail (finalised prior to 1 July 2016) have both been fully funded and continue to be infrastructure projects that generate great interest.

Since then, we have completed detailed business cases for Smithfield Transport Corridor Upgrade and Beerburrum to Nambour Rail Upgrade, as well as a preliminary business case for Nullinga Dam. These are covered in more detail on page 25. We have been involved in many more business cases, which are still ongoing and on track to be completed

in the first half of the 2017–18 financial year. This significant workload is illustrated on the map on page 13.

In February this year, we welcomed Damian Gould as Chief Executive Officer to Building Queensland. Building Queensland will continue to carefully analyse and consider proposals through the application of our Business Case Development Framework; balancing social/environmental and economic/financial considerations, in addition to the strategic need and deliverability outcomes.

This financial year Building Queensland also received its first Ministerial direction to make available for public release the Cross River Rail Business Case. The business case was provided to the Director-General of the Department of Infrastructure, Local Government and Planning in August 2017 before being publicly released.

Our commitment to providing evidence-based expert advice to instill public confidence remains a key focus for Building Queensland as more projects come online.

In conclusion, I would also like to acknowledge the dedication, expertise and commitment of the Building Queensland Board members, the Chief Executive Officer and the broader Building Queensland team for continuing to grow and strengthen our organisation.

I anticipate our strong forward work plan, combined with the recognised improvement in the quality and consistency of business cases across government, will continue to contribute strongly to the state's infrastructure outcomes.

A handwritten signature in black ink, appearing to read 'Alan Millhouse', written over a light grey background.

Alan Millhouse

Chair,
Building Queensland Board

CEO



Chief Executive Officer's overview

Building Queensland continues to work closely with industry and government—and our work is making a real difference to Queensland's infrastructure landscape.

Our focus this past year has been on further cementing Building Queensland as an independent expert body with skilled staff to provide the best advice on how to prioritise the state's infrastructure investments. Building Queensland's expertise and advice is being considered, while at the same time the government is acknowledging the importance of our infrastructure needs. The state government recently injected \$42.75 billion into capital works over four years, as announced in the 2017–18 Budget—more than \$2 billion than the previous Budget. This includes funding for key infrastructure projects such as \$3.885 billion for transport and roads, \$916.1 million for health facilities and supporting infrastructure, \$604.6 million for construction and refurbishment of educational facilities and \$2.063 billion for energy and water sectors. This is in addition to the \$5.409 billion the state government has committed to building Cross River Rail, Building Queensland's second finalised business case and the highest priority infrastructure project for the Queensland Government.

Many other proposals from these sectors were recommended as priorities by Building Queensland. As at 30 June 2017, the state government has provided partial or full funding commitments to seven proposals Building Queensland has recommended as priorities for the state: Cross River Rail, European Train Control System (ETCS)—Inner City, Port of Townsville Channel Capacity Upgrade, Pacific Motorway—Mudgeeraba to Varsity Lakes, Burdekin Falls Dam—Saddle Dam & Monolith Improvement Project, and Financial System Renewal and Laboratory Information System for Queensland

Health. In early July 2017, the Queensland Government also committed \$152 million to the Smithfield Transport Corridor Upgrade, which was identified as a priority infrastructure project with Building Queensland completing the detailed business case in partnership with the Department of Transport and Main Roads.

In the past 12 months, we have also released two six-monthly Infrastructure Pipeline Reports. The reports are Building Queensland's independent assessment of priority infrastructure proposals under development by Queensland Government agencies, including departments, government-owned corporations and nominated statutory authorities.

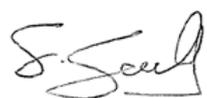
We are also encouraged by the strong and positive engagement with agencies. In the past year, Building Queensland has been involved in the development of approximately 50 proposals, more than double that of the previous financial year. Building Queensland's implementation of best practice advice and frameworks ensures consistency in business case development and an informed approach across Queensland Government agencies.

The demand for Building Queensland's advice and assistance in proposal development is growing. We continue to work closely with agencies on business case development and we expect to be able to report on many more in the coming financial year, further strengthening Building Queensland's role in Queensland Government investment decision-making.

INTERVIEW

Building Queensland has also undergone a great deal of internal change, with renewed processes to meet the government's priorities in the infrastructure sector, including providing robust and coordinated assessments of opportunities across numerous sectors, and a change to our organisational structure. We are working closely with government and industry. Through leading the Townsville Eastern Access Rail Corridor Detailed Business Case, in partnership with the Department of Transport and Main Roads, we are part of Australia's first ever City Deal—an initiative which sees all three tiers of government working together on a collective program of planning, reform and investment in Townsville. We are working closer than ever with our stakeholders, and through the Next Generation Engagement Project, in partnership with the University of Melbourne, are collaborating with 30 other national infrastructure, government, industry and research organisations to identify and address knowledge gaps in engagement, social risk management and social licence considerations impacting infrastructure projects. This is part of the largest national consultation on engagement in the infrastructure sector to date.

We have renewed our strategic plan for the next year, placing a greater focus on enhancing public infrastructure outcomes for Queensland and we anticipate another year of close and extensive engagement with our government partners. I would like to take this opportunity to acknowledge the leadership and advice provided by the Building Queensland Board as we undertake our role. I would further like to acknowledge the constructive engagement over the last financial year with our numerous partners across government departments, government-owned corporations and statutory authorities, and the dedication and hard work of our highly skilled staff, which are instrumental to our success. I am excited by the challenges to come—and am confident of meeting them head-on with our great Building Queensland team.



Damian Gould

Chief Executive Officer

“In the past year, Building Queensland has been involved in the development of approximately 50 proposals—more than double that of the previous financial year.”

WHO

Who we are



Our purpose

To provide independent expert advice to the state to optimise infrastructure outcomes.

Our vision

To contribute significantly to superior infrastructure decision-making for Queensland.

Our values

Accountability

Deliver on our commitments

Pursue opportunities to innovate and continuously improve

Quality

Strive for the highest possible standards

Deliver consistency of approach and output

Independence

Actively maintain our independence

Provide robust and objective advice

Respect

Value the contribution of others

Recognise the needs of all stakeholders

Actively listen and constructively comment

Teamwork

Have open and honest conversations

Collaborate, support and develop the team



Fitzroy River, central Queensland
(Image courtesy of Queensland Government)

Who we are

Building Queensland was established as an independent statutory body on 3 December 2015 under the *Building Queensland Act 2015*.

Building Queensland provides the Queensland Government with independent, transparent and expert advice on major infrastructure to enable better infrastructure decisions.

The organisation is governed by an eight-member Board, the majority from the private sector, and works closely with all relevant departments, government-owned corporations and statutory authorities to guide better infrastructure decision-making by providing strategic advice and assisting with the development of infrastructure proposals.

The values that underpin everything we do are closely aligned with the Queensland public service values.

- >> Customers first
- >> Ideas into action
- >> Unleash potential
- >> Be courageous
- >> Empower people.

WHAT

What we do

Building Queensland was formed out of a clear need for an independent view of major infrastructure in Queensland—a view that could help government develop quality proposals to identify the best ones to meet the state’s infrastructure requirements.

Ultimately, an independent view that ensures the most compelling proposals continue to progress beyond political cycles.

Under the *Building Queensland Act 2015*, Building Queensland is required to lead the development of all government infrastructure proposals with an estimated capital cost greater than \$100 million. Traditionally, business cases for infrastructure proposals were managed on a departmental basis and government’s ability to drive the best outcomes was limited as proposals were developed in isolation and the standard of proposals varied at times.

The establishment and operation of Building Queensland has added much needed rigour and a consistency of approach to business case development.

Under the Act, Building Queensland is also required to assist with business case development for projects with a capital value between \$50–\$100 million and provide early stage advice.

The Act also sets out that Building Queensland establishes a core Business Case Development Framework suite of tools and guidance materials. In the last financial year, Building Queensland has also formally introduced the Investment Logic Mapping Guide and Benefits Management Framework to Queensland. This is a strong focus for Building Queensland as it is during these early stages that the organisation can best influence and make real change by thoroughly testing the infrastructure need and exploring all possible options, including reform opportunities or better use of existing infrastructure assets.

In an environment of competing demands for government funding, quite often the best infrastructure solution is not necessarily a new build, but better use of current infrastructure. With Building Queensland providing oversight across all Queensland Government agency proposals, it is well placed to share knowledge across agencies and projects.

Infrastructure proposals that Building Queensland believes should be prioritised to meet the state’s needs will continue to be identified in the Infrastructure Pipeline Report. This pipeline, based on rigorous analysis and assessment of proposals, will underpin future state infrastructure plans, as it identifies unfunded priority proposals for further development or investment consideration by government.

There is more information about Building Queensland’s core functions on page 14.

WHAT

What we have achieved

Proposals by location

In 2016–2017, Building Queensland was involved in the preparation of approximately 50 proposals in various stages of development across all infrastructure sectors. These are highlighted on the map opposite and listed below, reflecting a recognition of the various infrastructure priorities across both South East and regional Queensland. This involvement ranges from assisting agencies in business case development,

including undertaking a reviewing role, to leading business case development for infrastructure proposals with a capital value of over \$100 million.

Of these proposals, Building Queensland identified 26 as priorities for further development by the state in its Infrastructure Pipeline Reports (see p 22).

- | | | | |
|-----------|--|-----------|--|
| 1 | Beerburrum to Nambour Rail Upgrade | 24 | Additional Schooling Capacity in Ripley Valley |
| 2 | Cunningham Highway—Yamanto Interchange to Ebenezer Creek | 25 | Additional Secondary Schooling Capacity in Townsville’s Northern Beaches |
| 3 | Lake Macdonald Dam Safety Upgrade | 26 | Boondooma Dam |
| 4 | Southern Queensland Correctional Centre Precinct (Gatton) | 27 | Fairbairn Dam Spillway Safety Improvement Project |
| 5 | Townsville Eastern Access Rail Corridor | 28 | Capricornia Correctional Centre Expansion |
| 6 | Beaudesert Water Supply | 29 | Atherton Hospital Redevelopment |
| 7 | Paradise Dam—Primary Spillway Improvement Project | 30 | Burdekin Falls Dam Raising |
| 8 | Paradise Dam—Secondary Spillway Improvement Project | 31 | Cairns Shipping Development |
| 9 | Port of Gladstone—Clinton Vessel Interaction | 32 | Gold Coast Mental Health Rehabilitation Facility |
| 10 | Princess Alexandra Hospital Rehabilitation Facility | 33 | Ipswich Hospital Redevelopment |
| 11 | Smithfield Transport Corridor Upgrade | 34 | Nambour Hospital Refurbishment |
| 12 | Sunshine Motorway—Mooloolah River Interchange | 35 | Toowoomba Hospital Redevelopment |
| 13 | North Lakes Mango Hill Secondary School | 36 | Bruce Highway—Rockhampton Northern Access Upgrade |
| 14 | Bruce Highway—Pine River to Caloundra Road Interchange Upgrade | 37 | Counter Terrorism and Community Safety Centre |
| 15 | New Performing Arts Venue | 38 | Kingaroy Hospital Development |
| 16 | Arthur Gorrie Correctional Centre Expansion Project | 39 | Roma Hospital Redevelopment |
| 17 | Caboolture Hospital Redevelopment | 40 | Lower Fitzroy River Infrastructure Project |
| 18 | Logan Hospital Expansion | 41 | Nullinga Dam |
| 19 | M1 Pacific Motorway—Eight Mile Plains to Daisy Hill | R* | Public Safety Regional Radio Communications |
| 20 | M1 Pacific Motorway—Varsity Lakes to Tugun | S* | DSITI Science Computing Business Change and Data Accessories |
| 21 | Port of Townsville Channel Capacity Upgrade | S* | ERP/EAM Joint Business Transformation |
| 22 | Burdekin Falls Dam—Saddle Dam & Monolith Improvement Project | S* | Financial System Renewal |
| 23 | Additional Secondary Schooling Capacity in the Gladstone Region (Calliope) | S* | Integrated Client Management System Replacement |
| | | S* | Integrated Electronic Medical Record Program |
| | | S* | Laboratory Information System |
| | | S* | Patient Administration System Replacement Program |

Note: Locations are indicative only; S are statewide projects and not mapped; R* is a regional project and not mapped*

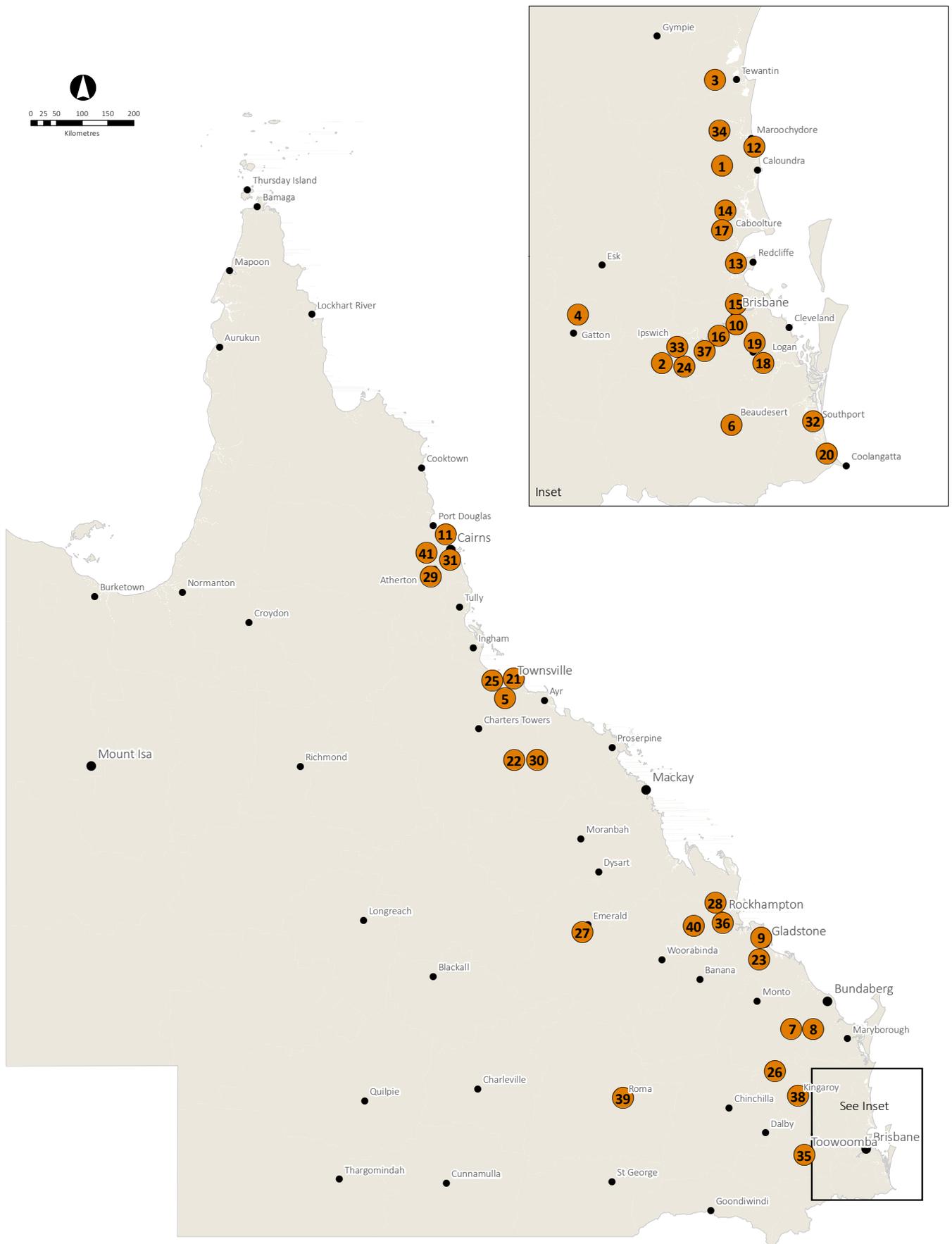


Figure 1. Location of proposals Building Queensland has had involvement in for the period 1 July 2016–30 June 2017.

What we have achieved

Building Queensland's work was and continues to be strongly aligned to the core functions set out in the *Building Queensland Act 2015*.

1. Provide strategic advice on infrastructure matters.
2. Develop best practice frameworks to guide effective consideration of the costs and benefits of infrastructure projects.
3. Assist with the early stage development of proposals.
4. Evaluate proposals about infrastructure.
5. Assist with business case development for proposals with a capital value of \$50–\$100 million.
6. Lead the development of rigorous business cases, including cost benefit analyses, for proposals over \$100 million.
7. Develop, publish and update an Infrastructure Pipeline of priority proposals.
8. Procure and deliver infrastructure projects if directed by the Minister.
9. Promote public awareness of Building Queensland.

Building Queensland's achievements directly reflect these core functions and the objectives for the organisation, which were set out in the Strategic Plan 2016–2020.

These functions are underpinned by key performance indicators (see p 29) that ensure Building Queensland delivers strategically aligned outputs that best meet the infrastructure needs of Queensland.

From 1 July 2017, Building Queensland will operate under a refined strategic plan. The Strategic Plan 2017–2021 is a more streamlined blueprint for the organisation's intermediate future, condensing six strategic objectives into three. Greater emphasis is placed on robust business case development and the recommendation of priority projects to ultimately empower Building Queensland to enhance infrastructure outcomes for Queensland.

Building Queensland's objectives

Building Queensland has been solidly achieving organisational goals as outlined in the Strategic Plan for the past 12 months, and enhancing infrastructure outcomes for Queensland through robust advice and industry-leading expertise.

OBJECTIVE 1: Provision of expert advice

What we have achieved

Building Queensland's early involvement in proposals improves investment decisions as it provides a better understanding of the service need and helps to ensure all possible options to solve a problem are explored.

Building Queensland's advice has proven to be of great benefit in assisting agencies to better understand the service need underpinning their business cases. In addition to one-on-one support from project teams, Building Queensland has also



delivered a successful rollout of workshops to assist agencies identify this need and has received a great deal of positive feedback on the effectiveness of these sessions.

Building Queensland continues to assess agency proposals for consideration in the bi-annual Infrastructure Pipeline Report. Through this process, Building Queensland provides advice to agencies to improve the standard of proposals, ensuring only those proposals that best meet the needs of the state are recommended for further development.

Further, Building Queensland has developed a guide to provide Hospital and Health Services with information on the role of the organisation and processes for business case development for projects over \$50 million.

In addition to Building Queensland delivering timely expert advice to the Queensland Government on major infrastructure proposals, it also provided key input into the update to the State Infrastructure Plan.

OBJECTIVE 2: Development of frameworks for project assessment

What we have achieved

Business Case Development Framework

A comprehensive suite of documents that support the development of high quality robust business cases, the Business Case Development Framework also supports Objective 1: Provision of expert advice by setting a standard for project development. The framework includes guidance to support the development of strategic, preliminary and detailed business cases as well as guidance on cost benefit analysis and social impact evaluation, benefits management and investment logic mapping. This guidance is mostly used where Building Queensland is leading the development of a detailed business case (see Our highlights p 23).

Building Queensland's main purpose is to provide independent expert advice to the Queensland Government on matters relating to infrastructure, including providing comprehensive and robust business cases.

Image courtesy of Queensland Rail



What we have achieved

Developed using the Project Assessment Framework guidance as a baseline, further enhancements to the Business Case Development Framework were made following extensive research, application of expert knowledge and extensive stakeholder engagement across government and industry. A detailed implementation plan to educate agencies and government-owned corporations is underway.

Prioritisation Framework

The Prioritisation Framework sets out the criteria by which projects are assessed to determine priority. It is applied to all projects under development by government agencies and underpins the development of the six-monthly Infrastructure Pipeline Report.

Adopting best practice and continuous improvement principles, the framework is monitored and updated as necessary, informed by stakeholder feedback and further research in areas of innovation. Following this principle, the Prioritisation Framework is reviewed every six months.

OBJECTIVE 3: Business case preparation

What we have achieved—Assist role

In 2016–17 Building Queensland provided assistance for business case development for more than 40 proposals with a capital value of between \$50–\$100 million, with the health and water sectors constituting approximately half of these.

Through working with agencies and continually refining its processes to ensure they reflect best practice, Building Queensland has demonstrated that the greatest value the organisation offers through its assist role is in helping agencies better define their service need and options to meet those needs, and improved demand modelling.

Building Queensland's assist role has occurred through participation on project steering committees, facilitating Investment Logic Mapping workshops, providing advice on the application of the Business Case Development Framework and providing feedback on draft business case materials.

Preliminary proposals

Building Queensland has **assisted** or continues to assist in the preparation of the preliminary proposals outlined below. Building Queensland will lead the development of these proposals if they progress to the detailed business case stage and are estimated to have a cost of delivery greater than \$100 million.

Digital

- » **DSITI Science Computing Business Change and Data Accessories** (Department of Science, Information Technology and Innovation)

Education

Department of Education and Training:

- » **Additional Secondary Schooling Capacity in the Gladstone Region (Calliope)**
- » **Additional Schooling Capacity in Ripley Valley**
- » **Additional Schooling Capacity in Townsville's Northern Beaches**
- » **North Lakes Mango Hill Secondary School**
Identified as an Infrastructure Pipeline priority proposal

Health

Queensland Health:

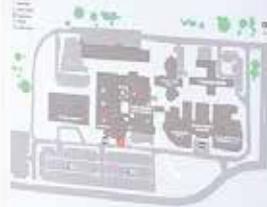
- » **Caboolture Hospital Redevelopment**
Identified as an Infrastructure Pipeline priority proposal
- » **Gold Coast Mental Health Rehabilitation Facility**
- » **Integrated Electronic Medical Record Program**
- » **Ipswich Hospital Redevelopment**
- » **Logan Hospital Expansion**
Identified as an Infrastructure Pipeline priority proposal
- » **Patient Administration System Replacement Program**
Identified as an Infrastructure Pipeline priority proposal
- » **Princess Alexandra Hospital Rehabilitation Facility**
Identified as an Infrastructure Pipeline priority proposal
- » **Toowoomba Hospital Redevelopment**

MAIN ENTRANCE

Building Queensland's greatest value lies in helping agencies better define their infrastructure service needs and the best option available to meet these needs.

Image courtesy of Queensland Government

Caboolture Hospital



Justice and public safety

- » **Integrated Client Management System Replacement** (Department of Communities, Child Safety and Disability Services)

Identified as an Infrastructure Pipeline priority proposal

Transport—roads

Department of Transport and Main Roads:

- » **Bruce Highway—Pine River to Caloundra Road Interchange Upgrade**
Identified as an Infrastructure Pipeline priority proposal
- » **M1 Pacific Motorway—Eight Mile Plains to Daisy Hill**
Identified as an Infrastructure Pipeline priority proposal
- » **M1 Pacific Motorway—Varsity Lakes to Tugun**
Identified as an Infrastructure Pipeline priority proposal

Transport—ports

- » **Cairns Shipping Development** (Far North Queensland Ports Corporation Limited)

Water

- » **Beaudesert Water Supply** (Seqwater)
Identified as an Infrastructure Pipeline priority proposal
- » **Burdekin Falls Dam Raising** (SunWater)
- » **Paradise Dam—Primary Spillway Improvement Project** (SunWater)
Identified as an Infrastructure Pipeline priority proposal
- » **Paradise Dam—Secondary Spillway Improvement Project** (SunWater)
Identified as an Infrastructure Pipeline priority proposal

Detailed business case proposals

Building Queensland has **assisted** or continues to assist in the preparation of the following detailed business case proposals:

Arts, culture and recreation

- » **New Performing Arts Venue** (Arts Queensland)
Identified as an Infrastructure Pipeline priority proposal

Energy

- » **ERP/EAM Joint Business Transformation** (Energy Queensland)
Identified as an Infrastructure Pipeline priority proposal

Health

Queensland Health:

- » **Atherton Hospital Redevelopment** (Building Queensland also assisted with the development of the project's preliminary business case)
- » **Financial System Renewal**
Identified as an Infrastructure Pipeline priority proposal
- » **Kingaroy Hospital Development**
- » **Laboratory Information System**
Identified as an Infrastructure Pipeline priority proposal
- » **Nambour Hospital Refurbishment** (Building Queensland also assisted with development of the project's preliminary business case)
- » **Roma Hospital Redevelopment**

Justice and Public Safety

- » **Capricornia Correctional Centre Expansion** (Department of Justice and Attorney-General) (see box over page)
- » **Counter Terrorism and Community Safety Centre** (Queensland Police Service)

What we have achieved

CORRECTIONS PROPOSALS

During the past year, Building Queensland was requested by the Cabinet Budget Review Committee to review and update the business cases for two Department of Justice and Attorney-General proposals for correctional centres that were first completed in 2014.

Capricornia Correctional Centre Expansion:

164-cell expansion to the 410-cell high security facility for male prisoners to address growth in demand.

Southern Queensland Correctional Precinct

(Gatton): construction of Stage 2 of the precinct to provide a new 1,004-cell, high security facility for male prisoners to address growth in demand.

Building Queensland made significant updates to these business cases that were prepared prior to its establishment, including updates to cost and risk modelling, revisiting delivery model options, updated prisoner demand growth projections and consideration of demand mitigation initiatives.

- » **Southern Queensland Correctional Precinct (Gatton)** (Department of Justice and Attorney-General) (see inset)
Identified as an Infrastructure Pipeline priority proposal

Transport—ports

- » **Port of Gladstone—Clinton Vessel Interaction** (Gladstone Ports Corporation)
Identified as an Infrastructure Pipeline priority proposal
- » **Port of Townsville Channel Capacity Upgrade** (Port of Townsville Limited)
Identified as an Infrastructure Pipeline priority proposal

Transport—roads

Department of Transport and Main Roads:

- » **Bruce Highway—Rockhampton Northern Access Upgrade**
- » **Cunningham Highway—Yamanto Interchange to Ebenezer Creek**
Identified as an Infrastructure Pipeline priority proposal

Water

- » **Boondooma Dam** (SunWater)
- » **Fairbairn Dam Spillway Safety Improvement Project** (SunWater)
- » **Lake Macdonald Dam Safety Upgrade** (Seqwater)
Identified as an Infrastructure Pipeline priority proposal

What we have achieved—Lead role

Building Queensland leads the development of rigorous business cases and cost benefit analyses for proposals with a capital value of over \$100 million.

The number of business cases Building Queensland is leading or has led has more than doubled since the last financial year and includes some of Queensland's most significant infrastructure projects. In the past year, Building Queensland has been **leading** business case development for eight infrastructure projects:

- » **Arthur Gorrie Correctional Centre Expansion Project** (Department of Justice and Attorney-General) (Planned stage end date Q3 2017)
Identified as an Infrastructure Pipeline priority proposal

The Arthur Gorrie Correctional Centre, located in Wacol, is a high security remand facility for male prisoners in Southern Queensland. It currently provides 890 high security cells for prisoners in remand. Building Queensland is leading the detailed business case for the Arthur Gorrie Correctional Centre Expansion Project, which will assess the construction of 628 additional cells to meet growth in remand prisoner numbers across Queensland's corrective services system.

- » **Beerburrum to Nambour Rail Upgrade** (Department of Transport and Main Roads) (Finalised—ready for government investment consideration. See Our highlights p 25.)
Identified as an Infrastructure Pipeline priority proposal
- » **Burdekin Falls Dam—Saddle Dam & Monolith Improvement Project** (SunWater) (Planned stage end date Q4 2017)
Identified as an Infrastructure Pipeline priority proposal

Building Queensland is leading the detailed business case for the Burdekin Falls Dam—Saddle Dam & Monolith Improvement Project to investigate options for improvement works so the dam continues to meet current best practice standards.

Building Queensland strives for independence and transparency in all its operations—particularly in the assessment of infrastructure proposals under development and robust business case advice.

Southern Queensland Correctional Precinct, Gatton
(Image courtesy of Queensland Government)

» **Lower Fitzroy River Infrastructure Project** (SunWater)
(Planned stage end date Q3 2017)

Building Queensland is leading the development of a business case for the Lower Fitzroy River Infrastructure Project. The components of the Lower Fitzroy River Infrastructure Project comprise construction and operation of Rookwood Weir, and upgrades to and construction of roads, bridges and associated infrastructure.

» **Nullinga Dam** (Department of Energy and Water Supply) (Preliminary business case completed—under consideration by government. See Our highlights p 25.)

» **Public Safety Regional Radio Communications**
(Department of Science, Information Technology and Innovation) (Planned stage end date Q4 2017)
[Identified as an Infrastructure Pipeline priority proposal](#)

Building Queensland is leading the development of the business case for improving radio communications for Queensland’s public safety agencies in regional Queensland. The Public Safety Regional Radio Communications Detailed Business Case will assess enhanced digital radio voice and narrow band data communications in regional Queensland for the Queensland public safety agencies.

» **Smithfield Transport Corridor Upgrade** (Department of Transport and Main Roads) (Finalised—ready for government investment consideration. See Our highlights p 25.)
[Identified as an Infrastructure Pipeline priority proposal](#)

» **Townsville Eastern Access Rail Corridor** (Department of Transport and Main Roads) (Planned stage end date Q4 2017)
[Identified as an Infrastructure Pipeline priority](#)

Building Queensland is leading the development of a detailed business case for the Townsville Eastern Access Rail Corridor in partnership with the Department of Transport and Main Roads. The project is a proposed new freight rail link connecting the Mount Isa Line and North Coast Line, through the Townsville State Development Area to the Port of Townsville. The project is expected to meet future demand and improve efficiencies. It is also expected to enhance regional development and improve Townsville’s community amenity.

What we have achieved

OBJECTIVE 4: Prepare and update an infrastructure pipeline document

What we have achieved

Two editions of the Infrastructure Pipeline Report have been published in the past year, adhering to the requirements outlined in the *Building Queensland Act 2015*. The pipeline sets out priority unfunded proposals over \$50 million for further development or investment consideration by government (see Our highlights p 22).

Across these two editions, two infrastructure proposals have been identified as ready for government investment consideration: Beerburrum to Nambour Rail Upgrade and Smithfield Transport Corridor Upgrade (see Our highlights p 25). A further 24 proposals were identified for ongoing development.

OBJECTIVE 5: If directed, procure or deliver an infrastructure project

No directions received.

OBJECTIVE 6: Promote public awareness of Building Queensland

What we have achieved

Building Queensland strives for independence and remains committed to sharing expertise because infrastructure decision-making should be based on transparent analysis for the benefit of the future of the state's infrastructure.

Building Queensland continually provides visibility and transparency through its website and regularly publishes work, including project summaries and cost benefit analysis summaries. Building Queensland actively maintains strong engagement across industry.

Infrastructure proposal summaries

As required under the *Building Queensland Act 2015*, every six months Building Queensland publishes summaries for all infrastructure proposals it has been involved in.

These summaries include proposals identified in Building Queensland's Infrastructure Pipeline Reports, as well as other proposals where Building Queensland has led or assisted with the development of detailed, preliminary or strategic business cases.

By reporting on these proposals every six months, Building Queensland is providing visibility of the progress being made in the development infrastructure proposals by the Queensland Government. While many proposals sit within the preliminary and detailed business case stages, Building Queensland is committed to providing visibility of proposals right at the earliest stages of development, the strategic business case stage.

Website and social media

The Building Queensland website is the organisation's primary communication tool. Building Queensland updates the website regularly to maintain its transparency and to keep all stakeholders informed. It continues to publish a range of



Toowoomba Hospital

materials to support the visibility of infrastructure proposals under development and guidance materials to ensure robust business case development. Building Queensland remains committed to the timely release of information and regularly sends out newsletters to an ever-growing database of subscribers. It is also committed to ensuring information is easy to access and understand, and with this in mind, a substantial restructure of information on the Building Queensland website was completed in late June 2017, including an up-to-date interactive page listing all business cases Building Queensland has been leading. The Building Queensland website continues to generate interest, with average unique page views almost double compared to the previous reporting period.

To support website activity, a Building Queensland LinkedIn page was also established to reach key stakeholders and drive them to the website, where all new Building Queensland information is published. Through careful and strategic targeting of information and media outlets, Building Queensland has also generated a great deal of media interest throughout the reporting period.

Engaging with stakeholders

Building Queensland remains committed to engaging with stakeholders by undertaking an extensive program of relationship building across government and industry. In particular, the organisation has continued to work closely with other state government agencies to develop proposals, provide advice and educate and further refine the Business Case Development Framework. This involved an intensive

engagement strategy including information sessions, workshops, project social impact evaluation sessions and Business Case Development Framework alignment reviews.

Additionally, the Chair of the Board and Chief Executive Officer continue to be actively involved in speaking engagements, including key industry events and conferences.

Building Queensland is also committed to engaging with its staff to ensure they are informed and able to perform using the best and most up-to-date industry information. This year Building Queensland commenced a series of staff educational forums, where both internal and external industry leaders present their research on the latest trends and infrastructure projects.

Next Generation Engagement Project

Building Queensland has been collaborating with the University of Melbourne and 30 other national infrastructure, government, industry and research organisations on Australia's largest national consultation on engagement. The Next Generation Engagement Project will help identify and address the knowledge gaps in engagement, social risk management and social licence impacting infrastructure projects. Building Queensland will use findings from the project to further refine the Business Case Development Framework to extend on its industry-leading Social Impact Evaluation Guide.

Ministerial direction

The responsible Minister gives written directions to Building Queensland about the performance of its functions under section 19 of the *Building Queensland Act 2015*. Ministerial directions are published on Building Queensland's website within 28 days of receiving the direction.

On 13 June 2017, Building Queensland received its first Ministerial direction to prepare a Cross River Rail Business Case suitable for public release.

The direction instructed Building Queensland incorporate, where appropriate, the impact of government policy decisions taken since the completion of the detailed business case in June 2016. The business case will be provided to the Director-General for Infrastructure, Local Government and Planning by mid-August and will be made available on Building Queensland's website.



OUR HI

Our highlights: 2016–17

Infrastructure Pipeline Report

The Infrastructure Pipeline Report is central to Building Queensland's operations and provides the government with independent advice on the development of the state's major unfunded infrastructure proposals. It looks across a broad range of infrastructure sectors and identifies proposals for priority consideration. In the past 12 months, many important proposals have progressed from early stages of development to the detailed business case stage, and others for government investment consideration.

The December 2016 Infrastructure Pipeline Report identified 20 proposals in various stages of development as priority

projects, with 1 being ready for Queensland Government investment consideration—Beerburrum to Nambour Rail Upgrade.

The third edition of the report, the June 2017 edition, identified 23 proposals as priority projects, with 2 ready for government investment consideration: Beerburrum to Nambour Rail Upgrade and Smithfield Transport Corridor Upgrade.

The government's response to the Infrastructure Pipeline Report remains positive. In the past 12 months, six projects identified on Building Queensland's pipeline have received full or partial funding from the state government (see Figure 2).

State government funding commitments 2016–17: Pipeline projects

FULLY FUNDED

Cross River Rail
\$5.4 billion

(June 2016 Infrastructure Pipeline priority project)

**Laboratory Information System;
Financial System Renewal**

\$173.7 million

(June 2016 Infrastructure Pipeline priority project)

**Pacific Motorway—Mudgeeraba
to Varsity Lakes**

\$44 million

(June 2016 Infrastructure Pipeline priority project)

**Port of Townsville Channel
Capacity Upgrade**

\$75 million

(December 2016 Infrastructure Pipeline priority project)

**Burdekin Falls Dam—Saddle Dam &
Monolith Improvement Project**

\$136 million*

(December 2016, June 2017 Infrastructure Pipeline priority project)

Figure 2. Government funding allocated in 2016–17 for projects Building Queensland has identified as priorities in its Infrastructure Pipeline.

*\$136 million consists of \$100 million equity injection from Queensland Government as partial funding for the project and reinvestment of SunWater's 2016–17 dividend (estimated at \$36 million).

G H L I G H T

Business Case Development Framework update

Infrastructure investment decisions have a direct impact on Queensland, both economically and socially.

Good decision-making relies on quality proposals, well-developed business case documentation and robust review processes. In December 2016, Building Queensland published the Business Case Development Framework Release 2 material to support its role in providing expert advice in infrastructure development to the Queensland Government (see Figure 3). This release includes additional material and has been further refined following feedback obtained through practical experience by industry, infrastructure peers and Queensland Government agencies, and practical application of the Business Case Development Framework Release 1, which was published in early 2016.

Additional material presented in Release 2 includes an Investment Logic Mapping Guide and a Benefits Management Framework. The Investment Logic Mapping Guide assists agencies to define the service need, benefits sought from a response to the service need and potential solutions to address these. These maps provide a summary of the logic which underpins a potential investment—an important tool to assist in best practice development of business cases. Effective benefits management enables investments to achieve their intended investment objectives through the identification, monitoring and ongoing focus on the realisation of intended benefits.

Implementation of the Business Case Development Framework includes capability building opportunities for government agencies, including workshops, one-on-one training and ongoing support from Building Queensland staff. Additionally, the application of investment logic mapping to create a shared understanding and agreement of the service need, benefits sought and potential initiatives in the early stages has further demonstrated Building Queensland's value in proposal development.

In addition, Building Queensland has received positive feedback from industry for its Social Impact Evaluation Guide, which is a critical element in the Business Case Development Framework to support the identification and consideration

of social impacts during development of a business case. This includes hard to monetise but socially significant impacts associated with infrastructure development and operation.

The development of a best practice suite of frameworks to guide business case preparation is a core function of Building Queensland and over the past 12 months these frameworks have been subjected to rigorous testing and practical application. Intensive stakeholder training and engagement has provided valuable feedback which, combined with updated industry information, has enabled Building Queensland to further refine and implement a framework best suited to Queensland's unique infrastructure requirements.

Assurance Framework

Building Queensland is committed to ensuring its business cases are compliant, and its lead business cases are robust and align with best practice development.

Finalised in early 2017, the Assurance Framework focuses on identifying and managing key strategic risks at both the project and business level. It provides an assessment program for assuring Building Queensland-led or assisted business cases, or business-level activities.

To ensure that Building Queensland business cases delivered to Queensland Government are robust and suitable to support investment decisions they must meet fundamental requirements, such as:

- » They are complete with all documentation necessary for an investment decision.
- » The quality of information is reliable and reasonable.
- » Information is represented in a format easily comparable to other business cases.
- » Information is transparent.
- » The project owner is engaged and responsible for outcomes.

Business case assurance activities—comprising project health checks, project governance, Business Case Development Framework alignment, gateway reviews and expert peer review of technical and other inputs—have been applied to all Building Queensland-led business cases during the reporting period.



Building Queensland's implementation of expert advice and best practice frameworks ensures consistency in business case development and an informed approach across Queensland Government agencies.



Figure 3. The Business Case Development Framework.

Lead business cases completed

Beerburrum to Nambour Rail Upgrade

Business case completed. Ready for government investment consideration.

Building Queensland finalised the business case for the Beerburrum to Nambour Rail Upgrade project in partnership with the Department of Transport and Main Roads in December 2016. It was the third business case Building Queensland had finalised.

The detailed business case investigated duplication of the North Coast Rail Line on an improved alignment between Beerburrum and Landsborough and other upgrades to Nambour. This section of the North Coast Line is approximately 40 kilometres in length and consists of a single bi-directional line, with passing loops at stations only.

The business case examined ways to increase passenger and freight usage and also investigated how infrastructure maintenance and operating costs could be reduced over the life of the project.

Building Queensland's development of the business case ensured a rigorous and thorough investigation into the project's benefits, the issues to be addressed and the most appropriate way to achieve the desired outcomes.

The project was identified as a priority infrastructure project for government investment consideration in the December 2016 and June 2017 Infrastructure Pipeline Reports.

Recently the Queensland Government considered the Beerburrum to Nambour Rail Upgrade Detailed Business Case and provided it to Infrastructure Australia for consideration.

Smithfield Transport Corridor Upgrade

Business case completed. Ready for government investment consideration.

Building Queensland led the development of the detailed business case for the Smithfield Transport Corridor Upgrade Project in partnership with the Department of Transport and Main Roads. The detailed business case was presented to Queensland Government in June 2017.

The project is a proposed new 3.8-kilometre road bypass to the east of the Captain Cook Highway between Yorkeys Knob Road roundabout and McGregor Road roundabout north of Cairns.

The section of the Captain Cook Highway under investigation has reported a high crash rate and there is significant congestion in morning and afternoon peaks, resulting in increased travel times and reduced trip reliability. Forecast traffic growth is beyond the reliable capacity of the existing infrastructure.

The detailed business case investigated ways to:

- » improve travel times and reduce travel costs for road users
- » improve freight, high occupancy vehicles and tourism vehicle efficiency
- » reduce number and severity of crashes
- » facilitate planned growth in residential, commercial and industrial land uses, and increase local employment opportunities through more efficient transport
- » improve community amenity.

The project was identified as a priority infrastructure project for further development in the December 2016 Infrastructure Pipeline Report and ready for government investment consideration in the June 2017 edition.

The Queensland Government subsequently announced full funding for the project in July 2017.

Nullinga Dam

Led preliminary business case.

Building Queensland completed the preliminary business case for Nullinga Dam and Other Options in Q2 2017 in partnership with the Department of Energy and Water Supply.

The proposed Nullinga Dam site is located on the Walsh River in the Atherton Tablelands. Initially, Nullinga Dam was proposed as a future water supply to serve growing urban demand in Cairns and to stimulate irrigated agriculture in the region, by supplementing existing supplies.

The preliminary business case investigated the potential for Nullinga Dam and other options to address the identified future water supply shortfall in the region. The scope of work included water demand assessments, preliminary analysis of costs, risks and benefits, consultation with key stakeholders and recommendations for preferred options.

The Nullinga Dam and Other Options Preliminary Business Case is one of many studies that are being undertaken as part of the National Water Infrastructure Development Fund.

WHAT'S

What's next

With each year, Building Queensland has a greater involvement in business case preparation and guidance, and the quantity of proposals referred to the organisation is rapidly increasing. This increased demand for Building Queensland's expertise translates to a strong forward work program for the year ahead.

Business cases

In the first half of the 2017–18 financial year, Building Queensland expects to complete the following detailed business cases:

- » **Arthur Gorrie Correctional Centre Expansion** (Department of Justice and Attorney-General)
- » **Burdekin Falls Dam—Saddle Dam & Monolith Improvement Project** (SunWater)
- » **Lower Fitzroy River Infrastructure Project** (SunWater)
- » **Public Safety Regional Radio Communications** (Department of Science, Information Technology and Innovation)
- » **Townsville Eastern Access Rail Corridor** (Department of Transport and Main Roads).

Building Queensland expects to lead the development of more business cases in the near future across a range of infrastructure sectors. These include:

Logan Hospital Expansion (Queensland Health, Metro South Hospital and Health Service):

The preliminary business case for the project has been completed and Building Queensland expects to lead the detailed business case in the first half of the 2017–18 financial year. The state government allocated \$122.2 million for planning and preparatory works in its 2017–18 Budget.

Caboolture Hospital Redevelopment (Queensland Health, Metro North Hospital and Health Service):

The preliminary business case for the project has been completed and Building Queensland expects to lead the detailed business case in the first half of the 2017–18 financial year. The state government allocated \$131.8 million for planning and preparatory works and \$19.6 million for expansion works for the hospital's Emergency Department in its 2017–18 Budget.

Cairns Convention Centre (Department of Housing and Public Works):

Building Queensland expects to lead the development of a detailed business case for an expansion and upgrade of the Cairns Convention Centre, following a state government funding commitment of \$176 million in its 2017–18 Budget.

Building Queensland also anticipates further involvement in business case development for the following projects:

Cairns Shipping Development (Ports North):

The Cairns Shipping Development project received a \$60 million funding commitment in the 2017–18 State Budget. Building Queensland expects to commence leading the detailed business case in the 2017–18 financial year.

Bruce Highway Upgrade Program projects (Department of Transport and Main Roads):

Building Queensland anticipates involvement in the preparation of business cases for a number of Bruce Highway Upgrade Program projects.

S NEXT

Bruce Highway—

- » **Caboolture to Steve Irwin Way**
- » **Deception Bay Interchange**
- » **Edmonton to Gordonvale**
- » **Kate Street to Aumuller Street (Cairns Southern Access Corridor Stage 4)**
- » **Maroochydore Road Interchange.**

Building Queensland will also continue assisting with the preliminary business cases for the following Department of Transport and Main Roads proposals:

- » **M1—Eight Mile Plains to Daisy Hill**
- » **M1—Varsity Lakes to Tugun.**

Update the Infrastructure pipeline

The Infrastructure Pipeline Report will continue to be updated and published every six months, providing the Queensland Government with a clear view of independently assessed infrastructure priorities for the state. Building Queensland has already commenced work on the next update, which will be finalised in December 2017 and published to the organisation's website shortly thereafter.

Independent advice

Building Queensland will continue to scan and implement the latest infrastructure policy and planning information, proposal development and assessment techniques to ensure only the best advice is delivered to Queensland Government for proposal development.

This approach will be applied to the frameworks and guidance material and to the development of the six-monthly updates to the Infrastructure Pipeline Report.

Frameworks and guidance material

Building Queensland will continue to work closely across government agencies and entities to ensure the Business Case

Development Framework is understood and implemented, resulting in better proposal planning and development.

As with the first release of the framework, Building Queensland will continue to learn from the application of Release 2 to business case development. Information sessions, detailed workshops and stakeholder consultation is ongoing for Building Queensland to ensure all government agencies are well-versed in the application of the framework and are receiving current best-practice information.

The key learnings from this practical application will inform refinements of the Business Case Development Framework.

Communication and engagement

Building Queensland will continue to update and publish proposal summaries to its website in December 2017 and June 2018, as specified under the *Building Queensland Act 2015*. It will expand the publication of proposal information as the business case and advisor's capability across Queensland Government improves.

Relevant and important information will be published on the Building Queensland website as it becomes available, and the organisation will further refine the website and other communication tools as necessary to ensure all information is easily understandable and accessible. Going forward, Building Queensland will distribute its industry newsletter as required as a key source of information for the organisation.

Building Queensland project teams engage with industry stakeholders and the community on a broad range of matters during the development of business cases. Market sounding, delivery model analysis and community engagement activities are all undertaken to ensure a project's scope and specifications are appropriate, reflect contemporary practice, provide opportunities for innovation and ultimately meet the needs of the community.

Building Queensland will continue to engage with industry partners on events, and partner with peers on initiatives directly affecting the organisation.

PERFOR

How we perform

Queensland Government programs

Building Queensland contributes to the Queensland Government's Objectives for the Community by ensuring integrity, accountability and collaboration in its interactions across government, industry and the community.

Building Queensland's strategic direction supports the government's objectives in

- >> Creating jobs and a diverse economy
- >> Protecting the environment
- >> Building safe, caring and connected communities.

Building Queensland does this by providing independent expert advice to the Queensland Government on infrastructure priorities by:

- » considering as part of its infrastructure evaluation the number of jobs created and how each project promotes diversification of our economy
- » examining infrastructure projects not only in terms of the economic cost but also the social and environmental impacts
- » identifying the highest priority projects that respond to the needs of our communities.

State Infrastructure Plan

The State Infrastructure Plan informs Building Queensland's business and outlines the government's vision for infrastructure policy and planning. It reports on a committed program of projects for the next 1–4 years across key asset classes and future opportunities covering a 15-year timeframe.

The government uses Building Queensland's Infrastructure Pipeline Report (see p 22) to inform decisions around further proposal development and, ultimately, investment in procurement and delivery. Once a funding decision is made on a proposal, this will be reflected in annual updates to the short-term program (1–4 years) within the State Infrastructure Plan and Queensland Treasury Budget Papers. Together, the Pipeline and the State Infrastructure Plan provide a holistic view of Queensland's infrastructure priorities under development and in delivery.



Queensland Government Wireless Network
(Image courtesy of Queensland Government)

PERFORMANCE

Performance indicators

Key performance indicators are in place to ensure Building Queensland meets organisational objectives and statutory requirements, as outlined in its strategic plan. These measures, outlined below, direct the tangible outcomes of Building Queensland's business, and immediately respond to each of the organisation's six objectives outlined on pages 14–21.

ADVICE

Advice provided and projects identified are reflected in the State Infrastructure Plan and other government agencies capital plans

Government seeking and relying upon our advice

Articulating relevant best practice, financing, procurement and delivery models

Providing advice that carefully considers social, environmental, economic and community benefits

Evidence of regular and direct approaches from key industry associations and community bodies seeking our advice in respect of infrastructure proposals.

FRAMEWORKS

Ensure the frameworks are jointly developed by Building Queensland and the diverse reference groups, including government agencies, to achieve broad support and to eliminate duplication and inefficiency

Establish the Building Queensland frameworks and successfully demonstrate their application in a project setting, undertake post-implementation reviews for continual improvement

Examples of other bodies or peer organisations seeking to access and emulate our frameworks

Demonstrated acceptance of the results emanating from these frameworks by bodies such as Infrastructure Australia to further assist external project funding submissions.

PROCURE OR DELIVER

Not applicable for the reporting period.

BUSINESS CASES

Develop business cases in accordance with our frameworks that meet the scope, time and budget allocation

The Board and the project owner endorse the business case without material amendment

Business cases provided to government for funding and implementation decisions are accepted and recognised to be comprehensive and robust.

INFRASTRUCTURE PIPELINE

Building Queensland Board endorses the proposed infrastructure pipeline document and updates as necessary

Content of the pipeline is made available to the broader community, accepted by government agencies and reflected in their capital plans

The projects referenced in the pipeline are utilised to inform updates to the State Infrastructure Plan

The government has regard to the pipeline when considering project approval and funding decisions.

PROMOTE PUBLIC AWARENESS

Publish required information within nominated timeframes whilst protecting confidential information

Establish and maintain a contemporary website that is recognised for publishing highly relevant content and attracts repeat visitors

Undertake broad stakeholder engagement and awareness surveys to promote continual improvement

Regular invitations for participation in high profile speaking engagements or forums.



M1 Pacific Motorway—Varsity Lakes to Tugun
(Image courtesy of Queensland Government)

Public Sector Ethics Act 1994

Building Queensland’s Code of Conduct is aligned to the principles and values outlined in the *Public Sector Ethics Act 1994*:

- » Integrity and impartiality
- » Promoting the public good
- » Commitment to the system of government
- » Accountability and transparency.

Building Queensland’s Code of Conduct gives staff a framework to ensure the organisation maintains its professional standards. The code outlines the expectations of all staff and provides information on the ethical values and behaviour required in Building Queensland’s daily business activities and has been written to align with the requirements of the *Public Sector Ethics Act 1994*. Adherence to these values is fundamental in building a relationship of trust between industry, government and the community.

The code applies to all staff as well as to the Building Queensland Board. Information on the Code of Conduct is provided to all new employees during their induction and electronic copies are available for ongoing reference.



Six-monthly training sessions are held, and it is mandatory that all staff attend one of these sessions every 12 months.

Managers must confirm employees have adhered to the Code of Conduct and have met performance expectations regarding their conduct.

Operating environment

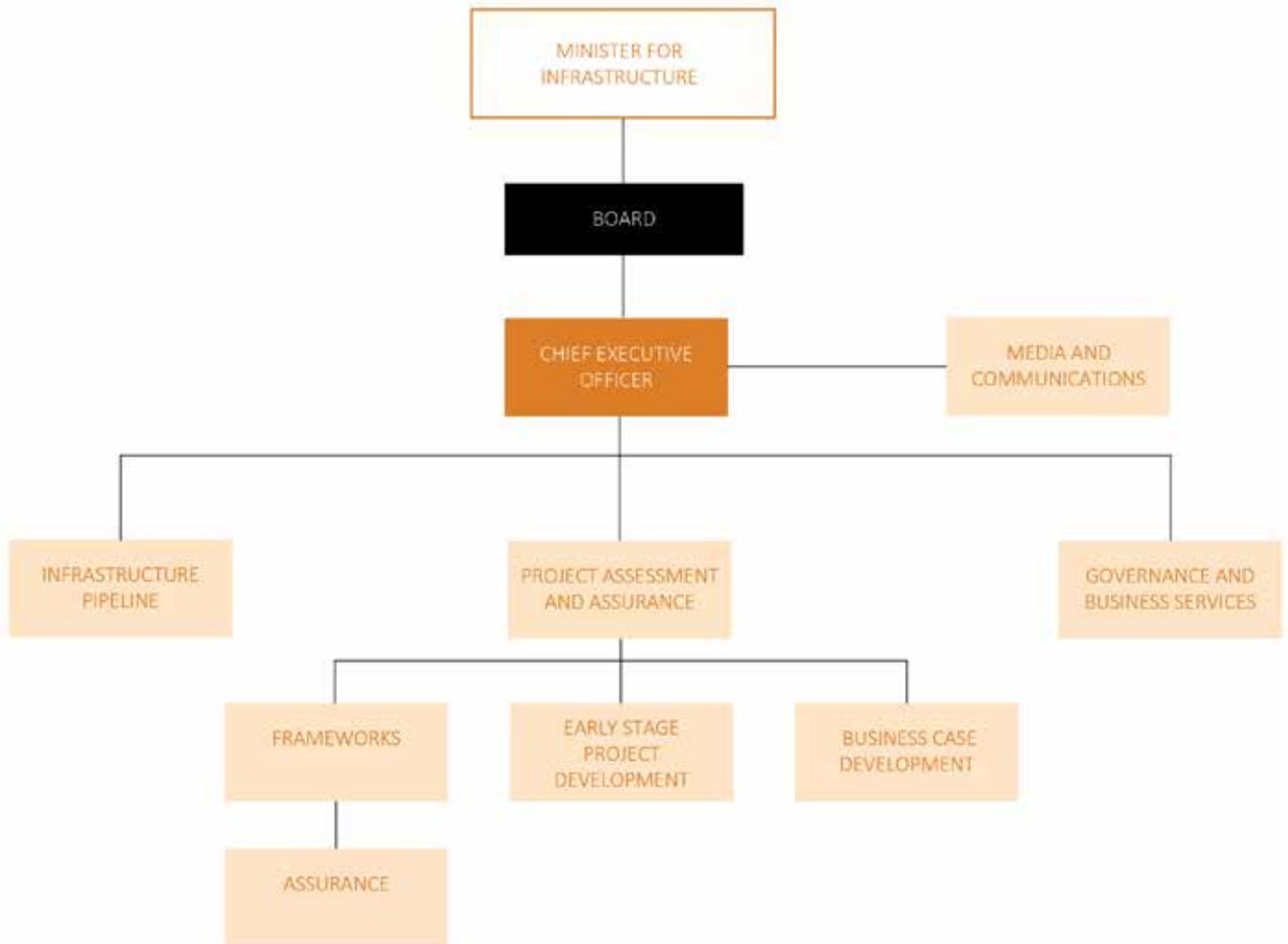
As a statutory body tasked with improving proposal development and prioritisation across the state, Building Queensland considers a full range of economic, financial, environmental and social factors in the development of business cases.

Building Queensland also remains cognisant at all times of policy developments and initiatives being pursued by both the Commonwealth and state governments, such as the Smart Cities Plan, City Deals, Principles of Innovative Financing and Value Creation.

In early 2017, Building Queensland adopted minor changes to its organisational structure to better align work activities to priorities. The organisation moved from five separate work streams to a more streamlined three, demonstrating its strong focus on robust business case development and the Infrastructure Pipeline.

Our management

Building Queensland's organisational structure



Building Queensland Board

Building Queensland's Board is responsible for the governance and strategic direction of the organisation while ensuring it is responsive to stakeholder priorities. Its responsibilities as set out in the *Building Queensland Act 2015* are to:

- » decide the objectives, strategies and policies to be followed by Building Queensland
- » ensure the proper, efficient and effective performance of Building Queensland's functions
- » undertake any other function given to the Board under the *Building Queensland Act 2015*

- » monitor compliance by Building Queensland with its obligations under the *Building Queensland Act 2015*, the *Financial Accountability Act 2009* and other relevant laws.

The Board may, from time to time, establish and determine the powers and functions of Board committees to assist the Board in carrying out responsibilities. Any such committee must have a written charter which must be approved by the Board.

The Building Queensland Board established a Risk and Audit Committee in accordance with the Financial and Performance Management Standard 2009.

There have been 10 Ordinary Board Meetings between 1 July 2016 and 30 June 2017.

Building Queensland Board meeting attendance: 1 July 2016–30 June 2017

Board Member	15/7/16	19/8/16	9/9/16	3/11/16	18/11/16	16/12/16	3/2/17	28/4/17	2/6/17	23/6/17
Alan Millhouse (Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Catherin Bull	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Frankie Carroll		✓	✓	✓	✓		✓		✓	✓
Graham Hooper	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
James MacKenzie		✓	✓	✓	✓		✓	✓	✓	✓
Jim Murphy	✓	✓	✓			✓	✓	✓	✓	✓
Dave Stewart	✓	✓	✓			✓	✓	✓	✓	✓
Jacqui Walters	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Members of the Board



Alan
Millhouse
(Chair)

Alan was a partner of national law firm Allens for three decades until he retired in 2009, where he practised in the commercial, infrastructure and finance areas and was a member of the Allens Board. He was also head of the firm's infrastructure practice. During the past two decades, he has been a key legal advisor to the State of Queensland and has advised other Australian and Asian governments on a range of issues.

Alan has written and published extensively. He has co-authored two legal texts on foreign investment law and joint ventures law. He has been President of the Queensland Japan Chamber of Commerce and Industry and, while in that role, co-led various Australian trade missions to Japan with government ministers and worked closely with the Australia Japan Business Co-operation Committee to promote trade and commerce between Australia and Japan. He was President of the Banking and Financial Services Association of Australia, President of the Infrastructure Association of Queensland and an executive committee member of the Australian Council of Infrastructure Development and Infrastructure Partnerships Australia.

Alan is also the Queensland Chairman and serves on the national board of the Australian British Chamber of Commerce.

Alan is an Adjunct Professor in Law at the University of Queensland. He has also lectured at Harvard University,

Queensland University of Technology, Bond University and Keio University in Tokyo. Alan is a member of The University of Queensland's Law School Advisory Board.

Alan has also served as a director and Chair of various companies, including SunWater Limited, Queensland Motorways Limited and Utilities Trust of Australia. Alan is a Fellow of the Australian Institute of Company Directors.

In 2011, Alan was awarded a Doctor of Laws honoris causa by The University of Queensland in recognition of his distinguished career, his service to Queensland and Australia and his contribution to the university.



Dr
Catherin
Bull

Catherin is Emeritus Professor of Landscape Architecture at the University of Melbourne and an Adjunct Professor at QUT. She has led national and international consultancies in landscape architecture and urban design, been a Commissioner in the Land and Environment Court of NSW and was for over two decades an academic teaching, researching and advising government and industry on development and design, most recently as the Elisabeth Murdoch Professor of Landscape Architecture (–2010).

She has published 2 books and over 50 papers internationally, including the award-winning *New Conversations with an Old Landscape. Landscape Architecture in Contemporary Australia* (Images Publishing 2002) and with co-editors and -authors *Cross-cultural Urban Design. Local or Global Practice?*

(Routledge 2007). In 2011 she chaired and co-authored the OECD Global Science Forum report *Effective Modelling of Urban Systems to Address the Challenges of Climate Change and Sustainability*. As an advocate for better quality planning and design nationally she has chaired and served on boards, juries, planning and design review panels across Australia. These include the National Capital Authority, the Planning and Land Authority and Capital Metro in the ACT, in NSW UrbanGrowthNSW and Sydney Olympic Park Authority, in Queensland, the Board for Urban Places and Brisbane City Council's Independent Design Advisory Panel, in Victoria, Phillip Island Nature Parks and the Capital City Commission in SA. She was awarded membership of the Order of Australia in 2009 in recognition of her contribution to landscape architecture and urban design.

Catherin is currently Chair of South Bank Corporation.



Frankie
Carroll

Frankie Carroll was appointed Director-General of the Department of Infrastructure, Local Government and Planning in November 2015.

His previous role was as Chief Executive Officer of the Queensland Reconstruction Authority, where he was responsible for delivering a disaster reconstruction program worth more than \$13 billion.

Prior to being appointed Chief Executive Officer, Frankie held the position of Deputy Chief Executive and Chief Financial Officer since the Authority's inception in the wake of the Queensland Floods and Severe Tropical Cyclone Yasi in 2010–11. Frankie also previously held the role of Chief Executive Officer and Chief Financial Officer of Queensland Water Infrastructure, delivering major water storage facilities in South East Queensland.

He has substantial experience across the private and public sectors, and a thorough understanding of Queensland's infrastructure needs, having held senior executive roles in multiple industry disciplines spanning construction, finance and service organisations.



Graham
Hooper

Graham is an independent consultant, based in Australia, providing advisory services in infrastructure. He was formerly Global Managing Director for AECOM's Transportation Infrastructure business in all modes including highways, transit, freight-rail, ports and aviation. In this role he served on AECOM's Corporate Development Group and Global Operations Committee. He was also a member of AECOM's Global Major Projects Risk Review Committee.

In the course of his 26-year career with AECOM, Graham held a number of senior positions including: Chair of the Africa Leadership Team, Global Leader of AECOM's Ports business and Market Sector Director for AECOM's business in Australia, South East Asia and Middle East. A Chartered Civil Engineer, Graham has advised governments, financial institutions and private sector infrastructure owners and operators on transport policy, planning and major project implementation, and has been responsible for delivery of major transportation infrastructure around the world. He has also served as Global Vice-Chairman of the Washington Program of the International Roads Federation.



James
MacKenzie

James is a leading Australian company director; having chaired three ASX listed companies and brings vast experience in the financial services sector and Victorian Public Sector to Victorian Funds Management Corporation. He was Director and Chair of Mirvac Group, a leading Australian listed diversified property group, Co-Vice Chair of Yancoal Australia, one of Australia's largest listed mining companies and Chairman of Gloucester Coal Ltd and Pacific Brands Limited.

He is Chairman of Victorian Funds Management Corporation and Development Victoria, as well as President of the Victorian Arts Centre Trust. In 2001 he was awarded the Centenary Medal for services to Public Administration.



Jim
Murphy

Jim Murphy commenced as Queensland's Under Treasurer on 1 June 2015.

Formerly a senior executive with the ANZ Bank, Jim is an outstanding senior policy executive and respected government leader.

Before his role with the ANZ Bank, he was Deputy Secretary in the Commonwealth Treasury for more than a decade and also held a number of senior executive positions in the Commonwealth Departments of Treasury, Attorney-General and Finance. His distinguished career also includes a role as an advisor with the International Monetary Fund in Washington DC, and for a short period he worked as Chief of Staff in the Office of the Prime Minister. Jim was also awarded a Public Service Medal for his strategic economic advice that formed the government's response to the global financial crisis.



Dave
Stewart

Dave Stewart was appointed the Director-General of the Department of the Premier and Cabinet in 2015.

He has considerable experience in the public service. He was the former Secretary of Transport for New South Wales, where he led around 27,000 people in shaping the planning, policy and delivery of public transport, roads and freight across the state.

Following a distinguished career in local government, and engineering construction in Australia and the United Kingdom, Mr Stewart joined the Queensland Government as Deputy Coordinator-General within the Department of Infrastructure and Planning. In this role he was responsible for delivering major water and road projects.

Earlier, he was the Director-General of Queensland Transport and then the Department of Transport and Main Roads, overseeing the integration of organisations to a new customer focused model. His primary responsibility was transport

leadership including strategic policy and planning, system stewardship, infrastructure delivery and service delivery.

Mr Stewart is an advocate for regional Queensland and one of his highlights as Director-General is participating in the community champions program for Indigenous communities, where he regularly visits the community of Pormpuraaw and assists them with accessing much-needed government services.

He is also a member of Queensland's Male Champions of Change group, joining 10 other prominent and influential business leaders to promote gender equality across a range of industries, including the Queensland public sector.

Mr Stewart is an accomplished civil engineer and was named as one of Australia's Top 100 most influential engineers by Engineers Australia.

He holds Masters Degrees in Business and Engineering Science and completed a Harvard executive program looking at private sector involvement in infrastructure delivery.

Mr Stewart is also a Fellow of Engineers Australia, Honorary Fellow, Chartered Institute of Transport and Logistics and Fellow of the Australian Academy of Technology and Engineering.

He is also a Council of Australian Governments Senior Official and holds multiple Board positions including the Cross River Rail Delivery Authority, Building Queensland and the Great Barrier Reef Marine Park Authority.



Jacqui
Walters

Jacqui is a Partner of Era Innovation, an advisory firm enabling long-term resilience in Australian organisations by creating systematic, disciplined innovation capability. Clients include universities, large privately-owned and publicly listed companies, professional services firms, and research institutions. She is also an Advisory Board Member of Australia's first music and dance teacher cooperative.

Jacqui has held senior roles with advisory firms in Australia and internationally. As a Principal and Group Strategy Lead for an Asia-Pacific infrastructure advisory firm, she advised local, state and Commonwealth government clients on improving major capital project performance and infrastructure outcomes.

She has provided strategy design and execution services to a diverse range of multi-national public and private sector clients including Lego, Cathay Pacific, Indian Railways, Carlsberg Tetley, Royal Bank of Scotland, JP Morgan, Hewlett Packard and local, state and federal government organisations.

Jacqui holds a Bachelor of Commerce (BCom), Accounting and Finance, is a Graduate of the Australian Institute of Company Directors (GAICD) and a Trustee of the Committee for Economic Development of Australia (CEDA). Jacqui held a Certified Practising Accountant (CPA) qualification for 12 years.

Chief Executive Officer



Damian
Gould

Damian was appointed Chief Executive Officer of Building Queensland in February 2017. Prior to this Damian held positions as Principal in international advisory firms Evans & Peck and Advisian, leading the Queensland Government and social infrastructure practices. Damian's career has also included senior executive roles with the Queensland Office of the Coordinator-General and the Department of Infrastructure and Planning, as well as senior positions with Queensland Treasury.

Damian brings to the Chief Executive role 20 years' experience across the government and infrastructure sectors and a strong track record in the successful planning and delivery of a broad range of infrastructure projects and programs. In his previous positions with the Queensland Government, Damian played a key role in the planning and delivery of the South East Queensland Water Grid. More recently he led the Queensland Government procurement process for the Toowoomba Second Range Crossing Project. Damian's other achievements have included lead roles in the establishment of flood recovery programs for the Queensland Reconstruction Authority and Toowoomba Regional Council, and the Queensland Government Wireless Network project.

Damian holds Bachelor Degrees in Economics and Law, is a graduate of the Australian Institute of Company Directors and has previously been a director of the Infrastructure Association of Queensland.

PEOPLE

Our people

Building Queensland has a core staff of 30 full-time equivalent positions. As at 30 June 2017, 27 full-time equivalents are in place.

The organisation also draws on secondees and interchange agreements from other government departments, contractors, agency staff and advisors where it leads business case development for projects over \$100 million.

Building Queensland's staffing levels are based on the annual operational plan and budget. Candidates for permanent employment undergo a merit-based selection.

No redundancy or early retirement packages were paid during the period.

Organisational efficiency

Building Queensland is aligning its workforce strategies to its operational business plans. The strategic plan reinforces the linkage between Building Queensland's strategic and operational goals and the organisation has developed operational plans for each work area (see organisational chart p 32).

Operational plans for the work areas are focused around Building Queensland's objectives. Personal development plans for Building Queensland staff are created under each work area's operational plan. Personal development plans aim to foster a high-performing and accountable workforce, while ensuring each employee has a clear role in the achievement of Building Queensland's strategic vision.

Employee performance management framework

Building Queensland has adopted whole-of-government policies, procedures, directives and standards. All new staff members undergo a corporate induction program that includes orientation to Building Queensland's role and functions, policies and procedures, and information technology and records management systems.

Health, safety and wellness

Building Queensland has an active Workplace Health and Safety Committee that undertakes regular meetings, identifies and rectifies potential hazards and monitors incident reporting, while ensuring actions are undertaken to rectify any identified issue.

Building Queensland complies with the *Work Health and Safety Act 2011*.

Building Queensland supports the principles underlying equal employment opportunities and actively ensures that its work environment adheres to these principles, the principles of anti-discrimination and the avoidance of sexual harassment and bullying.

To the extent practicable, Building Queensland supports part-time and flexible working hours. Furthermore, Building Queensland supports a healthy work-life balance.

Open data

Staff overseas travel

No Building Queensland staff travelled overseas for the reporting period.

Consultancies

Information regarding Building Queensland's engagement of consultancies is available on the Queensland Government open data website www.data.qld.gov.au

GOVERN

Our governance

Risk management and accountability

Building Queensland has established a risk management framework which defines the identification, analysis, evaluation and treatment of business risks.

The framework is comprised of a Business Risk Management Policy, a Plan, a Risk Register and selected documentation that gives effect to the mitigation of risk.

Regular risk workshops are held with the Chief Executive Officer and Leadership Team to monitor and review the appropriateness of risk management activities.

Building Queensland faces a number of key strategic risks which, if not managed, could adversely impact upon its ability to achieve its vision and purpose.

These areas of key strategic risk as identified by the Board are:

Independence: Building Queensland will need to maintain a respected independence from government and its various agencies.

Reputation: Building Queensland will need to develop and maintain acknowledged expertise to support and protect its reputation.

Efficiency and prioritisation: In a challenging fiscal environment, Building Queensland will need to undertake its functions efficiently and cost-effectively while ensuring effective prioritisation initiatives.

Stakeholders: Building Queensland has many stakeholders with diverse expectations and meeting these expectations will be critical to its success.

These risk areas form a particular focus of the Risk and Audit Committee.

Risk and Audit Committee

The Risk and Audit Committee comprises four Board members, with the Board Chair attending meetings as an observer. The Chief Executive Officer attends by invitation. This ensures appropriate separation between the committee, as a body responsible for oversight and monitoring of corporate governance within Building Queensland and the managers responsible for the administration of Building Queensland.

The committee observes the terms of its charter and has due regard to the Audit Committee Guidelines. As such, the committee focuses on reviewing the policies, procedures and processes developed by the business for effectively managing business risk. It provides advice on the control mechanisms identified to mitigate the identified risks, protect Building Queensland's people, reputation and assets, and promote efficient and effective work practices.

There have been three Risk and Audit Committee meetings held between 1 July 2016 and 30 June 2017.

Number of meetings	Attended
Jacqui Walters (Chair)	3
James MacKenzie	3
Dave Stewart	2
Frankie Carroll	2

NANANCE

Internal assurance

Building Queensland established an internal assurance function to monitor the business' adherence to its policies and procedures and assess the effectiveness and efficiency of its operations. A risk-based approach has been adopted in relation to Building Queensland's assurance activities to ensure they are an effective tool to assist the Board in discharging its responsibilities under the *Building Queensland Act 2015*.

If Building Queensland considers it necessary to undertake an internal audit, the service level agreement with the Corporate Administration Agency will enable such an audit to be completed.

External scrutiny

During the 2016–17 financial year, the Queensland Audit Office undertook external audits/reviews on Building Queensland's Business Case Development Framework documents as well as the annual audit of financial statements. In line with a Cabinet Budget Review Committee request, Building Queensland engaged the services of E3 Advisory to undertake an independent review of the operations of Building Queensland for efficiency and effectiveness. The review found that Building Queensland is clearly satisfying the government's policy objectives and the legislative obligations originally set for it to improve government's infrastructure investment decisions.

Compliance management

Building Queensland has developed a Compliance Management System to inform a compliance assessment plan for the organisation.

The system was developed to ensure a structured approach to measuring and reporting on Building Queensland's compliance activities and support Building Queensland's remit to performing its activities to the highest level of consistency, integrity and transparency.

Information systems and record keeping

Building Queensland's electronic records management system, HP Records Manager, is maintained in compliance with the *Public Records Act 2001* and the *Right to Information Act 2009*. Staff with core responsibilities in this area have a high level of skill in HP Records Manager, data security and information retention and disposal.

All official records are held in HP Records Manager. Building Queensland uses its electronic document and records management system as the official records repository. All internal correspondence is managed electronically and the organisation stores minimal paper records. Corporate Administration Agency has a high standard of security and very skilled staff responsible for the records management system. Any security issues are addressed immediately and reported through their management processes.

During 2017–18, Building Queensland's service provider Corporate Administration Agency will upgrade the organisation's electronic document and records management system from Version 8 to Version 11.

Building Queensland is in the process of developing a specific retention and disposal schedule; however, until this is finalised the organisation is relying on Corporate Administration Agency processes. As Building Queensland has only been in operation for two years, all records are currently retained.

FINANC

Financial performance

The financial statements included in this annual report provide specific information about Building Queensland's activities for the period 1 July 2016–30 June 2017 and Building Queensland's financial position at the end of that period.

Operating result

Building Queensland's operating result for the reporting period was a surplus of \$1.413 million.

Revenues

Revenue predominately relates to funding from the Queensland Government for operations of Building Queensland and cost recoveries for business case development.

Expenses

Expenses predominately relate to employee expenses and costs for business case development.

Liabilities

Liabilities mainly relate to creditors, accrued employee benefits and other payables due by Building Queensland relating to operational activities.

Statement of Comprehensive Income	1 July 2016 to 30 June 2017
Grants	\$8,054,000
User charges and fees	\$9,038,000
Interest	\$73,000
Total income	\$17,165,000
Employee expenses	\$4,626,000
Supplies and services	\$10,942,000
Depreciation	\$121,000
Other expenses	\$63,000
Total expenses	\$15,752,000
Total comprehensive income	\$1,413,000

Statement of Financial Position	1 July 2016 to 30 June 2017
Cash and cash equivalents	\$2,305,000
Receivables	\$3,005,000
Other assets	\$38,000
Plant and equipment	\$129,000
Total assets	\$5,477,000
Payables	\$1,798,000
Accrued employee benefits	\$154,000
Provision	\$260,000
Commercial rent	\$20,000
Total liabilities	\$2,232,000
Equity	\$3,245,000

ICIAL

Financial statements

Building Queensland Financial Statements

for the year ended 30 June 2017

Building Queensland Financial Statements for the year ended 30 June 2017

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Building Queensland

Statement of Comprehensive Income for the year ended 30 June 2017

		2017	3 Dec 15 to 30 Jun 16
		Actual	Restated
	Notes	\$'000	\$'000
Income from Continuing Operations			
Grants and contributions	2.	8,054	6,256
User charges and fees	3.	9,038	1,724
Interest		73	8
Total Income from Continuing Operations		17,165	7,988
Expenses from Continuing Operations			
Employee expenses	4.	4,626	2,385
Supplies and services	5.	10,942	3,712
Depreciation	9.	121	29
Other expenses	6.	63	30
Total Expenses from Continuing Operations		15,752	6,156
Operating Result from Continuing Operations		1,413	1,832
Total Comprehensive Income		1,413	1,832

The accompanying notes form part of these financial statements.

Building Queensland

Statement of Financial Position as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	3 Dec 15 to 30 Jun 16 Restated \$'000
Current Assets				
Cash and cash equivalents	7.	2,305	1,579	1,579
Receivables	8.	3,005	1,096	1,686
Other current assets		38	11	11
Total Current Assets		5,348	2,686	3,276
Non Current Assets				
Plant and equipment	9.	129	7	238
Total Non Current Assets		129	7	238
Total Assets		5,477	2,693	3,514
Current Liabilities				
Payables	10.	1,798	1,229	1,287
Accrued employee benefits	11.	154	94	131
Provision	12.	260	-	-
Commercial rent	13.	20	-	-
Total Current Liabilities		2,232	1,323	1,418
Non-Current Liabilities				
Provisions	12.	-	-	260
Commercial rent	13.	-	-	4
Total Non Current Liabilities		-	-	264
Total Liabilities		2,232	1,323	1,682
Net Assets		3,245	1,370	1,832
Equity				
Accumulated surplus		3,245	1,370	1,832
Total Equity		3,245	1,370	1,832

The accompanying notes form part of these financial statements.

Building Queensland

Statement of Changes in Equity for the year ended 30 June 2017

	Accumulated Surplus \$'000
Balance as at 3 December 2015	-
Operating Result from Continuing Operations (Restated)	1,832
Balance as at 30 June 2016 ⁽¹⁾	<u>1,832</u>
Balance as at 1 July 2017	1,832
Operating Result from Continuing Operations	1,413
Balance as at 30 June 2017	<u>3,245</u>

The accompanying notes form part of these financial statements.

(1) Details of balance restated on correction of prior period error are discussed at Note 20.

Building Queensland

Statement of Cash Flows

for the year ended 30 June 2017

	2017 \$'000	2016 Restated \$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Grants and contributions	8,054	6,256
User charges and fees	7,724	140
GST collected from customers	963	130
GST input tax credits from ATO	1,008	43
Interest receipts	73	8
<i>Outflows:</i>		
Employee expenses	(4,619)	(2,283)
Supplies and services	(10,442)	(2,433)
GST paid to suppliers	(1,090)	(146)
GST remitted to ATO	(870)	(99)
Other	(63)	(30)
Net cash provided by operating activities	738	1,586
Cash flows from investing activities		
<i>Outflows:</i>		
Payments for plant and equipment	(12)	(7)
Net cash used in investing activities	(12)	(7)
Net increase in cash and cash equivalents held	726	1,579
Cash and cash equivalents at end of financial year	2,305	1,579

The accompanying notes form part of these financial statements.

NOTES TO THE STATEMENT OF CASH FLOW

	\$'000	\$'000
Reconciliation of Operating Result to Net Cash Provided from Operating Activities		
Operating surplus/(deficit)	1,413	1,832
Depreciation expense	121	29
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in receivables	(1,319)	(1,686)
(Increase)/decrease in prepayments/other	(27)	(11)
Increase/(decrease) accounts payable	511	1,287
Increase/(decrease) in accrued employee benefits	23	131
Increase/(decrease) in commercial rent	16	4
Net cash provided by Operating Activities	738	1,586

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

Basis of Financial Statement Preparation

Note 1:	Objectives and principal activities of Building Queensland
Note 2:	Grants and contributions
Note 3:	User charges and fees
Note 4:	Employee expenses
Note 5:	Supplies and services
Note 6:	Other expenses
Note 7:	Cash and cash equivalents
Note 8:	Receivables
Note 9:	Property, plant and equipment and depreciation expense
Note 10:	Payables
Note 11:	Accrued employee benefits
Note 12:	Provisions
Note 13:	Lease liabilities & commitments
Note 14:	Financial risk disclosures
Note 15:	Contingencies
Note 16:	Commitments
Note 17:	Economic dependency
Note 18:	Key management personnel (KMP) disclosures
Note 19:	Related party transactions
Note 20:	Prior period errors and adjustments
Note 21:	First year application of new accounting standards of change in policy
Note 22:	Future impact of accounting standards not yet effective
Note 23:	Taxation
Note 24:	Accounting estimates and judgements

Building Queensland

Notes to and forming part of the financial statements
for the year ended 30 June 2017

Basis of Financial Statement Preparation

General Information

Building Queensland is a statutory body that was established on 3 December 2015 by the *Building Queensland Act 2015* to provide the Queensland Government with independent, expert advice on major infrastructure. Building Queensland works with all departments, government owned corporations and statutory authorities to guide better infrastructure decision making.

The head office and principal place of business of Building Queensland is Level 30, 12 Creek Street, Brisbane, Queensland, 4000.

Compliance with Prescribed Requirements

Building Queensland has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting period beginning on or after 1 July 2016.

Building Queensland is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note 21.

Presentation

Currency and Rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2015-16 financial statements except where restated for a prior period error detailed at Note 20. The 2016 comparatives represent Building Queensland's initial period of operation of 3 December 2015 to 30 June 2016.

Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the statutory body does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

Budgetary Reporting

Queensland Treasury have determined that Building Queensland is not required to publish budgetary reporting disclosures under AASB1055 and the Queensland Treasury Financial Reporting Requirements.

Building Queensland's annual budget was not published within the State's service delivery statements and the balances reported therein do not constitute a set of budgeted statements.

Building Queensland

Notes to and forming part of the financial statements
for the year ended 30 June 2017

Implementation of the Shared Services Initiative

The Corporate Administration Agency (CAA) provides Building Queensland with corporate services under the "Shared Services Provider" model. The fees and terms of the services are agreed through a Service Level Agreement, negotiated annually and include:

- Financial services
- Human resources recruitment and payroll
- Information systems and support

Authorisation of financial statements for issue

The financial statements are authorised for issue by the Chief Executive Officer and Group Director Governance and Business Services at the date of signing the Management Certificate.

Basis of Measurement

The historical cost convention is used unless fair value is stated as the measurement basis.

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

The Reporting Entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of Building Queensland. Building Queensland does not have any controlled entities.

Building Queensland

**Notes to and forming part of the financial statements
for the year ended 30 June 2017**

1. Objectives and principal activities of Building Queensland

Building Queensland has been formed to provide objective and transparent advice to the Queensland Government to enable better infrastructure decisions.

We work with all Queensland Government departments, government owned corporations and statutory authorities providing strategic advice and assisting with early stage development of projects.

One of our key functions is to develop rigorous business cases for projects. Using transparent and disciplined frameworks, including cost benefit analysis, our team of experts assist with business cases on projects where potential government investment is between \$50-\$100 million and lead the preparation of business cases where investment exceeds \$100 million. We will also lead the procurement or delivery of projects if directed.

Infrastructure projects that we believe should be prioritised to meet the State's needs will be identified in our pipeline of priority projects. This pipeline, based on rigorous analysis and assessment of projects, will underpin future state infrastructure plans.

We are committed to sharing our expertise because we believe infrastructure decision-making should be based on transparent analysis. We will regularly publish our work, including project summaries and cost benefit analysis summaries, on our website.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

	2017	2016
	\$'000	Restated \$'000
2. Grants and contributions		
Grants	8,054	6,256
Total	8,054	6,256

This grant has been provided by the Department of Infrastructure, Local Government and Planning for the purpose of supporting the operations and strategic objectives of Building Queensland. The grant does not require any goods or services to be provided in return. Corresponding revenue is recognised in the year in which the statutory body obtains control over the grant/contribution (control is generally obtained at the time of receipt). The grant is non-reciprocal in nature and recognised as operating revenue on receipt or when an entitlement is established, whichever is the sooner.

Contributed physical assets are recognised at their fair value.

3. User charges and fees		
User charges and fees	9,038	1,724
Total	9,038	1,724

Accounting Policy

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced, and can be measured reliably.

User charges are not extra income provided to Building Queensland, they are recovery of costs expended in the development of business cases from the owner departments. All expenses are paid from Building Queensland funds and recovered at cost.

4. Employee expenses		
<i>Employee benefits</i>		
Wages and salaries	3,516	1,905
Employer superannuation contributions	381	202
Annual leave levy	287	149
Long service leave levy	64	39
Other employee benefits	24	7
<i>Employee related expenses</i>		
Workers' compensation premium	13	12
Payroll tax	170	28
Other employee related expenses	171	43
Total	4,626	2,385

	2017	2016
	No.	No.
Full-time equivalent employees	27	29

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

4. Employee expense (contd)

Accounting Policy - Wages and Salaries

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As the statutory body expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Accounting Policy - Sick Leave

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Accounting Policy - Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for statutory bodies, commercialised business units and shared service providers. Under this scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Accounting Policy - Long Service Leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on the statutory body to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

Accounting Policy - Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined Contribution Plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined Benefit Plan - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The amount of contributions for defined benefit plan obligations is based upon the rates determined by the Treasurer on the advice of the State Actuary. Contributions are paid by the statutory body at the specified rate following completion of the employee's service each pay period. The statutory bodies' obligations are limited to those contributions paid.

Accounting Policy - Workers' Compensation Premiums

Building Queensland pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

Key Management personnel and remuneration disclosures are detailed in Note 18.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

	2017	2016
		Restated
	\$'000	\$'000
5. Supplies and services		
Consultants and contractors	9,269	2,629
Operating leases	920	446
Corporate service charges	373	265
Other	175	78
Administration costs	126	162
Motor vehicle	48	26
Information technology	31	106
Total	10,942	3,712

Accounting Policy - Distinction between Grants and Procurement

For a transaction to be classified as supplies and services, the value of goods or services received by the statutory body must be of approximately equal value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant expense.

Accounting Policy - Operating Lease Rentals

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred. Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

Disclosure - Operating Leases

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease terms extend over a period of 3 years. The statutory body has no option to purchase the leased item at the conclusion of the lease although the lease provides for a right of renewal at which time the lease terms are renegotiated.

Operating lease rental expenses comprises the minimum lease payments payable under operating lease contracts. Lease payments are generally fixed, but the inflation escalation clauses on which contingent rentals are determined.

6. Other expenses

Queensland Audit Office - external audit fees for the audit of financial statements ^(a)	29	15
Insurance	19	-
Sponsorships	15	15
Total	63	30

(a) Total audit fees quoted by the Queensland Audit Office relating to the 2016-17 financial statements are \$30,000 (2016 \$30,000). There are no non-audit services included in this amount.

7. Cash and cash equivalents

Cash at bank	2,305	1,579
Total	2,305	1,579

Accounting Policy

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

	2017	2016
		Restated
	\$'000	\$'000
8. Receivables		
Accounts receivable and accrued revenue	2,897	1,583
	<hr/>	<hr/>
	2,897	1,583
GST receivable	185	103
GST payable	(124)	(31)
	<hr/>	<hr/>
	61	72
Long service leave reimbursements	-	10
Annual leave reimbursements	47	21
	<hr/>	<hr/>
	47	31
	<hr/>	<hr/>
Total	3,005	1,686

Accounting policy

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

Other debtors generally arise from transactions outside the usual operating activities of the statutory body and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

9. Property, plant and equipment and depreciation expense

Accounting Policy - Recognition

Basis of Capitalisation and Recognition Thresholds

Items of plant and equipment with a historical cost or other value equal to or exceeding the following thresholds in the year of acquisition are reported as Plant and Equipment for the following class:

Plant and Equipment \$5,000

Expenditure on plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the statutory body. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Accounting Policy - Cost of Acquisition

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. However, any training costs are expensed as incurred.

Accounting Policy - Measurement Using Historical Cost

Plant and equipment is measured at historical cost in accordance with the Queensland Treasury Non-current Asset Policies. The carrying amounts for such plant and equipment is not materially different from their fair value.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

9. Plant and equipment and related depreciation expense (contd)

Accounting policy - depreciation expense

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost of each asset, less any estimated residual value, progressively over its estimated useful life to Building Queensland.

Depreciation rates for each class of depreciable asset:

Class	Rate
Plant and equipment	20%

Plant and equipment - balances and reconciliations of carrying amount

Plant and equipment reconciliation

	Plant and Equipment	
	2017	2016
	\$'000	Restated \$'000
Gross	279	267
Less: accumulated depreciation plant and equipment	(150)	(29)
Carrying amount at 30 June 2017	129	238
<i>Represented by movements in carrying amount</i>		
Carrying amount at 1 July 2016 and 3 December 2015	238	-
Acquisitions	12	267
Prior year depreciation adjustment	-	-
Depreciation for period	(121)	(29)
Carrying amount at 30 June 2016	129	238

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

	2017	2016
		Restated
	\$'000	\$'000
10. Payables		
Accrued expenses	1,047	820
Trade creditors	716	413
Corporate card	18	38
Payroll tax	17	16
Total	1,798	1,287

Accounting Policy

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured.

11. Accrued employee benefits

Current

Salary and wage related	54	63
Annual leave levy payable	75	47
Long service leave levy payable	17	15
Superannuation	8	6

Total 154 131

Non-current

Total 154 131

Accounting policy

No provision for annual leave or long service leave is recognised in Building Queensland's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

12. Provisions

	2017	2016
		Restated
	\$'000	\$'000
<i>Current</i>		
Provision to make good - current	260	-
Total	260	-
<i>Non-Current</i>		
Provision to make good - non-current	-	260
Total	-	260
Movement		
Balance at 1 July	260	-
Additional provision made	-	260
Total	260	260

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

12. Provisions (contd)

Accounting policy

Building Queensland has an office accommodation lease agreement with the Department of Housing and Public Works (DHPW). DHPW's lease with the landlord requires Building Queensland to make good and remove its property (including fixtures and chattles) from the leased premises at the end of the lease. Building Queensland have recognised a provision for this make good requirement. The measurement of the provision is an estimate of the make good costs.

13. Lease liabilities & commitments

Building Queensland is not party to any finance leases as at 30 June 2017.

Operating lease payments for accommodation space are representative of the pattern of benefits derived from the leased assets and are expensed on a straight line basis over the life of the lease.

	2017	2016
	\$'000	Restated \$'000
<i>Current</i>		
Commercial rent - current	20	-
Total	20	-
<i>Non-Current</i>		
Commercial rent - non-current	-	4
Total	-	4

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

14. Financial risk disclosures

Financial instrument categories

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the statutory body becomes party to the contractual provisions of the financial instrument. The statutory body has the following categories of financial assets and financial liabilities:

Category	Note	2017 \$'000	2016 Restated \$'000
Financial assets			
Cash and cash equivalents	7.	2,305	1,579
Receivables	8.	3,005	1,686
Total Financial assets		5,310	3,265
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	10.	1,798	1,287
Total Financial liabilities at amortised cost		1,798	1,287

No financial assets and financial liabilities have been offset and presented gross in the Statement of Financial Position.

No financial assets were past due or impaired as at 30 June 2017.

Financial risk management

(a) Risk exposure

Financial risk management is implemented pursuant to Government and Building Queensland policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the statutory body. All financial risk is managed by the Accounting and Reporting Division under policies approved by the statutory body. Building Queensland provides written principles for overall risk management, as well as policies covering specific areas.

Building Queensland's activities expose it to a variety of financial risks as set out in the following table:

Risk Exposure	Definition	Measurement method
Credit Risk	Credit risk exposure refers to the situation where Building Queensland may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	Building Queensland is exposed to credit risk in respect of its receivables (Note 8).
Liquidity Risk	Liquidity risk refers to the situation where Building Queensland may encounter difficulty in meeting its financial obligations that are settled by delivering cash or another financial asset.	Building Queensland is exposed to liquidity risk in respect of its payables (Note 10).
Market Risk	The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.	Building Queensland does not trade in foreign currency and is not materially exposed to commodity price changes or other market changes. They are exposed to interest rate risk through its cash deposited in interest bearing accounts.

Building Queensland

Notes to and forming part of the financial statements
for the year ended 30 June 2017

14. Financial risk disclosures (contd)

(b) Risk Measurement and Management Strategies

Building Queensland measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement method	Risk Management Strategy
Credit Risk	Ageing analysis, earnings at risk.	Building Queensland manages credit risk through monitoring the collectability of receivables and takes action on ageing receivables. Exposure to credit risk is monitored on an ongoing basis.
Liquidity Risk	Sensitivity analysis.	Building Queensland manages liquidity risk through the monitoring of payables. This strategy aims to reduce the exposure to liquidity risk by ensuring they have sufficient funds available to meet employee and supplier obligations as they fall due. The liquidity risk of the financial liabilities held by the statutory body is limited to obligations with a maturity of less than one year and value of \$1.798m. The maturity has been calculated using undiscounted cash flows relating to the liabilities as at reporting date.
Market Risk	Interest rate sensitivity analysis.	Building Queensland is not materially sensitive to interest rate risk.

15. Contingencies

There are no material legal or any other contingencies that are known to Building Queensland at 30 June 2017.

16. Commitments

Non-cancellable operating lease commitments

Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2017 \$'000	2016 \$'000
Not later than 1 year	876	883
Later than 1 year but not later than 5 years	-	918
	<u>876</u>	<u>1,801</u>

17. Economic dependency

Building Queensland is dependent on a State grant of \$7.272m to ensure its continued operations and ability to carry out its normal activities.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

18. Key management personnel (KMP) disclosures

Details of key management personnel

As from 2016-17, Building Queensland's responsible Minister is identified as part of Building Queensland's KMP, consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures. That Minister is the Deputy Premier, Minister for Transport and Minister for Infrastructure and Planning.

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of Building Queensland during 2016-17.

Position	Position Responsibility
Chief Executive Officer (CEO)	Responsible for the day-to-day administration of Building Queensland and is accountable to the Board.
Group Director, Governance and Business Services	Responsible for the management of corporate services (including finance, HR, procurement, IT, contracts) and is accountable to the CEO.
Chair	Leading and directing the activities of the Board to ensure the Board performs its functions appropriately.
Board members	Responsible for the governance and strategic direction of Building Queensland while ensuring it is responsive to stakeholder priorities.

KMP Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. Building Queensland does not bear any cost of remuneration of the Deputy Premier, Minister for Transport and Minister for Infrastructure and Planning. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for Building Queensland's KMP is set by the Queensland Public Service Commission as provided for under the Public Service Act 2008. Individual remuneration and other terms of employment (including motor vehicle entitlements and performance payments if applicable) are specified in employment contracts.

Remuneration expenses for those KMP comprise the following components:

Short term employee expenses, including:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position;
- performance payments recognised as an expense during the year; and
- non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

Performance payments

No performance payments were made to the key management personnel of Building Queensland during the period.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

18. Key management personnel (KMP) disclosures (contd)

Remuneration expenses

The following disclosures focus on the expenses incurred by Building Queensland attributable to KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

2016-17

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
David Quinn Chief Executive Officer 1 July 2016 - 17 Feb 2017	271	0	4	29	0	304
Damian Gould Chief Executive Officer 20 Feb 2017 - 30 June 2017	117	0	2	10	0	129
Colin Royce Group Director, Governance and Business Services	133	0	3	16	0	152
Alan Millhouse Chair	50	0	0	5	0	55
Jacqui Walters Director	29	0	0	3	0	32
James MacKenzie Director	29	0	0	3	0	32
Dr Catherin Bull Director	27	0	0	3	0	30
Graham Hooper Director	27	0	0	3	0	30
Total Remuneration	683	0	9	72	0	764

Three board members are not remunerated as they are Public Sector employees.

2015-16

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
David Quinn Chief Executive Officer	232	-	4	25	-	261
Alan Millhouse Chair	28	-	-	-	-	28
Jacqui Walters Director	17	-	-	-	-	17
James MacKenzie Director	16	-	-	-	-	16
Dr Catherin Bull Director	15	-	-	-	-	15
Graham Hooper Director	15	-	-	-	-	15
Total Remuneration	323	-	4	25	-	352

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

18. Key management personnel (KMP) disclosures (contd)

Three board members are not remunerated as they are Public Sector employees.

19. Related party transactions

Transactions with people/entities related to KMP

During the current and prior reporting periods, Alan Millhouse, Chair of Building Queensland, was engaged as a consultant to national legal firm Allens. Building Queensland engaged Allens during these periods for legal advice on the development of the Business Case for the Public Safety Regional Radio Communications Project. Alan Millhouse did not participate in the process to appoint Allens for provision of the legal advice, and did not contribute to the provision of any advice from Allens to Building Queensland. These are not related party transactions.

Transactions with other Queensland Government-controlled entities

Building Queensland transacts with other Queensland Government-controlled entities in the conduct of its day-to-day business operations under normal terms and conditions, including the payment of workers compensation and insurance premiums. Building Queensland receives grant revenue from the Department of Infrastructure, Local Government and Planning.

The statutory body derives user charges revenue from the provision of business case advice and preparation services, charged on a cost pass-through basis.

The statutory body holds a number of service level and partnering agreements with other Queensland Government controlled entities, including:

- The Department of State Development provides the statutory body with corporate services relating to Ethics and Integrity
- The Corporate Administration Agency provides the statutory body with corporate business services and technology solutions to support finance and human resources transactions.

Where transactions with other Queensland Government controlled entities are considered individually significant or material, they have been identified below.

Revenue		
Agency	Nature	2017 \$'000
Department of Energy & Water	Cost recovery for Business Case development	521
Department of Justice & Attorney General	Cost recovery for Business Case development	1,811
Department of Transport & Main Roads	Cost recovery for Business Case development	3,549
Gladstone Area Water Board	Cost recovery for Business Case development	199
Queensland Ambulance Services	Cost recovery for Business Case development	725
Queensland Fire & Emergency Services	Cost recovery for Business Case development	738
Queensland Police Service	Cost recovery for Business Case development	657
Sunwater Ltd	Cost recovery for Business Case development	199

Expenses		
Agency	Nature	2017 \$'000
Department of Housing and Public Works	Commercial Office Rent	789

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

20. Prior period errors and adjustments

A number of prior period errors and associated cost recovery and adjustments have been identified. They are as follows:

- Expenditure and employee expenses that were not completely accrued at 30 June 2016
- Lease expense had not been recognised on a straight line basis
- Lease fit-out and associated make good obligation had not been recognised
- Depreciation of the lease fit-out had not been recognised
- Accrued revenue had not been recognised *

Comparative numbers reported in the 2015-16 Statement of Financial Position, and at the beginning of the comparative financial period (3 December 2015) have been restated to correct these errors below. The line items affected are as follows:

Financial Statement Line Items Affected

Statement of Financial Position (extract) as at 30 June 2016	Note	2016 Published \$'000	Increase/ (decrease) \$'000	2016 Restated \$'000
Receivables *	8.	1,096	590	1,686
Property, Plant and Equipment	9.	7	231	238
Payables	10.	1,229	58	1,287
Accrued Employee Benefits	11.	94	37	131
Provisions	12.	-	260	260
Lease Liability	13.	-	4	4
Accumulated Surplus		1,370	462	1,832

Statement of Comprehensive Income (extract) as at 30 June 2016	Note	2016 Published \$'000	Increase/ (decrease) \$'000	2016 Restated \$'000
User charges and fees *	3.	1,133	590	1,724
Employee expenses	4.	2,346	39	2,385
Supplies and Services	5.	3,651	61	3,712
Depreciation		-	29	29

* Building Queensland has reinterpreted section 52 of the *Building Queensland Act 2015* resulting in an adjustment to the prior period.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

21. First year application of new accounting standards of change in policy

Changes in accounting policy

Building Queensland did not voluntarily change any of its accounting policies during 2016-17.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2016-17.

Accounting standards applied for the first time in 2016-17

The only Australian Accounting Standard that became effective for the first time in 2016-17, and materially impacted on this financial report, is AASB124 Related Party Disclosure. This standard requires note disclosures about key management personnel (KMP) remuneration expenses and other related party transactions, and does not impact on financial statement line items. As Queensland Treasury already required disclosure of KMP remuneration expenses, there was minimal impact for Building Queensland disclosures compared to 2015-16 (refer to Note 18). Material related party transactions for 2016-17 are disclosed in Note 19. No comparative information is required in respect of 2015-16.

22. Future impact of accounting standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

As from Building Queensland's financial statements for 2017-18, this standard will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation in the notes to the Statement of Cash Flows. This accounting standard is not considered to have a material impact to Building Queensland's financial statements because Building Queensland is unlikely to receive cash flows from financing activities.

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will first apply to the statutory body from its financial statements for 2019-20.

Building Queensland has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. Building Queensland is yet to evaluate the existing grant arrangements as to whether revenue from those grants could be deferred under the new requirements.
- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Building Queensland receives several grants for which there are no sufficiently specific performance obligations - these grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of Building Queensland's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that Building Queensland has received cash but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). Building Queensland is yet to complete its analysis of existing arrangements for sale of its goods and services and the impact, if any, on revenue recognition has not yet been determined.
- A range of new disclosures will also be required by the new standards in respect of Building Queensland's revenue.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

22. Future impact of accounting standards not yet effective (contd)

AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*

These standards will first apply to Building Queensland from its financial statements for 2018-19. The main impacts of these standards on Building Queensland are that they will change the requirements for the classification, measurement, impairment and disclosures associated with Building Queensland's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

Building Queensland has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of the new standard will depend on the facts and circumstances existing at that date, Building Queensland's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions Building Queensland enters into, all of Building Queensland's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in Note 14). In the case of Building Queensland's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in Building Queensland's operating result.

Building Queensland will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. The most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment.

AASB 16 *Leases*

This standard will first apply to Building Queensland from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

Unlike AASB 117 *Leases*, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. There will be a significant increase in assets and liabilities for agencies that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of Building Queensland's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2017

22. Future impact of accounting standards not yet effective (contd)

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. Building Queensland will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

Building Queensland has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to Building Queensland's activities, or have no material impact on Building Queensland.

23. Taxation

The Authority is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by Building Queensland. GST credits receivable from, and GST payable to the ATO, are recognised (refer to Note 8).

24. Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Management certificate for Building Queensland

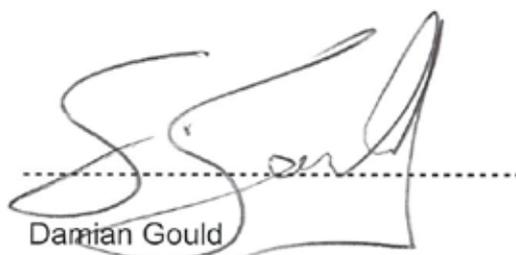
These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Building Queensland for the period ended 30 June 2017 and of the financial position of the entity at the end of that period; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Colin Royce
Group Director Governance
and Business Services

Date: 25 AUG 2017



Damian Gould
Chief Executive Officer

Date: 25 AUG 2017

Independent auditors report

To the Board of Building Queensland

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Building Queensland.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Other information comprises the information included in the entity's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



David Adams
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs—section 7	p 4
Accessibility	Table of contents	ARRs—section 9.1	p 3
	Glossary	N/A	N/A
	Public availability	ARRs—section 9.2	p 2
	Interpreter service statement	Queensland Government Language Services Policy ARRs—section 9.3	p 2
	Copyright notice	<i>Copyright Act 1968</i> ARRs—section 9.4	p 2
	Information licensing	<i>QGEA—Information Licensing</i> ARRs—section 9.5	p 2
General information	Introductory information	ARRs—section 10.1	p 10
	Agency role and main functions	ARRs—section 10.2	p 9–11, 14
	Operating environment	ARRs—section 10.3	p 14–25, 38–39
Non-financial performance	Government’s objectives for the community	ARRs—section 11.1	p 28
	Other whole-of-government plans/ specific initiatives	ARRs—section 11.2	p 28
	Agency objectives and performance indicators	ARRs—section 11.3	p 14–25, 29
	Agency service areas and service standards	ARRs—section 11.4	N/A
Financial performance	Summary of financial performance	ARRs—section 12.1	p 40
Governance—management and structure	Organisational structure	ARRs—section 13.1	p 32
	Executive management	ARRs—section 13.2	p 32–36
	Government bodies (statutory bodies and other entities)	ARRs—section 13.3	N/A
	<i>Public Sector Ethics Act 1994</i>	ARRs—section 13.4	p 30
	Queensland public service values	ARRs—section 13.5	p 10
Governance—risk management and accountability	Risk management	ARRs—section 14.1	p 38
	Audit committee	ARRs—section 14.2	p 38
	Internal audit	ARRs—section 14.3	p 39
	External scrutiny	ARRs—section 14.4	p 39
	Information systems and record keeping	ARRs—section 14.5	p 39

Summary of requirement		Basis for requirement	Annual report reference
Governance—human resources	Workforce planning and performance	ARRs—section 15.1	p 37
	Early retirement, redundancy and retrenchment	Directive No. 11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No. 16/16 <i>Early Retirement, Redundancy and Retrenchment (from 20 May 2016)</i> ARRs—section 15.2	p 37
Open data	Statement advising publication of information	ARRs—section 16	p 2
	Consultancies	ARRs—section 33.1	p 37
	Overseas travel	ARRs—section 33.2	p 37
	Queensland Language Services Policy	ARRs—section 33.3	N/A
	Government bodies	ARRs—section 17 ARRs—section 34.4	N/A
Financial statements	Certification of financial statements	FAA—section 62 FPMS—sections 42, 43 and 50 ARRs—section 17.1	p 67
	Independent auditors report	FAA—section 62 FPMS—section 50 ARRs—section 17.2	p 68



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